



**CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Concord Neighborhood Center Association, Inc.
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Concord Neighborhood Center Association, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Concord Neighborhood Center Association, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Concord Neighborhood Center Association, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 Concord Neighborhood Center Association, 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 Concord Neighborhood Center Association, 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.

Pettit & Company, LLC

Indianapolis, Indiana

July 8, 2022

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

**STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020**

	Assets	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 2,180,126	\$ 918,725
Grants and contracts receivable	60,347	53,997
Prepaid expense	19,734	20,818
Total current assets	<u>2,260,207</u>	<u>993,540</u>
 Property and equipment		
Land	47,790	47,790
Buildings	1,945,425	1,945,425
Vehicles	38,346	38,346
Equipment	87,173	91,720
Furniture and fixtures	73,668	73,668
Total property and equipment	2,192,402	2,196,949
Accumulated depreciation	<u>(1,750,335)</u>	<u>(1,659,676)</u>
Net property and equipment	<u>442,067</u>	<u>537,273</u>
 Other assets		
Investments, at fair value	6,002,811	5,215,459
Beneficial interest in assets held by others	<u>-</u>	<u>183,037</u>
Total other assets	<u>6,002,811</u>	<u>5,398,496</u>
 Total assets	<u><u>\$ 8,705,085</u></u>	<u><u>\$ 6,929,309</u></u>

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Current liabilities		
Accounts payable	\$ 21,061	\$ 42,701
Total current liabilities	<u>21,061</u>	<u>42,701</u>
Total liabilities	<u>21,061</u>	<u>42,701</u>
Net assets		
Net assets without donor restrictions	2,184,368	1,633,342
Net assets with donor restrictions		
Purpose restrictions	1,992,656	746,266
Perpetual in nature	<u>4,507,000</u>	<u>4,507,000</u>
Total net assets	<u>8,684,024</u>	<u>6,886,608</u>
Total liabilities and net assets	<u><u>\$ 8,705,085</u></u>	<u><u>\$ 6,929,309</u></u>

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Support and revenue			
Grants and contracts	\$ 2,554,370	\$ 605,753	\$ 3,160,123
Contributions	105,584	-	105,584
Fundraising - special events	13,751	-	13,751
In-kind	-	-	-
United Way community funding	226,730	-	226,730
Dynki Deli	-	-	-
Investment income, net of fees	4,078	74,721	78,799
Unrealized gain (loss) on investments	-	508,689	508,689
Realized gain (loss) on investments	-	203,218	203,218
Change in value of beneficial interest	-	-	-
Net assets released from restrictions			
Satisfaction of program requirements	145,991	(145,991)	-
Total support and revenue	<u>3,050,504</u>	<u>1,246,390</u>	<u>4,296,894</u>
Expenses			
Program services	2,256,958		2,256,958
Management and general	171,562	-	171,562
Fund raising	70,958	-	70,958
Total cost of operations	<u>2,499,478</u>	<u>-</u>	<u>2,499,478</u>
Change in net assets	<u>551,026</u>	<u>1,246,390</u>	<u>1,797,416</u>
Net assets - beginning of year	<u>1,633,342</u>	<u>5,253,266</u>	<u>6,886,608</u>
Net assets - end of year	<u><u>\$ 2,184,368</u></u>	<u><u>\$ 6,499,656</u></u>	<u><u>\$ 8,684,024</u></u>

