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AN EQUAL OPPORTUNITY EMPLOYER

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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, 2019 to June 30, 2020. 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, 2020 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.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner



CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2020 AND 2019



MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

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JUNE 30, 2020 AND 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 31, 2021, 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.



March 31, 2021

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 447,454	\$ 80,938
Investments	962,708	943,390
Program and grants receivable	957,620	647,509
Prepaid expenses	16,238	14,866
Property and equipment, net	<u>1,392,991</u>	<u>1,378,581</u>
Total assets	<u>\$ 3,777,011</u>	<u>\$ 3,065,284</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 276,224	\$ 321,486
Accrued expenses	188,392	150,202
Deferred revenue	403,374	113,109
Notes payable	<u>719,139</u>	<u>382,304</u>
Total liabilities	<u>1,587,129</u>	<u>967,101</u>
Net Assets Without Donor Restriction:	<u>2,189,882</u>	<u>2,098,183</u>
Total liabilities and net assets	<u>\$ 3,777,011</u>	<u>\$ 3,065,284</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Changes in Net Assets Without Donor Restrictions:		
Support and Revenues:		
Contract revenues:		
Public services	\$ 362,499	\$ 395,280
Memberships and affiliate dues	58,083	85,755
Total contract revenues:	<u>420,582</u>	<u>481,035</u>
Non-contract revenues:		
Contribution revenues:		
Government professional services contracts and grants	2,880,088	2,404,527
Corporate and private grants	179,393	121,958
Other contributions	87,438	62,150
Total contribution revenues	<u>3,146,919</u>	<u>2,588,635</u>
Other revenues:		
Special events	174,312	132,024
Other income	24,673	46,855
Total other revenues	<u>198,985</u>	<u>178,879</u>
Total non-contract revenues:	<u>3,345,904</u>	<u>2,767,514</u>
Total support and revenues before investment income	3,766,486	3,248,549
Interest and investment income, net	<u>19,550</u>	<u>51,646</u>
Total support and revenues before release of restrictions	3,786,036	3,300,195
Net Assets Released from Donor Restrictions	<u>-0-</u>	<u>50,221</u>
Total support and revenues without donor restrictions	<u>3,786,036</u>	<u>3,350,416</u>
Expenses:		
Program services	3,185,797	2,928,940
Management and general	351,554	363,250
Fundraising	156,986	122,709
Total expenses	<u>3,694,337</u>	<u>3,414,899</u>
Change in net assets without donor restrictions	<u>91,699</u>	<u>(64,483)</u>
Changes in Net Assets With Donor Restrictions:		
Net assets released from donor restrictions	<u>-0-</u>	<u>(50,221)</u>
Change in net assets with donor restrictions	<u>-0-</u>	<u>(50,221)</u>
Total change in net assets	91,699	(114,704)
Net Assets, Beginning of Year	<u>2,098,183</u>	<u>2,212,887</u>
Net Assets, End of Year	<u>\$ 2,189,882</u>	<u>\$ 2,098,183</u>

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2020 Consolidated Totals</u>	<u>2019 Consolidated Total</u>
Labor and Benefits:					
Salaries	\$ 1,236,761	\$ 232,765	\$ 29,080	\$ 1,498,606	\$ 1,536,118
Employee benefits	149,678	38,067	5,455	193,200	215,381
Payroll taxes and expense	<u>111,409</u>	<u>20,361</u>	<u>2,984</u>	<u>134,754</u>	<u>142,941</u>
Total labor and benefits	1,497,848	291,193	37,519	1,826,560	1,894,440
Other Expenses:					
Payments to consumers	97,247	-0-	-0-	97,247	119,250
Contracted professional services	281,942	7,272	14,997	304,211	293,179
Public education	238,681	-0-	50	238,731	131,289
Trainings	304,975	-0-	-0-	304,975	244,824
Depreciation	127,587	667	791	129,045	84,239
Occupancy	49,174	2,513	450	52,137	54,836
Professional fees	118,053	197	895	119,145	38,929
Interest expense	20,490	6,302	-0-	26,792	35,250
Travel	30,721	521	1,539	32,781	55,295
Technology support	144,238	7,589	429	152,256	74,866
Maintenance	40,376	1,514	319	42,209	52,451
Insurance	18,224	1,178	199	19,601	18,982
Web based software fees	64,585	14,006	5,126	83,717	28,314
Telephone	22,941	2,969	140	26,050	26,917
Bank fees	2,078	2,447	329	4,854	9,723
Office and program supplies	77,842	2,862	553	81,257	31,006
Special events	119	-0-	91,351	91,470	77,257
Other	<u>48,676</u>	<u>10,324</u>	<u>2,299</u>	<u>61,299</u>	<u>143,852</u>
Total expenses	<u>\$ 3,185,797</u>	<u>\$ 351,554</u>	<u>\$ 156,986</u>	<u>\$ 3,694,337</u>	<u>\$ 3,414,899</u>

