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302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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


October 22, 2021

Board of Directors  
Intecare, Inc.  
8604 Allisonville Rd., Suite 325  
Indianapolis, IN 46250

We have reviewed the audit report of Intecare, Inc., which was opined upon by CliftonLarsonAllen, LLP, Independent Public Accountants, for the period July 1, 2019 to June 30, 2020. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Intecare, Inc. as of June 30, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, CliftonLarsonAllen, 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, CPA  
State Examiner

**INTECARE, INC.**  
**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
InteCare, Inc.  
Indianapolis, Indiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of InteCare, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of operations and changes in net assets, 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.

### ***Auditors' 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 audit 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 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 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 on page 1 present fairly, in all material respects, the financial position of InteCare, Inc. as of June 30, 2020, and the results of its operations, 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.

**Emphasis-of-Matter Regarding a Change in Accounting Principle**

As discussed in Note 2 to the financial statements, InteCare, Inc. adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU No. 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Made*. Our opinion is not modified with respect to these matters.

**Other Information**

*Supplementary 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 August 20, 2021, on our consideration of InteCare, 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 InteCare, 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 InteCare, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
August 20, 2021

**INTECARE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 2,204,664
Short-Term Investments	404,380
Supportive Services for Veteran Families Receivable	184,667
Medicaid Funds Recovery Receivable	34,054,701
Contract Receivable	56,572
Prepaid Expenses	33,706
Total Current Assets	<u>36,938,690</u>

**PROPERTY AND EQUIPMENT, NET**

61,555

**OTHER ASSETS**

Long-Term Investments	<u>410,579</u>
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Total Assets

\$ 37,410,824

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 129,833
Accrued Salaries and Related Liabilities	124,929
Deferred Revenue	42,550
Medicaid Funds Recovery Payable	26,804,359
Medicaid Funds Recovery Payable - Related Parties	7,077,842
Supportive Services for Veteran Families Payable - Related Parties	38,353
Total Current Liabilities	<u>34,217,866</u>

**LONG-TERM LIABILITIES**

Loan Payable Under Paycheck Protection Program	18,300
Medicaid Funds Recovery Withholdings	1,181,388
Total Long-term Liabilities	<u>1,199,688</u>

Total Liabilities

35,417,554

**NET ASSETS**

Without Donor Restrictions	1,981,488
With Donor Restrictions	11,782
Total Net Assets	<u>1,993,270</u>

Total Liabilities and Net Assets

\$ 37,410,824

See accompanying Notes to Financial Statements.

**INTECARE, INC.**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Service Revenue	\$ 990,568	\$ -	\$ 990,568
Public Support Federal Funds	1,639,967	-	1,639,967
Public Support State Funds	230,150	-	230,150
Total Public Support	<u>1,870,117</u>	-	<u>1,870,117</u>
Other Revenue:			
Medicaid Funds Recovery	690,000	-	690,000
Interest	48,189	-	48,189
Miscellaneous	7,640	15,000	22,640
Forgiveness - Paycheck Protection Program Loan	128,100	-	128,100
Net Assets Released from Restriction	3,218	(3,218)	-
Total Other Revenue	<u>877,147</u>	<u>11,782</u>	<u>888,929</u>
Total Revenue	3,737,832	11,782	3,749,614
<b>EXPENSES</b>			
Subcontractor Expense	404,350	-	404,350
Salaries and Employee Benefits	1,264,162	-	1,264,162
Purchased Services	439,567	-	439,567
Professional Fees	55,194	-	55,194
Depreciation	59,036	-	59,036
Rental	110,746	-	110,746
Program Assistance	851,330	-	851,330
Other	454,582	-	454,582
Total Expenses	<u>3,638,967</u>	-	<u>3,638,967</u>
<b>CHANGE IN NET ASSETS</b>	98,865	11,782	110,647
Net Assets - Beginning of Year	<u>1,882,623</u>	-	<u>1,882,623</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,981,488</u>	<u>\$ 11,782</u>	<u>\$ 1,993,270</u>

See accompanying Notes to Financial Statements.

**INTECARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Accounting and Finance Cost	\$ 34,170	\$ 3,678	\$ 37,848
Branding	28,314	4,820	33,134
Charity	2,732	5,286	8,018
Depreciation	50,999	8,037	59,036
Housing Assistance	848,597	-	848,597
Overhead	199,886	5,145	205,031
Related Personnel	1,963,667	174,075	2,137,742
Technology	300,581	8,980	309,561
	<u>3,428,946</u>	<u>210,021</u>	<u>3,638,967</u>
Total Functional Expenses	<u>\$ 3,428,946</u>	<u>\$ 210,021</u>	<u>\$ 3,638,967</u>

See accompanying Notes to Financial Statements.

**INTECARE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 110,647
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	59,036
Realized and Unrealized Gain on Investments	(1,405)
Forgiveness - Paycheck Protection Program Loan	(128,100)
Change in Assets and Liabilities:	
Supportive Services for Veteran Families Receivable	(121,179)
Medicaid Funds Recovery Receivable	2,199,684
Contract Receivable	90,403
Prepaid Expenses	(251)
Accounts Payable	46,601
Accrued Salaries and Related Liabilities and	
Other Accrued Liabilities	67,684
Deferred Revenue	42,550
Medicaid Funds Recovery Payable	(716,379)
Medicaid Funds Recovery Payable - Related Party	(1,483,305)
Supportive Services for Veteran Families Payable - Related Parties	(21,775)
Net Cash Provided by Operating Activities	144,211

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Property and Equipment	(23,422)
Purchase of Investments	(274,712)
Proceeds from Sale of Investments	250,106
Net Cash Used by Investing Activities	(48,028)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from Loan Payable Under Paycheck Protection Program	146,400
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**NET INCREASE IN CASH AND CASH EQUIVALENTS**

242,583

Cash and Cash Equivalents - Beginning of Year

1,962,081

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 2,204,664

See accompanying Notes to Financial Statements.

**INTECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 ORGANIZATION**

InteCare, Inc. (the Organization) was founded in September 1998 in accordance with the Indiana Nonprofit Corporation Act. The Nonprofit operates as an administrative fiscal agent for health organizations.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The Organization is required to report information regarding its financial position and operations according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. When a net asset with donor restriction expires, net assets are reclassified to net assets without donor restrictions and are reported as Net Assets Released from Restrictions in the statement of operations and changes in net assets.

**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 certain reported amounts and disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include monies held in checking accounts and money market accounts. The Organization maintains these funds with financial institutions which, at times, may exceed federally insured limits. The Organization has not experienced any losses in these accounts, and the Organization believes it is not exposed to any significant credit risk to cash and cash equivalents.

**Investments**

Investments consist primarily of assets invested in fixed income funds and mutual funds. The investments in fixed income funds and mutual funds are measured at fair value in the statements of financial position. The realized and unrealized gain or loss on investments is reflected in the statements of operations and changes in net assets.

**Supportive Services for Veteran Families Receivable**

Supportive Services for Veteran Families Receivable represent the uncollected portion of funds from a reimbursement grant awarded to InteCare for eligible expenses related to the Supportive Services for Veteran Families program. Management has deemed these amounts to be fully collectible within one year.

**INTECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment are recorded at cost or, for donations, at fair market value at the time of donation. Expenditures for new additions and repairs that substantially increase the useful lives of the related assets are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss on disposition is credited to or charged against operations for the period. Depreciation is computed using the straight-line method over the expected useful lives ranging from three years for computer software, five years for laptops and other equipment, and 10 years for office furniture.

