

ALTERNATIVES INCORPORATED OF MADISON COUNTY

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Years Ended June 30, 2022 and 2021



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Independent Auditors' Report

The Board of Trustees
Alternatives Incorporated of Madison County

Opinion

We have audited the accompanying financial statements of Alternatives Incorporated of Madison County, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alternatives Incorporated of Madison County as of June 30, 2022 and 2021 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alternatives Incorporated of Madison County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alternatives Incorporated of Madison County's ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alternatives Incorporated of Madison County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alternatives Incorporated of Madison County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2022 on our consideration of Alternatives Incorporated of Madison County'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 Alternatives Incorporated of Madison County's internal control over financial reporting and compliance.

DONOVAN

A handwritten signature in black ink that reads "DONOVAN". The letters are cursive and slightly slanted to the right.

Indianapolis, Indiana
November 29, 2022

ALTERNATIVES INCORPORATED OF MADISON COUNTY
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 749,560	\$ 489,677
Short-term investments	476,308	543,323
Accounts receivable	110,819	186,055
Prepaid expenses	27,146	19,300
<i>Total current assets</i>	1,363,833	1,238,355
PROPERTY AND EQUIPMENT, NET	1,965,563	2,011,665
OTHER ASSETS		
Long-term investments	16,947	20,180
TOTAL ASSETS	\$ 3,346,343	\$ 3,270,200
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 23,230	\$ 23,183
Accrued expenses	101,039	103,174
Deferred revenue	21,467	12,130
<i>Total current liabilities</i>	145,736	138,487
NET ASSETS		
Without donor restrictions	3,175,279	3,088,136
With donor restrictions	25,328	43,577
<i>Total net assets</i>	3,200,607	3,131,713
TOTAL LIABILITIES AND NET ASSETS	\$ 3,346,343	\$ 3,270,200

See independent auditors' report and accompanying notes to the financial statements

ALTERNATIVES INCORPORATED OF MADISON COUNTY

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Federal funding	\$ 826,234	\$ -	\$ 826,234	\$ 626,358	\$ -	\$ 626,358
State and local funding	190,768	-	190,768	204,333	-	204,333
Foundation and other grants	93,724	-	93,724	82,874	-	82,874
Contributions:						
United Way of Central Indiana	124,098	-	124,098	113,386	-	113,386
United Way of Madison County	19,779	-	19,779	22,432	-	22,432
Other cash contributions	256,822	27,844	284,666	162,010	7,887	169,897
In-kind contributions	81,713	-	81,713	80,240	-	80,240
Service revenue	61,894	-	61,894	33,760	-	33,760
Fundraising revenue	97,395	-	97,395	105,243	-	105,243
Investment income (loss), net	(38,252)	(2,541)	(40,793)	63,044	5,444	68,488
Net assets released from restrictions	43,552	(43,552)	-	12,423	(12,423)	-
<i>Total revenue and support</i>	1,757,727	(18,249)	1,739,478	1,506,103	908	1,507,011
EXPENSES						
Program services	1,493,907	-	1,493,907	1,413,109	-	1,413,109
Management and general	139,750	-	139,750	125,656	-	125,656
Fundraising	36,927	-	36,927	46,529	-	46,529
<i>Total expenses</i>	1,670,584	-	1,670,584	1,585,294	-	1,585,294
CHANGE IN NET ASSETS FROM OPERATIONS	87,143	(18,249)	68,894	(79,191)	908	(78,283)
Paycheck Protection Program loan forgiveness income	-	-	-	170,767	-	170,767
CHANGE IN NET ASSETS	87,143	(18,249)	68,894	91,576	908	92,484
NET ASSETS, BEGINNING OF YEAR	3,088,136	43,577	3,131,713	2,996,560	42,669	3,039,229
NET ASSETS, END OF YEAR	\$ 3,175,279	\$ 25,328	\$ 3,200,607	\$ 3,088,136	\$ 43,577	\$ 3,131,713

See independent auditors' report and accompanying notes to the financial statements

ALTERNATIVES INCORPORATED OF MADISON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

