

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

FINANCIAL STATEMENTS

**DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR
ENDED DECEMBER 31, 2022**

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, 2023, 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, 2023, 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 audit. 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. 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.

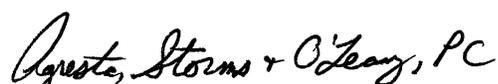
In performing an audit in accordance with GAAS, we:

- 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, 2022 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Indianapolis, Indiana
September 10, 2024

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF DECEMBER 31, 2022

	2023	2022
ASSETS		
Current assets:		
Cash	\$ 3,532,476	\$ 3,181,897
Accounts receivable, fees, net	2,793,821	1,275,008
Other receivables	61	601
Prepaid expenses	28,334	35,218
Total current assets	6,354,692	4,492,724
Property and equipment:		
Land and improvements	1,824,199	1,264,199
Buildings and improvements	20,034,032	20,071,114
Furnishings and equipment	1,812,294	1,749,626
Transportation equipment	757,366	728,374
	24,427,891	23,813,313
Less accumulated depreciation	7,728,344	7,089,522
	16,699,547	16,723,791
Construction in progress	7,006	6,000
Property and equipment, net	16,706,553	16,729,791
Total assets	\$ 23,061,245	\$ 21,222,515
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 97,469	\$ 60,456
Accrued expenses	850,585	799,202
Current portion of long-term debt	166,066	156,996
Total current liabilities	1,114,120	1,016,654
Long-term debt , net of current portion	4,140,593	4,311,095
Total liabilities	5,254,713	5,327,749
Net assets:		
Without donor restrictions	17,432,375	15,745,176
With donor restrictions	374,157	149,590
Total net assets	17,806,532	15,894,766
Total liabilities and net assets	\$ 23,061,245	\$ 21,222,515

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, 2023 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022

	Year Ended December 31, 2023			Year Ended December 31, 2022
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues and support:				
Fees	\$ 10,188,473	\$ -0-	\$ 10,188,473	\$ 7,439,491
Grant Income	618,530	347,545	966,075	783,820
Contributions	570,500	-0-	570,500	17,500
On-site development	516	-0-	516	-0-
Interest income	157,089	-0-	157,089	13,513
Other revenues	51,175	-0-	51,175	3,228
Total revenues and support	<u>11,586,283</u>	<u>347,545</u>	<u>11,933,828</u>	<u>8,257,552</u>
Net assets released from restrictions	<u>122,978</u>	<u>(122,978)</u>	<u>-0-</u>	<u>-0-</u>
Expenses:				
Program services	8,572,534	-0-	8,572,534	7,629,447
Supporting services	1,424,041	-0-	1,424,041	1,310,571
Total expenses	<u>9,996,575</u>	<u>-0-</u>	<u>9,996,575</u>	<u>8,940,018</u>
Net support and revenues	1,712,686	224,567	1,937,253	(682,466)
Gain (loss) on disposal of assets	<u>(25,487)</u>	<u>-0-</u>	<u>(25,487)</u>	<u>35,582</u>
Change in net assets	1,687,199	224,567	1,911,766	(646,884)
Net assets, beginning of year	<u>15,745,176</u>	<u>149,590</u>	<u>15,894,766</u>	<u>16,541,650</u>
Net assets, end of year	<u>\$ 17,432,375</u>	<u>\$ 374,157</u>	<u>\$ 17,806,532</u>	<u>\$ 15,894,766</u>