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Consolidated Totals</u>
Labor and Benefits:				
Salaries	\$ 1,302,987	\$ 210,441	\$ 22,690	\$ 1,536,118
Employee benefits	172,995	37,771	4,615	215,381
Payroll taxes and expense	<u>122,446</u>	<u>18,269</u>	<u>2,226</u>	<u>142,941</u>
Total labor and benefits	1,598,428	266,481	29,531	1,894,440
Other Expenses:				
Payments to consumers	119,250	-0-	-0-	119,250
Contracted professional services	283,045	2,202	7,932	293,179
Public education	131,289	-0-	-0-	131,289
Trainings	244,824	-0-	-0-	244,824
Depreciation	80,311	3,928	-0-	84,239
Occupancy	51,179	3,504	153	54,836
Professional fees	38,264	-0-	665	38,929
Interest expense	-0-	35,250	-0-	35,250
Travel	54,529	296	470	55,295
Technology support	71,592	3,028	246	74,866
Maintenance	48,976	3,475	-0-	52,451
Insurance	6,399	12,318	265	18,982
Web based software fees	6,765	15,698	5,851	28,314
Telephone	23,728	3,115	74	26,917
Bank fees	5,542	3,661	520	9,723
Office and program supplies	29,697	1,219	90	31,006
Special events	1,001	-0-	76,256	77,257
Other	<u>134,121</u>	<u>9,075</u>	<u>656</u>	<u>143,852</u>
Total expenses	<u>\$ 2,928,940</u>	<u>\$ 363,250</u>	<u>\$ 122,709</u>	<u>\$ 3,414,899</u>

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 91,699	\$ (114,704)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	129,045	84,239
Net realized gains on investments	(6,137)	(62,017)
Net unrealized losses on investments	3,233	23,384
Changes in operating assets and liabilities:		
Program and grants receivable	(310,111)	(140,701)
Prepaid expenses	(1,372)	(5,995)
Accounts payable	(45,262)	200,494
Accrued expenses	38,190	8,721
Deferred revenue	290,265	53,939
Net cash provided by operating activities	<u>189,550</u>	<u>47,360</u>
Cash Flows from Investing Activities:		
Capital expenditures	(143,455)	(146,480)
Proceeds from sale of investments	11,250	357,114
Purchase of investments	(27,664)	(57,854)
Net cash provided by (used in) investing activities	<u>(159,869)</u>	<u>152,780</u>
Cash Flows from Financing Activities:		
Repayments on line of credit, net	-0-	(155,000)
Borrowings on notes payable	362,300	-0-
Principal payments on notes payable	(25,465)	(26,975)
Net cash provided by (used in) financing activities	<u>336,835</u>	<u>(181,975)</u>
Net increase	366,516	18,165
Cash and Cash Equivalents, Beginning of Year	<u>80,938</u>	<u>62,773</u>
Cash and Cash Equivalents, End of Year	<u>\$ 447,454</u>	<u>\$ 80,938</u>
Supplemental Disclosure of Cash Flow Information:		
Cash payments for interest	<u>\$ 26,792</u>	<u>\$ 35,250</u>

See accompanying Notes to Consolidated Financial Statements.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. DESCRIPTION OF THE REPORTING ENTITY

