



FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2021 and 2020

# MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

## CONTENTS

	<b>Page</b>
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-16



## *Independent Auditors' Report*

Board of Directors  
Mental Health America of Northeast Indiana, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Mental Health America of Northeast Indiana, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mental Health America of Northeast Indiana, Inc., Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its 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. 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 Mental Health America of Northeast Indiana, Inc. 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 the 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 Mental Health America of Northeast Indiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***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 generally accepted 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 generally accepted 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 Mental Health America of Northeast Indiana, Inc.'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 Mental Health America of Northeast Indiana, Inc.'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.

*Katz, Sapper & Miller, LLP*

Fort Wayne, Indiana  
October 5, 2022

**MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.**

**STATEMENTS OF FINANCIAL POSITION  
December 31, 2021 and 2020**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 48,638	\$ 296,112
Accounts receivable - fees	47,058	42,202
Promises to give and grants and contracts receivable	82,995	213,563
Prepaid expenses	<u>18,783</u>	<u>8,690</u>
Total Current Assets	197,474	560,567
<b>PROPERTY AND EQUIPMENT, net</b>	470,936	506,201
<b>BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION</b>	<u>93,405</u>	<u>79,713</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 761,815</u></u>	<u><u>\$ 1,146,481</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 11,597	\$ 29,414
Accrued payroll and withholdings	40,770	56,835
Current maturities of long-term debt	<u>7,240</u>	<u>6,925</u>
Total Current Liabilities	59,607	93,174
<b>LONG-TERM DEBT, less current maturities</b>	<u>190,691</u>	<u>197,931</u>
Total Liabilities	<u>250,298</u>	<u>291,105</u>
<b>NET ASSETS</b>		
Without donor restrictions	441,517	752,021
With donor restrictions	<u>70,000</u>	<u>103,355</u>
Total Net Assets	<u>511,517</u>	<u>855,376</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 761,815</u></u>	<u><u>\$ 1,146,481</u></u>

*See accompanying notes.*

**MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.**

**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Private grants and contributions	\$ 103,335	\$ 292,844	\$ 396,179	\$ 107,807	\$ 643,556	\$ 751,363
PPP grant				192,300		192,300
Government grants and contracts	643,448		643,448	716,968		716,968
Fee for service - room and board	20,727		20,727	26,037		26,037
Fee for service - education	90,108		90,108	78,402		78,402
Fee for service - guardianship	47,859		47,859	47,530		47,530
Special events, net of direct donor benefits	18,140		18,140	6,099		6,099
In-kind contributions	48,200		48,200	41,120		41,120
Other income	3,873		3,873	100		100
Investment return	32		32	3,299		3,299
Change in value of beneficial interest in assets held by the Community Foundation	13,692		13,692	3,555		3,555
Gain on sale of property and equipment				137,414		137,414
Net assets released from restriction	326,199	(326,199)		620,490	(620,490)	
Total Revenue and Support	<u>1,315,613</u>	<u>(33,355)</u>	<u>1,282,258</u>	<u>1,981,121</u>	<u>23,066</u>	<u>2,004,187</u>
<b>EXPENSES</b>						
Program Services:						
Community services	813,899		813,899	958,563		958,563
Guardianship services	401,534		401,534	333,247		333,247
Cedar's Hope	207,008		207,008	237,341		237,341
Supporting Services:						
Management and general	109,382		109,382	123,991		123,991
Fundraising	94,294		94,294	91,114		91,114
Total Expenses	<u>1,626,117</u>		<u>1,626,117</u>	<u>1,744,256</u>		<u>1,744,256</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(310,504)	(33,355)	(343,859)	236,865	23,066	259,931
<b>NET ASSETS</b>						
Beginning of Year	<u>752,021</u>	<u>103,355</u>	<u>855,376</u>	<u>515,156</u>	<u>80,289</u>	<u>595,445</u>
End of Year	<u>\$ 441,517</u>	<u>\$ 70,000</u>	<u>\$ 511,517</u>	<u>\$ 752,021</u>	<u>\$ 103,355</u>	<u>\$ 855,376</u>

See accompanying notes.

**MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2021**

	Community Services	Guardianship Services	Cedar's Hope	Total Program	Management and General	Fundraising	Total
Salaries	\$ 469,188	\$ 251,025	\$ 93,062	\$ 813,275	\$ 13,808	\$ 66,054	\$ 893,137
Payroll taxes	35,674	17,549	6,971	60,194	1,682	3,838	65,714
Employee benefits	44,953	37,956	3,329	86,238	2,216	7,441	95,895
Total Salaries and Related Expenses	<u>549,815</u>	<u>306,530</u>	<u>103,362</u>	<u>959,707</u>	<u>17,706</u>	<u>77,333</u>	<u>1,054,746</u>
Contract labor	33,407	6,500		39,907			39,907
Professional fees	35,084	60,943	6,241	102,268	61,993	3,299	167,560
Rent			9,500	9,500			9,500
Travel	476	1,939	3,219	5,634	66	11	5,711
Telephone	4,600	4,935	8,443	17,978	406	714	19,098
Office expenses	23,257	2,224	439	25,920	1,287	699	27,906
Education and training	9,138	1,475		10,613	934	2,084	13,631
Food			8,447	8,447			8,447
Insurance	7,431	2,691	703	10,825	5,497	606	16,928
Interest	4,694	2,470	674	7,838	674	450	8,962
Maintenance	8,014	3,793	23,189	34,996	1,068	725	36,789
Marketing	607	154	39	800	39	3,380	4,219
Information technology	6,641	2,610	1,027	10,278	626	886	11,790
Dues and subscriptions	2,016	691	362	3,069	1,572	677	5,318
Postage	1,196	458	119	1,773	117	1,356	3,246
Printing	2,223	1,171	332	3,726	315	824	4,865
Miscellaneous	900	260	507	1,667	914	774	3,355
Supplies			7,132	7,132			7,132
Utilities	4,874	2,690	12,797	20,361	738	476	21,575
Depreciation			15,835	15,835	15,430		31,265
Bad debt expense (recoveries)			4,641	4,641			4,641
Grant expense	54,098			54,098			54,098
Meetings and events	65,428			65,428		7,225	72,653
<b>TOTAL EXPENSES BY FUNCTION</b>	<u>813,899</u>	<u>401,534</u>	<u>207,008</u>	<u>1,422,441</u>	<u>109,382</u>	<u>101,519</u>	<u>1,633,342</u>
Less: Expenses included with revenues on the statements of activities:							
Cost of direct donor benefits						<u>(7,225)</u>	<u>(7,225)</u>
<b>TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES</b>	<u>\$ 813,899</u>	<u>\$ 401,534</u>	<u>\$ 207,008</u>	<u>\$ 1,422,441</u>	<u>\$ 109,382</u>	<u>\$ 94,294</u>	<u>\$ 1,626,117</u>

See accompanying notes.

**MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2020**

	<b>Community Services</b>	<b>Guardianship Services</b>	<b>Cedar's Hope</b>	<b>Total Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 637,391	\$ 229,086	\$ 129,884	\$ 996,361	\$ 25,905	\$ 58,715	\$ 1,080,981
Payroll taxes	45,492	16,105	9,624	71,221	1,895	3,430	76,546
Employee benefits	44,048	29,091	3,571	76,710	2,980	8,755	88,445
<b>Total Salaries and Related Expenses</b>	<b>726,931</b>	<b>274,282</b>	<b>143,079</b>	<b>1,144,292</b>	<b>30,780</b>	<b>70,900</b>	<b>1,245,972</b>
Contract labor	87,548	9,775	197	97,520	39	466	98,025
Professional fees	21,542	7,503	5,205	34,250	70,053		104,303
Rent	27,613	10,682	8,767	47,062	1,613	2,481	51,156
Travel	5,533	1,360	776	7,669	300	73	8,042
Telephone	4,429	3,729	6,409	14,567	152	357	15,076
Office expenses	23,190	9,817	5,491	38,498	2,095	4,030	44,623
Education and training	6,472	283	343	7,098	177	846	8,121
Food			5,552	5,552			5,552
Insurance	2,252	850	7,133	10,235	4,327	220	14,782
Interest	4,326	1,622	1,159	7,107	242	386	7,735
Maintenance	9,038	3,461	7,631	20,130	1,772	810	22,712
Marketing	100			100		2,304	2,404
Information technology	12,303	3,854	2,734	18,891	546	1,576	21,013
Dues and subscriptions	3,777	1,028	602	5,407	1,636	1,331	8,374
Postage	1,322	648	482	2,452	296	1,393	4,141
Printing	3,179	762	1,105	5,046	120	2,740	7,906
Miscellaneous	1,335	333	331	1,999	2,569	446	5,014
Supplies	9,283		4,500	13,783			13,783
Utilities	8,390	3,258	20,806	32,454	469	755	33,678
Depreciation			15,039	15,039	9,513		24,552
Bad debt expense (recoveries)					(2,708)		(2,708)
Meetings and events						485	485
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>958,563</b>	<b>333,247</b>	<b>237,341</b>	<b>1,529,151</b>	<b>123,991</b>	<b>91,599</b>	<b>1,744,741</b>
Less: Expenses included with revenues on the statements of activities:							
Cost of direct donor benefits						(485)	(485)
<b>TOTAL EXPENSES ON THE STATEMENTS OF ACTIVITIES</b>	<b>\$ 958,563</b>	<b>\$ 333,247</b>	<b>\$ 237,341</b>	<b>\$ 1,529,151</b>	<b>\$ 123,991</b>	<b>\$ 91,114</b>	<b>\$ 1,744,256</b>