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Support and revenue			
Grants and contracts	\$ 2,179,366	\$ 424,988	\$ 2,604,354
Contributions	86,154	-	86,154
Fundraising - special events	13,053	-	13,053
In-kind	28,403	-	28,403
United Way community funding	315,361	-	315,361
Dynki Deli	2,229	-	2,229
Investment income, net of fees	23,105	74,844	97,949
Unrealized gain (loss) on investments	-	440,568	440,568
Realized gain (loss) on investments	-	(143,387)	(143,387)
Change in value of beneficial interest	-	1,894	1,894
Net assets released from restrictions			
Satisfaction of program requirements	584,914	(584,914)	-
Total support and revenue	<u>3,232,585</u>	<u>213,993</u>	<u>3,446,578</u>
Expenses			
Program services	2,472,071	-	2,472,071
Management and general	157,801	-	157,801
Fund raising	135,057	-	135,057
Total cost of operations	<u>2,764,929</u>	<u>-</u>	<u>2,764,929</u>
Change in net assets	<u>467,656</u>	<u>213,993</u>	<u>681,649</u>
Net assets - beginning of year	<u>1,165,686</u>	<u>5,039,273</u>	<u>6,204,959</u>
Net assets - end of year	<u><u>\$ 1,633,342</u></u>	<u><u>\$ 5,253,266</u></u>	<u><u>\$ 6,886,608</u></u>

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Care coordination</u>	<u>Child day care</u>	<u>School age child care</u>	<u>Social services/ homeless prevention</u>	<u>Now for the future (NFTF)</u>	<u>Nutrition</u>	<u>Senior citizens services</u>	<u>Dynki deli</u>
Salaries	\$ 112,792	\$ 132,252	\$ 122,387	\$ 260,828	\$ -	\$ 5,674	\$ 18,179	\$ -
Employee benefits	16,812	18,429	13,036	14,049	306	14,789	13,849	-
Payroll taxes	7,363	7,789	7,652	18,175	-	289	1,185	-
Legal and professional	7,533	6,751	6,290	8,795	64	5,767	5,767	-
Supplies	872	5,535	9,381	1,527	-	28,700	368	-
Telephone	2,465	1,456	1,605	1,364	1	703	740	-
Postage and shipping	911	-	-	-	-	-	-	-
Occupancy - utilities	1,984	3,947	5,560	1,478	-	1,179	1,799	-
Occupancy - routine upkeep	2,532	4,869	5,328	1,429	93	1,218	1,443	-
Conference and meetings	17	537	542	17	-	17	17	-
Printing and publications	48	370	392	419	-	25	13	-
Travel and transportation	95	-	1,220	-	-	181	-	-
Contributions, dues, and awards	-	275	-	-	3,482	180	-	-
Equipment rental	4,773	4,095	8,678	2,916	-	2,914	2,914	150
Activity fees and charges	-	-	2,629	-	-	20	-	-
Other insurance	11	11	11	11	11	11	11	-
Other expenses	323	2,416	2,283	233	90	53	448	-
Specific assistance	72,984	-	-	1,191,810	-	-	-	-
Fundraising	-	23	-	-	-	-	12	-
Depreciation	-	-	-	-	-	-	-	-
Total expenses	\$ 231,515	\$ 188,755	\$ 186,994	\$ 1,503,051	\$ 4,047	\$ 61,720	\$ 46,745	\$ 150

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Transportation services</u>	<u>General social development</u>	<u>Total program</u>	<u>Management and general</u>	<u>Fund Raising</u>	<u>Total</u>
\$ 1,941	\$ -	\$ 654,053	\$ 12,287	\$ 24,343	\$ 690,683
1,273	14,371	106,914	2,126	10,458	119,498
137	-	42,590	812	2,252	45,654
-	5,767	46,734	9,761	5,822	62,317
-	354	46,737	609	675	48,021
-	745	9,079	1,176	701	10,956
-	-	911	26	-	937
732	1,881	18,560	4,469	1,144	24,173
-	1,574	18,486	8,789	1,787	29,062
-	17	1,164	43	17	1,224
-	25	1,292	75	28	1,395
1,714	-	3,210	53	-	3,263
-	-	3,937	50	-	3,987
-	2,914	29,354	2,878	3,024	35,256
-	-	2,649	-	-	2,649
-	11	88	29,542	285	29,915
-	68	5,914	422	2,437	8,773
-	-	1,264,794	-	-	1,264,794
-	-	35	-	17,985	18,020
457	-	457	98,444	-	98,901
<u>\$ 6,254</u>	<u>\$ 27,727</u>	<u>\$ 2,256,958</u>	<u>\$ 171,562</u>	<u>\$ 70,958</u>	<u>\$ 2,499,478</u>

