

**INDIANA UNITED METHODIST
CHILDREN'S HOME, INC.
(AN INDIANA NOT-FOR-PROFIT CORPORATION)**

FINANCIAL STATEMENTS

**DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

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Independent Auditors' Report

Board of Trustees
INDIANA UNITED METHODIST CHILDREN'S HOME, INC.
Lebanon, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Indiana United Methodist Children's Home, Inc. (an Indiana Not-for-Profit Corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana United Methodist Children's Home, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Indiana United Methodist Children's Home, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Indiana United Methodist Children's Home, Inc.'s ability to continue as a going concern for 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 auditor's 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 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.

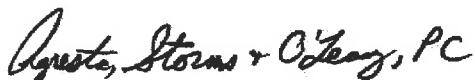
In performing an audit in accordance with GAAS, we:

- 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 Indiana United Methodist Children's Home, 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 Indiana United Methodist Children's Home, 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.

Report on Summarized Comparative Information

We have previously audited the Indiana United Methodist Children's Home, Inc.'s December 31, 2019 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Indianapolis, Indiana
August 3, 2021

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF DECEMBER 31, 2019

| ASSETS | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Current assets: | | |
| Cash | \$ 1,956,982 | \$ 1,616,734 |
| Accounts receivable, fees, net | 1,526,062 | 706,859 |
| Other receivables | 1,095 | 1,687 |
| Stop loss receivable | 374,259 | -0- |
| Prepaid expenses | <u>60,851</u> | <u>48,523</u> |
| Total current assets | <u>3,919,249</u> | <u>2,373,803</u> |
| Property and equipment: | | |
| Land and improvements | 1,255,199 | 1,229,257 |
| Buildings and improvements | 19,986,861 | 19,970,496 |
| Furnishings and equipment | 1,453,048 | 1,352,253 |
| Transportation equipment | <u>661,423</u> | <u>530,454</u> |
| | 23,356,531 | 23,082,460 |
| Less accumulated depreciation | <u>5,753,966</u> | <u>5,037,491</u> |
| | 17,602,565 | 18,044,969 |
| Construction in progress | <u>117,933</u> | <u>-0-</u> |
| Property and equipment, net | <u>17,720,498</u> | <u>18,044,969</u> |
| Total assets | <u>\$ 21,639,747</u> | <u>\$ 20,418,772</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 58,421 | \$ 187,513 |
| Accrued expenses | 728,764 | 532,059 |
| Line of credit | -0- | 450,000 |
| Current portion of long-term debt | <u>139,054</u> | <u>130,064</u> |
| Total current liabilities | 926,239 | 1,299,636 |
| Payroll Protection Program (PPP) loan | 1,000,400 | -0- |
| Long-term debt, net of current portion | <u>4,639,312</u> | <u>4,778,094</u> |
| Total liabilities | <u>6,565,951</u> | <u>6,077,730</u> |
| Net assets: | | |
| Without donor restrictions | 15,016,895 | 14,338,864 |
| With donor restrictions | <u>56,901</u> | <u>2,178</u> |
| Total net assets | <u>15,073,796</u> | <u>14,341,042</u> |
| Total liabilities and net assets | <u>\$ 21,639,747</u> | <u>\$ 20,418,772</u> |

See Accompanying Notes to Financial Statements

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2020 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

