



Indiana United Methodist
Children's Home Foundation, Inc.
Hope Has A Home in Lebanon, IN.

**INDIANA UNITED METHODIST CHILDREN'S
HOME FOUNDATION, INC. AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2024 and 2023

INDIANA UNITED METHODIST CHILDREN'S HOME FOUNDATION, INC. AND SUBSIDIARY

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Independent Auditor's Report

Board of Directors
Indiana United Methodist Children's Home Foundation, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Indiana United Methodist Children's Home Foundation, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Indiana United Methodist Children's Home Foundation, Inc. and Subsidiary as of December 31, 2024 and 2023, and the changes in their net assets and their 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Indiana United Methodist Children's Home Foundation, Inc. and Subsidiary 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Foundation, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 Foundation, Inc. and Subsidiary'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 consolidated 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 Foundation, Inc. and Subsidiary'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

Indianapolis, Indiana
June 17, 2025

**INDIANA UNITED METHODIST CHILDREN'S HOME
FOUNDATION, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023**

ASSETS

	2024	2023
ASSETS		
Cash and equivalents	\$ 1,347,316	\$ 538,942
Receivables	76,206	67,476
Investments and cash held for investments	73,470,653	67,987,359
Split interest agreements held by others	163,429	116,525
Property and equipment, net	14,122	1,001,277
Operating lease right-of-use assets	54,745	77,653
	<u>\$ 75,126,471</u>	<u>\$ 69,789,232</u>
TOTAL ASSETS	<u>\$ 75,126,471</u>	<u>\$ 69,789,232</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accrued expenses		\$ 3,895
Split interest agreements	\$ 25,984	18,977
Line of credit borrowings		1,461,576
Operating lease liability	58,055	81,400
Total Liabilities	<u>84,039</u>	<u>1,565,848</u>
NET ASSETS		
Net assets without donor restrictions	<u>71,873,999</u>	<u>65,617,505</u>
Net assets with donor restrictions:		
Held in endowment	2,747,419	2,504,970
Purpose and time restrictions	421,014	100,909
Total Net Assets With Donor Restrictions	<u>3,168,433</u>	<u>2,605,879</u>
Total Net Assets	<u>75,042,432</u>	<u>68,223,384</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 75,126,471</u>	<u>\$ 69,789,232</u>

See accompanying notes.

**INDIANA UNITED METHODIST CHILDREN'S HOME
FOUNDATION, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES
Year Ended December 31, 2024 and 2023**

	2024			2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS AND SUPPORT						
Contributions and grants	\$ 556,331	\$ 671,653	\$ 1,227,984	\$ 1,004,475	\$ 163,005	\$ 1,167,480
Contributed nonfinancial assets	64,545		64,545	159,371		159,371
Investment return	<u>7,546,586</u>	<u>284,979</u>	<u>7,831,565</u>	<u>8,099,326</u>	<u>310,463</u>	<u>8,409,789</u>
	8,167,462	956,632	9,124,094	9,263,172	473,468	9,736,640
Net assets released from restrictions	<u>394,078</u>	<u>(394,078)</u>	<u>95,158</u>	<u>(95,158)</u>		
Total Revenue, Gains and Support	<u>8,561,540</u>	<u>562,554</u>	<u>9,124,094</u>	<u>9,358,330</u>	<u>378,310</u>	<u>9,736,640</u>
EXPENSES						
Program services	1,801,484		1,801,484	1,324,812		1,324,812
Management and general	175,502		175,502	208,261		208,261
Fundraising	<u>328,060</u>		<u>328,060</u>	<u>299,549</u>		<u>299,549</u>
Total Expenses	<u>2,305,046</u>		<u>2,305,046</u>	<u>1,832,622</u>		<u>1,832,622</u>
INCREASE IN NET ASSETS	6,256,494	562,554	6,819,048	7,525,708	378,310	7,904,018
NET ASSETS						
Beginning of Year	<u>65,617,505</u>	<u>2,605,879</u>	<u>68,223,384</u>	<u>58,091,797</u>	<u>2,227,569</u>	<u>60,319,366</u>
End of Year	<u>\$ 71,873,999</u>	<u>\$ 3,168,433</u>	<u>\$ 75,042,432</u>	<u>\$ 65,617,505</u>	<u>\$ 2,605,879</u>	<u>\$ 68,223,384</u>

See accompanying notes.