**Medicaid Funds Recovery Withholdings**

Pursuant to the Organization's contracts with its members that provide Medicaid services, amounts related to the Mental Health Funds Recovery Program (MHFRP) were withheld for the purpose of defending third-party payor audits and covering related expenses, responding to payor and intermediary repayment claims, and other reasonable requirements. The initial withholdings amount was based upon 5% of Medicaid funds recovery revenue. However, the withholdings balance, which was \$1,181,388 at June 30, 2020, currently represents approximately 1.69% of the annual amount paid to members providing services within the MHFRP. Management has determined the risk of utilizing these withholdings to be low and that an increase in the amounts withheld is unnecessary. However, the ultimate effects of a MHFRP audit, if any, cannot presently be determined. Management does not anticipate using the funds within the subsequent two years.

**Service Revenue**

Service revenue is primarily derived from credentialing and enrollment services provided by the Organization. Revenue is recognized when the control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Organization expects to be entitled in exchange for those goods or services. As of June 30, 2020, the Organization had \$42,550 of deferred revenue in the statement of financial position.

**Public Support**

The Organization contracts with and receives grant funding from the Indiana Division of Mental Health and Addiction (Division of Mental Health) to serve as the fiscal agent and provide behavioral administrative services to the community of behavioral health providers. Such services are provided under the programs Mental Health Fund Recovery Program (MHFRP) and Satisfaction Survey of programs. The Organization is paid a quarterly administrative fee to serve as the fiscal agent for the MHFRP. The Organization recognizes revenue from this quarterly fee as it satisfies its performance obligations under the contract with the Division of Mental Health. All other funding received from the Division of Mental Health is passed through to the behavioral health providers within the program. (see Note 4). Additional grant funding is received from other federal, city and county funding awards. These grants such as the Supportive Services for Veterans Families (SSVF), are reimbursed based on actual cost spent to serve the grant which includes temporary financial assistance for veterans, personnel, material, service and overhead cost.

**INTECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Public Support (Continued)**

The funding received from the Department of Veteran Affairs for the SSVF grant supports the coordination and provision of services to eligible, indigent veterans. Under this grant, the Organization generally provides monthly vouchers based on actual costs. A portion of these funds is paid to subcontractors.

Under these funding arrangements, amounts are available to the Organization, up to the total awarded, for a predetermined period. These agreements are subject to review and audit by state and/or federal agencies, and entitlements to these resources are generally conditional upon compliance with the terms and conditions of the agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a review or audit by these agencies may become a liability of the Organization, and such amounts will be recognized in the period they become known. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. As of June 30, 2020, the Organization did not have any such deferred revenue.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

InteCare, Inc. is organized as an Indiana nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by InteCare and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The U.S. federal and state income tax returns of the Organization are subject to examination by the IRS and state taxing authorities.

**INTECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

Management evaluated subsequent events through August 20, 2021, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2020, but prior to August 20, 2021, that provided additional evidence about conditions that existed at June 30, 2020, have been recognized in the financial statements for the year ended June 30, 2020. Events or transactions that provided evidence about conditions that did not exist at June 30, 2020, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2020.

**Change in Accounting Principle**

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated.

In 2020, the Organization adopted Financial Accounting Standards Board's Accounting Standards Codification Topic 606, *Revenues from Contracts with Customers*, which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. As a result of the adoption of this standard, along with the consideration of ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606) Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, the Organization determined that it serves as the fiscal agent for the MHFRP. As a result, the Organization records the related activity from this program on the net basis. See Note 4 for the cumulative amount of revenue recorded from the MHFRP for the year ended June 30, 2020. The adoption of this standard did not have an effect on the amount of net assets or change in net assets previous reported by the Organization.

**Recent Accounting Guidance**

**Leases**

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Organization's financial statements.

**INTECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020
Cash and Cash Equivalents	\$ 2,204,664
Receivables	34,295,940
Short-Term Investments	404,380
Total	<u>\$ 36,904,984</u>

The Organization currently does not have any liquidity management policies in place.