Program Services

	Crisis		Off-Site	Sexual	Children's	Family			Management		
	<u>Residential</u>	<u>On-Site TH</u>	<u>SSTH/RRH</u>	<u>Assault</u>	<u>Advocacy</u>	<u>Violence</u>	<u>Prevention</u>	<u>Total</u>	<u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 292,100	\$ 61,895	\$ 58,749	\$ 111	\$ 71,995	\$ 136,965	\$ 36,252	\$ 658,067	\$ 85,636	\$ 18,066	\$ 761,769
Direct client assistance	39,427	2,831	241,546	806	1,215	8,647	-	294,472	-	-	294,472
Employee benefits	60,706	11,969	10,958	214	14,054	26,319	6,840	131,060	16,240	3,859	151,159
Supplies	89,465	11,351	21,757	351	2,606	1,161	395	127,086	1,227	6,853	135,166
Depreciation	53,595	15,410	1,182	5,568	8,831	2,658	909	88,153	11,771	1,122	101,046
Occupancy	53,863	15,100	1,506	4,950	7,856	8,161	811	92,247	7,470	997	100,714
Professional fees	19,443	5,312	3,311	700	3,447	5,097	1,160	38,470	4,042	3,822	46,334
Insurance	10,999	3,162	303	1,143	1,812	545	187	18,151	2,416	230	20,797
Telephone	10,629	1,132	968	5	1,244	2,492	587	17,057	1,521	344	18,922
Travel	3,839	677	3,424	32	2,639	1,214	1,307	13,132	1,058	82	14,272
Maintenance and repairs	3,693	1,350	175	105	369	728	113	6,533	465	81	7,079
Printing	291	-	-	-	-	2,629	61	2,981	20	-	3,001
Training and registration	209	-	47	50	1,664	246	-	2,216	279	26	2,521
Postage and delivery	627	73	66	1	76	151	37	1,031	123	901	2,055
Dues and fees	919	-	-	-	-	332	-	1,251	-	129	1,380
Miscellaneous	-	-	-	-	-	2,000	-	2,000	7,482	415	9,897
<i>Total functional expenses</i>	<u>\$ 639,805</u>	<u>\$ 130,262</u>	<u>\$ 343,992</u>	<u>\$ 14,036</u>	<u>\$ 117,808</u>	<u>\$ 199,345</u>	<u>\$ 48,659</u>	<u>\$ 1,493,907</u>	<u>\$ 139,750</u>	<u>\$ 36,927</u>	<u>\$ 1,670,584</u>

See independent auditors' report and accompanying notes to the financial statements

ALTERNATIVES INCORPORATED OF MADISON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

Program Services

	Crisis <u>Residential</u>	On-Site TH	Off-Site <u>SSTH/RRH</u>	Sexual <u>Assault</u>	Children's <u>Advocacy</u>	Family Violence <u>Outreach</u>	<u>Prevention</u>	<u>Total</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 369,493	\$ 67,601	\$ 51,035	\$ 1,747	\$ 73,800	\$ 135,086	\$ 47,115	\$ 745,877	\$ 76,671	\$ 25,748	\$ 848,296
Direct client assistance	39,762	5,936	102,642	-	153	14,688	-	163,181	-	-	163,181
Employee benefits	76,317	15,345	8,244	399	14,536	26,893	10,368	152,102	14,295	5,413	171,810
Supplies	57,829	6,149	11,051	223	5,043	3,710	4,437	88,442	1,153	9,698	99,293
Depreciation	50,688	14,644	1,026	5,264	8,350	2,513	860	83,345	11,130	1,059	95,534
Occupancy	59,107	16,006	1,407	5,319	8,445	8,342	874	99,500	11,255	1,073	111,828
Professional fees	11,645	3,353	3,186	61	2,032	4,384	1,656	26,317	2,321	1,928	30,566
Insurance	11,019	3,339	114	1,141	1,809	544	186	18,152	2,411	230	20,793
Telephone	11,395	1,399	784	55	1,329	2,428	928	18,318	1,332	471	20,121
Travel	3,493	142	254	-	81	152	88	4,210	504	41	4,755
Maintenance and repairs	3,682	1,790	134	12	240	434	167	6,459	241	83	6,783
Printing	604	21	33	-	-	1,210	-	1,868	-	-	1,868
Training and registration	99	33	-	-	625	50	-	807	302	8	1,117
Postage and delivery	1,182	130	43	2	110	209	82	1,758	103	415	2,276
Dues and fees	919	-	-	-	-	332	-	1,251	-	-	1,251
Miscellaneous	22	-	-	-	-	1,500	-	1,522	3,938	362	5,822
<i>Total functional expenses</i>	<u>\$ 697,256</u>	<u>\$ 135,888</u>	<u>\$ 179,953</u>	<u>\$ 14,223</u>	<u>\$ 116,553</u>	<u>\$ 202,475</u>	<u>\$ 66,761</u>	<u>\$ 1,413,109</u>	<u>\$ 125,656</u>	<u>\$ 46,529</u>	<u>\$ 1,585,294</u>