**INDIANA UNITED METHODIST CHILDREN'S HOME
FOUNDATION, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024**

	Program	Management and General	Fundraising	Total
Grants and supporting services	\$ 614,846			\$ 614,846
Salaries	54,315	\$ 71,550	\$ 216,301	342,166
Payroll taxes and benefits	7,739	10,194	30,817	48,750
Insurance	37,125			37,125
Office and other expense	23,124	23,508	13,754	60,386
Rent	4,019	5,293	16,003	25,315
Professional and consulting fees	71,503	52,269		123,772
Depreciation expense	6,253			6,253
Advertising			51,185	51,185
Interest expense		12,688		12,688
Land and land improvements contributed to the Home	982,560			982,560
TOTAL EXPENSES BY FUNCTION	<u><u>\$ 1,801,484</u></u>	<u><u>\$ 175,502</u></u>	<u><u>\$ 328,060</u></u>	<u><u>\$ 2,305,046</u></u>

See accompanying notes.

**INDIANA UNITED METHODIST CHILDREN'S HOME
FOUNDATION, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	Program	Management and General	Fundraising	Total
Grants and supporting services	\$ 713,023			\$ 713,023
Salaries	51,654	\$ 67,857	\$ 206,252	325,763
Payroll taxes and benefits	6,395	8,402	25,537	40,334
Insurance	34,787			34,787
Office and other expense	20,475	4,333	8,832	33,640
Rent	3,906	8,878	15,596	28,380
Professional and consulting fees	121,439	73,906		195,345
Depreciation expense	6,560			6,560
Advertising			43,332	43,332
Interest expense		44,885		44,885
Land and land improvements contributed to the Home	<u>366,573</u>			<u>366,573</u>
TOTAL EXPENSES BY FUNCTION	<u><u>\$1,324,812</u></u>	<u><u>\$ 208,261</u></u>	<u><u>\$ 299,549</u></u>	<u><u>\$ 1,832,622</u></u>

See accompanying notes.

**INDIANA UNITED METHODIST CHILDREN'S HOME
FOUNDATION, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
Year Ended December 31, 2024 and 2023**

	2024	2023
OPERATING ACTIVITIES		
Increase in net assets	\$ 6,819,048	\$ 7,904,018
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Contributed land to Camp Street Properties		(100,000)
Land and land improvements contributed to the Home	982,560	366,573
Depreciation of property and equipment	6,253	6,560
Net realized and unrealized (gains) losses	(6,675,662)	(7,297,499)
Non-cash interest expense		44,885
Change in certain operating assets and liabilities:		
Receivables	(8,730)	(6,932)
Split interest agreements held by others	(46,904)	(50,000)
Operating right-of-use assets and lease liabilities	(437)	174
Accrued expenses	(3,895)	163
Split interest agreements	7,007	1,710
Net Cash Provided by Operating Activities	1,079,240	869,652
INVESTING ACTIVITIES		
Purchases of property and equipment	(1,658)	(2,180)
Purchases of investments	(13,257,108)	(38,428,161)
Proceeds from sales of investments	14,601,782	37,507,473
Net Cash Provided (Used) by Investing Activities	1,343,016	(922,868)
FINANCING ACTIVITIES		
Borrowings on line of credit	22,980	19,100
Payments on line of credit	(1,484,556)	
Net Cash Provided (Used) by Financing Activities	(1,461,576)	19,100
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	960,680	(34,116)
CASH AND EQUIVALENTS		
Beginning of Year	1,843,204	1,877,320
End of Year	\$ 2,803,884	\$ 1,843,204
CASH AND EQUIVALENTS		
Cash and equivalents	\$ 1,347,316	\$ 538,942
Cash equivalents included in investments and cash held for investment	1,456,568	1,304,262
TOTAL CASH AND EQUIVALENTS	\$ 2,803,884	\$ 1,843,204
SUPPLEMENTAL DISCLOSURES		
Noncash investing and financing activities:		
Property and equipment acquired with line of credit borrowings		\$ 76,715
Contributed land to Camp Street Properties		100,000
Donated property to Indiana Methodist Children's Home	\$ 982,560	366,573
Cash paid for amounts included in the measurement of operating lease liabilities	24,287	23,676

See accompanying notes.