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Care coordination</u>	<u>Child day care</u>	<u>School age child care</u>	<u>Social services/ homeless prevention</u>	<u>Now for the future (NFTF)</u>	<u>Nutrition</u>	<u>Senior citizens services</u>	<u>Dynki deli</u>
Salaries	\$ 138,625	\$ 172,506	\$ 148,003	\$ 94,485	\$ 8,282	\$ 32,595	\$ 27,619	\$ 1,085
Employee benefits	24,125	21,136	20,198	11,541	4,334	7,760	6,149	107
Payroll taxes	9,938	8,979	9,109	5,234	398	2,728	2,005	88
Legal and professional	6,559	6,336	6,421	6,045	4,538	4,846	4,716	-
Supplies	14,005	2,661	16,337	2,262	336	30,759	356	2,506
Telephone	2,498	1,471	1,471	1,546	612	735	735	-
Postage and shipping	1,115	-	8	332	-	-	-	-
Occupancy - utilities	1,480	3,565	4,083	1,112	2,215	894	1,345	-
Occupancy - routine upkeep	3,988	4,664	7,275	2,617	3,486	3,356	2,668	-
Conference and meetings	17	473	1,207	17	17	17	17	-
Printing and publications	493	398	702	576	51	83	72	-
Travel and transportation	46	757	1,568	-	-	18	884	9
Contributions, dues, and awards	-	-	125	-	1,428	-	-	-
Equipment rental	2,092	1,063	117	27	15	12	22	-
Activity fees and charges	-	-	1,525	-	-	-	-	-
Other insurance	2,567	3,045	4,408	2,197	2,779	1,645	2,275	-
Other expenses	2,399	509	3,623	200	79	151	261	432
Specific assistance	104,302	-	-	1,338,708	-	-	-	-
Fundraising	-	23	-	-	-	-	12	-
Depreciation	-	-	-	-	-	-	-	-
Total expenses	\$ 314,249	\$ 227,586	\$ 226,180	\$ 1,466,899	\$ 28,570	\$ 85,599	\$ 49,136	\$ 4,227

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Transportation services</u>	<u>General social development</u>	<u>Total program</u>	<u>Management and general</u>	<u>Fund Raising</u>	<u>Total</u>
\$ 12,339	\$ 22,938	\$ 658,477	\$ 8,497	\$ 40,833	\$ 707,807
3,264	9,176	107,790	-	9,248	117,038
898	1,338	40,715	-	3,073	43,788
7	4,848	44,316	1,505	6,433	52,254
-	456	69,678	287	641	70,606
-	735	9,803	379	735	10,917
-	-	1,455	11	-	1,466
506	1,405	16,605	930	868	18,403
-	2,763	30,817	41,834	3,572	76,223
-	17	1,782	334	17	2,133
-	83	2,458	38	332	2,828
4,056	-	7,338	-	-	7,338
-	-	1,553	75	-	1,628
490	12	3,850	104	72	4,026
-	-	1,525	-	-	1,525
-	2,096	21,012	3,474	1,696	26,182
52	2,146	9,852	859	31,634	42,345
-	-	1,443,010	-	-	1,443,010
-	-	35	-	35,903	35,938
-	-	-	99,474	-	99,474
<u>\$ 21,612</u>	<u>\$ 48,013</u>	<u>\$ 2,472,071</u>	<u>\$ 157,801</u>	<u>\$ 135,057</u>	<u>\$ 2,764,929</u>

