



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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March 1, 2023

Board of Directors
Mental Health Association in Indiana, Inc. dba Mental Health America of Indiana
1431 N. Delaware St.
Indianapolis, IN 46202

We have reviewed the audit report of Mental Health Association in Indiana, Inc., dba Mental Health America of Indiana, which was opined upon by Alerding CPA Group, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Mental Health America of Indiana as of June 30, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Alerding CPA Group prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

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

Handwritten signature of Tammy R. White in cursive.

Tammy R. White, CPA
Deputy State Examiner



CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2019 AND 2018

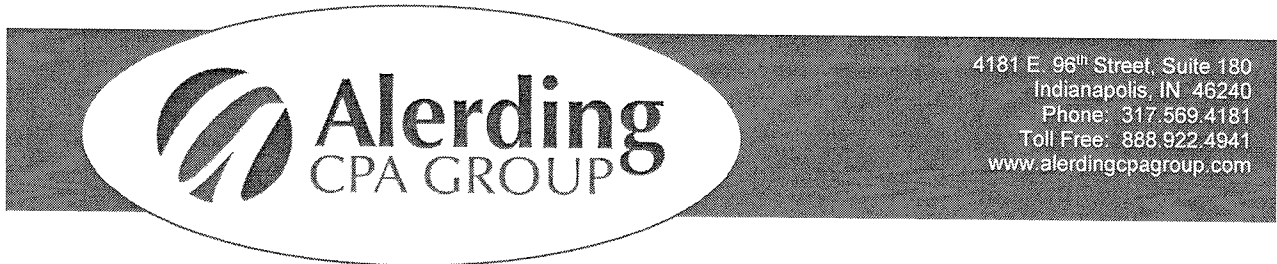


MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mental Health Association in Indiana, Inc.
Indianapolis, Indiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Mental Health Association in Indiana, Inc. (the "Association"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mental Health Association in Indiana, Inc. as of June 30, 2019 and 2018 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards is fairly stated, in all material respects, in relation to the consolidated 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 March 24, 2020, on our consideration of the Association'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 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 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 the Association's internal control over financial reporting and compliance.

Alending CIA Group

March 24, 2020

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

ASSETS

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|---------------------|---------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 80,938 | \$ 62,773 |
| Investments | 943,390 | 1,204,017 |
| Program and grants receivable | 647,509 | 506,808 |
| Prepaid expenses | 14,866 | 8,871 |
| Property and equipment, net | <u>1,378,581</u> | <u>1,316,340</u> |
| Total assets | <u>\$ 3,065,284</u> | <u>\$ 3,098,809</u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|---------------------|---------------------|
| Liabilities: | | |
| Line of credit | \$ -0- | \$ 155,000 |
| Long-term debt | 382,304 | 409,279 |
| Accounts payable | 321,486 | 120,992 |
| Accrued expenses | 150,202 | 141,481 |
| Deferred revenue | <u>113,109</u> | <u>59,170</u> |
| Total liabilities | <u>967,101</u> | <u>885,922</u> |
| Net Assets: | | |
| Without donor restrictions | 2,098,183 | 2,162,666 |
| With donor restrictions | <u>-0-</u> | <u>50,221</u> |
| Total net assets | <u>2,098,183</u> | <u>2,212,887</u> |
| Total liabilities and net assets | <u>\$ 3,065,284</u> | <u>\$ 3,098,809</u> |

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Changes in Net Assets Without Donor Restrictions: | | |
| Support and Revenues: | | |
| Government professional services contracts and grants | \$ 2,404,527 | \$ 2,002,202 |
| Corporate and private grants | 121,958 | 217,088 |
| Contributions | 62,150 | 33,368 |
| Public services | 395,280 | 400,755 |
| Special events | 132,024 | 144,650 |
| Memberships and affiliate dues | 85,755 | 50,592 |
| Other income | 46,855 | 61,883 |
| Total support and revenues before investment income | <u>3,248,549</u> | <u>2,910,538</u> |
| Interest and investment income, net | <u>51,646</u> | <u>84,616</u> |
| Total support and revenues before release of restrictions | 3,300,195 | 2,995,154 |
| Net Assets Released from Donor Restrictions | <u>50,221</u> | <u>3,015</u> |
| Total support and revenues without donor restrictions | <u>3,350,416</u> | <u>2,998,169</u> |
| Expenses: | | |
| Program services | 2,928,940 | 2,594,273 |
| Management and general | 363,250 | 352,067 |
| Fundraising | 122,709 | 174,096 |
| Total expenses | <u>3,414,899</u> | <u>3,120,436</u> |
| Change in net assets without donor restrictions | <u>(64,483)</u> | <u>(122,267)</u> |
| Changes in Net Assets With Donor Restrictions: | | |
| Net assets released from donor restrictions | <u>(50,221)</u> | <u>(3,015)</u> |
| Change in net assets with donor restrictions | <u>(50,221)</u> | <u>(3,015)</u> |
| Total change in net assets | (114,704) | (125,282) |
| Net Assets, Beginning of Year | <u>2,212,887</u> | <u>2,338,169</u> |
| Net Assets, End of Year | <u>\$ 2,098,183</u> | <u>\$ 2,212,887</u> |