See accompanying notes.



**MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.**

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (343,859)	\$ 259,931
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	31,265	24,552
Change in value of beneficial interest in assets held by the Community Foundation	(13,692)	(3,555)
Gain on sale of property and equipment		(137,414)
Bad debt expense (recoveries)	4,641	(2,708)
(Increase) decrease in current assets:		
Accounts receivable - fees	(9,497)	7,240
Promises to give and grants and contracts receivable	130,568	(120,719)
Prepaid expenses	(6,093)	945
Increase (decrease) in current liabilities:		
Accounts payable	(17,817)	(4,115)
Accrued payroll and withholdings	(16,065)	20,238
Net Cash Provided (Used) by Operating Activities	<u>(240,549)</u>	<u>44,395</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment		200,000
Purchases of property and equipment		(144,714)
Net Cash Provided by Investing Activities		<u>55,286</u>
<b>FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(6,925)	(5,544)
Net Cash Used by Financing Activities	<u>(6,925)</u>	<u>(5,544)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(247,474)	94,137
<b>CASH</b>		
Beginning of Year	<u>296,112</u>	<u>201,975</u>
End of Year	<u>\$ 48,638</u>	<u>\$ 296,112</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 8,962	\$ 7,735
Noncash investing and financing transactions:		
Purchase of property and equipment with long-term debt		210,400

*See accompanying notes.*

# MENTAL HEALTH AMERICA OF NORTHEAST INDIANA, INC.

## NOTES TO FINANCIAL STATEMENTS December 31, 2021 and 2020

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General:** Mental Health America of Northeast Indiana, Inc. (the Organization) is an Indiana not-for-profit corporation dedicated to providing essential information, resources, advocacy and education to help individuals and families better gain access to the prevention, treatment and recovery programs they need to be successful.

The Organization's major programs are:

- **Community Services** provide community advocacy and peer support through trained community advocates that provide no-cost consultations for individuals and families facing a mental health or substance use challenge.
- **Guardianship Services** provide legal guardians to undertake the responsibility of making major life decisions and advocate on behalf of their wards to enhance the quality of life for adults with intellectual/developmental disabilities, dementias, mental illness, and other aging disorders.
- **Cedar's Hope** provides a permanent, supportive housing program for women with moderate to severe mental illness who are homeless or at-risk of homelessness.

The Organization's primary sources of revenue are private grants and contributions, government grants and contracts, in-kind contributions, fee for services, hospital contracts and special events.

**Basis of Presentation:** The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- **Net Assets Without Donor Restrictions** are not subject to donor-imposed restrictions and may be used at the discretion of the Organization's management and Board of Directors. This net asset category includes funds functioning as an endowment through designation by the Board of Directors.
- **Net Assets With Donor Restrictions** are subject to stipulations imposed by donors. All of the Organization's donor restrictions are temporary in nature and those restrictions will be met by actions of the Organization or by the passage of time.

Donor-restricted contributions that were initially classified as conditional contributions are reported as increases in net assets without donor restrictions when the conditions are met, if the restrictions expire in the same year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, and when a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates:** The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results could differ from those estimates.

**Cash** consists of cash on hand or in demand deposit accounts. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Organization has not experienced any losses from its bank accounts.

**Accounts Receivable - Fees** represent accounts due for program services provided. Amounts are billed monthly for guardianship services and semi-annually for hospital contract services and due within thirty days of invoice date. Accounts receivable are reviewed regularly for collectability and an allowance for doubtful accounts is recorded, if necessary, based on management's judgement and analysis of the creditworthiness of the creditors, historical experience, economic conditions, and other relevant factors. Accounts receivable are written off against the allowance for doubtful accounts when deemed uncollectible. At December 31, 2021 and 2020, there was no allowance for doubtful accounts as all amounts were deemed collectable. Accounts receivable - fees, net at January 1, 2020 were \$46,734.