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 1,797,416	\$ 681,649
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	98,901	99,474
(Gain) loss on sale of assets	(2,943)	-
Realized and unrealized (gain) loss on investments	(786,628)	(297,181)
Unrealized (gain) loss on beneficial interest	-	1,894
(Increase) decrease in assets		
Grants and contracts receivable	(6,350)	(33,001)
Prepaid expense	1,084	863
Increase (decrease) in liabilities		
Accounts payable	(21,640)	21,690
Net cash provided by (used in) operating activities	<u>1,079,840</u>	<u>475,388</u>
Cash from investing activities		
Proceeds from sale of investments	-	81,320
Purchase of investments	(725)	(173,214)
Maturities of certificates of deposit	-	100,050
Proceeds from beneficial interest in assets held by others	183,037	(431)
Purchase of property and equipment	(3,694)	(93,855)
Proceeds from sale of assets	2,943	-
Net cash provided by (used in) investing activities	<u>181,561</u>	<u>(86,130)</u>
Net increase (decrease) in cash and cash equivalents	1,261,401	389,258
Cash and cash equivalents, beginning of fiscal year	<u>918,725</u>	<u>529,467</u>
Cash and cash equivalents, end of fiscal year	<u>\$ 2,180,126</u>	<u>\$ 918,725</u>

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Concord Center Association, Inc. (the "Organization") was incorporated as a not-for-profit organization on November 17, 1954 under the laws of the state of Indiana. The Organization is also known in the community as Concord Neighborhood Center.

The Organization's mission is to provide opportunities that advance the education, health, well-being and independence for near-Southside families.

The Organization's vision is to help people help themselves to a better way of life. The Organization is recognized as the leading provider of needed social services to individuals and families on the south side of Indianapolis, as it and its predecessor entities have since 1875. The Organization serves residents of the area bordered by Washington Street on the north, Thompson Road on the south, I-65 on the east, and White River Parkway on the west. It offers an array of programs and services which include the following:

Care Coordination: Providing health education and case management services.

Child Day Care/Early Childhood Education: Providing licensed child care for 3 to 5 year-olds.

School Age Child Care: Providing before and after school services and summer day camp.

Family social services: Providing family support, self-sufficiency, and emergency assistance services.

Youth development: Now For the Future ("NFTF"): Providing comprehensive youth development services.

Nutrition: Providing children, youth, and seniors with nutritious meals.

Senior and mature adult services: Providing transportation, case management, activities, food pantry and other services to seniors over the age of 55.

Dynki Deli: A café serving meals to seniors, area residents, and staff.

Transportation: Providing transportation for school-aged children, seniors, and youth enrolled in the Organization's other programs.

General social development: A program that fosters youth development through activities that promote appropriate peer and adult relationships through activities and events.

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of operations (Continued)

The Organization controls and is the sole member of Concord Neighborhood Ventures, LLC ("CNV"). CNV was organized on May 14, 2003, as a support to the Organization. CNV's general purposes are to improve the neighborhood through residential and commercial real estate projects, and to provide a source of income for the programs and services of the Organization.

Under current accounting standards, the revenues, expenses, assets, and liabilities of CNV are required to be consolidated with the Organization's financial statements. During 2021 and 2020, CNV had no revenues or expenses, and no assets or liabilities; therefore, consolidated financial statements are not presented for the years ended December 31, 2021 and 2020.

A summary of the Organization's significant accounting policies follows:

Basis of accounting

The accompanying financial statements are presented on the accrual basis of accounting.

Basis of presentation

These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America. This has been done by classification of fund transactions and balances into two categories of net assets:

Net Assets without donor restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Cash and cash equivalents

The Organization's cash and cash equivalents consist of checking, savings, and money market accounts. The Organization maintains checking and savings balances at commercial banks.

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of risks

The Organization maintains its operating cash balances with several financial institutions. The demand deposit accounts are partially insured by the Federal Deposit Insurance Corporation. The balances, at times, may exceed federally insured limits. To date, there have been no losses on such accounts.