See independent auditors' report and accompanying notes to the financial statements

ALTERNATIVES INCORPORATED OF MADISON COUNTY

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 68,894	\$ 92,484
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Paycheck Protection Program loan forgiveness income	-	(170,767)
Depreciation	101,046	95,534
Unrealized (gain) loss on investments	44,408	(67,776)
Changes in certain assets and liabilities:		
Accounts receivable	75,236	(84,687)
Prepaid expense	(7,846)	(9,856)
Accounts payable	47	11,048
Accrued expenses	(2,135)	4,596
Deferred revenue	9,337	(8,225)
<i>Net cash provided by (used in) operating activities</i>	<u>288,987</u>	<u>(137,649)</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(54,944)	(7,811)
Proceeds from sale of investments, net of purchases	<u>25,840</u>	<u>25,833</u>
<i>Net cash provided by (used in) investing activities</i>	<u>(29,104)</u>	<u>18,022</u>
NET CHANGE IN CASH	259,883	(119,627)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>489,677</u>	<u>609,304</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 749,560</u>	<u>\$ 489,677</u>

See independent auditors' report and accompanying notes to the financial statements

ALTERNATIVES INCORPORATED OF MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Alternatives Incorporated of Madison County (“Alternatives”) is a not-for-profit organization incorporated under the laws of the State of Indiana. Alternatives' purpose is to eradicate domestic and sexual violence through education, prevention, and intervention. Alternatives serves residents of Madison, Hamilton, Hancock, Henry, Tipton, and Marion counties in Indiana. Alternatives' foundation program is an emergency shelter and transitional housing for victims of domestic and sexual violence and homelessness. Prevention and education services include collaborative projects with law enforcement organizations, healthcare providers, employers, governmental agencies, and schools. Outreach services concentrate on rural communities and underserved populations. Children's services include in-shelter preschool and an after school and summer tutoring and activity program for elementary aged children.

Financial Statement Presentation – Alternatives reports its financial position and activities according to two classes of net assets:

- net assets without donor restrictions, which include unrestricted resources that are available for the operating objectives of Alternatives; and
- net assets with donor restrictions, which represent resources restricted by donors for specific time or purpose.

Basis of Accounting and Use of Estimates – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents – Alternatives considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Alternatives had \$51,000 of cash equivalents on June 30, 2021. There were no cash equivalents on June 30, 2022.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Accounts Receivable – Accounts receivable are primarily related to grants due from state and federal governmental agencies. Alternatives believes that all claims are within the terms of the grant agreements. As such, no allowance for doubtful accounts has been provided.

Property and Equipment – Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$1,000 are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives are as follows:

Building	40 years
Equipment	5 to 10 years
Vehicles	7 years

ALTERNATIVES INCORPORATED OF MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Deferred Revenue – Deferred revenue consists of fees and sponsorships received for events held after the end of the fiscal year.

Taxes on Income – Alternatives has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, Alternatives is subject to tax on income unrelated to its exempt purpose. For the years ended June 30, 2022 and 2021, no accounting for federal or state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require Alternatives to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. Alternatives has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The tax years ending after June 30, 2018 are open to audit for both federal and state purposes.

Subsequent Events – Alternatives evaluated subsequent events through November 29, 2022, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 - REVENUE RECOGNITION

Revenue Recognition Policy – Contributions received are measured at their fair values and are reported as an increase in net assets. Alternatives reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

A portion of Alternatives' revenue is the product of cost reimbursement grants. Accordingly, Alternatives recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Revenue under fee for service arrangements is recognized at the time the service delivery requirements are met.

Performance Obligations – Contributions with and without donor restrictions are not considered exchange transactions and therefore are excluded from the requirements of ASU 2014-09. Grant revenue is recognized as the performance obligations under the grants are met, generally as allowable expenses are incurred and applied. Fundraising revenue is recognized after the performance obligation of completion of the fundraising event occurs. Program service fees are recognized as the performance obligations of agreed-upon services are provided.

Disaggregation of Revenue – Revenue is disaggregated by category on the statements of activities and change in net assets.