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022

	Year Ended December 31, 2023					Total
	Program Services					
	Group Home	Maintenance	Program Operations	Education	Religious Education	
Salaries	\$ 1,846,111	\$ 206,850	\$ 1,517,238	\$ 730,336	\$ 26,150	\$ 4,326,685
Employee benefits	497,584	72,599	412,175	204,972	-0-	1,187,330
Depreciation	447,032	24,405	31,046	204,272	7,064	713,819
Interest expense	266,475	-0-	-0-	-0-	-0-	266,475
Payroll taxes	135,565	17,177	111,583	55,597	-0-	319,922
Insurance	130,590	16,146	49,688	41,596	-0-	238,020
Repairs and maintenance	117,087	252,213	9,559	76,132	-0-	454,991
Food and entertainment	233,754	-0-	3,547	2,476	-0-	239,777
Utilities	64,838	59,763	-0-	46,785	-0-	171,386
Medical, psychiatrist, and therapist	12,999	-0-	49,423	-0-	-0-	62,422
Office and computer expenses	13,606	200	53,166	16,095	-0-	83,067
Staff recruitment and training	-0-	-0-	149,135	1,734	-0-	150,869
Telephone, cable and internet	36,015	4,291	12,467	5,225	-0-	57,998
Professional fees	-0-	-0-	-0-	-0-	-0-	-0-
Clothing and grooming	47,921	-0-	-0-	-0-	-0-	47,921
School and recreation	-0-	-0-	-0-	48,767	4,065	52,832
Household expenses	61,756	-0-	-0-	-0-	-0-	61,756
Public relations and marketing	-0-	-0-	-0-	-0-	-0-	-0-
Transportation and travel	38,816	-0-	17,823	-0-	-0-	56,639
Supplies	-0-	25,138	31,342	5,246	-0-	61,726
Allowance and wages	18,899	-0-	-0-	-0-	-0-	18,899
Dues	-0-	-0-	-0-	-0-	-0-	-0-
Miscellaneous	-0-	-0-	-0-	-0-	-0-	-0-
Total	\$ 3,969,048	\$ 678,782	\$ 2,448,192	\$ 1,439,233	\$ 37,279	\$ 8,572,534

See Accompanying Notes to Financial Statements

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022

	Year Ended December 31, 2023				Total Expenses	Year Ended December 31, 2022
	Supporting Services			Total		
	Administration	Fundraising	Public Relations			
Salaries	\$ 699,687	\$ -0-	\$ 66,868	\$ 766,555	\$ 5,093,240	\$ 4,541,854
Employee benefits	200,738	-0-	15,316	216,054	1,403,384	1,400,349
Depreciation	49,525	-0-	-0-	49,525	763,344	741,830
Interest expense	-0-	-0-	-0-	-0-	266,475	276,699
Payroll taxes	48,615	-0-	6,898	55,513	375,435	328,140
Insurance	14,181	-0-	2,817	16,998	255,018	272,624
Repairs and maintenance	17,189	-0-	360	17,549	472,540	289,147
Food and entertainment	-0-	-0-	1,678	1,678	241,455	195,296
Utilities	13,057	-0-	-0-	13,057	184,443	183,147
Medical, psychiatrist, and therapist	-0-	-0-	-0-	-0-	62,422	66,950
Office and computer expenses	74,587	-0-	2,828	77,415	160,482	130,986
Staff recruitment and training	2,178	-0-	445	2,623	153,492	93,223
Telephone, cable and internet	4,624	-0-	268	4,892	62,890	53,714
Professional fees	82,886	-0-	-0-	82,886	82,886	62,205
Clothing and grooming	-0-	-0-	-0-	-0-	47,921	40,906
School and recreation	-0-	-0-	-0-	-0-	52,832	40,934
Household expenses	-0-	-0-	-0-	-0-	61,756	46,533
Public relations and marketing	-0-	41,920	35,117	77,037	77,037	29,500
Transportation and travel	9,322	-0-	1,815	11,137	67,776	52,854
Supplies	-0-	-0-	-0-	-0-	61,726	33,916
Allowance and wages	-0-	-0-	-0-	-0-	18,899	31,206
Dues	20,980	-0-	-0-	20,980	20,980	21,054
Miscellaneous	10,142	-0-	-0-	10,142	10,142	6,951
Total	\$ 1,247,711	\$ 41,920	\$ 134,410	\$ 1,424,041	\$ 9,996,575	\$ 8,940,018

See Accompanying Notes to Financial Statements

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,911,766	\$ (646,884)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	763,344	741,830
(Gain) loss on disposal of assets	25,487	(35,582)
In-kind donated property and equipment	(560,000)	-0-
Changes in operating assets and liabilities:		
Accounts receivable, fees	(1,518,813)	40,506
Other receivables	540	2,020
Prepaid expenses	6,884	12,148
Accounts payable	37,013	12,507
Accrued expenses	51,383	(21,093)
Net cash provided by operating activities	717,604	105,452
Cash flows from investing activities:		
Purchase of property and equipment	(233,935)	(355,931)
Disposal costs for property and equipment	(40,647)	-0-
Proceeds from disposition of assets	68,989	53,000
Net cash used in investing activities	(205,593)	(302,931)
Cash flows from financing activities:		
Principal payments on long-term debt	(161,432)	(172,632)
Net cash used in financing activities	(161,432)	(172,632)
Net increase (decrease) in cash	350,579	(370,111)
Cash, beginning of year	3,181,897	3,552,008
Cash, end of year	\$ 3,532,476	\$ 3,181,897
Supplemental disclosure of cash flow information:		
Cash payments for interest	\$ 264,439	\$ 256,484