Approximately 5% and 9% of total revenue was from United Way for general operating support in 2021 and 2020, respectively. In addition to operating support, United Way also provides support for other programs.

The Organization has contracts with various federal, state, and local governmental agencies and departments. Approximately 29% and 47% of total revenue was received from these agencies and departments for 2021 and 2020, respectively.

Grants and contracts receivable

Grants and contracts receivable include reimbursements and unconditional promises to give, and are reported at net realizable value. All amounts are expected to be collected within one year, and none are considered uncollectible as of the years ended December 31, 2021 and 2020.

Investments

The Organization accounts for investments with readily determinable fair values in the statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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. Unrealized gains and losses are included in the statement of activities.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment are stated at cost. Donated property and equipment is recorded at fair value. The Organization's capitalization policy is \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Estimated useful lives for furniture and equipment range from 3 to 10 years and buildings and improvements range from 30 to 40 years.

Expenditures for property and equipment and for renewals or betterments which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Support and revenue

Revenue funded by contracts and fees are recognized as the Organization performs the contracted services. Grants and other support revenues are recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. Grant expenditures are subject to audit and acceptance by the granting agency, and adjustments could be required as a result of such audit.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

In-kind contributions

In addition to receiving cash contributions, the Organization received in-kind contributions from various donors totaling \$28,403 for the year ending December 31, 2020, which are reported in the statements of activities.

Sales tax collected

The State of Indiana imposes a sales and food and beverage tax on all of the Organization's sales at the Dynki Deli. The Organization collects the sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from revenues and cost of sales.

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax status

The Organization is exempt from federal and state income taxes on its related activities under Internal Revenue Service Code Section 501(c)(3). Accordingly, no provision for federal and state income taxes has been made.

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempt status and the taxability of any unrelated business income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities. With few exceptions, the Organization is generally no longer subject to examination by taxing authorities for years before December 31, 2018.

Functional expenses

Expenses are reported when incurred. In the statements of functional expenses, costs not specifically related to program services are allocated in accordance with management's estimates of program support requirements. Salaries and related expenses are charged to program services based upon estimated time spent by personnel on the related programs. Direct expenses are charged to the various programs. Occupancy expenses are allocated based upon actual utilization of space.

Use of estimates

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Organization. Our concentrations due to grantor or contributor; concentrated revenue from particular programs, services or fund-raising events; and the market or geographic area in which the Organization conducts operations make it reasonably possible that we are vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain prior year balances have been reclassified to conform with current year classifications and presentations.

Management's review of subsequent events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2021. Management has performed their analysis of subsequent events through July 8, 2022, the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a policy to maintain a minimum of three months of normal operating expenses, excluding depreciation, in cash and/or short term investments. The Organization manages 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 weekly requirements in various short-term investments. As more fully described in Note 6, the Organization also has a line of credit in the amount of \$200,000, which could be drawn upon in the event of an unanticipated liquidity need.

The Organization's endowment funds consist of donor-restricted contributions to provide long-term organizational and operational sustainability. The original gift amount of the donor-restricted endowment funds and subsequent gifts to the endowment must be preserved and are classified as net assets with donor restrictions. Beginning in 2020, the Organization may make yearly distributions of 2% to 4% of the average market value of the Endowment fund. Up to 6% may be expended for an emergency with Board approval.