**NOTE 4 MEDICAID FUNDS RECOVERY**

The Organization, through Medicaid, administers the MHFRP on behalf of its members and other providers. Subject to approval by the Centers for Medicare and Medicaid Services, funding under the MHFRP is available only to those providers who are certified as managed care providers or community mental health centers by the Division of Mental Health. Under the program, the Organization generally vouchers the state quarterly based on recent activity, as well as the budget limits of the program. For year ended June 30, 2020, the Organization received \$690,000 to serve as the fiscal agent for the MHFRP, while the remainder of funds, which totaled \$68,368,581, were passed through to the community mental health centers and managed care providers within the MHFRP. The amounts passed through to community mental health centers and managed care providers are not reflected as either revenue or expenses of the Organization. The Organization was owed \$34,054,701 for claims administered on behalf of its members and other providers through June 30, 2020. The Organization owed \$33,960,554 to the community mental health centers and managed care providers within the MHFRP for services provided through June 30, 2020.

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2020:

Leasehold Improvements	\$ 8,727
Equipment	280,230
Property and Equipment, Gross	<u>288,957</u>
Less: Accumulated Depreciation	(227,402)
Property and Equipment, Net	<u>\$ 61,555</u>

**INTECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 6 LOAN PAYABLE UNDER PAYCHECK PROTECTION PROGRAM**

In April 2020, the Organization received a loan from a bank in the amount of \$146,400 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5, 2020) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from May 2020 to October 2020 is the time that the Organization has to spend their PPP Loan Funds. Management anticipates that this amount will be forgiven and the Organization will not be required to repay this obligation. The Organization recognized \$128,100 of revenue during the year ended June 30, 2020. Subsequent to year end, the full loan was forgiven.

**NOTE 7 COMMITMENTS**

The Organization leases equipment and office space under long-term lease agreements, which are set to expire in July 2024 and November 2022, respectively. Total rent expense from leases for 2020 was \$110,746, of which \$9,806 and \$100,940 was attributed to the equipment and office space lease, respectively.

Approximate future minimum lease payments required under these operating leases are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 104,016
2022	104,928
2023	56,166
2024	7,404
Total	<u>\$ 272,514</u>

**NOTE 8 RETIREMENT PLAN**

The Organization maintains a 401(k)-retirement plan for all full-time employees that have been employed for 90 days. The plan provides a mandatory match by the Organization up to 3.5% of the employee's compensation. All employees are fully vested in the employer match after two years. Employer contributions to the Plan were \$18,513 in 2020.

**INTECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9 FAIR VALUE MEASUREMENT**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at June 30, 2020.

*Mutual Funds:* Mutual fund securities are valued at the closing price reported on the active market on which the individual securities are traded. The fair value of mutual funds is based on quoted net asset values of the underlying assets of shares held by the Organization. Such investments are classified within Level 1 of the valuation hierarchy.

*Fixed Income Funds:* Fixed income securities are valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type. Such investments are classified within Level 2 of the valuation hierarchy.

**INTECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 9 FAIR VALUE MEASUREMENT (CONTINUED)**

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
<u>2020</u>				
Mutual Funds	\$ 100,819	\$ -	\$ -	\$ 100,819
Fixed Income Bonds	-	714,140	-	714,140
Total	<u>\$ 100,819</u>	<u>\$ 714,140</u>	<u>\$ -</u>	<u>\$ 814,959</u>

**NOTE 10 RELATED PARTIES**

The Organization coordinates and manages an integrated health care system on behalf of its members, and as such, amounts related to various grants and programs are received by the Organization and then passed through to these related parties. The member organizations, including any owners of members, are as follows: Adult and Child Mental Health Center, Inc. (Adult and Child); Aspire Indiana (Aspire); Gallahue Mental Health Center (Gallahue); Midtown Mental Health Center (Midtown); Community Health Network, owner of Gallahue; and Eskenazi Health, owner of Midtown.

