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CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021, 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, 2022 and 2021, 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.

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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 28, 2023

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

Assets

	2022	2021
Current assets		
Cash and cash equivalents	$ 2,659,510	$ 2,180,126
Grants and contracts receivable	41,427	60,347
Prepaid expense	10,429	19,734
Total current assets	**2,711,366**	**2,260,207**
Property and equipment		
Land	47,790	47,790
Buildings	1,945,425	1,945,425
Vehicles	38,346	38,346
Equipment	87,173	87,173
Furniture and fixtures	90,545	73,668
Total property and equipment	2,209,279	2,192,402
Accumulated depreciation	(1,836,853)	(1,750,335)
Net property and equipment	**372,426**	**442,067**
Other assets		
Investments, at fair value	5,148,485	6,002,811
Operating lease right-of-use asset	15,582	-
Total other assets	5,164,067	6,002,811
Total assets	**$ 8,247,859**	**$ 8,705,085**

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2022 AND 2021

Liabilities and net assets

	2022	2021
Current liabilities		
Current portion of right-of-use operating lease liability	$ 3,816	$ -
Accounts payable	26,481	21,061
Total current liabilities	**30,297**	**21,061**
Long-term liabilities		
Right-of-use operating lease liability, net of current portion	11,766	-
Total long-term liabilities	**11,766**	**-**
Total liabilities	**42,063**	**21,061**
Net assets		
Net assets without donor restrictions	1,584,183	2,184,368
Net assets with donor restrictions		
Purpose restrictions	2,114,613	1,992,656
Perpetual in nature	4,507,000	4,507,000
Total net assets	**8,205,796**	**8,684,024**
Total liabilities and net assets	**$ 8,247,859**	**$ 8,705,085**

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Grants and contracts	$ 2,041,343	$ 1,457,316	$ 3,498,659
Contributions	109,631	-	109,631
Fundraising - special events	17,029	-	17,029
United Way community funding	279,475	-	279,475
Rental income and other charges	3,430	-	3,430
Investment income, net of fees	4,477	95,016	99,493
Unrealized gain (loss) on investments	-	(843,347)	(843,347)
Realized gain (loss) on investments	-	(105,996)	(105,996)
Net assets released from restrictions			
Satisfaction of program requirements	481,032	(481,032)	-
Total support and revenue	**2,936,417**	**121,957**	**3,058,374**
Expenses			
Program services	3,344,659		3,344,659
Management and general	117,912	-	117,912
Fund raising	74,031	-	74,031
Total cost of operations	**3,536,602**	**-**	**3,536,602**
Change in net assets	**(600,185)**	**121,957**	**(478,228)**
Net assets - beginning of year	**2,184,368**	**6,499,656**	**8,684,024**
Net assets - end of year	**$ 1,584,183**	**$ 6,621,613**	**$ 8,205,796**

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without donor restrictions	With donor restrictions	Total
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
United Way community funding	226,730	-	226,730
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
Net assets released from restrictions			
Satisfaction of program requirements	145,991	(145,991)	-
Total support and revenue	**3,050,504**	**1,246,390**	**4,296,894**
Expenses			
Program services	2,244,150	-	2,244,150
Management and general	184,370	-	184,370
Fund raising	70,958	-	70,958
Total cost of operations	**2,499,478**	**-**	**2,499,478**
Change in net assets	**551,026**	**1,246,390**	**1,797,416**
Net assets - beginning of year	**1,633,342**	**5,253,266**	**6,886,608**
Net assets - end of year	**$ 2,184,368**	**$ 6,499,656**	**$ 8,684,024**