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>2019 Consolidated Totals</u> | <u>2018 Consolidated Total</u> |
|-----------------------------|-----------------------------|-----------------------------------|--------------------|---|--|
| Labor and Benefits: | | | | | |
| Salaries | \$ 1,302,987 | \$ 210,441 | \$ 22,690 | \$ 1,536,118 | \$ 1,433,674 |
| Employee benefits | 172,995 | 37,771 | 4,615 | 215,381 | 199,198 |
| Payroll taxes and expense | <u>122,446</u> | <u>18,269</u> | <u>2,226</u> | <u>142,941</u> | <u>132,889</u> |
| Total labor and benefits | 1,598,428 | 266,481 | 29,531 | 1,894,440 | 1,765,761 |
| Other Expenses: | | | | | |
| Payments to consumers | 119,250 | -0- | -0- | 119,250 | 121,683 |
| Contracted therapy services | 85,004 | -0- | -0- | 85,004 | 70,578 |
| Other contracted services | 198,041 | 2,202 | 7,932 | 208,175 | 202,433 |
| Public education | 131,289 | -0- | -0- | 131,289 | 55,322 |
| Trainings | 244,824 | -0- | -0- | 244,824 | 259,979 |
| Depreciation | 80,311 | 3,928 | -0- | 84,239 | 80,729 |
| Occupancy | 51,179 | 3,504 | 153 | 54,836 | 62,199 |
| Professional fees | 38,264 | -0- | 665 | 38,929 | 39,103 |
| Interest expense | -0- | 35,250 | -0- | 35,250 | 35,115 |
| Travel | 54,529 | 296 | 470 | 55,295 | 38,022 |
| Technology support | 71,592 | 3,028 | 246 | 74,866 | 71,976 |
| Maintenance | 48,976 | 3,475 | -0- | 52,451 | 37,225 |
| Insurance | 6,399 | 12,318 | 265 | 18,982 | 19,265 |
| Web based software fees | 6,765 | 15,698 | 5,851 | 28,314 | 66,945 |
| Telephone | 23,728 | 3,115 | 74 | 26,917 | 21,695 |
| Bank fees | 5,542 | 3,661 | 520 | 9,723 | 12,880 |
| Office expenses | 29,697 | 1,219 | 90 | 31,006 | 28,538 |
| Special events | 1,001 | -0- | 76,256 | 77,257 | 96,077 |
| Other | <u>134,121</u> | <u>9,075</u> | <u>656</u> | <u>143,852</u> | <u>34,911</u> |
| Total expenses | <u>\$ 2,928,940</u> | <u>\$ 363,250</u> | <u>\$ 122,709</u> | <u>\$ 3,414,899</u> | <u>\$ 3,120,436</u> |

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2018

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Consolidated Totals</u> |
|-----------------------------|-----------------------------|-----------------------------------|--------------------|--------------------------------|
| Labor and Benefits: | | | | |
| Salaries | \$ 1,171,556 | \$ 212,827 | \$ 49,291 | \$ 1,433,674 |
| Employee benefits | 161,400 | 32,057 | 5,741 | 199,198 |
| Payroll taxes and expense | <u>110,477</u> | <u>18,086</u> | <u>4,326</u> | <u>132,889</u> |
| Total labor and benefits | 1,443,433 | 262,970 | 59,358 | 1,765,761 |
| Other Expenses: | | | | |
| Payments to consumers | 121,683 | -0- | -0- | 121,683 |
| Contracted therapy services | 70,578 | -0- | -0- | 70,578 |
| Other contracted services | 172,015 | 2,249 | 28,169 | 202,433 |
| Public education | 55,322 | -0- | -0- | 55,322 |
| Trainings | 259,979 | -0- | -0- | 259,979 |
| Depreciation | 76,516 | 4,213 | -0- | 80,729 |
| Occupancy | 57,286 | 4,449 | 464 | 62,199 |
| Professional fees | 37,466 | 857 | 780 | 39,103 |
| Interest expense | 143 | 34,972 | -0- | 35,115 |
| Travel | 37,105 | 684 | 233 | 38,022 |
| Technology support | 68,241 | 3,171 | 564 | 71,976 |
| Maintenance | 34,853 | 2,372 | -0- | 37,225 |
| Insurance | 6,360 | 12,768 | 137 | 19,265 |
| Web based software fees | 50,401 | 10,197 | 6,347 | 66,945 |
| Telephone | 18,913 | 2,355 | 427 | 21,695 |
| Bank fees | 8,186 | 3,406 | 1,288 | 12,880 |
| Office expenses | 25,690 | 2,780 | 68 | 28,538 |
| Special events | 20,887 | -0- | 75,190 | 96,077 |
| Other | <u>29,216</u> | <u>4,624</u> | <u>1,071</u> | <u>34,911</u> |
| Total expenses | <u>\$ 2,594,273</u> | <u>\$ 352,067</u> | <u>\$ 174,096</u> | <u>\$ 3,120,436</u> |

