

CONCORD CENTER ASSOCIATION, INC.

FINANCIAL REPORT

December 31, 2018

Concord
Neighborhood Center



Caring for Families Since 1875

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Concord Center Association, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Concord Center Association, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT - continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concord Center Association, Inc. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Pike CPAs

Indianapolis, Indiana
May 3, 2019

CONCORD CENTER ASSOCIATION, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS</u> | | |
| Cash and cash equivalents | \$ 486,048 | \$ 1,094,472 |
| Certificates of deposit | 300,000 | - |
| Accounts receivable, less allowance for doubtful accounts - 2018: \$1,897; 2017: \$1,570 | 18,960 | 25,369 |
| Contracts receivable | 75,682 | 35,296 |
| Grants receivable | 130,889 | 102,737 |
| Interest receivable | 17,879 | 2,622 |
| Prepaid expenses | 24,022 | 20,316 |
| TOTAL CURRENT ASSETS | 1,053,480 | 1,280,812 |
| <u>INVESTMENTS</u> , at fair value | 4,563,078 | 4,524,444 |
| <u>BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS</u> | 311,037 | 451,557 |
| <u>PROPERTY AND EQUIPMENT</u> , net | 567,873 | 555,216 |
| TOTAL ASSETS | \$ 6,495,468 | \$ 6,812,029 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Accounts payable | \$ 30,244 | \$ 17,730 |
| Accrued expenses | 2,741 | 4,879 |
| TOTAL CURRENT LIABILITIES | 32,985 | 22,609 |
| <u>NET ASSETS</u> | | |
| Without donor restrictions | 1,145,954 | 1,218,777 |
| With donor restrictions | | |
| Purpose restrictions | 726,741 | 964,906 |
| Time restrictions | 82,788 | 98,737 |
| Perpetual in nature | 4,507,000 | 4,507,000 |
| | 5,316,529 | 5,570,643 |
| TOTAL NET ASSETS | 6,462,483 | 6,789,420 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 6,495,468 | \$ 6,812,029 |

See Notes to Financial Statements.

CONCORD CENTER ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

Year ended December 31, 2018

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|--|---|---------------------|
| <u>SUPPORT AND REVENUE</u> | | | |
| Direct public support: | | | |
| Contributions | \$ 86,863 | \$ - | \$ 86,863 |
| Grants and awards | 9,997 | 166,575 | 176,572 |
| Fundraising - special events | 38,936 | - | 38,936 |
| In-kind contributions | 47,158 | - | 47,158 |
| | <u>182,954</u> | <u>166,575</u> | <u>349,529</u> |
| Indirect public support: | | | |
| United Way Community Funding | <u>82,793</u> | <u>82,788</u> | <u>165,581</u> |
| Fees from contracts | 264,926 | - | 264,926 |
| Childcare and summer camp program | | | |
| service fees | 280,612 | - | 280,612 |
| Rental income and other charges | 19,168 | - | 19,168 |
| Dynki Deli | <u>12,498</u> | <u>-</u> | <u>12,498</u> |
| | <u>577,204</u> | <u>-</u> | <u>577,204</u> |
| Gain (loss) on sale of assets | (718) | - | (718) |
| Investment income, net of fees | 24,241 | 28,504 | 52,745 |
| Unrealized gain (loss) on investments | (183) | 464 | 281 |
| Realized gain (loss) on investments | - | 45 | 45 |
| Change in value of beneficial interest | - | 4,362 | 4,362 |
| Net assets released from restrictions | <u>536,852</u> | <u>(536,852)</u> | <u>-</u> |
| | <u>560,192</u> | <u>(503,477)</u> | <u>56,715</u> |
| TOTAL SUPPORT AND REVENUE | <u>1,403,143</u> | <u>(254,114)</u> | <u>1,149,029</u> |
| <u>EXPENSES</u> | | | |
| Program services | 1,301,424 | - | 1,301,424 |
| Supporting activities | <u>174,542</u> | <u>-</u> | <u>174,542</u> |
| TOTAL EXPENSES | <u>1,475,966</u> | <u>-</u> | <u>1,475,966</u> |
| CHANGE IN NET ASSETS | (72,823) | (254,114) | (326,937) |
| <u>NET ASSETS</u> | | | |
| Beginning of year | 1,218,777 | 5,570,643 | 6,789,420 |
| Transfer of funds to CICF | <u>-</u> | <u>-</u> | <u>-</u> |
| End of year | <u>\$ 1,145,954</u> | <u>\$ 5,316,529</u> | <u>\$ 6,462,483</u> |

