B55800

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

September 21, 2020

Board of Directors
Janus Developmental Services, Inc.
1555 Westfield Rd.
Noblesville, IN 46062

We have reviewed the audit report of Janus Developmental Services, Inc., which was opined upon by Kemper CPA Group LLP, 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 Janus Developmental Services, 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, Kemper CPA Group 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.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

JANUS DEVELOPMENTAL SERVICES, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018

JANUS DEVELOPMENTAL SERVICES, INC.
TABLE OF CONTENTS

Page

Independent Auditor's Report 1-2

FINANCIAL STATEMENTS

Statement of Financial Position 3

Statement of Activities 4

Statement of Functional Expenses 5

Statement of Cash Flows 6

Notes to Financial Statements 7-13

FEDERAL SCHEDULES

Schedule of Expenditures of Federal Awards 14

Notes to Schedule of Expenditures of Federal Awards 15

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results 16

Section II – Financial Statement Findings 17

Section III – Federal Award Findings 17

Section IV – Summary Schedule of Prior-Year Audit Findings 18

COMPLIANCE

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards 19-20

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance 21-22

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Janus Developmental Services, Inc.
Noblesville, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Janus Developmental Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

1701 Broadmoor, Suite 200 • Champaign, IL 61821
Phone: (217) 351-2073 Fax: (217) 351-3487 kempercpa.com

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 Janus Developmental Services, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2019, on our consideration of Janus Developmental Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Janus Developmental Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Janus Developmental Services, Inc.'s internal control over financial reporting and compliance.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants
Champaign, Illinois
May 28, 2019

JANUS DEVELOPMENTAL SERVICES, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 942,798
Accounts receivable:	
Grants	189,588
Trade and other	112,260
Inventory	5,019
Prepaid insurance and other expenses	103,317
TOTAL CURRENT ASSETS	1,352,982
NONCURRENT ASSETS	
Land	769,675
Buildings	1,945,435
Equipment	380,670
Vehicles	1,518,112
Less: accumulated depreciation	(1,940,775)
TOTAL NONCURRENT ASSETS	2,673,117
TOTAL ASSETS	$ 4,026,099
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 29,365
Accrued expenses	146,999
Deferred revenue	58,475
Current portion of long-term debt	47,335
Other current liabilities	12,210
TOTAL CURRENT LIABILITIES	294,384
NONCURRENT LIABILITIES	
Long-term debt, less current portion	263,525
TOTAL LIABIILITIES	557,909
NET ASSETS	
Without donor restrictions	3,468,190
TOTAL NET ASSETS	3,468,190
TOTAL LIABILITIES AND NET ASSETS	$ 4,026,099

See accompanying notes to financial statements.

JANUS DEVELOPMENTAL SERVICES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

SUPPORT AND REVENUE		
Grants	$	2,422,250
Fees for services		1,049,095
Contributions		82,926
HCE fares & passes		468,291
HCE bus advertising		59,992
Interest		5,937
Special events (net of cost of direct benefits to donors of $11,649)		98,330
Sales of goods and services (net of cost of goods and services of $129,605)		86,898
Gain on disposal of fixed assets		21,635
Rental income		20,793
Miscellaneous		10,012
TOTAL SUPPORT AND REVENUE		4,326,159
EXPENSES		
Program services		
Doorways Training		263,837
Community Employment		236,652
Participant Assistance and Care/Respite		105,039
Golf and Batting		78,863
Work Experience		811,592
Hamilton Co. Express		1,655,236
Janus Transportation		361,576
		3,512,795
Management and general		503,825
Fundraising		189,841
TOTAL EXPENSES		4,206,461
CHANGE IN NET ASSETS		119,698
Net Assets, Beginning		3,348,492
Net Assets, Ending	$	3,468,190

See accompanying notes to financial statements.