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|------------------|------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ (114,704) | \$ (125,282) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 84,239 | 80,729 |
| Net realized gains on investments | (62,017) | (40,966) |
| Net unrealized (gains) losses on investments | 23,384 | (14,624) |
| Changes in operating assets and liabilities: | | |
| Program and grants receivable | (140,701) | 74,981 |
| Prepaid expenses | (5,995) | 11,160 |
| Accounts payable | 200,494 | 71,766 |
| Accrued expenses | 8,721 | 1,032 |
| Deferred revenue | 53,939 | (10,950) |
| Net cash provided by operating activities | <u>47,360</u> | <u>47,846</u> |
| Cash Flows from Investing Activities: | | |
| Capital expenditures | (146,480) | (16,406) |
| Proceeds from sale of investments | 357,114 | 41,636 |
| Purchase of investments | <u>(57,854)</u> | <u>(45,282)</u> |
| Net cash provided by (used in) investing activities | <u>152,780</u> | <u>(20,052)</u> |
| Cash Flows from Financing Activities: | | |
| Repayments on line of credit, net | (155,000) | (10,000) |
| Principal payments on long-term debt | <u>(26,975)</u> | <u>(26,700)</u> |
| Net cash used in financing activities | <u>(181,975)</u> | <u>(36,700)</u> |
| Net change in cash and cash equivalents | 18,165 | (8,906) |
| Cash and Cash Equivalents, Beginning of Year | <u>62,773</u> | <u>71,679</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 80,938</u> | <u>\$ 62,773</u> |
| Supplemental Disclosure of Cash Flow Information: | | |
| Cash payments for interest | <u>\$ 35,250</u> | <u>\$ 35,115</u> |

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

1. DESCRIPTION OF THE REPORTING ENTITY

The consolidated financial statements include the accounts of Mental Health Association in Indiana, Inc. (the "MHA") d/b/a Mental Health America of Indiana (the "Association") which includes: Indiana Mental Health Memorial Foundation, Inc. (the "Foundation") and Community Addiction Services of Indiana, Inc. known as Emberwood Center ("Emberwood"). The Association is headquartered in Indianapolis, Indiana serving the needs of the mental health community in Indiana.

The financial statements are presented on a consolidated basis because of common control. All significant intercompany transactions and balances have been eliminated in consolidation. The consolidated financial statements do not include the accounts of any of the affiliated county chapters that are not under the direct control of the Association. Those chapters elect their own independent Board of Directors, conduct their own service programs and maintain their own separate financial accounts.

The programs and services provided by the Association include the following:

- The Association's Advocacy and Public Education programs work for the mental health of all citizens and for the victory over mental illness through public education, advocacy and public health reform.
- Emberwood promotes growth, respect and integrity through community-based services to address the cycle of addiction with individuals and families.
- Indiana Center for Children and Families ("ICCF") provides assessment and therapeutic services for children, adolescents and families.
- Indiana Affiliation of Recovery Residences ("INARR") creates, evaluates and improves standards and measures of quality for all levels of recovery residences.
- ICAADA is a membership organization for addictions professionals, providing training and credentialing.
- Indiana Coalition to Reduce Underage Drinking ("ICRUD") creates healthier and safer environments by reducing the accessibility and availability of alcohol to underage persons.
- Indiana Addiction Issues Coalition, Inc. ("IAIC") advocates on behalf of people with addictive disorders by promoting recovery through advocacy, public education and service.
- Infancy Onward, Inc., formerly known as Indiana Association of Infant and Toddler Mental Health, Inc. ("IAITMH") advances the conditions which provide an early start toward optimal mental health.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

- Depression and Bipolar Support Alliance Indiana, Inc. (“DBSAI”) educates and fosters self-help for patients and families; works to eliminate discrimination and stigma to improve access to care; and advocates for research toward the elimination of these illnesses.
- Junior Mental Health America of Indiana, Inc. (“JMHA”) serves as an educational forum for middle and high school students and provides volunteer and leadership opportunities for its members.
- Indiana Association Substance Abuse Providers, Inc. (“Indiana ASAP”) promotes the mutual interest of substance abuse prevention and treatment programs in the State of Indiana.
- Indiana Mental Health and Aging Coalition (IMHAC) enhances the mental health of older adults in Indiana through public education, training, and advocacy by improving access to mental health services and providing a forum of cooperation and collaboration for aging and mental health networks.
- Indiana National Organization on Fetal Alcohol Syndrome (INOFAS) educates the public about alcohol risks during pregnancy to reduce fetal alcohol spectrum disorders.
- The Foundation has been a conduit for individuals and organizations to fund mental health advocacy and programming for over 50 years.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Association in the preparation of its consolidated financial statements are summarized below:

Change in Accounting Principle

During 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, Not-For-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities. The update addresses the financial reporting complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns for not-for-profit organizations. As required by the update, the Association retrospectively adopted the standard during 2019 and has conformed to the new presentation in the consolidated financial statements for all periods presented herein.