The consolidated financial statements include the accounts of Mental Health Association in Indiana, Inc. (“MHA”) d/b/a Mental Health America of Indiana (“MHA”) which includes the accounts of: Indiana Mental Health Memorial Foundation, Inc. (the “Foundation”) and Community Addiction Services of Indiana, Inc. known as Emberwood Center (“Emberwood”) collectively referred to as the “Association”. 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.
- Indiana Credentialing Association on Alcohol and Drug Addiction (“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, 2020 AND 2019

- 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 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 Principles

Revenue from Contracts with Customers:

During 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (“U.S. GAAP”). The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Association adopted the new standard effective July 1, 2019, using the full retrospective method.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

As part of the adoption of the ASU, the Association elected the following transition practical expedients: (i) completed contracts that begin and end in the same annual reporting period have not been restated; (ii) used the known transaction price for completed contracts; (iii) to exclude disclosures of transaction prices allocated to remaining performance obligations when the Association expects to recognize such revenue for all periods prior to the date of initial application of the ASU; and (iv) has reflected the aggregate of all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price.

The majority of the Association's revenue subject to the ASU is recognized at a point in time when earned for the performance of government professional service contracts and government grants. In addition, the majority of the Association's contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients. Based on the Association's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the ASU adoption.

Clarification Standard on Accounting for Contributions Received and Contributions Made:

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. 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 to other guidance; and (2) determining whether a contribution is conditional. The consolidated 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. The implementation of this standard does not significantly impact the Association's consolidated financial statements.

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:

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.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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 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.

Support and Revenue Recognition

Contributions and Other Support

Contributions and other support and revenues are reported as increases in net assets with and without donor restrictions based upon whether the donor has imposed any restrictions. The Association records contributions restricted by donors as increases in net assets without donor restrictions if the restrictions are satisfied in the same reporting period in which the support and revenue is recognized. Support and revenue is reported as with donor restricted revenue if the donor stipulates specific limitations as to the use of the contribution, including passage of time or other terms limiting its uses. When a donor restriction is satisfied or expires, net assets are released and transferred to net assets without donor restrictions.

Revenues from Contracts with Customers

For contracts with customers, the Association derives its revenues primarily from Government professional services contracts and grants, which are typically cost reimbursement-based and, accordingly, revenue is recognized as the expenditures are incurred. Public services revenue is recognized at the time the service is provided. Contract revenues are recognized in an amount that reflects the consideration the Association expects to be entitled to in exchange for the services. Incidental items that are immaterial in the context of the contract are recognized as expense. The Association does not have any significant financing components as payment is received at or shortly after customers are invoiced. Costs incurred to obtain a contract are expensed as incurred.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Disaggregation of Revenues from Contracts with Customers

All of the Association's revenues are from performance obligations satisfied at a point in time and, accordingly, no revenues are from performance obligations satisfied over time.

Performance Obligations

Revenues are recognized at the point in time when the contract performance obligations are satisfied as performances occur and services are provided.

Variable Consideration

The nature of the Association's business and customer contracts does not give rise to significant variables of the total amount of the contract price. Variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience and known trends.

Program Receivables

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, 2020 and 2019.

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% of public service revenues were from participation in state-sponsored Medicaid programs for the years ended June 30, 2020 and 2019.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Property, Equipment and Depreciation

Purchased property and equipment are recorded at cost. Items donated are recorded at fair value as of 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, 2020, 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, 2017.

Subsequent Events

Subsequent events have been evaluated through March 31, 2021, which is the date the consolidated financial statements were available for issuance.

3. LIQUIDITY AND AVAILABILITY

At June 30, 2020 and 2019, financial assets available for future general expenditures within one year from the date of the Consolidated Statements of Financial position consist of the following:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 447,454	\$ 80,938
Investments	962,708	943,390
Program and grants receivable	<u>957,620</u>	<u>647,509</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,367,782</u>	<u>\$ 1,671,837</u>

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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

The Association receives support and revenues 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, 2020 and 2019, reimbursable contracts and grant revenue and support totaled \$2,801,234 and \$2,404,52, respectively.