**INDIANA UNITED METHODIST CHILDREN'S
HOME FOUNDATION, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Indiana United Methodist Children's Home Foundation, Inc. (the Foundation) is an Indiana non-profit corporation that is exempt from federal taxation through Section 501(c)(3) of the Internal Revenue Code (IRC), which was formed in 2015. The Foundation was formed 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 Indiana United Methodist Children's Home (the Home). The Foundation financially supports the Home's campus in Lebanon, Indiana. The Foundation also helps troubled Indiana youths become healthy and self-sufficient adults.

Principles of Consolidation: The accompanying consolidated financial statements include the accounts and transactions of Indiana United Methodist Children's Home Foundation, Inc. and its wholly-owned subsidiary, Camp Street Properties, LLC (Camp Street) (together, the Organization). In 2021, Camp Street was formed for the purposes of acquiring various properties that surround the Home to provide future opportunities for expansion or various uses of the properties. All material intra-entity balances and transactions have been eliminated in the consolidated financial statements.

Basis of Presentation: The consolidated 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.
- **Net Assets With Donor Restrictions** are subject to stipulations imposed by donors. Some of the Foundation's donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated 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. Gifts associated with the acquisition of long-lived assets are released from restriction when the assets are placed in service. Camp Street has no net assets with donor restrictions at December 31, 2024 and 2023.

Estimates: The preparation of consolidated 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 the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash and Equivalents consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Valuation and Income Recognition: Investments are initially recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are stated at fair value. See Note 3 for discussion of fair value measurements.

Investment return reported in the consolidated statements of activities consists of interest and dividend income and realized and unrealized capital gains and losses, net of external and direct internal investment expenses. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method.

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. The Foundation provides for depreciation using the straight-line method at a rate designed to depreciate the costs of assets over the lesser of the estimated useful lives or related lease term. Furniture and equipment have useful lives ranging from 5-7 years.

Leases: The Foundation determines if an arrangement is a lease at inception. The Foundation recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding obligation to make lease payments. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The present value is calculated using the rate implicit in the lease. If the rate is not readily determinable from the lease, the Foundation uses a risk-free rate of a period comparable with that of the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. Variable lease expenses are recorded when incurred. The Foundation does not recognize an asset and liability for leases with a term of 12 months or less. The Foundation does not separate lease and non-lease components.

Long-lived Assets, including the Organization's property and equipment and right-of-use assets, 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 long-lived assets were required in 2024 and 2023.

Gift Annuity Payment Liability: Assets contributed under gift annuity agreements, which require payment of distributions to the donor or other designated beneficiaries over their lifetimes, are recognized at fair value upon execution of the agreements. Such assets are available for use by the Foundation upon receipt; and therefore, are not included in assets held under split-interest agreements on the consolidated statements of financial position. The corresponding liability for future payments is recognized in liabilities under split-interest agreements and is calculated as the present value of the estimated future cash flows to be distributed to the beneficiaries of their expected lives. The Foundation has determined such liability using the payments terms of the respective agreements, single or joint life expectancies from the IRS Publication 1457, and the risk-adjusted rates applicable in the years in which the agreements were executed. The difference between the assets contributed and the liability is recognized as a contribution without donor restrictions at the date of the gift, unless the donor provides a restriction. Changes in the valuation of the gift annuity payment liability are recognized as changes in value of split-interest agreements.

Contributions and Grants are recognized as support 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets: Contributions of services are recorded at estimated fair value when received if they create or enhance a nonfinancial asset or if such services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Other contributions of nonfinancial assets are recorded at estimated fair value when received. See Note 12.

Advertising Costs are expensed as incurred and totaled \$51,185 and \$43,332 in 2024 and 2023, respectively.

Functional Allocation of Expenses: The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Directly identifiable expenses are charged to the specific program or supporting service benefited. Expenses related to more than one function are allocated among program and support services based on time spent by Organization staff (including, salaries, payroll taxes and benefits, office, and rent expense). 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.

Income Taxes: The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded from the IRC. As a limited liability company, the taxable income or loss of Camp Street is allocated to its member. The wholly-owned LLC is treated as disregarded entity for income tax purposes. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements. There was no unrelated business income tax for 2024 and 2023.

The Foundation files U.S. federal and Indiana information tax returns. The Foundation is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2021. Management believes that the Foundation’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 consolidated financial statements for subsequent events occurring through June 17, 2025, the date the consolidated financial statements were available to be issued.