Basis of Presentation

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Association uses the following accounts to distinguish among restrictions:

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

Net Assets Without Donor Restrictions

Net assets without donor restrictions include all contributions received, without donor restrictions, and revenues and expenses for the general operation of the Association.

Net Assets With Donor Restrictions

Net assets with donor restrictions include contributions that have donor-imposed restrictions that limit the use for a specific purpose, limit the use for a future time period, or require the funds to be held in perpetuity. When a donor's restriction is met, restricted net assets are reclassified to net assets without donor restrictions through the release of restrictions in the Statements of Activities and Changes in Net Assets.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires Management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates. Significant estimates made in the preparation of the Association's consolidated financial statements include the collectability of program and grants receivable, the useful lives of property and equipment, and the classification of expenses among functional categories.

Cash and Cash Equivalents

Cash and cash equivalents represent amounts held in checking and money market accounts. All liquid investments with original maturity dates of three months or less are classified as cash equivalents.

Revenue Recognition and Program Receivables

The Association records unconditional promises to give, which typically includes corporate and private grants and contributions, at the earlier of the date the promise is given or payment is received. The gifts are reported as support with or without donor restrictions depending upon the presence of donor stipulations that limit the use of the donated assets.

Government professional services contracts and grants are typically reimbursement-based, and accordingly, revenue is recognized as the expenditures are incurred. Public services revenue is recognized at the time the service is provided.

Program receivables are reported at the amount invoiced, net of an allowance for doubtful accounts. The Association, on a periodic basis, evaluates its accounts receivable and establishes an allowance for doubtful accounts based on past write-offs, collections, and current credit conditions. There was no allowance for doubtful accounts as of June 30, 2019 and 2018.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

Medicaid

Reimbursement for services rendered to Medicaid program beneficiaries includes discounts from established rates, fee schedules, and cost reimbursement methodologies with certain limitations. Laws and regulations governing Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulator's action including fines, penalties, and/or exclusion from the Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates may change in the near term.

Approximately 1% and 13% of public service revenues were from participation in state-sponsored Medicaid programs for the years ended June 30, 2019 and 2018, respectively.

Property, Equipment and Depreciation

Purchased property and equipment are recorded at cost. Items donated are recorded at fair value on the date of donation. Costs of improvements are capitalized and costs of repairs and maintenance are expensed as incurred. Depreciation is recorded over the estimated useful lives of the assets utilizing the straight-line method. The lives of these assets range from 3 to 30 years.

Functional Expenses

Expenses are functionally classified as Program Services, Management and General, and Fundraising. Classifications are based on actual direct expenditures, cost allocations determined by estimates of time spent by Association personnel, and other allocations as determined by Management.

Income Taxes

The Association is exempt from Federal and state income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state law. Accordingly, no provision has been made for Federal or state income taxes.

Management of the Association evaluates all significant tax positions to ensure compliance with the exempt purpose of the Association as required by U.S. GAAP, including consideration of any unrelated business income tax. As of June 30, 2019, Management does not believe the Association has taken any tax positions that are not in compliance with the exempt purpose of the Association. The Association's Federal and state tax returns remain open and subject to examination beginning with the tax year ended June 30, 2016.

Subsequent Events

Subsequent events have been evaluated through March 24, 2020, which is the date the consolidated financial statements were available for issuance.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

3. LIQUIDITY AND AVAILABILITY

At June 30, 2019 and 2018, financial assets available for future general expenditures within one year from the Consolidated Statements of Financial position comprise the following:

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 80,938 | \$ 62,773 |
| Investments | 943,390 | 1,204,017 |
| Program and grants receivable | <u>647,509</u> | <u>506,808</u> |
| | 1,671,837 | 1,773,598 |
| Less amounts not available to be used within one year: | | |
| Donor restricted funds | <u>-0-</u> | <u>50,221</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,671,837</u> | <u>\$ 1,723,377</u> |

The Association maintains adequate liquid assets to fund near-term operating needs and maintains sufficient reserves to provide reasonable assurance that obligations will be discharged as soon as they become due.

The Association receives support and revenue through cost reimbursement contracts and grants which are ongoing, major, and central to its annual operations to meet cash needs for general operations. For the years ended June 30, 2019 and 2018, reimbursable contract and grant revenue and support totaled \$2,404,527 and \$2,002,202, respectively.

The Association has received funds that are restricted by donors for certain purposes or certain time periods. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. Thus, these financial assets may not be available for general expenditure within one year and are included in amounts not available to be used within one year above.

In the event of an unanticipated liquidity need, the Association has availability to borrow funds under a \$335,000 line of credit (Note 7).