ALTERNATIVES INCORPORATED OF MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 3 - IN-KIND CONTRIBUTIONS

Effective July 1, 2021, Alternatives adopted ASU No. 2020-07 *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The amendments in this update are required to be applied retrospectively to each prior reporting period presented. Alternatives has applied the provisions of this ASU to the June 30, 2022 and 2021 financial statements. There was no material impact to the financial statements.

In-kind contributions included in the statements of activities and change in net assets are comprised of the following for the years ended June 30:

<u>Non-Financial Asset</u>	<u>2022</u>	<u>2021</u>	<u>Program Benefitted</u>	<u>Donor Restriction</u>
Food	\$ 11,875	\$ 11,052	Crisis Residential	None
Clothing	13,290	5,412	Crisis Residential	None
Household goods	26,702	20,783	Crisis Residential	None
Fundraiser items	6,543	9,296	Fundraising	Fundraising
Occupancy service	5,790	5,789	Family Violence Outreach	None
Direct assistance	17,513	27,320	Crisis Residential	None
Professional service	<u>-</u>	<u>588</u>	Transitional Housing	None
<i>Total</i>	<u>\$ 81,713</u>	<u>\$ 80,240</u>		

The fair values of contributed non-financial assets are recorded as reported by donors. If a fair value for contributed non-financial assets is not provided by the donor, Alternatives makes a reasonable effort to quantify the value of the contribution.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Building	\$ 3,212,589	\$ 3,201,899
Equipment	120,532	117,833
Vehicles	59,555	18,000
	<u>3,392,676</u>	<u>3,337,732</u>
Less: accumulated depreciation	<u>(1,427,113)</u>	<u>(1,326,067)</u>
<i>Property and equipment, net</i>	<u>\$ 1,965,563</u>	<u>\$ 2,011,665</u>

Alternatives leases the land underneath its housing facility from Community Hospital of Anderson and Madison County, Inc. under a 35-year lease that terminates on June 30, 2038. The agreement provides for an annual lease payment of \$1. Alternatives has the option to extend the lease for three additional 5-year terms.

ALTERNATIVES INCORPORATED OF MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 5 - PAYCHECK PROTECTION PROGRAM

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act which includes the Paycheck Protection Program (“PPP”) administered through the Small Business Administration. The proceeds from the PPP notes payable were to be used for costs related to payroll, employee healthcare, rent, and utilities. If used for qualified costs, the PPP loan would be forgiven. On April 18, 2020, Alternatives was granted a note payable from First Merchants Bank in the amount of \$170,767 pursuant to the PPP under Division A, Title I of the CARES Act. Alternatives received notification on November 26, 2020 that the loan had been forgiven in full and reported the PPP loan forgiveness income during the year ended June 30, 2021.

NOTE 6 - FAIR VALUE MEASUREMENTS

Alternatives reports certain assets at fair value using a three-level hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which Alternatives has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

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

- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs are used to measure the fair value to the extent that observable inputs are not available.

When available, Alternatives measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The primary uses of fair value measures in Alternatives’ financial statements are for the recurring measurement of short-term and long-term investments and the valuation of contributions received. Short-term investments represent resources in excess of normal operating needs invested to generate a higher return. Long-term investments represent a beneficial interest in assets held by Madison County Community Foundation, Inc. (“MCCF”). The assets are held in MCCF’s general investment fund.

ALTERNATIVES INCORPORATED OF MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 6 - FAIR VALUE MEASUREMENTS, Continued

The fair values of the corporate bonds are valued using Level 2 inputs and mutual funds are based on Level 1 inputs. The fair value of the certificates of deposit is estimated to approximate the carrying value due to the short duration of the investment. The fair value of the assets held by MCCF is based on Alternatives' pro rata share of the underlying assets. Because the assets are under the control of MCCF which exercises variance authority, and because the assets cannot be redeemed, there are no observable market transactions for similar assets. As such, the inputs used by Alternatives to value this investment are at net asset value.