**Promises to Give and Grants and Contracts Receivable:** Unconditional promises to give and grants and contracts receivable are expected to be collected within one year and are recorded at net realizable value. Conditional promises to give and grants are recognized when the conditions on which they depend are substantially met.

Promises to give and grants and contracts receivable are reviewed for collectability and a provision for doubtful accounts is recorded based on management's judgment and analysis of the creditworthiness of the donors and grantors, historical experience, economic conditions, and other relevant factors. Management determined that no allowance was necessary at December 31, 2021 and 2020.

**Property and Equipment:** Expenditures for property and equipment are stated at cost for purchased assets, or at fair value at the date of donation for donated assets, less accumulated depreciation. Expenditures for normal repairs and maintenance are charged to expense as incurred. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives as follows:

Buildings and improvements	10-40 years
Equipment	5-10 years

The Organization's property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. No adjustments to the carrying amount of property and equipment were required in 2021 or 2020.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Beneficial Interest in Assets Held by Community Foundation:** The Organization established an endowment fund that is perpetual in nature with the Community Foundation of Greater Fort Wayne (Community Foundation) by transferring assets without donor restrictions to the Community Foundation and naming itself as the beneficiary of the fund. The Organization granted variance power to the Community Foundation, which allows the Community Foundation to modify the terms of the fund if continued adherence to any condition or restriction is in the judgment of the Community Foundation's Board of Directors unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Community Foundation. The fund is held and invested by the Community Foundation for the benefit of the Organization, and the Organization may draw up to a certain percentage of the value each year, as specified in the Community Foundation's spending policy, but may only obtain a return of the full value of the assets upon consent of the Community Foundation. Distributions from the fund held at the Community Foundation to the Organization are recorded as investment return in the statements of activities. The fund is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities. See Note 3 for fair value measurements.

The Organization has been named a beneficiary of a fund held by the Community Foundation which was established by a donor directly with the Community Foundation. This fund is not included in the Organization's statements of financial position because it was not established by the Organization and the Community Foundation has variance power over the funds. At December 31, 2021 and 2020, the fair value of the fund was \$41,485 and \$35,040, respectively.

**Contributions and Grants** are recognized as revenue when they are received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met. Cash received prior to when conditions are substantially met are recognized as refundable advances.

The Organization receives a significant amount of financial assistance from government grants and contracts. Grants and contracts normally provide for the recovery of direct and indirect costs. Entitlement to the recovery of the direct and related indirect costs is conditional upon compliance with the terms and conditions of the grant agreements and with applicable regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance reviews and audits by the grantors. Management believes an adverse material outcome from those reviews and audits is unlikely. At December 31, 2021, the Organization had outstanding promises to give of \$82,995, which are conditional upon the Organization incurring direct costs in accordance with the respective grant agreements and applicable regulations.

**In-kind Contributions:** Contributions of services, which consists primarily of professional fees, are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Contributions of food, equipment, and other goods are recorded at estimated fair value when received.

**Fee for Service Revenue** relates to contracts with individuals and is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services as follows:

- **Room and Board** includes housing, meals, and supportive services. Revenue related to housing is recognized each day access to a room is provided. Revenue related to meals and supportive services are recognized at the point in time when the meal or service is provided to the individual. Any amounts for payments received in advance for above services are included in deferred revenue until services are provided.
- **Education** revenue relates to classes on various mental health topics and trainings to assist individuals with mental health issues. Revenue is recognized at the point in time when classes and trainings occur. Any amounts for payments received in advance for above services are included in deferred revenue until services are provided.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Guardianship* revenue relates to services to individuals to assist with legal, financial or other life decisions as necessary. The Organization uses a practical expedient for the recognition of guardianship revenue which allows the Organization to recognize revenue in the amount it has a right to invoice when that amount is equal to the value provided the individual for the Organization's performance completed to date. Any amounts for payments received in advance for above services are included in deferred revenue until services are provided.

**Special Event Revenue**, including related sponsorship revenue and other contributions, is recognized upon occurrence of the event. Revenue and support received for events occurring subsequent to the statement of financial position date is reflected as deferred revenue.

**Functional Allocation of Expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services benefited. Expenses related to more than one function are allocated among programs and supporting services based on occupied space (including rent, telephone, insurance, utilities and depreciation) or time spent by Organization staff (including salaries, payroll taxes, and employee benefits). Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Advertising Costs** are expensed as incurred and totaled \$4,219 in 2021 and \$2,404 in 2020.