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

4. FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP also establishes a fair value hierarchy, which requires the Association to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels are defined by U.S. GAAP as a means of measuring fair value:

Level 1

Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3

Unobservable inputs reflecting the entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets measured at fair value at June 30, 2019 and 2018 include the following:

| | <u>2019</u> | <u>2018</u> |
|--------------|-------------------|---------------------|
| Investments: | | |
| Level 1 | \$ 840,823 | \$ 1,048,364 |
| Level 2 | 102,567 | 155,653 |
| Level 3 | -0- | -0- |
| | <u>\$ 943,390</u> | <u>\$ 1,204,017</u> |

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

5. INVESTMENTS

Investments are reported at fair value and, at June 30, 2019 and 2018, include the following:

| | 2019 | | 2018 | |
|---------------------------|------------|------------|--------------|--------------|
| | Cost | Fair Value | Cost | Fair Value |
| Money market funds | \$ 64,568 | \$ 64,568 | \$ 64,179 | \$ 64,179 |
| Corporate bonds | 37,162 | 37,914 | 57,432 | 54,312 |
| Government bonds | 62,958 | 64,653 | 103,898 | 101,341 |
| Equity securities | 190,281 | 227,585 | 398,766 | 466,140 |
| Equity mutual funds | 250,913 | 263,850 | 224,174 | 246,320 |
| Fixed income mutual funds | 286,282 | 284,820 | 280,958 | 271,725 |
| | \$ 892,164 | \$ 943,390 | \$ 1,129,407 | \$ 1,204,017 |

Interest and investment income includes the following for the years ended June 30, 2019 and 2018:

| | 2019 | 2018 |
|-------------------------------|-----------|-----------|
| Interest and dividend income | \$ 28,296 | \$ 45,626 |
| Investment fees | (15,283) | (16,600) |
| Net realized gains | 62,017 | 40,966 |
| Net unrealized gains (losses) | (23,384) | 14,624 |
| | \$ 51,646 | \$ 84,616 |

6. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018 include the following:

| | 2019 | 2018 |
|------------------------------------|--------------|--------------|
| Land and land improvements | \$ 294,697 | \$ 294,697 |
| Building and building improvements | 1,735,823 | 1,731,698 |
| Furniture and equipment | 315,623 | 299,623 |
| Capital assets in progress | 126,354 | -0- |
| | 2,472,497 | 2,326,018 |
| Less accumulated depreciation | 1,093,916 | 1,009,678 |
| | \$ 1,378,581 | \$ 1,316,340 |

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

7. LINE OF CREDIT

The Association has \$335,000 of available borrowings under a line of credit with a bank (\$235,000 as of June 30, 2018) which is subject to renewal on March 31, 2020. Borrowings under this facility bear interest at the bank's prime rate plus 1% (6.50% at June 30, 2019). The line of credit is secured by substantially all assets of the Association. Borrowings at June 30, 2019 and 2018 were \$-0- and \$155,000, respectively.

8. LONG-TERM DEBT

Long-term debt at June 30, 2019 and 2018 includes the following:

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Note payable to bank; 6.75%, payable in monthly installments of \$1,533 including interest through May 2021, at which time the outstanding balance is due. | \$ 148,897 | \$ 157,398 |
| Note payable to bank; 5.2%, payable in monthly installments of \$1,447 including interest through April 2030. | 143,572 | 152,549 |
| Note payable to bank; 5.2%, payable in monthly installments of \$900 including interest through April 2030. | 89,835 | 94,921 |
| Other | <u>-0-</u> | <u>4,411</u> |
| | <u>\$ 382,304</u> | <u>\$ 409,279</u> |

The notes payable to bank are secured by substantially all assets of the Association, including mortgages on real estate, and contain prepayment penalties.

Annual maturities of long-term debt at June 30, 2019 are as follows:

| Years Ending <u>June 30,</u> | |
|---------------------------------|-------------------|
| 2020 | \$ 24,938 |
| 2021 | 157,448 |
| 2022 | 18,130 |
| 2023 | 19,108 |
| 2024 | 20,119 |
| Thereafter | <u>142,561</u> |
| | <u>\$ 382,304</u> |

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

9. 401(K) PROFIT SHARING PLAN

The Association has a 401(k) Profit Sharing Plan which covers substantially all employees who meet certain eligibility requirements and provides for a tax deferred profit sharing contribution by the Association and an employee elective contribution. With respect to the employee contribution, a participant's contributions may not exceed the maximum amount allowed as determined by the Internal Revenue Code. As of June 30, 2019 and 2018, the Association has accrued \$5,435 and \$5,249, respectively, towards funding the employer elective profit sharing contribution. Pension expense for the years ended June 30, 2019 and 2018 was \$12,265 and \$10,034, respectively.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$-0- and \$50,221 are available to improve recovery residences through the Indiana Affiliation of Recovery Residences as of June 30, 2019 and 2018, respectively.

11. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from restrictions, due to the satisfaction of donor-imposed restrictions, totaled \$50,221 and \$3,015 for the years ended June 30, 2019 and 2018, respectively. The assets were used for program expenses and operations as stipulated by the donors.

12. CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

The Association maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed Federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Program and Grants Receivable and Support and Revenue

At June 30, 2019 and for the year then ended, 87% of program and grants receivable and 56% of the Association's support and revenue were from two (2) grantors.

At June 30, 2018 and for the year then ended, 61% of program and grants receivable and 84% of the Association's support and revenue were from two (2) grantors.