JANUS DEVELOPMENTAL SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

		Programs							Supporting Services	
	Total Agency	Doorways Training	Community Employment	Participant Assistance and Care/Respite	Golf and Batting	Work Experience	Hamilton Co. Express	Janus Contracted Transportation	Management and General	Fundraising
Staff salaries and wages	$ 2,438,413	$ 157,814	$ 165,884	$ 73,570	$ 26,984	$ 501,174	$ 917,766	$ 201,353	$ 288,874	$ 104,994
Benefits	696,422	61,146	35,505	15,076	2,579	144,573	222,253	52,192	119,621	43,477
Professional and contractual	89,266	7,005	5,775	1,441	279	22,492	30,575	3,947	13,020	4,732
Occupancy	171,021	7,513	5,859	1,649	35,135	63,708	35,133	5,384	12,204	4,436
Vehicles, equipment, and supplies	330,011	5,362	1,043	131	1,729	5,915	223,683	56,166	26,390	9,592
Travel, meals, and events	27,801	536	8,223	10,136	121	1,716	1,082	-	4,391	1,596
Business and professional development	33,749	2,624	2,224	-	1,121	4,854	2,452	2,224	8,456	9,794
Insurance	77,117	5,210	3,036	3,036	9,995	3,036	35,048	11,244	4,776	1,736
Advertising	4,085	-	-	-	-	-	3,081	-	736	268
Miscellaneous	31,427	1,973	2,170	-	370	1,102	7,122	15	13,697	4,978
Cost of goods and services	129,605	3,621	-	-	1,578	124,406	-	-	-	-
Cost of direct benefits to donors	11,649	-	-	-	-	-	-	-	-	11,649
Grant-funded supplies and other expenses	31,613	7,714	3,319	-	-	8,778	11,802	-	-	-
Depreciation	275,536	6,940	3,614	-	550	54,244	165,239	29,051	11,660	4,238
Total expenses by function	4,347,715	267,458	236,652	105,039	80,441	935,998	1,655,236	361,576	503,825	201,490
Less expenses included with revenues on the statement of activities										
Cost of goods and services	(129,605)	(3,621)	-	-	(1,578)	(124,406)	-	-	-	-
Cost of direct benefits to donors	(11,649)	-	-	-	-	-	-	-	-	(11,649)
Total expenses on the statement of activities	$ 4,206,461	$ 263,837	$ 236,652	$ 105,039	$ 78,863	$ 811,592	$ 1,655,236	$ 361,576	$ 503,825	$ 189,841

See accompanying notes to financial statements.

JANUS DEVELOPMENTAL SERVICES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows from Operating Activities:	
Change in net assets	$ 119,698
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	275,536
(Gain)/loss on disposal of fixed assets	(21,635)
Changes in assets and liabilities:	
(Increase) decrease in receivables	71,193
(Increase) decrease in inventories	(221)
(Increase) decrease in prepaids and other assets	(5,514)
Increase (decrease) in accounts payable	(23,324)
Increase (decrease) in accrued expenses	251
Increase (decrease) in deferred revenue	26,278
Increase (decrease) in other current liabilities	4,261
Net cash provided/(used) by operating activities	446,523
Cash Flows from Investing Activities:	
Proceeds from sale/disposal of fixed assets	29,500
Purchase of fixed assets	(305,055)
Net cash provided/(used) by investing activities	(275,555)
Cash Flows from Financing Activities:	
Principal payments on long-term debt	(45,482)
Net cash provided/(used) by financing activities	(45,482)
Net increase/(decrease) in cash and cash equivalents	125,486
Cash and cash equivalents:	
Beginning	817,312
Ending	$ 942,798
Supplemental Disclosures:	
Cash paid for interest	$ 14,534

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Janus Developmental Services, Inc. ("the Organization") is a not-for-profit corporation organized April 4, 1979. The Organization is governed by a volunteer board of directors whose mission is to provide educational and habilitation services and programs in conjunction with vocational and employment training and placement for individuals with developmental and physical disabilities. The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and was established exclusively for charitable, educational, and scientific purposes to enable the handicapped to function at their full potential in society.

Brief descriptions of the Organization's major programs are listed below.