**Income Taxes:** The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax for the years ended December 31, 2021 and 2020.

The Organization files U.S. federal and Indiana information returns. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2018. Management believes that the Organization's income tax filing positions will be sustained on audit and does not anticipate any adjustments that will result in a material change.

**Subsequent Events:** Management has evaluated the financial statements for subsequent events occurring through October 5, 2022, the date the financial statements were available to be issued.

## NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The following reflects the Organization's financial assets and liquidity resources available for general expenditure within one year of December 31, 2021 and 2020:

	2021	2020
Cash	\$ 48,638	\$296,112
Accounts receivable	47,058	42,202
Promises to give and grants and contracts receivable	82,995	213,563
Beneficial interest in assets held by Community Foundation	<u>93,405</u>	<u>79,713</u>
Total financial assets	272,096	631,590
Board-designations:		
Board-designated endowment	<u>(93,405)</u>	<u>(79,713)</u>
Total Financial Assets Available Within One Year	178,691	551,877
Line of credit availability	<u>50,000</u>	<u>50,000</u>
Total Financial Assets and Liability Resources Available to Meet General Expenditures Within One Year	<u>\$228,691</u>	<u>\$601,877</u>

The Organization receives significant contributions by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative, general expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

The Organization's Board of Directors has designated a portion of its unrestricted resources for an endowment held by the Community Foundation. These funds are not available for withdrawal except for the amount made available in accordance with the annual spending rate established by the Community Foundation, which is currently 4.50% of the fund. See Note 5.

The Organization has a line of credit available, which is used to borrow funds to cover cash shortfalls when the Organization experiences delays in the receipt of reimbursements from funding sources throughout the year. Upon receipt of reimbursements, the Organization immediately pays off any outstanding balance on the line of credit. See Note 6 for information about this arrangement.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments through an annual budget approved by the Board of Directors and monthly finance committee meetings where actual results are compared to the approved budget.

## NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

### NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy are described as follows:

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

**Level 2** – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Organization makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodology used by the Organization for assets that are measured at fair value on a recurring basis. There have been no changes in the methodology used at December 31, 2021 and 2020.

**Beneficial Interest in Assets Held by Community Foundation:** Valued based on the Organization's proportionate share of the fair value of the underlying investments in the Community Foundation's pooled investment portfolio as reported by the Community Foundation, without adjustment. The valuation methodology for the beneficial interest in assets held by Community Foundation does not utilize any unobservable inputs.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Organization's assets that are measured at fair value on a recurring basis as of December 31, 2021 and 2020:

	2021	Level 3	Total
<b>Assets</b>			
Beneficial interest in assets held by Community Foundation		<u>\$93,405</u>	<u>\$93,405</u>
	2020		
<b>Assets</b>			
Beneficial interest in assets held by Community Foundation		<u>\$79,713</u>	<u>\$79,713</u>

Activity during 2021 and 2020 related to assets measured at fair value on a recurring basis using Level 3 valuation methodologies is included in Note 5.

### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2021 and 2020:

	2021	2020
Land	\$ 46,544	\$ 46,544
Buildings and improvements	465,850	465,850
Equipment	71,186	71,186
Construction in progress		<u>4,000</u>
	<u>583,580</u>	<u>587,580</u>
Less: Accumulated depreciation	<u>(112,644)</u>	<u>(81,379)</u>
Total Property and Equipment, net	<u>\$ 470,936</u>	<u>\$ 506,201</u>

## NOTE 5 - ENDOWMENT

The endowment consists of net assets without donor restrictions that have been designated by the Board of Directors. The Organization's endowment is held at the Community Foundation for the benefit of the Organization.

### ***Investment and Spending Policies***

The Organization's objective for the endowment fund is to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of the endowment assets. The endowment has been invested in the Community Foundation; and therefore, asset management is governed by the investment policies and appropriations are limited to the spending policies of the Community Foundation.

The Organization has a policy consistent with the Community Foundation's policy, which is designated to take into account total return concepts of investing and spending, with the goal of preserving the real spending power of the endowments over time while balancing the need for consistent spending to support the charitable and similar exempt purposes of such endowments. The Community Foundation's annual spending rate is currently 4.50% of the fund. The Organization may elect to withdraw up to this amount from the fund. Distributions from the endowment were \$3,185 in 2021 and \$3,197 in 2020, which are reported as investment return.