SUPPLEMENTARY INFORMATION

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION JUNE 30, 2019

| | <u>ASSETS</u> | | | | Consolidated |
|--|---------------------|-------------------|-------------------|-----------------------|---------------------|
| | <u>MHAI</u> | <u>Foundation</u> | <u>Emberwood</u> | <u>Eliminations</u> | <u>Totals</u> |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ 80,938 | \$ -0- | \$ -0- | \$ -0- | \$ 80,938 |
| Investments | 943,390 | -0- | -0- | -0- | 943,390 |
| Program and grants receivable | 640,041 | -0- | 7,468 | -0- | 647,509 |
| Intercompany receivables | 3,297,567 | 293,045 | 348,545 | (3,939,157) | -0- |
| Prepaid expenses | 10,611 | -0- | 4,255 | -0- | 14,866 |
| Property and equipment, net | <u>1,378,581</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>1,378,581</u> |
| Total assets | <u>\$ 6,351,128</u> | <u>\$ 293,045</u> | <u>\$ 360,268</u> | <u>\$ (3,939,157)</u> | <u>\$ 3,065,284</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | | | |
| Liabilities: | | | | | |
| Line of credit | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- |
| Long-term debt | 382,304 | -0- | -0- | -0- | 382,304 |
| Accounts payable | 320,351 | -0- | 1,135 | -0- | 321,486 |
| Intercompany payables | 3,738,909 | -0- | 200,248 | (3,939,157) | -0- |
| Accrued expenses | 129,006 | -0- | 21,196 | -0- | 150,202 |
| Deferred revenue | <u>113,109</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>113,109</u> |
| Total liabilities | <u>4,683,679</u> | <u>-0-</u> | <u>222,579</u> | <u>(3,939,157)</u> | <u>967,101</u> |
| Net Assets: | | | | | |
| Without donor restrictions | 1,718,598 | 293,045 | 136,761 | -0- | 2,148,404 |
| With donor restrictions | <u>(50,221)</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>(50,221)</u> |
| Total net assets | <u>1,668,377</u> | <u>293,045</u> | <u>136,761</u> | <u>-0-</u> | <u>2,098,183</u> |
| Total liabilities and net assets | <u>\$ 6,352,056</u> | <u>\$ 293,045</u> | <u>\$ 359,340</u> | <u>\$ (3,939,157)</u> | <u>\$ 3,065,284</u> |

See Independent Auditor's Report on pages 1 - 2.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2019

| | <u>MHAI</u> | <u>Foundation</u> | <u>Emberwood</u> | <u>Eliminations</u> | <u>Consolidated Totals</u> |
|---|---------------------|-------------------|-------------------|---------------------|--------------------------------|
| Changes in Net Assets Without Donor Restrictions: | | | | | |
| Support and Revenues: | | | | | |
| Government professional services contracts and grants | \$ 1,863,700 | \$ -0- | \$ 540,827 | \$ -0- | \$ 2,404,527 |
| Corporate and private grants | 121,958 | -0- | -0- | -0- | 121,958 |
| Contributions | 61,350 | -0- | 800 | -0- | 62,150 |
| Public services | 368,153 | -0- | 27,127 | -0- | 395,280 |
| Special events | 132,024 | -0- | -0- | -0- | 132,024 |
| Memberships and affiliate dues | 85,755 | -0- | -0- | -0- | 85,755 |
| Other income | 345,956 | -0- | 856 | (299,957) | 46,855 |
| | <u>2,978,896</u> | <u>-0-</u> | <u>569,610</u> | <u>(299,957)</u> | <u>3,248,549</u> |
| Total support and revenues before investment income | | | | | |
| Interest and investment income, net | 51,646 | -0- | -0- | -0- | 51,646 |
| | <u>51,646</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>51,646</u> |
| Total support and revenues before release of restrictions | 3,030,542 | -0- | 569,610 | (299,957) | 3,300,195 |
| | <u>3,030,542</u> | <u>-0-</u> | <u>569,610</u> | <u>(299,957)</u> | <u>3,300,195</u> |
| Net Assets Released from Donor Restrictions | 50,221 | -0- | -0- | -0- | 50,221 |
| | <u>50,221</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>50,221</u> |
| Total support and revenues without donor restrictions | 3,080,763 | -0- | 569,610 | (299,957) | 3,350,416 |
| | <u>3,080,763</u> | <u>-0-</u> | <u>569,610</u> | <u>(299,957)</u> | <u>3,350,416</u> |
| Expenses: | | | | | |
| Program services | 2,637,609 | -0- | 591,288 | (299,957) | 2,928,940 |
| Management and general | 363,250 | -0- | -0- | -0- | 363,250 |
| Fundraising | 122,709 | -0- | -0- | -0- | 122,709 |
| | <u>3,123,568</u> | <u>-0-</u> | <u>591,288</u> | <u>(299,957)</u> | <u>3,414,899</u> |
| Total expenses | | | | | |
| Change in net assets without donor restrictions | (42,805) | -0- | (21,678) | -0- | (64,483) |
| | <u>(42,805)</u> | <u>-0-</u> | <u>(21,678)</u> | <u>-0-</u> | <u>(64,483)</u> |
| Changes in Net Assets With Donor Restrictions: | | | | | |
| Net assets released from donor restrictions | (50,221) | -0- | -0- | -0- | (50,221) |
| | <u>(50,221)</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>(50,221)</u> |
| Change in net assets with donor restrictions | | | | | |
| Total change in net assets | (93,026) | -0- | (21,678) | -0- | (114,704) |
| | <u>(93,026)</u> | <u>-0-</u> | <u>(21,678)</u> | <u>-0-</u> | <u>(114,704)</u> |
| Net Assets, Beginning of Year | 1,761,403 | 293,045 | 158,439 | -0- | 2,212,887 |
| | <u>1,761,403</u> | <u>293,045</u> | <u>158,439</u> | <u>-0-</u> | <u>2,212,887</u> |
| Net Assets, End of Year | \$ 1,668,377 | \$ 293,045 | \$ 136,761 | \$ -0- | \$ 2,098,183 |
| | <u>\$ 1,668,377</u> | <u>\$ 293,045</u> | <u>\$ 136,761</u> | <u>\$ -0-</u> | <u>\$ 2,098,183</u> |