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY

The Organization’s financial assets available for general expenditure within one year of December 31, 2024 and 2023 were as follows:

	2024	2023
Cash and equivalents	\$ 1,347,316	\$ 538,842
Investments and cash held for investments	73,470,653	67,987,359
Split interest agreements held by others	163,429	116,525
Receivables	<u>76,206</u>	<u>67,476</u>
Total Financial Assets	<u>75,057,604</u>	<u>68,710,202</u>
Donor-imposed Restrictions:		
Funds subject to purpose and time restrictions	\$ (421,014)	\$ (100,909)
Endowments	<u>(2,747,719)</u>	<u>(2,504,970)</u>
	<u>(3,168,433)</u>	<u>(2,605,879)</u>
 Total Financial Assets Available Within One Year	 <u>\$71,889,171</u>	 <u>\$66,104,323</u>

NOTE 2 - AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

The Foundation's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure, except for one donor-restricted endowment that allows for 50% of the investment income to be transferred to general operations.

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in short-term investments, including money market fund shares.

NOTE 3 - 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.

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 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 methodologies used by the Organization for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Mutual Fund Shares and Money Market Fund Shares: Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

Common Stocks and Exchange-traded Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds and Government Securities: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Split Interest Agreements Held by Others: Valued at the present value of future cash flows considering the estimated return on the invested assets during the expected term of the agreement, the contractual payment obligations under the agreement, and a discount rate commensurate with the rates involved.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Foundation's assets that are measured at fair value on a recurring basis as of December 31, 2024 and 2023:

2024	Level 1	Level 2	Total	Measured at NAV
Assets				
Cash Equivalents:				
Money market fund shares	<u>\$ 1,343,368</u>		<u>\$ 1,343,368</u>	
Investments and cash held for investments:				
Mutual fund shares	26,489,123		26,489,123	
Common stocks	25,160,762		25,160,762	
Exchange-traded funds	9,676,147		9,676,147	
Corporate bonds		\$6,480,134	6,480,134	
Alternatives				\$4,207,919
Money market fund shares	<u>1,456,568</u>		<u>1,456,568</u>	
Total Investments and Cash Held for Investment	<u>64,125,945</u>	<u>6,480,134</u>	<u>70,606,102</u>	
Split Interest Agreements Held by Others	<u>163,429</u>		<u>163,429</u>	
Total Assets at Fair Value	<u>\$64,289,374</u>	<u>\$6,480,134</u>	<u>\$70,769,531</u>	<u>\$4,207,919</u>
2023	Level 1	Level 2	Total	Measured at NAV
Assets				
Cash Equivalents:				
Money market fund shares	<u>\$ 535,058</u>		<u>\$ 535,058</u>	
Investments and cash held for investments:				
Mutual fund shares	968,210		968,210	
Common stocks	22,690,554		22,690,554	
Exchange-traded funds	32,611,069		32,611,069	
Corporate bonds		\$6,230,285	6,230,285	
Government securities		164,592	164,592	
Alternatives				\$4,018,387
Money market fund shares	<u>1,304,262</u>		<u>1,304,262</u>	
Total Investments and Cash Held for Investment	<u>58,109,153</u>	<u>6,394,877</u>	<u>64,504,030</u>	
Split Interest Agreements Held by Others	<u>116,525</u>		<u>116,525</u>	
Total Assets at Fair Value	<u>\$58,225,678</u>	<u>\$6,394,887</u>	<u>\$64,620,555</u>	<u>\$4,018,387</u>

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value of Investments that Calculate Net Asset Value

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2024 and 2023:

Investment	2024 Fair Value	2023 Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private Equity Fund (a) Real Estate	\$ 963,913	\$ 566,190	None	Quarterly	Tender offer
Investment Trust (b) Real Estate	590,480	992,053	None	Monthly	One day
Investment Trust (c)	148,456	436,539	None	Monthly	One day
Private Equity Fund (d)	<u>2,505,070</u>	<u>2,023,605</u>	None	Quarterly	Illiquid
Total	<u>\$4,207,919</u>	<u>\$4,018,387</u>			

- (a) The portfolio engages primarily in investments that provide long-term capital appreciation by investing in a diversified portfolio consisting of direct investments in equity or debt; primary and secondary investments in private equity; and listed private equity vehicles.
- (b) The portfolio engages primarily in stabilized income-oriented commercial real estate in the United States.
- (c) The portfolio seeks to provide investors with income (in the form of regular, stable cash distributions), wealth preservation, capital appreciation, and an investment alternative with lower volatility than publicly traded real estate investment trusts.
- (d) The private equity fund seeks to provide risk-adjusted returns achieving medium-to-long-term capital appreciation through joint ventures. The joint venture focus on acquiring geographically diversified portfolio companies that operate primarily in business lines that are crucial to the global economy including: business & financial services; consumer & retail; impact; industrials; and technology, media & telecommunications.