| | Year Ended December 31, 2020 | | | Year Ended December 31, 2019 |
|--|----------------------------------|-------------------------------|----------------------|------------------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | |
| Revenues and support: | | | | |
| Fees | \$ 8,736,850 | \$ -0- | \$ 8,736,850 | \$ 7,220,951 |
| Grant Income | 361,522 | 60,121 | 421,643 | 800,349 |
| Contributions | 9,010 | -0- | 9,010 | 23,375 |
| On-site development | -0- | -0- | -0- | 40,650 |
| Other revenues | 1,553 | -0- | 1,553 | 5,019 |
| Total revenues and support | <u>9,108,935</u> | <u>60,121</u> | <u>9,169,056</u> | <u>8,090,344</u> |
| Net assets released from restrictions | <u>5,398</u> | <u>(5,398)</u> | <u>-0-</u> | <u>-0-</u> |
| Expenses: | | | | |
| Program services | 7,177,967 | -0- | 7,177,967 | 6,152,340 |
| Supporting services | 1,259,455 | -0- | 1,259,455 | 1,156,397 |
| Total expenses | <u>8,437,422</u> | <u>-0-</u> | <u>8,437,422</u> | <u>7,308,737</u> |
| Net support and revenues | 676,911 | 54,723 | 731,634 | 781,607 |
| Gain (loss) on disposal of assets | 1,120 | -0- | 1,120 | (311,633) |
| Change in net assets | 678,031 | 54,723 | 732,754 | 469,974 |
| Net assets, beginning of year | <u>14,338,864</u> | <u>2,178</u> | <u>14,341,042</u> | <u>13,871,068</u> |
| Net assets, end of year | <u>\$ 15,016,895</u> | <u>\$ 56,901</u> | <u>\$ 15,073,796</u> | <u>\$ 14,341,042</u> |

See Accompanying Notes to Financial Statements

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

| | Year Ended December 31, 2020 | | | | | | | Total |
|--|------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------|
| | Group Home | Program Services | | | | | | |
| | | Maintenance | Program Operations | Education | Religious Education | On-site Development | Total | |
| Salaries | \$ 1,702,321 | \$ 229,377 | \$ 892,121 | \$ 710,082 | \$ 41,643 | \$ - | \$ 3,575,544 | |
| Employee benefits | 466,295 | 81,536 | 254,561 | 215,902 | - | - | 1,018,294 | |
| Depreciation | 395,493 | 20,966 | 29,516 | 236,574 | 7,339 | - | 689,888 | |
| Interest expense | 303,831 | - | - | - | - | - | 303,831 | |
| Payroll taxes | 119,446 | 18,212 | 67,756 | 47,524 | - | - | 252,938 | |
| Insurance | 123,695 | 16,483 | 37,127 | 42,150 | - | - | 219,455 | |
| Repairs, maintenance and other purchases | 81,647 | 102,913 | 9,948 | 31,991 | - | - | 226,499 | |
| Food and entertainment | 201,660 | - | 366 | 2,600 | - | - | 204,626 | |
| Utilities | 59,187 | 45,046 | - | 34,074 | - | - | 138,307 | |
| Medical, psychiatrist, and therapist | 4,396 | - | 137,267 | - | - | - | 141,663 | |
| Office and computer expenses | 11,350 | 11,056 | 17,955 | 16,856 | - | - | 57,217 | |
| Staff recruitment and training | 320 | - | 64,750 | 3,815 | - | - | 68,885 | |
| Telephone, cable and internet | 33,419 | 2,416 | 9,719 | 5,865 | - | - | 51,419 | |
| Professional fees | - | - | - | - | - | - | - | |
| Clothing and grooming | 49,892 | - | - | - | - | - | 49,892 | |
| School and recreation | - | - | - | 40,492 | 7,573 | - | 48,065 | |
| Household expenses | 47,367 | - | - | - | - | - | 47,367 | |
| Public relations and marketing | - | - | - | - | - | - | - | |
| Transportation and travel | 23,338 | - | 3,734 | - | - | - | 27,072 | |
| Supplies | - | 17,499 | 8,586 | 2,341 | - | - | 28,426 | |
| Allowance and wages | 26,397 | - | - | - | - | - | 26,397 | |
| Dues | - | - | 384 | - | - | - | 384 | |
| Miscellaneous | - | - | - | - | - | - | - | |
| Scholarship | - | - | 1,798 | - | - | - | 1,798 | |
| Total | \$ 3,650,054 | \$ 545,504 | \$ 1,535,588 | \$ 1,390,266 | \$ 56,555 | \$ - | \$ 7,177,967 | |