Doorways Training – builds upon the educational efforts of local school systems. The program's trainers and curriculum enhance each individual's ability to function more independently in his or her environment and support the integration of individuals into the community.

Community Employment – smooths the transition from student to adult employment life. Hand in hand and side by side, the job coaches assist the individual with resume writing, job searching, and interviewing. After successful employment has been accomplished, the job coaches follow the individual to help the employer with training or any other employment challenges that arise to ensure a positive and successful employment experience.

Work Experience – offers individuals with developmental, physical, and intellectual disabilities the opportunity to learn basic employment skills such as completing assignments, working with co-workers, and arriving to work on time.

Hamilton County Express (HCE) – operates an affordable, on-demand public transit system for Hamilton County. The program is available to meet the transportation needs of individuals with disabilities as well as the general public.

Janus Contracted Transportation – operates Riverview Health Rides, a service providing door-to-door, shared ride transportation to medical appointments at Riverview Health facilities. Rides are available to patients with appointments at any of the 29 Riverview Health locations.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. Management's Review of Subsequent Events

Management has evaluated subsequent events through May 28, 2019, the date when the financial statements were available to be issued.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

Janus Developmental Services, Inc., uses the accrual method of accounting for financial statement reporting. Revenues are recognized when services are rendered and expenses are recognized when obligations are incurred.

C. Net Asset Classifications

As of January 1, 2018, as a result of changes in accounting standards, the Organization began reporting net assets in two categories: net assets with and without donor restrictions. Before this change, net assets were reported in three categories: permanently restricted, temporarily restricted, and unrestricted net assets.

The Organization's net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are for the general operations of the Organization. Net assets with donor restrictions are subject to donor-imposed stipulations and either may be used for the specific purpose stipulated by the donor or must be maintained by the Organization indefinitely. The Organization had no net assets with donor restrictions as of December 31, 2018.

D. Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation under Section 509(a) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the 2018 fiscal year.

The Organization files information tax returns in the U.S. federal and Indiana jurisdictions. The Organization is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years ending prior to December 31, 2015.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenue Recognition

Revenue from fees for services is reported as income when the related service has been provided. Revenue from grants is reported as income when the related grant expenditures are incurred. Sales of goods and services are reported as income as deliveries are made.

F. Cash and Cash Equivalents

The Organization considers all checking, savings, and money market accounts to be cash and cash equivalents.

G. Concentration of Credit Risk

Deposits at each financial institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at December 31, 2018, at which time the Organization's deposits in excess of FDIC insured limits were $464,223. The Organization believes it is not exposed to any significant risk on cash deposits.

H. Accounts Receivable

Accounts receivable are carried at original cost and represent primarily amounts due from state and federal agencies and other third-party payers and are due within 30 days. Accounts receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on accounts receivable. Management did not consider any of the accounts receivable uncollectible at December 31, 2018; therefore, there was no allowance recorded as of that date.

I. Inventories

Inventories consist of materials and supplies and are stated at the lower of cost (first-in, first-out method) or net realizable value.

J. Property and Equipment

Buildings, property, equipment, and vehicles are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. The Organization's capitalization policy requires individual assets to be capitalized if the original cost or fair value at the date of donation exceeds $1,000, or $500 for computer equipment.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Property and Equipment (Continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the equipment (3-10 years), vehicles (5 years), and buildings and improvements (10-40 years). The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

K. Deferred Revenue

The Organization records cash received from funding sources that has not yet been earned as deferred revenue.

L. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. If a restriction is placed by the donor on the contribution but the restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted.

M. Use of Estimates

The preparation of financial statements in conformity 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 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.

N. Functional Allocation of Expenses

The cost of providing the various programs, fundraising, and other activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

O. Advertising

The Organization expenses advertising costs as incurred. Total advertising costs were $4,085 for the year ended December 31, 2018.