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Care coordination	Child day care	School age child care	Social services/ homeless prevention	Youth development	Nutrition
Salaries	$ 89,801	$ 176,729	$ 156,670	$ 270,212	$ -	$ 5,735
Employee benefits	19,447	13,183	10,276	20,359	435	12,654
Payroll taxes	6,197	13,431	12,025	20,584	-	419
Legal and professional	6,596	29,016	6,141	6,294	525	5,669
Supplies	715	8,498	15,516	2,347	53	52,607
Telephone	2,533	1,484	1,484	1,484	174	741
Postage and shipping	355	157	119	239	-	119
Occupancy - utilities	2,013	5,628	5,527	1,516	203	1,221
Occupancy - routine upkeep	4,102	8,553	7,000	2,680	175	2,418
Conference and meetings	50	395	980	-	-	-
Printing and publications	1,354	581	1,211	145	-	145
Travel and transportation	-	-	1,627	35	-	25
Contributions, dues, and awards	-	388	-	-	1,051	180
Equipment rental	1,806	901	25	-	8	-
Activity fees and charges	-	90	2,297	-	-	20
Other insurance	4,177	5,014	6,997	3,779	1,435	3,543
Other expenses	144	2,815	3,084	231	-	99
Specific assistance	68,639	-	-	2,095,532	-	-
Fundraising	-	-	-	-	-	-
Depreciation	897	898	898	897	-	897
Total expenses	$ 208,826	$ 267,761	$ 231,877	$ 2,426,334	$ 4,059	$ 86,492

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Senior citizens services	Dynki deli	Transportation services	General social development	Total program	Management and general	Fund Raising	Total
$ 32,886	$ -	$ -	$ 8,973	$ 741,006	$ 8,749	$ 27,414	$ 777,169
13,641	-	36	10,256	100,287	846	2,807	103,940
2,403	-	-	684	55,743	2,149	2,010	59,902
5,669	-	-	5,669	65,579	5,782	5,669	77,030
2,586	-	-	2,163	84,485	4,150	364	88,999
741	-	-	741	9,382	913	741	11,036
119	-	-	119	1,227	119	256	1,602
1,830	-	2,434	1,912	22,284	4,517	984	27,785
2,970	-	-	3,068	30,966	4,807	2,659	38,432
-	-	-	-	1,425	22	407	1,854
145	-	-	145	3,726	145	446	4,317
-	-	7,762	-	9,449	-	-	9,449
-	-	-	235	1,854	80	-	1,934
8	-	1,820	-	4,568	5	5	4,578
-	-	-	-	2,407	-	-	2,407
4,032	-	-	4,096	33,073	5,571	6,230	44,874
233	-	-	140	6,746	717	1,456	8,919
-	-	-	-	2,164,171	-	-	2,164,171
-	-	-	-	-	-	21,686	21,686
897	-	-	897	6,281	79,340	897	86,518
$ 68,160	$ -	$ 12,052	$ 39,098	$ 3,344,659	$ 117,912	$ 74,031	$ 3,536,602

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

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

	Care coordination	Child day care	School age child care	Social services/ homeless prevention	Youth development	Nutrition
Salaries	$ 112,792	$ 132,252	$ 122,387	$ 260,828	$ -	$ 5,674
Employee benefits	11,664	13,282	13,036	14,049	306	14,789
Payroll taxes	7,363	5,276	7,652	18,175	-	289
Legal and professional	7,533	6,751	6,290	8,795	64	5,767
Supplies	872	5,535	9,381	1,527	-	28,700
Telephone	2,465	1,456	1,605	1,364	1	703
Postage and shipping	911	-	-	-	-	-
Occupancy - utilities	1,984	3,947	5,560	1,478	-	1,179
Occupancy - routine upkeep	2,532	4,869	5,328	1,429	93	1,218
Conference and meetings	17	537	542	17	-	17
Printing and publications	48	370	392	419	-	25
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
Activity fees and charges	-	-	2,629	-	-	20
Other insurance	11	11	11	11	11	11
Other expenses	323	2,416	2,283	233	90	53
Specific assistance	72,984	-	-	1,191,810	-	-
Fundraising	-	23	-	-	-	-
Depreciation	-	-	-	-	-	-
Total expenses	$ 226,367	$ 181,095	$ 186,994	$ 1,503,051	$ 4,047	$ 61,720