NOTE 4 - INVESTMENTS

A comparison of the cost and fair value of investments and cash held for investments as of December 31, 2024 and 2023 is as follows:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Fixed income securities	\$17,521,635	\$16,673,308	\$17,057,495	\$16,262,247
Mutual funds and common stocks	40,432,370	51,132,859	40,444,114	46,402,463
Alternatives	3,996,216	4,207,919	4,016,270	4,018,387
Money market funds	<u>1,456,567</u>	<u>1,456,567</u>	<u>1,304,262</u>	<u>1,304,262</u>
Total Investments and Cash Held for Investments	<u>\$63,406,788</u>	<u>\$73,470,653</u>	<u>\$62,822,141</u>	<u>\$67,987,359</u>

NOTE 4 - INVESTMENTS (CONTINUED)

The Foundation's investment return consisted of the following for 2024 and 2023:

	2024	2023
Interest and dividends	\$1,517,473	\$1,429,764
Realized and unrealized gains (losses)	6,675,662	7,297,499
Investment advisor expenses	<u>(361,570)</u>	<u>(317,474)</u>
Total Investment Return, net	<u>\$7,831,565</u>	<u>\$8,409,789</u>

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements. The Foundation does not intend to sell, and more likely than not will not be required to sell, any securities in an unrealized loss position before recovery of the amortized cost basis. Unrealized losses on debt securities were primarily caused by interest rate increases. None of the contractual terms of the debt securities allow for the settlement at a price less than the amortized cost bases of the investments. Additionally, U.S. government securities are not impacted by changes in credit quality given the explicit or implicit guarantees provided by the U.S. government. While unrealized losses on corporate bonds may have been partially caused by changes in credit quality, the Foundation does not expect these investments to be settled at prices less than amortized cost.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2024 and 2023:

	2024	2023
Land		\$ 982,560
Furniture and equipment	<u>\$ 48,002</u>	<u>46,344</u>
	48,002	1,028,904
Less: Accumulated depreciation	<u>(33,880)</u>	<u>(27,627)</u>
Total Property and Equipment, net	<u>\$ 14,122</u>	<u>\$1,001,277</u>

NOTE 6 - SPLIT INTEREST AGREEMENTS

The Foundation administers various charitable gift annuities. The Foundation recognized \$50,000 and \$50,000 in 2024 and 2023, respectively, of contributions related to executed agreements. At December 31, 2024 and 2023, the Foundation has a liability payable to beneficiaries under these agreements of \$25,984 and \$18,977, respectively. The liability payable to the beneficiaries was determined using historical discount rates ranging from 1.20% to 5.40%. The Foundation recognized a change in value of the liability payable to beneficiaries of \$3,926 and \$1,197 in 2024 and 2023, respectively, due to changes in life expectancies of the designated beneficiaries and the amortization of the discount.

NOTE 7 - ENDOWMENT

The Foundation's endowment consists of five individual funds established by donors to provide annual funding for specific scholarships and other related purposes.

Interpretation of Relevant Law

The Foundation is subject to the Indiana Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions, because those assets are time restricted until the Board of Directors appropriates such amounts for expenditure.

NOTE 7 - ENDOWMENT (CONTINUED)

Most of those assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. The Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The endowment net asset composition by type of fund consisted of the following as of December 31, 2024 and 2023:

2024	With Donor Restrictions	Total
Donor-restricted Endowment Funds:		
Original gifts and amounts required to be maintained in perpetuity by donors	\$ 845,021	\$ 845,021
Accumulated investment gains	<u>1,902,398</u>	<u>1,902,398</u>
Total Endowment Funds	<u>\$2,747,419</u>	<u>\$2,747,419</u>
2023	With Donor Restrictions	Total
Donor-restricted Endowment Funds:		
Original gifts and amounts required to be maintained in perpetuity by donors	\$ 845,021	\$ 845,021
Accumulated investment gains	<u>1,659,949</u>	<u>1,659,949</u>
Total Endowment Funds	<u>\$2,504,970</u>	<u>\$2,504,970</u>

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of gifts donated to the donor-restricted endowment or the level that the donors otherwise require the Foundation to retain as a fund of perpetual duration. There were no underwater endowment funds at December 31, 2024 and 2023.