The Association may receive funds that are restricted by donors for specified 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.

In the event of an unanticipated liquidity need, the Association has availability to borrow funds under a \$335,000 line of credit (Note 8).

4. CONTRACT ASSETS AND LIABILITIES

The Association's contract with customer assets and liabilities consist of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Program and grants receivable:		
Beginning of year	\$ 559,825	\$ 424,153
End of year	\$ 615,448	\$ 559,825
Deferred revenue:		
Beginning of year	\$ 64,121	\$ 42,655
End of year	\$ 362,669	\$ 64,121

5. 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.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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.

The asset's and liability's fair value measurement level with 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.

The Association has no liabilities measured at fair value and its assets measured at fair value on a recusing basis includes investments. The following is a description of the valuation methodology used for the Association's investments measured at fair market as of June 30, 2020. There has been no change in the methodology used as of June 30, 2020.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Association are deemed to be actively traded. A money market fund is an open-ended mutual fund that invests in short-term debt securities and commercial paper.

Equities: Valued at the daily closing prices report by the fund. Equities are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV; however, the funds trade on stock exchanges throughout the day, thus the transaction price could differ from the NAV.

Government Securities: Valued on the yield, which is the annualized percentage return that the purchaser will receive if the note is purchased on the day of the quotation at the ask price and held until maturity.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on the yields currently available on comparable securities of issues with similar credit ratings.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Investments at June 30, 2020 and 2019 are measured at fair value based on the following levels:

	<u>2020</u>	<u>2019</u>
Level 1	\$ 860,432	\$ 840,823
Level 2	102,276	102,567
Level 3	-0-	-0-
	\$ 962,708	\$ 943,390

6. INVESTMENTS AND INTEREST AND INVESTMENT INCOME

The composition of investment securities at June 30, 2020 and 2019, consists of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 69,454	\$ 69,454	\$ 64,568	\$ 64,568
Corporate bonds	39,068	41,739	37,162	37,914
Government bonds	54,628	60,537	62,958	64,653
Equity securities	210,136	249,306	190,281	227,585
Equity mutual funds	246,866	250,547	250,913	263,850
Fixed income mutual funds	294,563	291,125	286,282	284,820
	\$ 914,715	\$ 962,708	\$ 892,164	\$ 943,390

Interest and investment income consist of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 27,896	\$ 28,296
Investment fees	(11,250)	(15,283)
Net realized gains	6,137	62,017
Net unrealized losses	(3,233)	(23,384)
	\$ 19,550	\$ 51,646

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

7. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 294,697	\$ 294,697
Building and building improvements	1,752,376	1,735,823
Furniture and equipment	317,498	315,623
Capital assets in progress	<u>24,575</u>	<u>126,354</u>
	2,389,146	2,472,497
Less accumulated depreciation	<u>996,155</u>	<u>1,093,916</u>
	<u>\$ 1,392,991</u>	<u>\$ 1,378,581</u>

8. LINE OF CREDIT

At June 30, 2020 the Association has \$335,000 (\$235,000 as of June 30, 2019) of available borrowings under a line of credit with a bank and is subject to renewal on March 31, 2021. Borrowings under this facility bear interest at the bank's prime rate plus 1% (4.25% at June 30, 2020). The line of credit is secured by substantially all assets of the Association. There were no outstanding borrowings on the line of credit as of June 30, 2020 and 2019.

9. NOTES PAYABLE

Notes payable at June 30, 2020 and 2019 include the following:

	<u>2020</u>	<u>2019</u>
Note payable under the U.S. Small Business Administration's ("SBA") Paycheck Protection Program ("PPP").	\$ 362,300	\$ -0-
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.	141,142	148,897
Note payable to bank; 5.2%, payable in monthly installments of \$1,447 including interest through April 2030.	132,963	143,572
Note payable to bank; 5.2%, payable in monthly installments of \$900 including interest through April 2030.	<u>82,734</u>	<u>89,835</u>
	<u>\$ 719,139</u>	<u>\$ 382,304</u>

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Under the terms of the PPP, a portion or all of the loan may be forgiven if the Association maintains certain levels of employment and spends the funds on qualified expenditures during a specified period following the funding of the loan. The loan accrues interest at 1% and no principal or interest payments are required for up to the first ten months. To the extent the loan amount is not fully forgiven, the remaining balance, if any, is to be repaid in equal installments of principal and interest beginning March 2021 and continuing through the maturity date, which is two years from the loan date of May 8, 2020. This note may be prepaid in part or in whole at any time without penalty.