See Accompanying Notes to Financial Statements

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

| | Year Ended December 31, 2020 | | | | | Year Ended December 31, 2019 |
|--|------------------------------|---------------------|-----------------|---------------------|---------------------|------------------------------------|
| | Supporting Services | | | | | |
| | Administration | Public Relations | Fundraising | Total | Total Expenses | |
| Salaries | \$ 693,736 | \$ 79,695 | \$ - | \$ 773,431 | \$ 4,348,975 | \$ 3,711,900 |
| Employee benefits | 185,404 | 24,236 | - | 209,640 | 1,227,934 | 1,020,888 |
| Depreciation | 41,249 | - | - | 41,249 | 731,137 | 684,090 |
| Interest expense | - | - | - | - | 303,831 | 139,219 |
| Payroll taxes | 23,463 | 6,844 | - | 30,307 | 283,245 | 272,896 |
| Insurance | 12,526 | 2,276 | - | 14,802 | 234,257 | 203,095 |
| Repairs, maintenance and other purchases | 7,329 | 31 | - | 7,360 | 233,859 | 234,955 |
| Food and entertainment | - | 487 | - | 487 | 205,113 | 180,140 |
| Utilities | 11,908 | - | - | 11,908 | 150,215 | 139,720 |
| Medical, psychiatrist, and therapist | - | - | - | - | 141,663 | 96,785 |
| Office and computer expenses | 35,002 | 2,495 | 122 | 37,619 | 94,836 | 102,399 |
| Staff recruitment and training | 50 | - | - | 50 | 68,935 | 85,649 |
| Telephone, cable and internet | 5,388 | 756 | - | 6,144 | 57,563 | 60,661 |
| Professional fees | 56,964 | - | - | 56,964 | 56,964 | 61,270 |
| Clothing and grooming | - | - | - | - | 49,892 | 37,949 |
| School and recreation | - | - | - | - | 48,065 | 50,978 |
| Household expenses | - | - | - | - | 47,367 | 41,187 |
| Public relations and marketing | - | 45,579 | - | 45,579 | 45,579 | 25,993 |
| Transportation and travel | 1,690 | 1,258 | - | 2,948 | 30,020 | 52,837 |
| Supplies | - | - | - | - | 28,426 | 57,329 |
| Allowance and wages | - | - | - | - | 26,397 | 20,942 |
| Dues | 17,007 | - | 956 | 17,963 | 18,347 | 18,748 |
| Miscellaneous | 2,918 | 86 | - | 3,004 | 3,004 | 6,029 |
| Scholarship | - | - | - | - | 1,798 | 3,078 |
| Total | \$ 1,094,634 | \$ 163,743 | \$ 1,078 | \$ 1,259,455 | \$ 8,437,422 | \$ 7,308,737 |

See Accompanying Notes to Financial Statements

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 732,754 | \$ 469,974 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 731,137 | 684,090 |
| (Gain) loss on disposal of assets | (1,120) | 311,633 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, fees | (819,203) | 99,170 |
| Other receivables | 592 | (530) |
| Stop loss receivable | (374,259) | -0- |
| Benevolent care receivable | -0- | 33,355 |
| Prepaid expenses | (12,328) | (15,812) |
| Accounts payable | (129,092) | 152,586 |
| Accrued expenses | 196,705 | (155,021) |
| Net cash provided by operating activities | 325,186 | 1,579,445 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (406,666) | (2,662,440) |
| Demolition expenditures | -0- | (169,051) |
| Proceeds from disposition of assets | 1,120 | 2,200 |
| Net cash used in investing activities | (405,546) | (2,829,291) |
| Cash flows from financing activities: | | |
| Line of credit borrowings (repayments), net | (450,000) | 450,000 |
| PPP loan proceeds | 1,000,400 | -0- |
| Borrowings on long-term debt | -0- | 1,934,068 |
| Principal payments on long-term debt | (129,792) | (10,894) |
| Net cash provided by financing activities | 420,608 | 2,373,174 |
| Net increase in cash | 340,248 | 1,123,328 |
| Cash, beginning of year | 1,616,734 | 493,406 |
| Cash, end of year | \$ 1,956,982 | \$ 1,616,734 |
| Supplemental disclosure of cash flow information: | | |
| Cash payments for interest, including capitalized interest of \$-0- and \$94,476 for the years ended December 31, 2020 and 2019, respectively | \$ 303,831 | \$ 233,695 |

See Accompanying Notes to Financial Statements