The following schedule summarizes amounts due to related parties at June 30, 2020:

Adult and Child	\$ 1,546,475
Aspire	1,105,714
Gallahue	2,087,216
Midtown	2,060,552
Community Health Network	316,238
Total	<u>\$ 7,116,195</u>

The following schedule summarizes amounts due to related parties, by grant and/or program, at June 30, 2020:

SSVF	\$ 38,353
MHFRP	7,077,842
Total	<u>\$ 7,116,195</u>

**INTECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 10 RELATED PARTIES (CONTINUED)**

The following schedule summarizes amounts paid to related parties for the year ended June 30, 2020:

Adult and Child	\$ 2,973,262
Aspire	2,479,406
Gallahue	3,958,659
Midtown	3,348,222
Community Health Network	923,007
Total	<u>\$ 13,682,556</u>

**NOTE 11 RISKS AND UNCERTAINTIES**

Outstanding balances due to the Organization relate to funding from grants and other programs, as well as contract services. These receivables are 99% concentrated in Medicaid programs as of June 30, 2020. Revenues are 18% concentrated in Medicaid programs and 44% concentrated in federal grants for the year ended June 30, 2020.

The Organization's investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least possible that changes in values of investment securities in the near term would materially affect the amounts reported in the consolidated financial statements.

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, additional demands for services, costs for increased use of technology, and additional grant opportunities. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 12 FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, the expenses require allocation on a reasonable basis that is consistently applied. Aside from salaries expense, rent expense, and depreciation expense, expenses are allocated based on direct allocation of the expense. Salaries and wages are allocated on the basis of estimates of time and effort. Rent and depreciation expense is allocated based on square footage and equipment usage.

**INTECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 13 HEALTH CARE INDUSTRY**

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental health care program participation requirements, reimbursement for patient services, and fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from governmental health care programs and could subject the Organization to significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Organization is in substantial compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations is subject to government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

**INTECARE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>				
Passed-Through the Indiana Division of Mental Health and Addiction:				
Community Mental Health Services Block Grant	93.958	A55-6-49-16-2I-1439	\$ 15,960	\$ 15,960
<b>U.S. Department of Veteran Affairs</b>				
Supporting Services for Veteran Families Program	64.033	N/A	-	1,137,298
COVID-19 - Supporting Services for Veteran Families Program	64.033	N/A	-	486,709
Total			<u>-</u>	<u>1,624,007</u>
Total Expenditures of Federal Awards			<u>\$ 15,960</u>	<u>\$ 1,639,967</u>

**INTECARE, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2020**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the grant activity of InteCare, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the 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). 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, results of operations, changes in net assets, or cash flows of the Organization.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported 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 not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' 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**

Board of Directors  
InteCare, Inc.  
Indianapolis, 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 InteCare, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and changes in net assets, 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 August 20, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered InteCare, 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 InteCare, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of InteCare, Inc.'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 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 InteCare, 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 result of that testing, and not to provide an opinion on the effectiveness of InteCare, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering InteCare, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

### **CliftonLarsonAllen LLP**

Indianapolis, Indiana  
August 20, 2021



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

Board of Directors  
InteCare, Inc.  
Indianapolis, Indiana

### Report on Compliance for Each Major Federal Program

We have audited InteCare, 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 InteCare, Inc.'s major federal programs for the year ended June 30, 2020. InteCare, Inc.'s major federal programs are identified in the summary of auditors' 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 InteCare, 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 InteCare, 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 InteCare, Inc.'s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, InteCare, 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 June 30, 2020.

### **Report on Internal Control over Compliance**

Management of InteCare, 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 InteCare, 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 InteCare, 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 a 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.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
August 20, 2021

**INTECARE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes       x       no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes       x       none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes       x       no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes       x       no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes       x       none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes       x       no

***Identification of Major Federal Programs***

**CFDA Number(s)**

64.033

**Name of Federal Program or Cluster**

Supportive Services for Veteran Families

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

      x       yes                      no

**INTECARE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.