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

Future principal payments of notes payable at June 30, 2020 are as follows:

Years Ending <u>June 30,</u>	
2021	\$ 297,962
2022	240,809
2023	19,108
2024	20,119
2025	21,227
Thereafter	<u>119,914</u>
	<u>\$ 719,139</u>

10. 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, 2020 and 2019, the Association has accrued \$4,910 and \$5,435, respectively, toward funding the employer elective profit sharing contribution. Pension expense for the years ended June 30, 2020 and 2019 was \$9,002 and \$12,265, respectively.

11. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

There were no donor restricted net assets to release for the year ended June 30, 2020. Net assets of \$50,211 were released from donor-imposed restrictions to improve recovery residences through the Indiana Affiliation of Recovery Residences for the year ended June 30, 2019.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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 Revenues

At June 30, 2020 and for the year then ended, 70% of program and grants receivable and 55% of the Association's support and revenues were from one (1) grantor.

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

SUPPLEMENTARY INFORMATION

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION JUNE 30, 2020

<u>ASSETS</u>					
	<u>MHAI</u>	<u>Foundation</u>	<u>Emberwood</u>	<u>Eliminations</u>	<u>Consolidated Totals</u>
Assets:					
Cash and cash equivalents	\$ 447,454	\$ -0-	\$ -0-	\$ -0-	\$ 447,454
Investments	962,708	-0-	-0-	-0-	962,708
Program and grants receivable	688,804	-0-	268,816	-0-	957,620
Intercompany receivables	1,299,005	293,045	-0-	(1,592,050)	-0-
Prepaid expenses	14,608	-0-	1,630	-0-	16,238
Property and equipment, net	1,373,416	-0-	19,575	-0-	1,392,991
Total assets	<u>\$ 4,785,995</u>	<u>\$ 293,045</u>	<u>\$ 290,021</u>	<u>\$ (1,592,050)</u>	<u>\$ 3,777,011</u>
<u>LIABILITIES AND NET ASSETS</u>					
Liabilities:					
Accounts payable	\$ 270,024	\$ -0-	\$ 6,200	\$ -0-	\$ 276,224
Intercompany payables	1,547,387	-0-	44,663	(1,592,050)	-0-
Accrued expenses	166,910	-0-	21,482	-0-	188,392
Deferred revenue	403,374	-0-	-0-	-0-	403,374
Notes payable	719,139	-0-	-0-	-0-	719,139
Total liabilities	<u>3,106,834</u>	<u>-0-</u>	<u>72,345</u>	<u>(1,592,050)</u>	<u>1,587,129</u>
Net Assets Without Donor Restrictions:	<u>1,679,161</u>	<u>293,045</u>	<u>217,676</u>	<u>-0-</u>	<u>2,189,882</u>
Total liabilities and net assets	<u>\$ 4,785,995</u>	<u>\$ 293,045</u>	<u>\$ 290,021</u>	<u>\$ (1,592,050)</u>	<u>\$ 3,777,011</u>