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Indiana United Methodist Children's Home, Inc. (an Indiana Non-for-Profit Corporation) (the Home or Organization) provides care, counseling and education for children who have emotional and behavioral problems. The children are placed in the Home by their state or county government or by their guardians. The Home is located in Lebanon, Indiana.

BASIS OF ACCOUNTING

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which the related liability is incurred.

FINANCIAL STATEMENT PRESENTATION

The financial statements are in conformity with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. This statement established standards for external financial reporting for not-for-profit organizations.

ASC 958 primarily affects the display of financial statements and requires that the amounts for each of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions – be displayed in an aggregate statement of financial position and the amounts of change in each of those classes be displayed in a statement of changes in net assets. The two part net asset accounts used include the following:

Net Assets Without Donor Restrictions – Funds that have not been restricted in any manner by the donors are referred to as net assets without donor restrictions and are available for general Organization purposes. At December 31, 2023 and 2022, the Organization had net assets without donor restrictions of \$17,432,375 and \$15,745,176, respectively.

Net Assets With Donor Restrictions – Funds received from donors or grantors who have specified as to the use of their gifts or grants for specific purposes. Net assets with donor restrictions are subject to donor-imposed restrictions that will be met by future obligations or are to be invested and maintained intact in perpetuity. At December 31, 2023 and 2022, the Organization had net assets with donor restrictions of \$374,157 and \$149,590, respectively.

DESCRIPTION OF PROGRAMS

Group Home – Direct costs of operating the six group homes on campus and the cost of care associated with youth that are housed, including labor and benefit costs of family teachers, assistant family teachers, and overnight family teachers.

Maintenance – Maintenance staff and supplies associated with maintaining all campus facilities and grounds.

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

Program Operations – Program director, human resources, residential supervisors, trainer/evaluator, therapists, case aide, and other labor and associated costs of maintaining the Teaching Family Model of Care in the group homes.

Education – Labor and associated costs of operating the James E. Davis School on campus.

On-Site Development – Costs associated with training other organizations on the Teaching Family Model.

Religious Education – Labor and associated costs with operating the religious education program.

REVENUE RECOGNITION

The Home's revenue that is accounted for as reciprocal exchange transactions consists of fees for care of children placed at the Home and on-site development.

Fees for care of children placed at the Home are billed to the referring organizations in the month following care at predetermined per diem rates on a per child per day basis as performance obligations are satisfied over time. On-site development revenue is billed to other organizations throughout the year as consulting services are rendered as performance obligations are satisfied at a point in time. There are no significant financing components as payment is generally received within 30 to 90 days after organizations are billed. The Home's revenue does not give rise to significant variable considerations.

CONTRIBUTIONS AND GRANTS

Contributions and grants received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. All donor-restricted contributions and grants are reported as increases in net assets with donor restrictions. When a 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 statement of activities as released from restrictions. However, if restrictions on contributions or grants are met in the same reporting period as the contribution or grant is received, the amounts are reported as net assets without donor restrictions.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include monies in banks and highly liquid investments with maturity dates of less than three months.

USE OF ESTIMATES IN PREPARATION OF THE FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates. Significant estimates made in the preparation of the financial statements include the allocation of costs among the Home's various programs in the statement of functional expenses, the depreciable lives of property and equipment, and accrued expenses.

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

PROPERTY AND EQUIPMENT

The Home capitalizes purchases at cost that have an estimated useful life of greater than one year. Donated property and equipment are stated at fair market value at the time of the donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis. Repairs and maintenance and small equipment purchases are expensed as incurred. Expenditures that significantly increase asset values or extend useful lives are capitalized. The following is a summary of estimated useful lives used.

Buildings	30-40 years
Building and land improvements	3-27.5 years
Furnishings and equipment	4-12 years
Transportation equipment	5-10 years

IMPAIRMENT OF LONG-LIVED ASSETS

The Home reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2023 and 2022.