See Notes to Financial Statements.

CONCORD CENTER ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES - continued

Year ended December 31, 2017

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|--|---|---------------------|
| <u>SUPPORT AND REVENUE</u> | | | |
| Direct public support: | | | |
| Contributions | \$ 94,992 | \$ 6,800 | \$ 101,792 |
| Grants and awards | 12,000 | 113,967 | 125,967 |
| Fundraising - special events | 32,980 | - | 32,980 |
| In-kind contributions | 39,822 | - | 39,822 |
| | <u>179,794</u> | <u>120,767</u> | <u>300,561</u> |
| Indirect public support: | | | |
| United Way Community Funding | <u>98,736</u> | <u>98,737</u> | <u>197,473</u> |
| Fees from contracts | 280,720 | - | 280,720 |
| Childcare and summer camp program | | | |
| service fees | 284,364 | - | 284,364 |
| Rental income and other charges | 23,308 | - | 23,308 |
| Dynki Deli | <u>14,874</u> | <u>-</u> | <u>14,874</u> |
| | <u>603,266</u> | <u>-</u> | <u>603,266</u> |
| Gain (loss) on sale of assets | - | - | - |
| Investment income, net of fees | 3,801 | 27,083 | 30,884 |
| Unrealized gain (loss) on investments | - | - | - |
| Realized gain (loss) on investments | - | (18) | (18) |
| Change in value of beneficial interest | - | 1,557 | 1,557 |
| Net assets released from restrictions | <u>391,414</u> | <u>(391,414)</u> | <u>-</u> |
| | <u>395,215</u> | <u>(362,792)</u> | <u>32,423</u> |
| TOTAL SUPPORT AND REVENUE | <u>1,277,011</u> | <u>(143,288)</u> | <u>1,133,723</u> |
| <u>EXPENSES</u> | | | |
| Program services | 1,328,861 | - | 1,328,861 |
| Supporting activities | <u>175,183</u> | <u>-</u> | <u>175,183</u> |
| TOTAL EXPENSES | <u>1,504,044</u> | <u>-</u> | <u>1,504,044</u> |
| CHANGE IN NET ASSETS | <u>(227,033)</u> | <u>(143,288)</u> | <u>(370,321)</u> |
| <u>NET ASSETS</u> | | | |
| Beginning of year | 1,895,810 | 5,263,931 | 7,159,741 |
| Transfer of funds to CICF | <u>(450,000)</u> | <u>450,000</u> | <u>-</u> |
| End of year | <u>\$ 1,218,777</u> | <u>\$ 5,570,643</u> | <u>\$ 6,789,420</u> |

See Notes to Financial Statements.