NOTE 7 - ENDOWMENT (CONTINUED)

Investment and Spending Policies

The Foundation has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Foundation uses an endowment to provide a predictable flow of unrestricted money that can be used at the discretion of the Board of Directors of the Foundation to fund grant requests submitted by the Home for operations, capital needs, and other projects consistent with the Home's mission. The Foundation intends for the endowment fund to provide security and stability to the services that the Home provides to troubled minors. In establishing this policy, the Board of Directors considered the long-term expected return on the endowment and the needs of the Home.

Activity in the endowment by net asset class for 2024 and 2023 is summarized as follows:

	With Donor Restrictions	Total
Endowment at December 31, 2022	\$2,131,552	\$2,131,552
Contributions	89,511	89,511
Investment return	286,907	286,907
Appropriations for expenditure	<u>(3,000)</u>	<u>(3,000)</u>
Endowment at December 31, 2023	2,504,970	2,504,970
Contributions	12,582	12,582
Investment return	266,623	266,623
Appropriations for expenditure	<u>(36,756)</u>	<u>(36,756)</u>
Endowment at December 31, 2024	<u>\$2,747,419</u>	<u>\$2,747,419</u>

NOTE 8 - DEBT AND CREDIT ARRANGEMENTS

Camp Street had a bank line of credit for borrowings up to \$1,500,000, which was repaid in full upon maturity in April 2024 and not renewed. As of December 31, 2023, there were borrowings of \$1,461,576, which included principal and accrued interest. Interest on outstanding borrowings was payable monthly at an interest rate of 3.1%. The line of credit was secured by the related fixed assets.

In June 2024, the Foundation entered into a loan management account agreement for borrowings up to \$10,000,000. Advances under the agreement are due on demand and bear interest at a fixed or variable rate of the Bloomberg Short-Term Bank Yield Index, plus an applicable margin, which is determined at the time of advance, as defined. As of December 31, 2024, there were no outstanding borrowings. The line of credit is secured by substantially all the Foundation's investments.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2024 and 2023:

	2024	2023
Purpose Restricted:		
Purpose restricted:		
Hoffman Scholarship Fund	\$ 57,360	\$ 52,202
Sound System	14,071	14,071
Promises to give - donor restricted	48,448	30,699
Independence project	268,223	
Other	<u>32,912</u>	<u>3,937</u>
	<u>421,014</u>	<u>100,909</u>
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Endowment earnings	1,902,398	1,659,949
Peters Scholarship Fund	493,652	493,652
Pulliam Scholarship Fund	145,251	145,251
Thompson Scholarship Fund	102,266	102,266
Ben Lilly Fund	89,511	89,511
Lemon Fund	<u>14,341</u>	<u>14,341</u>
Total Endowment	<u>2,747,419</u>	<u>2,504,970</u>
Total Net Assets With Donor Restrictions	<u>\$3,168,433</u>	<u>\$2,605,879</u>

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 2024 and 2023:

	2024	2023
Pulliam Scholarship Fund	\$ 13,552	\$ 3,000
Hoffman Scholarship Fund	8,842	3,744
Sound System		10,000
Other	16,301	55,976
Independence project	237,027	
Utilities relocation project	100,000	
Thompson Fund Earnings Transferred to Operating Fund	<u>18,356</u>	<u>22,438</u>
Total Net Assets Released from Restrictions	<u>\$394,078</u>	<u>\$95,158</u>

NOTE 10 - LEASE COMMITMENTS

The Foundation entered into a long-term operating lease for office space through April 2027. The lease includes one five-year renewal option. Rental expense each year under the lease is based on the total lease commitment, recognized on a straight-line basis over the term of the related lease. Total operating lease costs for 2024 and 2023 were \$25,315 and \$28,380, respectively.