	<u>Fair Value</u>	Fair Value Measurements Using				<u>Assets Measured at NAV^(A)</u>
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
June 30, 2022						
Bonds	\$ 219,914	\$ -	\$ 219,914	\$ -	\$ -	
High-yield mutual funds	256,394	256,394	-	-	-	
Endowment	16,947	-	-	-	16,947	
	<u>\$ 493,255</u>	<u>\$ 256,394</u>	<u>\$ 219,914</u>	<u>\$ -</u>	<u>\$ 16,947</u>	
June 30, 2021						
Certificates of deposit	\$ 51,434	\$ 51,434	\$ -	\$ -	\$ -	
Bonds	345,044	-	345,044	-	-	
High-yield mutual funds	146,845	146,845	-	-	-	
Endowment	20,180	-	-	-	20,180	
	<u>\$ 563,503</u>	<u>\$ 198,279</u>	<u>\$ 345,044</u>	<u>\$ -</u>	<u>\$ 20,180</u>	

^(A) As noted above, Alternative's assets held by MCCF are measured at fair value using the net asset value per share (or its equivalent) practical expedient. These assets have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

ALTERNATIVES INCORPORATED OF MADISON COUNTY

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent resources received from contributors that had not been expended for donor-restricted purposes or were held in perpetuity. Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2022</u>		<u>2021</u>
Truck	\$ 3,125	\$	7,887
School uniforms	2,348		2,348
Drug use education	1,003		1,003
Building maintenance	-		11,711
Other	1,905		448
Held by MCCF	<u>16,947</u>		<u>20,180</u>
	\$ <u>25,328</u>	\$	<u>43,577</u>

Net assets were released from donor restrictions by incurring expenses or purchasing assets satisfying the restricted purpose. The following purpose restrictions were accomplished during the years ended June 30:

	<u>2022</u>		<u>2021</u>
Truck	\$ 27,376	\$	-
Building maintenance	11,711		11,565
Other	3,773		308
Grants from net assets held at MCCF	<u>692</u>		<u>550</u>
	\$ <u>43,552</u>	\$	<u>12,423</u>

Net assets with donor restrictions held by MCCF represent investment assets permanently held by MCCF. Income from the investments is available to support Alternatives' activities. Under terms of the agreement, MCCF has been granted variance authority related to the fund assets and earnings.

ALTERNATIVES INCORPORATED OF MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 8 - GRANT FUNDING

Grant funding was provided through the following sources for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Federal cost reimbursement grants:		
Crime Victim Assistance	\$ 291,842	\$ 277,098
Continuance of Care	299,331	104,415
Family Violence and Prevention Services	100,779	93,535
Services-Training-Officers-Prosecutors	-	11,255
Emergency Solutions Grant	42,250	47,640
Education for Homeless Children	43,106	35,146
Other	<u>14,850</u>	<u>34,920</u>
<i>Total federal cost reimbursement grants</i>	<u>792,158</u>	<u>604,009</u>
Federal fee for service agreements:		
Social Services Block Grant	25,000	12,500
Child and Adult Care Food Program	<u>9,076</u>	<u>9,849</u>
<i>Total federal fee for service agreements</i>	<u>34,076</u>	<u>22,349</u>
<i>Total federal funding</i>	<u>\$ 826,234</u>	<u>\$ 626,358</u>
State and local funding:		
Domestic Violence Prevention and Treatment	\$ 182,431	\$ 196,544
Other	<u>8,337</u>	<u>7,789</u>
<i>Total state and local funding</i>	<u>\$ 190,768</u>	<u>\$ 204,333</u>
Foundation and other grants:		
Tipton County Foundation	\$ 22,521	\$ 14,915
Hamilton County Community Foundation	10,000	10,200
Women's Fund of Central Indiana	12,000	10,000
Centerpoint Foundation	10,000	5,000
Christ Church Cathedral	8,800	8,625
Other	<u>30,403</u>	<u>34,134</u>
<i>Total foundation and other grants</i>	<u>\$ 93,724</u>	<u>\$ 82,874</u>

ALTERNATIVES INCORPORATED OF MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 9 - RETIREMENT PLAN

Alternatives has adopted a defined contribution retirement plan that covers all employees over the age of 21 who work at least 1,000 hours per year and have completed one year of service. Under the plan, Alternatives makes elective contributions based on the amount of compensation of each participant. The contribution rate was 6% in each of the years ended June 30, 2022 and 2021. Expense recognized under the plan was \$23,277 and \$41,369 during the years ended June 30, 2022 and 2021, respectively.

NOTE 10 - RISKS AND UNCERTAINTIES

The majority of revenues relate directly or indirectly to programs sponsored by federal and state legislation. Changes in government sponsored programs may significantly affect Alternatives.