NOTE 3 – INVENTORIES

Inventories on hand as of December 31, 2018, consist of the following:

Finished Goods	$	106
Direct Materials		1,766
Consumables and Other		3,147
	$	5,019

NOTE 4 – LINE OF CREDIT

As of December 31, 2018, the Organization had a $200,000 demand note line of credit with Key Bank, collateralized by all assets of the Organization. This note has an interest rate of the prime rate plus 0.5%, resulting in a rate of 6.0% as of December 31, 2018. As of December 31, 2018, this note had an outstanding balance of $0. There was no interest expense paid on the line of credit during the year ended December 31, 2018.

NOTE 5 – LONG-TERM DEBT

At December 31, 2018, the Organization had a mortgage note payable to a private individual. The original note was for $400,000, dated August 30, 2016. The note is secured by land, buildings, and improvements. The note is payable in annual payments of $60,000, including principal and interest, beginning August 31, 2017, through August 31, 2021, at which time the principal balance is due. The interest rate is fixed at 4.0%, and the outstanding balance at December 31, 2018, was $310,860, with annual maturities summarized as follows:

2019	$	47,335
2020		49,264
2021		214,261
Total	$	310,860

NOTE 6 – LEASE COMMITMENTS

The Organization has entered into an operating lease agreement with Pitney Bowes Global Financial Services for a postage meter machine. The lease began in January 2015 and expires in April 2020. Rent expense under this agreement was $792 for the year ended December 31, 2018.

The Organization has also entered into an operating lease agreement with Gordon Flesch Company, Inc., for a copier machine. The lease began in May 2016 and expires in May 2021. Rent expense under this agreement was $4,974 for the year ended December 31, 2018.

NOTE 6 – LEASE COMMITMENTS (Continued)

Future minimum rental payments as of December 31, 2018, under these leases are due as follows:

2019	$ 5,766
2020	5,172
2021	2,072
Total	$ 13,010

NOTE 7 – RETIREMENT PLAN

The Organization has a defined contribution 401(k) retirement plan covering substantially all of its employees who meet the minimum entry requirements. The Organization makes discretionary matching contributions equal to a uniform percentage of eligible employee salary deferrals. Additionally, the Organization may make annual discretionary profit-sharing contributions. The Organization contributed a total of $33,836 to the plan on behalf of employees for the year ended December 31, 2018.

NOTE 8 – GRANTS AND FEES FOR SERVICES

The following is a summary of the revenue from grants and fees for services during the year ended December 31, 2018:

Grants:	
Hamilton County State and Local Funds	$ 1,333,964
Indiana Department of Transportation: HCE (Federal Funds)	915,669
Hamilton County: Community Development Block Grant (Federal Funds)	25,000
Indiana Family and Social Services Administration	38,095
Other Counties and Townships	53,500
Other	56,022
	$ 2,422,250
Fees for Services:	
Indiana Family and Social Services Administration	$ 783,825
Vocational Rehabilitation	79,540
Group Homes and Client/Family Payments	160,611
Division of Disability and Rehabilitative Services	25,119
	$ 1,049,095

NOTE 9 – CONCENTRATIONS

During the year ended December 31, 2018, approximately 56% of the Organization's total support and revenue was from grants, primarily from federal, state, county, and city agencies. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

NOTE 10 – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on the following bases: Professional services are allocated based on the number of full-time equivalent staff members, occupancy costs are allocated based on square footage, and office supplies and business development costs are allocated evenly among the programs. Management and general expenses are allocated to fundraising on the basis of a time study.

JANUS DEVELOPMENTAL SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass-Through Grantor, Program or Cluster Title	CFDA Number	Project # or Contract #	Total Expenditures	
U.S. Department of Transportation				
Passed through Indiana Department of Transportation through Hamilton County Commissioners:				
Formula Grants for Rural Areas	20.509	A249-18-G170205	$ 667,238	**(M)**
Formula Grants for Rural Areas	20.509	A249-18-G170063	54,173	**(M)**
Total Formula Grants for Rural Areas			721,411	
Federal Transit Cluster				
Bus and Bus Facilities Formula Program	20.526	A249-18-G170087	194,258	**(M)**
Total Federal Transit Cluster			194,258	
Total U.S. Department of Transportation			915,669	
U.S. Department of Housing and Urban Development				
Passed through Hamilton County Commissioners:				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant	14.218	HCCDBG-18-03	10,000	
Community Development Block Grant	14.218	N/A	15,000	
Total CDBG - Entitlement Grants Cluster			25,000	
Total U.S. Department of Housing and Urban Development			25,000	
Total Expenditures of Federal Awards			$ 940,669	

(M) Program was audited as a major program

The accompanying notes are an integral part of this schedule.