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED JUNE 30, 2020

	<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:					
Contract revenues:					
Public services	\$ 333,249	-0-	\$ 29,250	-0-	\$ 362,499
Memberships and affiliate dues	58,083	-0-	-0-	-0-	58,083
Total contract revenues:	<u>391,332</u>	<u>-0-</u>	<u>29,250</u>	<u>-0-</u>	<u>420,582</u>
Non-contract revenues:					
Contribution revenues:					
Government professional services contracts and grants	2,069,339	-0-	810,749	-0-	2,880,088
Corporate and private grants	179,393	-0-	-0-	-0-	179,393
Other contributions	87,398	-0-	40	-0-	87,438
Total contribution revenues	<u>2,336,130</u>	<u>-0-</u>	<u>810,789</u>	<u>-0-</u>	<u>3,146,919</u>
Other revenues:					
Special events	174,312	-0-	-0-	-0-	174,312
Other income	295,804	-0-	393	(271,524)	24,673
Total other revenues	<u>470,116</u>	<u>-0-</u>	<u>393</u>	<u>(271,524)</u>	<u>198,985</u>
Total non-contract revenues:	<u>2,806,246</u>	<u>-0-</u>	<u>811,182</u>	<u>(271,524)</u>	<u>3,345,904</u>
Total support and revenues before investment income	3,197,578	-0-	840,432	(271,524)	3,766,486
Interest and investment income, net	19,550	-0-	-0-	-0-	19,550
Total support and revenues	<u>3,217,128</u>	<u>-0-</u>	<u>840,432</u>	<u>(271,524)</u>	<u>3,786,036</u>
Expenses:					
Program services	2,697,804	-0-	759,517	(271,524)	3,185,797
Management and general	351,554	-0-	-0-	-0-	351,554
Fundraising	156,986	-0-	-0-	-0-	156,986
Total expenses	<u>3,206,344</u>	<u>-0-</u>	<u>759,517</u>	<u>(271,524)</u>	<u>3,694,337</u>
Total change in net assets	10,784	-0-	80,915	-0-	91,699
Net Assets, Beginning of Year	<u>1,668,377</u>	<u>293,045</u>	<u>136,761</u>	<u>-0-</u>	<u>2,098,183</u>
Net Assets, End of Year	<u>\$ 1,679,161</u>	<u>\$ 293,045</u>	<u>\$ 217,676</u>	<u>-0-</u>	<u>\$ 2,189,882</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, 2020

Grantor or Pass-Through Grantor Program Name	Indiana State Board of Accounts Classification	CFDA No.	MHAI		Emberwood	
			Earned	Disbursed	Earned	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			\$	\$ 434,796
Substance Abuse Prevention and Treatment (Performance)	Federal Grant Passed through State	93.959				44,724
Substance Abuse Prevention and Treatment	State and Local	N/A				58,930
Recovery Works	State and Local	N/A				9,636
Mental Health Recovery Funds Program	State and Local	N/A				10,888
Substance Abuse Prevention and Treatment	State and Local	N/A				2,525
Coalition to Reduce Underaged Drinking and Collegiate Action Network	Federal Grant Passed through State	93.959	\$	242,860	\$	273,035
Recovery Training	Federal Grant Passed through State	94.959		135,300		135,300
Indiana Addictions Issues Coalition	Federal Grant Passed through State	93.959		87,588		96,513
FASD Prevention	Federal Grant Passed through State	93.959		60,004		61,004
DMHA Peer Led Stigma Reduction	Federal Grant Passed through State	93.959		66,935		105,412
DMHA Trafficking	Federal Grant Passed through State	93.959		13,663		13,663
FASD Prevention 6x6	Federal Grant Passed through State	93.959		15,123		30,246
Suicide Prevention Plan Grant	Federal Grant Passed through State	93.958		275,118		422,308
Depression & Bipolar Support Alliance Indiana	Federal Grant Passed through State	93.958		94,250		103,750
DMHA Peer Led Stigma Reduction	Federal Grant Passed through State	93.958		66,935		105,412
Mental Health Ombudsman	Federal Grant Passed through State	93.958		34,999		34,999
DMHA Recovery Hubs	Federal Grant Passed through State	93.788		145,704		-0-
RR TA & Certificate	Federal Grant Passed through State	93.788		127,260		77,160
DMHA Peer Infrastructure	Federal Grant Passed through State	93.788		82,205		77,239
RR Expansion	Federal Grant Passed through State	93.788		76,017		76,017
DMHA Workforce Development	Federal Grant Passed through State	93.788		20,920		50,820
Partners in Success	Federal Grant Passed through State	93.243		6,730		10,400
Every Student Succeeds Act	Federal Grant Passed through State	93.464		95,728		95,728
Workforce Development CCDGB	Federal Grant Passed through State	93.575		90,047		66,298
Indiana Affiliation of Recovery Residences	State and Local	N/A		10,180		10,180
<u>State of Indiana, Indiana Criminal Justice Institute</u>						
Crime Victim Assistance	Federal Grant Passed through State	16.575		212,077		233,107
<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		141,492		159,331
<u>State of Indiana, Governor's Council for People with Disabilities</u>						
Administration of Consumer Investment Fund	Fee for Service	N/A		30,025		30,025
<u>State of Indiana, Department of Child Services</u>						
Infant and Toddler Mental Health Endorsement and Supervision	Fee for Service	N/A		2,429		2,429
Total Government professional services contracts and grants			\$	2,133,589	\$	2,270,376
					\$	746,499
						\$
						738,401