Alternatives maintains operating cash balances at First Merchants Bank, Star Financial Bank, and PNC Bank. Accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. Alternatives’ cash account with First Merchants Bank exceeded FDIC limits as of and throughout the years ended June 30, 2021 and 2020.

NOTE 11 - LIQUIDITY

Financial assets for Alternatives include cash and cash equivalents, investments, and accounts receivable. Following is a schedule of financial assets and the ability thereof to meet cash needs for general expenditures as of June 30:

	<u>2022</u>	<u>2021</u>
Financial assets	\$ 1,353,634	\$ 1,239,235
Less: those unavailable due to restrictions by donor with time or purpose	<u>(25,328)</u>	<u>(43,577)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,328,306</u>	<u>\$ 1,195,658</u>

From time to time, Alternatives receives donor restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, Alternatives must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Alternative’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

ALTERNATIVES INCORPORATED OF MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 12 - FUNCTIONAL EXPENSE REPORTING

The costs of providing activities pertaining to Alternatives' programming have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain expenses have been allocated between program services, management and general, and fundraising expenses.

Management allocates costs among the various functional expense categories using a combination of direct allocation and estimation. Payroll and associated costs are allocated based on employee time records. Other costs are either applied directly to the functional expense category they belong to or allocated using an appropriate basis, generally payroll percentages or square footage.

SUPPLEMENTARY INFORMATION

ALTERNATIVES INCORPORATED OF MADISON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute:			
Crime Victim Assistance			
Services to Victims of Domestic Violence	16.575	VOCA-2020-00015	\$ 265,125
		VOCA-SP-2021-00020	19,557
		VOCA-COVID-2020-00016	<u>7,160</u>
<i>Total U.S. Department of Justice</i>			<u>291,842</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Housing and Community Development Authority:			
Emergency Solutions Program Fund	14.231	ES-021-005	42,250
Continuum of Care Program	14.267		169,133
	14.267		130,198
Pass-Through City of Anderson:			
Community Development Block Grants/Entitlement Grants	14.218	C-21-PS-01	<u>14,850</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>356,431</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Education:			
Child and Adult Care Food Program	10.558	1480241	<u>9,076</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-Through Indiana Department of Education:			
Education for Homeless Children and Youth	84.196A	22306	<u>43,106</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Criminal Justice Institute:			
Family Violence Prevention and Services/Domestic			
Violence Shelter and Supportive Services	93.671	FVPSA-2020-00006	21,703
		FVPSA-2021-00011	55,897
		FVPSA-CARES-00012	5,467
		FVPSA-ARP-2021-00013	17,712
Social Services Block Grant	93.667	SSBG-2021-00004	<u>25,000</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>125,779</u>
<i>Total federal awards expended</i>			<u>\$ 826,234</u>

See independent auditors' report and accompanying notes to this schedule

ALTERNATIVES INCORPORATED OF MADISON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Alternatives Incorporated of Madison County ("Alternatives") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Alternatives, it is not intended to and does not present the financial position, changes in net assets, functional expenses, nor cash flows of Alternatives.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented, where available.

NOTE 3 - INDIRECT COST RATE

Alternatives has elected not to use the 10 percent de minimis indirect cost rate allowed under the *Uniform Guidance*.



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

The Board of Trustees
Alternatives Incorporated of Madison County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alternatives Incorporated of Madison County ("Alternatives"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large, stylized initial "D".

Indianapolis, Indiana
November 29, 2022



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

The Board of Trustees
Alternatives Incorporated of Madison County

Report on Compliance for Each Major Federal Program

We have audited Alternatives Incorporated of Madison County's ("Alternatives") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget Compliance Supplement* that could have a direct and material effect on Alternatives' major federal programs for the year ended June 30, 2022. Alternatives' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Alternatives' 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 (CFR) 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 Alternatives' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of Alternatives' compliance.

Opinion on Each Major Federal Program

In our opinion, Alternatives complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Report on Internal Control Over Compliance

Management of Alternatives 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 Alternatives' internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 Alternatives' internal control over compliance.

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

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

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

DONOVAN



Indianapolis, Indiana
November 29, 2022

**ALTERNATIVES INCORPORATED OF MADISON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Type of auditors' 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)?	No
Identification of major programs:	

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
16.575	Crime Victim Assistance
93.671	Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services

Dollar threshold use to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

II. Financial Statement Findings

No matters are reportable.

III. Federal Award Findings and Questioned Costs

No matters are reportable.