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Janus Developmental Services, Inc. (the Organization) for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Indirect costs are charged to federal programs using the rates stipulated in the grant agreements.

NOTE 3 – SUBRECIPIENTS

The Organization did not provide any federal awards to subrecipients.

NOTE 4 – DESCRIPTION OF MAJOR FEDERAL PROGRAMS

Formula Grants for Rural Areas: This program's objectives are to initiate, improve, or continue public transportation service in rural areas by providing financial assistance for operating, planning, administrative expenses, and the acquisition, construction, and improvement of facilities and equipment.

Bus and Bus Facilities Formula Program: The objective of this program is to provide financial assistance to replace, rehabilitate, lease, and purchase buses and related equipment.

NOTE 5 – NONCASH ASSISTANCE, INSURANCE, AND LOAN GUARANTEES

The Organization did not receive any noncash assistance in the current year. In addition, the Organization had no federal insurance or loan guarantees in the current year.

JANUS DEVELOPMENTAL SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1.	Type of auditor's report issued on financial statements	Unmodified
2.	During the audit of the financial statements, were any significant deficiencies in internal control disclosed?	No
3.	If so, were any such deficiencies considered material weaknesses?	N/A
4.	Did the audit disclose any instances of noncompliance that would be considered material to the financial statements?	No

Federal Awards

1.	Were any significant deficiencies in internal control over major programs disclosed?	No
2.	If so, were any such deficiencies considered material weaknesses?	N/A
3.	Type of report issued on compliance for major programs	Unmodified
4.	Any findings disclosed that are required to be reported under 2 CFR § 200.516(a)?	No
5.	Major Programs:	
	U.S. Department of Transportation:	
	Formula Grants for Rural Areas	20.509
	Federal Transit Cluster: Bus and Bus Facilities Formula Program	20.526
6.	Dollar threshold to distinguish between Type A and Type B programs	$ 750,000
7.	Does auditee qualify as a low-risk auditee under 2 CFR § 200.520?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS

None

SECTION IV – SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS

Internal Control over Compliance – Material Weakness:

Finding 2017-001 – Lack of Documentation of Controls over Disbursements
Federal Program Name: Formula Grants for Rural Areas
Contract No.: A249-17-G160281 and A249-17-G160032
CFDA No.: 20.509
Passed Through: Indiana Department of Transportation through Hamilton County Commissioners
Federal Agency: U.S. Department of Transportation

Condition: We were unable to test a key internal control over cash disbursements, which is the approval of cash disbursements charged to the program by the program director or other individual familiar with the compliance requirements of the program.

Current Status: Corrected.

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Janus Developmental Services, Inc.
Noblesville, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Janus Developmental Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Janus Developmental Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Janus Developmental Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

1701 Broadmoor, Suite 200 • Champaign, IL 61821
Phone: (217) 351-2073 Fax: (217) 351-3487 kempercpa.com

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Janus Developmental Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants
Champaign, Illinois
May 28, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Janus Developmental Services, Inc.
Noblesville, Indiana

Report on Compliance for Each Major Federal Program

We have audited Janus Developmental Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Janus Developmental Services, Inc.'s major federal programs for the year ended December 31, 2018. Janus Developmental Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Janus Developmental Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Janus Developmental Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Janus Developmental Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Janus Developmental Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

1701 Broadmoor, Suite 200 • Champaign, IL 61821
Phone: (217) 351-2073 Fax: (217) 351-3487 kempercpa.com

Report on Internal Control over Compliance

Management of Janus Developmental Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Janus Developmental Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Janus Developmental Services, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants
Champaign, Illinois
May 28, 2019