The following summarizes the weighted-average remaining lease term and weighted-average discount rate at December 31, 2024 and 2023:

	2024	2023
Weighted-average remaining lease term:		
Operating leases	2.25 years	3.25 years
Weighted-average discount rate:		
Operating leases	1.37%	1.37%

NOTE 10 - LEASE COMMITMENTS (CONTINUED)

The future minimum lease payments under noncancelable operating leases with terms greater than one year were as follows at December 31, 2024:

Payable In	Operating Leases
2025	\$24,898
2026	25,509
2027	<u>8,555</u>
Total future undiscounted lease payments	58,962
Less: Interest	<u>(907)</u>
Total Lease Liabilities	<u>\$58,055</u>

NOTE 11 - EMPLOYEE BENEFITS

The Foundation also sponsors a savings incentive match IRA plan for all of its qualified employees. All plan participants are permitted to make salary reduction contributions to the Plan. The Foundation offers up to a 3% company match conditional on the employee contributing to the Plan. The Foundation may reduce the 3% limit if the limit is not reduced below 1% and the employee is notified. The Foundation made matching contributions to the Plan of \$38,557 in 2024 and \$10,427 in 2023.

NOTE 12 - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, 2024 and 2023, contributed nonfinancial assets recognized in the consolidated statements of activities consisted of supplies for the benefit of the Home and land totaling \$64,545 in 2024 and \$159,371 in 2023. Contributed supplies were used in administering program and administration expenses. Contributed land and property received in 2023 was contributed to the Home in 2024. Contributed nonfinancial assets did not have donor-imposed restrictions. In valuing supplies, the Foundation estimated the fair value based on estimates of wholesale prices for selling similar products in the local market. In valuing the contributed land and property, which is located in Lebanon, Indiana, the Organization estimated the fair value based on a recent comparable appraisal adjusted for market appreciation.

NOTE 13 - RELATED PARTY TRANSACTIONS

The Foundation provides contributions to the Home for certain programs and scholarships. The Foundation granted \$637,804 and \$798,674 during 2024 and 2023, respectively, to the Home for various scholarships and grants. Camp Street transferred \$882,560 of land and improvements to the Home during 2024 for the benefit of the Home to assist in the Home in achieving it's strategic initiative.

The Board of Directors also provided \$7,535 and \$7,155 in gifts to the Foundation in 2024 and 2023, respectively.

NOTE 14 - CONCENTRATION

Approximately 38% of all total revenues, gains and other support was received from one donor in 2024. There were no donor concentrations in 2023.

CONSOLIDATING INFORMATION

*Independent Auditor's Report
on Consolidating Information*

Board of Directors
Indiana United Methodist Children's Home Foundation, Inc.

We have audited the consolidated financial statements of Indiana United Methodist Children's Home Foundation, Inc. and Subsidiary as of and for the years ended December 31, 2024 and 2023, and our report thereon dated June 17, 2025, which contained an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating schedules of statement of financial position information and statement of activities information are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
June 17, 2025

**INDIANA UNITED METHODIST CHILDREN'S HOME
FOUNDATION, INC. AND SUBSIDIARY**

**CONSOLIDATING SCHEDULE - STATEMENT OF
FINANCIAL POSITION INFORMATION
December 31, 2024**

ASSETS

	Foundation	Camp Street	Consolidated
ASSETS			
Cash and equivalents	\$ 1,343,368	\$ 3,948	\$ 1,347,316
Receivables	76,206		76,206
Investments and cash held for investments	73,470,653		73,470,653
Split interest agreements held by others	163,429		163,429
Property and equipment, net	14,122		14,122
Operating lease right-of-use assets	54,745		54,745
	<u>\$ 75,122,523</u>	<u>\$ 3,948</u>	<u>\$ 75,126,471</u>
TOTAL ASSETS	<u>\$ 75,122,523</u>	<u>\$ 3,948</u>	<u>\$ 75,126,471</u>

LIABILITIES AND NET ASSETS

LIABILITIES			
Split interest agreements	\$ 25,984		\$ 25,984
Operating lease liability	58,055		58,055
Total Liabilities	<u>84,039</u>		<u>84,039</u>
NET ASSETS			
Net assets without donor restrictions	71,870,051	\$ 3,948	71,873,999
Net assets with donor restrictions:			
Held in endowment	2,747,419		2,747,419
Purpose restrictions	421,014		421,014
Total Net Assets With Donor Restrictions	<u>3,168,433</u>		<u>3,168,433</u>
Total Net Assets	<u>75,038,484</u>	<u>3,948</u>	<u>75,042,432</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 75,122,523</u>	<u>\$ 3,948</u>	<u>\$ 75,126,471</u>