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

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

Senior citizens services	Dynki deli	Transportation services	General social development	Total program	Management and general	Fund Raising	Total
$ 18,179	$ -	$ 1,941	$ -	$ 654,053	$ 12,287	$ 24,343	$ 690,683
13,849	-	1,273	14,371	96,619	12,421	10,458	119,498
1,185	-	137	-	40,077	3,325	2,252	45,654
5,767	-	-	5,767	46,734	9,761	5,822	62,317
368	-	-	354	46,737	609	675	48,021
740	-	-	745	9,079	1,165	701	10,945
-	-	-	-	911	37	-	948
1,799	-	732	1,881	18,560	4,469	1,144	24,173
1,443	-	-	1,574	18,486	8,156	1,787	28,429
17	-	-	17	1,164	43	17	1,224
13	-	-	25	1,292	75	28	1,395
-	-	1,714	-	3,210	53	-	3,263
-	-	-	-	3,937	50	-	3,987
2,914	150	-	2,914	29,354	2,878	3,024	35,256
-	-	-	-	2,649	-	-	2,649
11	-	-	11	88	30,175	285	30,548
448	-	-	68	5,914	422	2,437	8,773
-	-	-	-	1,264,794	-	-	1,264,794
12	-	-	-	35	-	17,985	18,020
-	-	457	-	457	98,444	-	98,901
$ 46,745	$ 150	$ 6,254	$ 27,727	$ 2,244,150	$ 184,370	$ 70,958	$ 2,499,478

CONCORD NEIGHBORHOOD CENTER ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (478,228)	$ 1,797,416
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	86,518	98,901
(Gain) loss on sale of assets	-	(2,943)
Realized and unrealized (gain) loss on investments	854,327	(786,628)
(Increase) decrease in assets		
Grants and contracts receivable	18,920	(6,350)
Prepaid expense	9,305	1,084
Increase (decrease) in liabilities		
Accounts payable	5,420	(21,640)
Net cash provided by (used in) operating activities	**496,262**	**1,079,840**
Cash from investing activities		
Purchase of investments	-	(725)
Proceeds from beneficial interest in assets held by others	-	183,037
Purchase of property and equipment	(16,878)	(3,694)
Proceeds from sale of assets	-	2,943
Net cash provided by (used in) investing activities	**(16,878)**	**181,561**
Net increase (decrease) in cash and cash equivalents	**479,384**	**1,261,401**
Cash and cash equivalents, beginning of fiscal year	**2,180,126**	**918,725**
Cash and cash equivalents, end of fiscal year	**$ 2,659,510**	**$ 2,180,126**

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: 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.

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 2022 and 2021, CNV had no revenues or expenses, and no assets or liabilities; therefore, consolidated financial statements are not presented for the years ended December 31, 2022 and 2021.

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 preforming 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.

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 9% and 5% of total revenue was from United Way for general operating support in 2022 and 2021, respectively. In addition to operating support, United Way also provides support for other programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of risks *(Continued)*

The Organization has contracts with various federal, state, and local governmental agencies and departments. Approximately 22% and 39% of total revenue was received from these agencies and departments for 2022 and 2021, 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, 2022 and 2021.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and revenue *(Continued)*
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.

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.

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, 2019.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management's review of subsequent events
Management has performed an analysis of the activities and transactions subsequent to December 31, 2022, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2022. Management has performed their analysis of subsequent events through July 28, 2023, the date the financial statements were available to be issued.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2022, the Organization adopted the provisions of ASC Topic 842, Leases. The standard requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis; however, the effect of using the discounted basis is not material to the financial statements for the year ended December 31, 2022. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the standard retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842, Leases, on January 1, 2022, using the optional transition method as provided by Accounting Standards Update ("ASU") No. 2018-11, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease, or January 1, 2022, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. Absent an implicit rate to determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date, or remaining term for leases existing upon the adoption of Topic 842, or uses an incremental borrowing rate.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization's operating leases of approximately $19,080 and $19,080, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

NOTE 3 – 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 5, the Organization also has a line of credit in the amount of $125,000, 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.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The table below represents financial assets available for general expenditures within one year at December 31, 2022 and 2021:

Financial assets at year-end:

	2022	2021
Cash and cash equivalents	$ 2,659,510	$ 2,180,126
Grants and contracts receivable	41,427	60,347
Investments	5,148,485	6,002,811
Total financial assets	7,849,422	8,243,284
Less amounts not available to be used within one year:		
Investments held for endowments	(4,507,000)	(4,507,000)
Donor–imposed restrictions	(2,114,613)	(1,992,656)
Financial assets not available to be used within one year	(6,621,613)	(6,499,656)
Financial assets available to meet general expenditures within one year	$ 1,227,809	$ 1,743,628

NOTE 4 – INVESTMENTS

Investments are composed of the following:

	2022	2021
Money market funds	$ 73,801	$ 41,721
Equity securities	2,962,193	3,637,786
Fixed income securities	2,112,491	2,323,304
	$ 5,148,485	$ 6,002,811

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.