See Independent Auditor's Report on pages 1 - 2.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

SCHEDULE OF FEDERAL, STATE AND LOCAL GOVERNMENT GRANT AWARDS YEAR ENDED JUNE 30, 2019

| Grantor or Pass-Through Grantor Program Name | Indiana State Board of Accounts Classification | CFDA No. | MHA I | | Emberwood | |
|--|---|----------|---------------------|---------------------|-------------------|-------------------|
| | | | Received | Disbursed | Received | Disbursed |
| <u>State of Indiana, Family and Social Services Administration, Division of Mental Health and Addiction</u> | | | | | | |
| Substance Abuse Prevention and Treatment | Federal Grant Passed through State | 93.959 | | | \$ 469,931 | \$ 469,931 |
| Substance Abuse Prevention and Treatment | State and Local | N/A | | | 58,361 | 58,361 |
| Mental Health Recovery Funds Program | Federal Grant Passed through State | N/A | | | 10,112 | 10,112 |
| Recovery Works | State and Local | N/A | | | 2,423 | 2,423 |
| Coalition to Reduce Underaged Drinking and Collegiate Action Network | Federal Grant Passed through State | 93.959 | \$ 238,506 | \$ 238,506 | | |
| Indiana Addictions Issues Coalition | Federal Grant Passed through State | 93.959 | 82,663 | 82,663 | | |
| FASD Prevention | Federal Grant Passed through State | 93.959 | 75,002 | 75,002 | | |
| DMHA Peer Led Stigma Reduction | Federal Grant Passed through State | 93.959 | 33,065 | 33,065 | | |
| Indiana Annual Recovery Month Symposium | Federal Grant Passed through State | 93.959 | 24,248 | 24,248 | | |
| FASD Prevention 6x6 | Federal Grant Passed through State | 93.959 | 15,123 | 15,123 | | |
| Depression & Bipolar Support Alliance Indiana | Federal Grant Passed through State | 93.958 | 99,250 | 99,250 | | |
| Mental Health Ombudsman | Federal Grant Passed through State | 93.958 | 34,999 | 34,999 | | |
| DMHA Peer Led Stigma Reduction | Federal Grant Passed through State | 93.958 | 33,064 | 33,064 | | |
| DMHA Peer Infrastructure | Federal Grant Passed through State | 93.788 | 85,292 | 85,292 | | |
| DMHA Workforce Development | Federal Grant Passed through State | 93.788 | 46,620 | 46,620 | | |
| Suicide Prevention Plan Grant | Federal Grant Passed through State | 93.104 | 112,882 | 112,882 | | |
| System of Care Team Development | Federal Grant Passed through State | 93.104 | 9,129 | 9,129 | | |
| ICAADA Certified Peer Addiction Recovery Coach (CPARC) | Federal Grant Passed through State | 93.243 | 20,094 | 20,094 | | |
| Partners in Success | Federal Grant Passed through State | 93.243 | 10,500 | 10,500 | | |
| Infant and Toddler Mental Health Endorsement Program | State and Local | N/A | 60,000 | 60,000 | | |
| Children's Mental Health Awareness Activities | State and Local | N/A | 30,000 | 30,000 | | |
| National Alliance For Recovery Residence Conference | State and Local | N/A | 28,901 | 28,901 | | |
| Indiana Affiliation of Recovery Residences | State and Local | N/A | 26,593 | 26,593 | | |
| <u>State of Indiana, Indiana Criminal Justice Institute</u> | | | | | | |
| Crime Victim Assistance | Federal Grant Passed through State | 16.575 | 517,195 | 517,195 | | |
| Sexual Assault Services Formula Program | Federal Grant Passed through State | 16.017 | 30,607 | 30,607 | | |
| <u>United States of America, Department of Health and Human Services, Substance Abuse and Mental Health Services Administration</u> | | | | | | |
| Building Recovery Networks | Direct Federal Grant | 93.243 | 204,552 | 204,552 | | |
| <u>State of Indiana, Governor's Council for People with Disabilities</u> | | | | | | |
| Administration of Consumer Investment Fund | Fee for Service | N/A | 30,000 | 30,000 | | |
| <u>State of Indiana, Department of Child Services</u> | | | | | | |
| Infant and Toddler Mental Health Endorsement and Supervision | Fee for Service | N/A | 6,915 | 6,915 | | |
| <u>State of Indiana, Department of Corrections</u> | | | | | | |
| Addiction Recovery Training Course | Fee for Service | N/A | 8,500 | 8,500 | | |
| Total Government professional services contracts and grants | | | \$ 1,863,700 | \$ 1,863,700 | \$ 540,827 | \$ 540,827 |