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The table below represents financial assets available for general expenditures within one year at December 31, 2021 and 2020:

Financial assets at year-end:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,180,126	\$ 918,725
Grants and contracts receivable	60,347	53,997
Investments	6,002,811	5,215,459
Beneficial interest in assets held by others	<u>-</u>	<u>183,037</u>
Total financial assets	<u>8,243,284</u>	<u>6,371,218</u>
Less amounts not available to be used within one year:		
Investments held for endowments	(4,507,000)	(4,507,000)
Donor – imposed restrictions	<u>(1,992,656)</u>	<u>(746,266)</u>
Financial assets not available to be used within one year	<u>(6,499,656)</u>	<u>(5,253,266)</u>

Financial assets available to meet general expenditures within one year \$ 1,743,628 \$ 1,117,952

NOTE 3 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization maintains a Cash Reserve Fund (the "Fund") with the Central Indiana Community Foundation ("CICF"). The primary purpose of the Fund is to provide support to the Organization to carry out its role and mission. All gifts, bequests, and devises to this Fund shall be irrevocable once accepted by CICF. The Organization believes the fair value of the future cash flows to be received from its beneficial interest in assets held by CICF approximates the fair value of the underlying assets held by CICF. The assets held at CICF are entirely comprised of pooled investment funds held and managed by CICF.

Fair value is based on the net asset value per share as determined by CICF and provided to the Organization. The Fund consists of equities, fixed income, venture capital and private equity, marketable alternatives, real estates, and cash equivalent funds. The investment is directed by CICF and the portfolio is designed to achieve returns consistent with CICF's adopted investment policies.

The Organization is the only beneficiary of the investment earnings, which are distributed in accordance with the agreements between CICF and the Organization.

The Organization withdrew all of its fund held by CICF during the year ended December 31, 2021.

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 4 - INVESTMENTS

Investments are composed of the following:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 41,721	\$ 292,245
Equity securities	3,637,786	3,229,295
Fixed income securities	<u>2,323,304</u>	<u>1,693,919</u>
	<u>\$ 6,002,811</u>	<u>\$ 5,215,459</u>

Net return on investments is as follows:

	<u>2021</u>	<u>2020</u>
Investment income, net of related expenses of \$20,844 and \$11,124, respectively	\$ 78,799	\$ 75,843
Realized gain (loss)	203,218	(143,387)
Unrealized gain (loss)	<u>508,689</u>	<u>440,568</u>
	<u>\$ 790,706</u>	<u>\$ 373,024</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

The Organization utilizes a framework for measuring fair value. That framework provides a fair value hierarchy that 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. The Organization does not have significant level 3 assets or liabilities. During the years ended December 31, 2021 and 2020, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value:

Registered equity securities: Valued at the closing price of the active market in which the security is traded.

Corporate and government bonds: Valued at the quoted market price for similar securities, which approximates fair value.

Beneficial interest in assets held by others: Determined by Organization's proportionate share of the CICF's pooled investment portfolio. The Organization does not receive a detailed listing of the portfolio's assets. The Organization uses the net assets value to determine the CICF valuation using the market approach.

Assets measured at fair value as of December 31, 2021 and 2020 are summarized as follows:

	2021			
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 41,721	\$ 41,721	\$ -	\$ -
Equity securities:				
Common stock	3,637,786	3,637,786	-	-
Fixed income:				
Corporate bonds	<u>2,323,304</u>	<u>-</u>	<u>2,323,304</u>	<u>-</u>
	<u>6,002,811</u>	<u>3,637,786</u>	<u>2,323,304</u>	<u>-</u>
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 6,002,811</u>	<u>\$ 3,679,507</u>	<u>\$ 2,323,304</u>	<u>\$ -</u>

	2020			
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 292,245	\$ 292,245	\$ -	\$ -
	-			
Equity securities:				
Common stock	3,229,295	3,229,295	-	-
Fixed income:				
Corporate bonds	<u>1,693,919</u>	<u>-</u>	<u>1,693,919</u>	<u>-</u>
	<u>5,215,459</u>	<u>3,521,540</u>	<u>1,693,919</u>	<u>-</u>
Beneficial interest in assets held by others	<u>183,037</u>	<u>-</u>	<u>183,037</u>	<u>-</u>
Total assets	<u>\$ 5,398,496</u>	<u>\$ 3,541,540</u>	<u>\$ 1,876,956</u>	<u>\$ -</u>

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)

Management evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total assets. For the years ended December 31, 2021 and 2020, there were no significant transfers in or out of Levels 1, 2 or 3.