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, 2020

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	31037	\$ 434,796
Substance Abuse Prevention and Treatment (Performance)	93.959	31037	44,724
Coalition to Reduce Underage Drinking and Collegiate Action Network	93.959	27975	242,860
Indiana Addictions Issues Coalition	93.959	19159	87,588
Recovery Training	93.959	19159 AM 5	135,300
FASD Prevention	93.959	17710 AM 2	60,004
FASD Prevention Seminars	93.959	17710 AM 3	15,123
FASD Trafficking	93.959	17710 AM 4	13,663
Peer Led Stigma Reduction	93.959	30347	<u>66,935</u>
Total Block Grants for Prevention and Treatment of Substance Abuse	93.959		<u>1,100,993</u>
Partners in Success	93.243	20162	<u>6,730</u>
Total Substance Abuse and Mental Health Services	93.243		<u>6,730</u>
Suicide Prevention	93.958	33701	275,118
Depression & Bipolar Support Alliance Indiana	93.958	34316	94,250
Mental Health Ombudsman	93.958	26121	34,999
Peer Led Stigma Reduction	93.958	30347	<u>66,935</u>
Total Block Grants for Community Mental Health Services	93.958		<u>471,302</u>
Peer Infrastructure	93.788	29038	82,205
Workforce Development	93.788	19159 AM 4	20,920
Recovery Hubs	93.788	3047 AM 2	<u>145,704</u>
RR Expansion	93.788	19901 AM 1 & 3	<u>76,017</u>
RR TA & Certificate	93.788	19901 AM 2	<u>127,260</u>
Total Block Grants for Opioid STR	93.788		<u>452,106</u>
Workforce Development CCDGB	93.575	39361	<u>90,047</u>
Total Child Care and Development Grant	93.575		<u>90,047</u>
Every Student Succeeds Act	93.464	39361	<u>95,728</u>
Total ACL Assistive Technology	93.464		<u>95,728</u>
Direct Federal Award:			
Building Recovery Networks	93.243	1H79TI080302	<u>141,492</u>
Total Substance Abuse and Mental Health Services	93.243		<u>141,492</u>
Department of Justice:			
State of Indiana, Indiana Criminal Justice Institute:			
Crime Victim Assistance	16.575	32421-237	<u>397,077</u>
Total Expenditures of Federal Awards			<u>\$ 2,755,475</u>

See Notes to Schedule of Expenditures of Federal Awards.

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2020

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.

Note 2: Summary of Significant Accounting Policies:

Accrual basis: Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain expenditures are not allowable or are limited as to reimbursement.

Indirect cost rate: The Association has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through identifying numbers: Pass-through entity identifying numbers are presented where available.

Note 3: Subrecipients

Of the Federal expenditures presented in the schedule, the Association did not provide Federal awards to subrecipients.



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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, 2020, 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 31, 2021.

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.

Alending C/A Group

Indianapolis, Indiana
March 31, 2021



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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, 2020. 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 other such 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, 2020.

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.

Atending CPA Group

Indianapolis, Indiana
March 31, 2021

MENTAL HEALTH ASSOCIATION IN INDIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020

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?
reported Yes None

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?
reported Yes None

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, 2020**

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, 2020

There were no findings or questioned costs reported during the 2019 audit.