The endowment activity, for 2021 and 2020, which is all included in net assets without donor restrictions, is summarized as follows:

	<b>2021</b>	<b>2020</b>
Endowment at Beginning of Year	\$79,713	\$76,158
Change in value of beneficial interest in assets held by Community Foundation	<u>13,692</u>	<u>3,555</u>
Endowment at End of Year	<u>\$93,405</u>	<u>\$79,713</u>

## NOTE 6 - DEBT AND CREDIT ARRANGEMENTS

The Organization had an agreement with Old National Bank for a revolving line of credit in the amount of \$50,000 which matured on July 7, 2022. The Organization is currently negotiating a renewal of the line of credit for \$100,000 and with the similar terms of the previous agreement. The matured line of credit bore interest at the prime rate as published by *The Wall Street Journal* (3.25% as of December 31, 2021), and was secured by substantially all assets of the Organization. There were no borrowings outstanding at December 31, 2021 and 2020.

The Organization entered into a mortgage note payable in February 2020. The note payable is paid in monthly installments of \$1,326, including interest computed at 4.4% through maturity February 2027, and is secured by substantially all assets of the Organization. At December 31, 2021, the outstanding balance was \$197,931.



## NOTE 6 - DEBT AND CREDIT ARRANGEMENTS (CONTINUED)

At December 31, 2021, the aggregate maturities of the mortgage note payable in each of the next five years were as follows:

<b>Payable In Fiscal Year</b>	<b>Principal</b>
2022	\$ 7,240
2023	7,570
2024	7,891
2025	8,274
2026	8,650
Thereafter	<u>158,306</u>
	<u>\$197,931</u>

## NOTE 7 - NET ASSETS

### ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions consisted of the following as of December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Board-designated endowment fund	\$ 93,405	\$ 79,713
Invested in property and equipment	470,936	506,201
Undesignated	<u>(122,824)</u>	<u>166,107</u>
Total Net Assets Without Donor Restrictions	<u>\$ 441,517</u>	<u>\$752,021</u>

### ***Net Assets With Donor Restrictions***

Net assets with donor restrictions consisted of the following as of December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Subject to Expenditures for Specified Purpose:		
Board development		\$ 6,000
Education		41,632
Cedar's Hope	\$15,000	
Community services – Kids on the Block		5,221
Community services – Parent Café		13,270
Community services – Stop Suicide		5,068
Guardianship services – VASIA	<u>55,000</u>	<u>32,164</u>
Total Net Assets With Donor Restrictions	<u>\$70,000</u>	<u>\$103,355</u>

## NOTE 7 - NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Satisfaction of Purpose Restrictions:		
Board development	\$ 6,000	\$ 4,000
Cedar's Hope		111,500
Community services – Education	224,476	400,424
Community services – Parent Cafe	13,270	16,730
Community services – Kids on the Block	5,221	
Community services – Stop Suicide	5,068	
Guardianship services – VASIA	32,164	47,836
Peer support	<u>40,000</u>	<u>40,000</u>
Total Net Assets Released from Restrictions	<u>\$326,199</u>	<u>\$620,490</u>

## NOTE 8 - RETIREMENT PLAN

The Organization sponsors an individual retirement account (IRA) plan available for all of its qualified employees. All plan participants are permitted to make salary reduction contributions to the plan. The Organization may make a discretionary contribution to the IRA plan, determined annually based on eligible earnings of participants. The Organization made no contributions to the IRA plan in 2021 and 2020.

## NOTE 9 - CONCENTRATIONS

The Organization receives a substantial amount of support from government grants and contracts. A substantial reduction in support from these sources may have a significant impact on the Organization's programs and operations. Revenue from government grants and contracts was 53% and 45% of total revenue and support in 2021 and 2020, respectively. Revenue from one other funding source was 14% and 19% of total revenue and support in 2021 and 2020, respectively.

## NOTE 10 - GOVERNMENT ASSISTANCE

On April 29, 2020, the Organization was granted a Paycheck Protection Program Loan (PPP loan) of \$192,300. PPP loans, including accrued interest, are forgivable as long as the entity uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities. Under the PPP, the amount of forgiveness is reduced if the entity terminates employees or reduces salaries during the covered period. The Organization believes it used the proceeds for purposes consistent with the PPP and received forgiveness from the bank. The Organization substantially met the conditions of the PPP, including incurring qualified expenses. Therefore, the Organization recognized PPP grant of \$192,300 in 2020 related to government assistance provided by the PPP.