NOTE 6 - LINE OF CREDIT

The Organization has a line of credit with PNC Bank with a maximum debt facility of \$125,000. This agreement renews automatically on October 1, 2022. At December 31, 2021 and 2020, there were no amounts outstanding on the line. Additionally, there were no borrowings on the line of credit during 2021 or 2020. Interest is payable monthly equal to the index plus 0.89%. The rate was 4.14% and 5% as of December 31, 2021 and 2020, respectively. Borrowings under this agreement are collateralized by substantially all of the assets of the Organization.

NOTE 7 - LILLY ENDOWMENT FUND

The Organization's endowment consists of donor-restricted contributions from Lilly Endowment and various donors to provide long-term organizational and operational sustainability. As required by accounting principles generally accepted in the United States of America ("GAAP"), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 7 - LILLY ENDOWMENT FUND (CONTINUED)

As of December 31, 2021 and 2020, the Organization had the following endowment net asset composition by type of fund:

December 31, 2021

Donor-restricted endowment funds:

Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 4,507,000
Accumulated investment gains (losses)	<u>1,495,811</u>
	<u>\$ 6,002,811</u>

December 31, 2020

Donor-restricted endowment funds:

Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 4,507,000
Accumulated investment gains (losses)	<u>708,459</u>
	<u>\$ 5,215,459</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies as of December 31, 2021 and 2020.

Investment and spending policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs and operational sustainability supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity.

Under this policy, as approved by the Board of Directors, the endowment assets are invested to provide for sufficient asset growth after spending to preserve the inflation-adjusted value of the assets (as measured by the Consumer Price Index) over the investment time horizon. Actual returns in any given year may vary from this objective.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on income-based investments to achieve its long-term return objectives within prudent risk constraints.

Disbursements shall be 2% to 4% of the average market value of the Endowment fund for the following three year periods as long as such distributions are within the spending constraints of the investment policy and the Lilly Endowment Grant Agreement. Up to 6% may be expended for an emergency whereby the full Board has determined an emergency exists, complies with external restrictions and with Board approval. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 7 - LILLY ENDOWMENT FUND (CONTINUED)

Changes in Endowment net assets as of December 31, 2021 and 2020 are as follows:

Endowment net assets, January 01, 2020	\$ 4,828,277
Investment income	(19,191)
Net realized and unrealized	<u>406,373</u>
Total investment return	387,182
Endowment net assets, December 31, 2020	5,215,459
Investment income	74,684
Net realized and unrealized	<u>711,943</u>
Total investment return	786,627
Purchases	<u>725</u>
Endowment net assets, December 31, 2021	<u>\$ 6,002,811</u>

NOTE 8 - EMPLOYEE BENEFITS

The Organization has established a 403(b) tax-deferred annuity plan for its employees. Employees can make pretax contributions in addition to any discretionary payments made by the Organization. The Organization made contributions totaling \$10,174 and \$9,827 the years ended December 31, 2021 and 2020, respectively.

NOTE 9 - OPERATING LEASES

The Organization is obligated under various operating lease agreements with monthly payments ranging from \$30 to \$350 and various expiration dates through October 2022. Total operating lease payments were \$3,049 and \$5,173 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments under these obligations are as follows:

2021	<u>\$ 3,470</u>
Total	<u>\$ 3,470</u>

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 10 - FUNCTIONAL ALLOCATION OF UNITED WAY SUPPORT

Support from United Way for years ended December 31, 2021 and 2020, was allocated to the following program services and supporting activities:

	<u>2021</u>	<u>2020</u>
Indirect public support from United Way:		
Community Impact Fund	\$ <u>226,730</u>	\$ <u>315,361</u>
Program Allocation:		
Program services:		
Child day care	\$ 19,170	20,194
School age child care	7,420	49,171
Summer day camp	-	1,329
HIV AIDS	4,166	5,028
Social services / Homeless prevention services	4,166	-
Access services	37,030	26,826
Now for the future	4,191	1,402
Nutrition	22,041	28,022
General social development	3,250	9,497
Senior citizens services	4,166	19,340
Transportation services	<u>8,125</u>	<u>3,031</u>
	\$ <u>113,725</u>	\$ <u>163,840</u>

NOTE 11 - RELATED PARTY TRANSACTIONS

The Organization paid for services provided by board members' companies during 2021 and 2020. The services relate to providing maintenance and repair services. The Organization paid related parties a total of \$29,880 and \$5,055 in 2021 and 2020, respectively. Any related parties on the Board of Directors refrain from voting on related party transactions.

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
With donor restrictions:		
Purpose restrictions:		
IU Life Expectancy	\$ -	\$ 7,743
United Way Basic Needs	50,000	-
Crime Prevention	6,500	-
City Youth Working for Indiana	4,870	-
Women's Fund 2	5,000	-
United Way Family Opportunity Grant	20,000	-
Central Indiana Seniors Fund	20,000	-
Noyes Foundation Academic Enrichment	8,000	-
Indy Rent Funds	381,475	-
Community Emergency Relief Fund	-	45,000
Lilly COVID	-	161,523
Nina Mason	-	30,000
CICF	1,000	-
Lilly Youth COVID	-	77,000
Financial sustainability (Lilly Endowment)	1,495,811	425,000
Perpetual in nature:		
Lilly Endowment fund	<u>4,507,000</u>	<u>4,507,000</u>
 Total with donor restrictions	 <u>\$ 6,499,656</u>	 <u>\$ 5,253,266</u>

NOTE 13 – PAYCHECK PROTECTION PROGRAM LOAN

In March 2020, Congress established the Paycheck Protection Program ("PPP") to provide relief to small businesses during the coronavirus pandemic ("COVID-19") as part of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The legislation authorized the Treasury to use the Small Business Association's ("SBA's") 7(a) small business lending program to fund forgivable loans that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities during the "Covered Period" defined as the 8-week period starting on the date the PPP loan proceeds are received. Upon meeting certain criteria as specified in the PPP program, the loans are eligible for partial or total forgiveness. On June 5, 2020, the PPP Flexibility Act of 2020 (the "Act") was signed into law, giving borrowers flexibility with certain criteria under the PPP program including extension of the Covered Period to 24 weeks from 8 weeks, reduction to 60% of the payroll costs requirements (previously 75%), extension of the payment deferral period, extension of the full-time equivalent ("FTE") restoration deadline to December 31, 2020, and safe harbor provisions to remove the FTE reduction in forgiveness under limited circumstances.

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

NOTE 13 – PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

In June 2020, the AICPA issued Technical Question and Answer (“TQA”) 3200.18, Borrower Accounting for a Forgivable Loan Received under the Small Business Administration Paycheck Protection Program. The TQA addresses accounting for nongovernmental entities that are not Not-For-Profits, i.e. business entities, that believe the PPP loan represents, in substance, a grant that is expected to be forgiven, it may account for the loan as a deferred income liability. The TQA further states that if such an entity expects to meet the PPP’s eligibility criteria and concludes that the PPP loan represents in substance, a grant that is expected to be forgiven, it may account for such PPP loans in accordance with FASB ASC 958-605 as a conditional contribution.

The Organization applied for and received proceeds of \$178,600 through the PPP program on May 5, 2020, prior to the enactment of the Act. The Organization has determined both through internal calculations and those provided by the AICPA’s forgiveness model, that all criteria for forgiveness based on both the CARES Act and the Act have been met as of December 31, 2020 and that the PPP loan will be 100% forgiven. The loan was fully forgiven in January 2021.