See Independent Auditor's Report on pages 1 - 2.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2019

| Federal Grantor/ Pass-through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass Through Entity ID Number | Federal Expenditures |
|---|---------------------------|--|-------------------------|
| Department of Health and Human Services: | | | |
| State of Indiana, Family and Social Services Administration | | | |
| Division of Mental Health and Addiction: | | | |
| Substance Abuse Prevention and Treatment | 93.959 | 25279 | \$ 469,931 |
| Coalition to Reduce Underage Drinking and Collegiate Action Network | 93.959 | 27975 | 218,506 |
| Indiana Addictions Issues Coalition | 93.959 | 19159 | 82,663 |
| FASD Prevention | 93.959 | 17710 | 75,002 |
| FASD Prevention Seminars | 93.959 | 17710 AM 3 | 15,123 |
| Indiana Annual Recovery Month Symposium | 93.959 | 24590 | 24,248 |
| Peer Led Stigma Reduction | 93.959 | 30347 | <u>33,065</u> |
| Total Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | <u>918,538</u> |
| Partners in Success | 93.243 | 20162 | 10,500 |
| ICAADA Certified Peer Addiction Recovery Coach (CPARC) | 93.243 | 113775 | <u>20,094</u> |
| Total Substance Abuse and Mental Health Services | 93.243 | | <u>30,594</u> |
| Suicide Prevention | 93.958 | 33701 | 112,882 |
| Depression & Bipolar Support Alliance Indiana | 93.958 | 19050 | 99,250 |
| Mental Health Ombudsman | 93.958 | 26121 | 34,999 |
| Peer Led Stigma Reduction | 93.958 | 30347 | <u>33,064</u> |
| Total Block Grants for Community Mental Health Services | 93.958 | | <u>280,195</u> |
| Peer Infrastructure | 93.788 | 29038 | 85,292 |
| Workforce Development | 93.788 | 19159 AM 2 | 46,620 |
| State Targeted Response | 93.788 | 27975 AM 1 | <u>20,000</u> |
| Total Block Grants for Opiod STR | 93.788 | | <u>151,912</u> |
| System of Care Team Development | 93.104 | 26761 | <u>9,129</u> |
| Total Comprehensive Community Mental Health Service for Children With Serious Emotional Disturbances | 93.104 | | <u>9,129</u> |
| Direct Federal Award: | | | |
| Building Recovery Networks | 93.243 | 1H79T1080302 | <u>204,552</u> |
| Total Substance Abuse and Mental Health Services | 93.243 | | <u>204,552</u> |
| Department of Justice: | | | |
| State of Indiana, Indiana Criminal Justice Institute: | | | |
| Crime Victim Assistance | 16.575 | 32421-237 | 517,195 |
| Sexual Assault Services Formula Program | 16.017 | D3-18-12282-6205 | <u>30,607</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 2,142,722</u> |

See Notes to Schedule of Expenditures of Federal Awards.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENED JUNE 30, 2019

Note 1: Basis of Presentation

This schedule includes the Federal awards activity of the Association and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.



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

Board of Directors
Mental Health Association in Indiana, 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 consolidated financial statements of the Mental Health Association in Indiana, Inc. (the "Association"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Association'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion of the effectiveness of the Association'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 over financial reporting 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 the Association's consolidated 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 consolidated 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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander CPA Group

Indianapolis, Indiana
March 24, 2020



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

Board of Directors
Mental Health Association in Indiana, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited the Mental Health Association in Indiana, Inc.'s (the "Association") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Association's major Federal programs for the year ended June 30, 2019. The Association'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 the Association'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 the Association'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 the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of 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, 2019.

Report on Internal Control Over Compliance

Management of the Association 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 the Association'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 the Association's internal control over compliance.

A deficiency in internal control over compliance 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, 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 combination of control 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.

Alexander CPA Group

Indianapolis, Indiana
March 24, 2020

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 93.959 | Block Grants on Prevention and Treatment of Substance Abuse |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) YEAR ENDED JUNE 30, 2019

Findings Required to be Reported by Government Auditing Standards

| <u>Reference Number</u> | <u>Finding</u> | <u>Questioned Costs</u> |
|-----------------------------|----------------|-----------------------------|
| | None | |

Findings Required to be Reported by 2 CFR 200.516(a)

| <u>Reference Number</u> | <u>Finding</u> | <u>Questioned Costs</u> |
|-----------------------------|----------------|-----------------------------|
| | None | |

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

There were no findings or questioned costs reported during the 2018 audit.