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2022 and 2021, 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.

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.

Assets measured at fair value as of December 31, 2022 and 2021 are summarized as follows:

	2022			
	Fair value	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 73,801	$ 73,801	$ -	$ -
Equity securities:				
Common stock	2,112,491	2,112,491	-	-
Fixed income:				
Corporate bonds	2,962,193	-	2,962,193	-
Total assets	$ 5,148,485	$ 2,186,292	$ 2,962,193	$ -

	2021			
	Fair value	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	$ 41,721	$ 41,721	$ -	$ -
Equity securities:				
Common stock	3,637,786	3,637,786	-	-
Fixed income:				
Corporate bonds	2,323,304	-	2,323,304	-
Total assets	$ 6,002,811	$ 3,679,507	$ 2,323,304	$ -

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, 2022 and 2021, 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, 2023. At December 31, 2022 and 2021, there were no amounts outstanding on the line. Additionally, there were no borrowings on the line of credit during 2022 or 2021. Interest is payable monthly equal to the index plus 0.89%. The rate was 4.14% and 5% as of December 31, 2022 and 2021, 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

As of December 31, 2022 and 2021, the Organization had the following endowment net asset composition by type of fund:

December 31, 2022	
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)	641,485
	$ 5,148,485

NOTE 7 - LILLY ENDOWMENT FUND (CONTINUED)

	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)	1,495,811
	$ 6,002,811

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, 2022 and 2021.

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.

NOTE 7 - LILLY ENDOWMENT FUND (CONTINUED)

Changes in Endowment net assets as of December 31, 2022 and 2021 are as follows:

Endowment net assets, January 01, 2021	$ 5,215,459
Investment income	74,684
Net realized and unrealized	711,943
Total investment return	786,627
Purchases	725
Endowment net assets, December 31, 2021	6,002,811
Investment income	95,017
Net realized and unrealized	(949,343)
Total investment return	854,326
Endowment net assets, December 31, 2022	$ 5,148,485

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 $13,896 and $10,174 the years ended December 31, 2022 and 2021, respectively.

NOTE 9 - OPERATING LEASES

The Organization is obligated under an operating lease agreement with monthly payments of $318 through January 2027. Total operating lease payments were $3,498 and $3,049 for the years ended December 31, 2022 and 2021, respectively.

Future minimum lease payments under these obligations are as follows:

2023	$ 3,816
2024	3,816
2025	3,816
2026	3,816
2027	318
Total	$ 15,582

NOTE 10 - FUNCTIONAL ALLOCATION OF UNITED WAY SUPPORT

Support from United Way for years ended December 31, 2022 and 2021, was allocated to the following program services and supporting activities:

	2022	2021
Indirect public support from United Way:		
Community Impact Fund	$ 243,750	$ 226,730
Program Allocation:		
Program services:		
Child day care	$ 4,534	$ 19,170
School age child care	21,344	7,420
HIV AIDS	1,481	4,166
Social services / Homeless prevention services	10,180	4,166
Access services	150,105	37,030
Now for the future	1,418	4,191
Nutrition	52	22,041
General social development	5,594	3,250
Senior citizens services	25	4,166
Transportation services	1,777	8,125
	$ 196,510	$ 113,725

NOTE 11 - RELATED PARTY TRANSACTIONS

The Organization paid for services provided by board members' companies during 2022 and 2021. The services relate to providing maintenance and repair services. The Organization paid related parties a total of $8,282 and $29,880 in 2022 and 2021, respectively. Any related parties on the Board of Directors refrain from voting on related party transactions.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	2022	2021
With donor restrictions:		
Purpose restrictions:		
Women's Fund	$ 16,500	$ -
United Way Basic Needs	14,812	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
Lilly Grant 539	235,029	-
Lilly Grant 538	79,183	-
United Way FOF	33,633	-
FEMA	84,305	-
CICF	2,000	1,000
CICF Senior Fund	7,666	-
Financial sustainability (Lilly Endowment)	641,485	1,495,811
Time restricted:		
Lilly three year	1,000,000	-
Perpetual in nature:		
Lilly Endowment fund	4,507,000	4,507,000
Total with donor restrictions	$ 6,621,613	$ 6,499,656

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.

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.