**INDIANA UNITED METHODIST CHILDREN'S HOME
FOUNDATION, INC. AND SUBSIDIARY**

**CONSOLIDATING SCHEDULE - STATEMENT OF
FINANCIAL POSITION INFORMATION
December 31, 2023**

	Foundation	Camp Street	Consolidated
ASSETS			
Cash	\$ 535,058	\$ 3,884	\$ 538,942
Receivables	67,476		67,476
Investments	67,987,359		67,987,359
Split interest agreements held by others	116,525		116,525
Property and equipment, net	18,717	982,560	1,001,277
Operating lease right-of-use assets	<u>77,653</u>		<u>77,653</u>
TOTAL ASSETS	<u><u>\$ 68,802,788</u></u>	<u><u>\$ 986,444</u></u>	<u><u>\$ 69,789,232</u></u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accrued expenses		\$ 3,895	\$ 3,895
Split interest agreements	\$ 18,977		18,977
Line of credit borrowings		1,461,576	1,461,576
Operating lease liability	81,400		81,400
Total Liabilities	<u>100,377</u>	<u>1,465,471</u>	<u>1,565,848</u>
NET ASSETS			
Without donor restrictions	<u>66,096,532</u>	<u>(479,027)</u>	<u>65,617,505</u>
Net assets with donor restrictions:			
Held in endowment	2,504,970		2,504,970
Purpose restrictions	<u>100,909</u>		<u>100,909</u>
Total Net Assets With Donor Restrictions	<u>2,605,879</u>		<u>2,605,879</u>
Total Net Assets	<u>68,702,411</u>	<u>(479,027)</u>	<u>68,223,384</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 68,802,788</u></u>	<u><u>\$ 986,444</u></u>	<u><u>\$ 69,789,232</u></u>

**INDIANA UNITED METHODIST CHILDREN'S HOME
FOUNDATION, INC. AND SUBSIDIARY**

**CONSOLIDATING SCHEDULE - STATEMENT OF ACTIVITIES INFORMATION
Year Ended December 31, 2024**

	Foundation	Camp Street	Eliminations	Consolidated
REVENUE, GAINS AND SUPPORT				
Contributions and grants	\$ 1,251,006	1,488,556	\$(1,511,578)	\$ 1,227,984
Contributed nonfinancial assets	64,545			64,545
Investment return, net	7,831,565			7,831,565
Total Revenue, Gains and Support	<u>9,147,116</u>	<u>1,488,556</u>	<u>(1,511,578)</u>	<u>9,124,094</u>
EXPENSES				
Program services	2,307,505	1,005,557	(1,511,578)	1,801,484
Management and general	175,478	24		175,502
Fundraising	328,060			328,060
Total Expenses	<u>2,811,043</u>	<u>1,005,581</u>	<u>(1,511,578)</u>	<u>2,305,046</u>
INCREASE IN NET ASSETS	6,336,073	482,975		6,819,048
NET ASSETS				
Beginning of Year	<u>68,702,411</u>	<u>(479,027)</u>		<u>68,223,384</u>
End of Year	<u>\$ 75,038,484</u>	<u>\$ 3,948</u>	<u>\$ -</u>	<u>\$ 75,042,432</u>

**INDIANA UNITED METHODIST CHILDREN'S HOME
FOUNDATION, INC. AND SUBSIDIARY**

**CONSOLIDATING SCHEDULE - STATEMENT OF ACTIVITIES INFORMATION
Year Ended December 31, 2023**

	Foundation	Camp Street	Consolidated
REVENUE, GAINS AND SUPPORT			
Contributions	\$ 1,167,480		\$ 1,167,480
Contributed nonfinancial assets	59,371	\$ 100,000	159,371
Investment return, net	8,409,789		8,409,789
Total Revenue, Gains and Support	<u>9,636,640</u>	<u>100,000</u>	<u>9,736,640</u>
EXPENSES			
Program services	898,195	\$ 426,617	1,324,812
Management and general	204,234	4,027	208,261
Fundraising	299,549		299,549
Total Expenses	<u>1,401,978</u>	<u>430,644</u>	<u>1,832,622</u>
DECREASE IN NET ASSETS	8,234,662	(330,644)	7,904,018
NET ASSETS			
Beginning of Year	<u>60,467,749</u>	<u>(148,383)</u>	<u>60,319,366</u>
End of Year	<u>\$68,702,411</u>	<u>\$ (479,027)</u>	<u>\$ 68,223,384</u>