IN-KIND DONATIONS

Donated materials are recorded at their estimated values at the date of donation. Donated services performed by individuals who are engaged in a business that normally provide that service for a profit have been recorded based on the amounts the business normally charges for that service. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and various committee assignments.

During the years ended December 31, 2023 and 2022, the Home recognized in-kind donations of \$560,000 and \$-0-, respectively, for donated land, which is included in contributions on the statement of activities and changes in net assets.

INCOME TAXES

The Organization is organized as a not-for-profit corporation and, accordingly, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, except for amounts representing unrelated business income. There was no unrelated business income for the years ended December 31, 2023 and 2022.

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

The Organization files income tax returns in the U.S. federal jurisdiction and Indiana. The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for the years before the year ended December 31, 2020. As of and for the year ended December 31, 2023, the tax authorities have not proposed any adjustments to the Organization that would result in a material change to the Organization's financial position. No interest or penalties have been recorded in these financial statements. GAAP requires an entity to recognize the financial statement impact of a tax benefit position when it is more likely than not that the position will not be sustained upon examination. The Organization does not believe it is taking any uncertain tax benefit positions.

CONTRIBUTIONS RECEIVABLE

Contributions receivable, including pledges and promises to give, are recognized at fair market value as revenues in the period in which there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional pledges are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. A provision for doubtful pledges receivable has not been established as management considers all accounts to be collectible.

ACCOUNTS RECEIVABLE

Accounts receivable for program service fees are reported at the amount the Organization expects to receive from child service agencies based on approved rates in place at the time the service is provided. The allowance for credit loss is based on a combination of identified accounts believed to be uncollectible and on a percentage of aged receivable, based on historical experience. The Organization has an allowance for credit loss of \$2,500 at December 31, 2023 and 2022.

FUNCTIONAL EXPENSES

The allocation of the costs of providing the Home's various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program services and supporting services based on management's estimates of resources devoted to these activities.

RECLASSIFICATIONS

Certain prior year amounts on the statement of activities and changes in net assets have been reclassified for consistency with current year presentation. These reclassifications had no effect on the changes in net assets.

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At December 31, 2023 and 2022, the Home's financial assets available for general expenditures within one year of the statement of financial position dates including the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,532,476	\$ 3,181,897
Accounts receivable, fees, net	2,793,821	1,275,008
Other receivables	<u>61</u>	<u>601</u>
Total financial assets	6,326,358	4,457,506
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>(374,157)</u>	<u>(149,590)</u>
Total financial assets available to management for general expenditures within one year	<u><u>\$ 5,952,201</u></u>	<u><u>\$ 4,307,916</u></u>

As part of the Organization'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. The Home also has a committed line of credit of \$1,000,000, which it could draw upon in the event of an unanticipated liquidity need. See Note 3.

3. LINE OF CREDIT

The Home has an established a line of credit of \$1,000,000 with a bank for short-term working capital needs, subject to renewal in April 2024, which was subsequently renewed. Interest is paid monthly at The Wall Street Journal US Prime Rate (8.50% at December 31, 2023). At December 31, 2023 and 2022, there were no outstanding borrowings against the line of credit.

4. LONG-TERM DEBT

The Home had entered into a \$6,000,000 construction loan for the purpose of constructing two new group homes on campus. The construction loan called for monthly interest only payments on any outstanding borrowings at *The Wall Street Journal's* Prime Rate through November 2019. During November 2019, the loan converted to a term loan with estimated monthly payments of \$35,489, including interest at 6.00% through maturity with an estimated balloon payment of \$3,203,351 due in November 2029. The outstanding balance on this loan at December 31, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Long-term debt	\$ 4,306,659	\$ 4,468,091
Current portion	<u>(166,066)</u>	<u>(156,996)</u>
	<u><u>\$ 4,140,593</u></u>	<u><u>\$ 4,311,095</u></u>

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

The annual maturities on long-term debt at December 31, 2023 are as follows:

<u>Years ending December 31,</u>	
2024	\$ 166,066
2025	177,206
2026	188,292
2027	200,071
2028	211,964
Thereafter	<u>3,363,060</u>
	<u>\$ 4,306,659</u>

5. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available as of December 31, 2023 and 2022 for the following purposes:

	<u>2023</u>	<u>2022</u>
Board training	\$ 2,178	\$ 2,178
Infant simulators	19,941	-0-
School grant	36,035	-0-
Lilly grant	246,106	-0-
Transportation equipment	69,897	132,412
Sensory chairs	<u>-0-</u>	<u>15,000</u>
Total net assets with donor restrictions	<u>\$ 374,157</u>	<u>\$ 149,590</u>

6. CONCENTRATION OF CREDIT RISK

The Organization's operating checking account may, in its normal course of business, exceed the limits of insurance imposed by the Federal Deposit Insurance Corporation (FDIC) for single accounts in a bank. In case of bank failure, any uninsured funds might be lost.

The Organization received a significant portion of its revenues from contracts with the State of Indiana Department of Child Services (IN DCS). A reduction in the amount of revenue provided by the State of Indiana Department of Child Services, should this occur, would have a significant impact on the Organization's ability to carry out its activities at current levels. For the years ended December 31, 2023 and 2022, IN DCS accounted for approximately 86% and 90%, respectively, of the Organization's total revenue and support. As of December 31, 2023 and 2022, IN DCS also accounted for 100% of the Organization's accounts receivable fees.

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

7. RETIREMENT PLAN

The Organization has a 403(b) retirement plan. The plan covers all employees meeting certain eligibility requirements. Employees voluntarily make contributions to the plan based upon limits established under the Internal Revenue Code. In addition, the Organization contributes up to 8% of employee-eligible compensation in matching contributions for employees who participate in the plan. During the years ended December 31, 2023 and 2022, the Organization's contributions to the plan were \$203,800 and \$219,731, respectively. These amounts are included in employee benefits on the statements of functional expenses.

8. SELF-INSURED HEALTH INSURANCE PLAN

The Organization has purchased specific and aggregate levels of reinsurance with an insurance provider. The specific stop limit as of December 31, 2023 and 2022 was \$60,000 per individual. The Organization's policy includes a minimum annual aggregate deductible amount of \$1,031,880 and \$1,152,758 for the policy period ending during the years ended December 31, 2023 and 2022, respectively. This plan is administered by a third party. During the years ended December 31, 2023 and 2022, total expense incurred related to the plan was \$1,176,395 and \$1,160,594, respectively. These amounts are included in employee benefits on the statement of functional expenses. The Organization also has a fully insured transplant policy with a limit of \$1,000,000 per individual. In addition, the Organization has an estimated liability for claims incurred but not reported of \$67,957 and \$58,148 as of December 31, 2023 and 2022, respectively, included in accrued expenses on the statement of financial position.

9. RELATED-PARTY TRANSACTIONS

Indiana United Methodist Children's Home Foundation Inc. (the Foundation) was formed in 2015 for the purpose of holding and managing investment and endowment funds for the continued support of the charitable, educational and other exempt purposes of the Home. Effective January 1, 2016, all investments and endowment funds of the Home were transferred to the Foundation. According to the bylaws of the Foundation, the majority of the Foundation's directors shall be appointed by the Board of Trustees of the Home. In addition, all resources of the Foundation are held for the benefit of the Home.

INDIANA UNITED METHODIST CHILDREN'S HOME, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

Summarized financial information of the Foundation as of and for the years ended December 31, 2023 and December 31, 2022 (audited by other accountants) is as follows:

	<u>2023</u>	<u>2022</u>
Total assets	\$ 69,789,232	\$ 61,841,938
Total liabilities	<u>1,565,848</u>	<u>1,522,572</u>
Net assets	<u>\$ 68,223,384</u>	<u>\$ 60,319,366</u>
Total contributions and other income	\$ 1,326,851	\$ 2,014,655
Net gain (loss) on investments	8,409,789	(11,653,980)
Total expenses	<u>(1,832,622)</u>	<u>(1,522,835)</u>
Change in net assets	<u>\$ 7,904,018</u>	<u>\$ (11,162,160)</u>

During the years ended December 31, 2023 and 2022, the Home recognized \$688,657 and \$783,820 in grant income from the Foundation, respectively, for certain capital expenditures, public relations salaries, and general support of the Home's activities. The Home also recognized \$560,000 of in-kind donations from the Foundation for land during the year ended December 31, 2023.

10. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through September 10, 2024, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure in the financial statements.