CONCORD CENTER ASSOCIATION, INC

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2018

| | Program Services | | | | | | | |
|-----------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------|--------------------------|
| | <u>Care</u> | <u>Child</u> | <u>School Age</u> | <u>Social</u> | <u>Now For</u> | | <u>Senior</u> | |
| | <u>Coordination</u> | <u>Day Care</u> | <u>Child Care</u> | <u>Services /</u> | <u>the Future</u> | <u>Nutrition</u> | <u>Citizens</u> | <u>Dynki Deli</u> |
| | | | | <u>Prevention</u> | <u>(NFTF)</u> | | <u>Services</u> | |
| Salaries and wages | \$ 103,267 | \$ 217,929 | \$ 155,891 | \$ 61,678 | \$ 41,893 | \$ 33,019 | \$ 25,204 | \$ 6,149 |
| Employee benefits | 24,162 | 32,561 | 23,995 | 10,497 | 5,673 | 4,135 | 2,334 | 38 |
| Payroll taxes | 6,847 | 16,607 | 11,924 | 4,657 | 3,103 | 2,305 | 1,793 | 501 |
| Legal and professional | 2,807 | 2,493 | 2,618 | 2,475 | 2,071 | 2,066 | 2,069 | - |
| Supplies | 3,431 | 4,532 | 18,582 | 2,102 | 3,208 | 64,696 | 5,040 | 13,404 |
| Telephone | 2,540 | 1,653 | 1,652 | 1,653 | 826 | 826 | 826 | - |
| Postage and shipping | 257 | 238 | 55 | 105 | 42 | - | 1,242 | - |
| Occupancy - utilities & insurance | 2,123 | 5,902 | 6,303 | 1,572 | 3,684 | 1,242 | 1,943 | - |
| Occupancy - routine upkeep | 4,347 | 7,451 | 8,154 | 2,937 | 5,148 | 3,579 | 3,219 | 1,080 |
| Conferences and meetings | 50 | 833 | 1,989 | - | 150 | - | - | - |
| Printing and publications | 480 | 286 | 386 | 249 | 248 | - | 249 | - |
| Travel and transportation | 93 | 1,673 | 4,841 | - | 5 | 196 | 1,648 | 364 |
| Contributions, dues, and awards | - | 36 | 36 | - | 146 | 36 | - | 36 |
| Equipment rental | 1,889 | 1,080 | 193 | - | - | - | - | - |
| Activity fees and charges | 63 | 103 | 2,510 | 13 | 1,113 | 13 | 13 | - |
| Other insurance | 2,482 | 3,280 | 5,246 | 2,057 | 3,326 | 1,525 | 2,151 | - |
| Other expenses | 1,179 | 12,589 | 20,200 | 6,969 | 8,327 | 698 | 2,351 | 1,585 |
| Specific assistance | 48,609 | - | 21 | 16,582 | - | - | - | - |
| Fundraising | - | 168 | - | - | - | - | 837 | - |
| Depreciation | 7,159 | 11,262 | 21,013 | 5,200 | 12,261 | 4,038 | 6,444 | - |
| | <u>\$ 211,785</u> | <u>\$ 320,676</u> | <u>\$ 285,609</u> | <u>\$ 118,746</u> | <u>\$ 91,224</u> | <u>\$ 118,374</u> | <u>\$ 57,363</u> | <u>\$ 23,157</u> |

See Notes to Financial Statements.

CONCORD CENTER ASSOCIATION, INC

STATEMENTS OF FUNCTIONAL EXPENSES - continued

Year ended December 31, 2018

| | <u>Program Services</u> | | | <u>Supporting Activities</u> | | | |
|-----------------------------------|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|-----------------------------|----------------------------|
| | <u>Trans- portation Services</u> | <u>General Social Devel.</u> | <u>Total Program</u> | <u>Mgmt. and General</u> | <u>Fund- Raising</u> | <u>Total Supporting</u> | <u>Total All Funds</u> |
| Salaries and wages | \$ 18,161 | \$ 24,840 | \$ 688,031 | \$ 28,474 | \$ 40,863 | \$ 69,337 | \$ 757,368 |
| Employee benefits | 4,467 | 3,537 | 111,399 | 3,277 | 6,975 | 10,252 | 121,651 |
| Payroll taxes | 1,317 | 1,921 | 50,975 | 2,175 | 3,066 | 5,241 | 56,216 |
| Legal and professional | 7 | 2,065 | 18,671 | 3,358 | 3,738 | 7,096 | 25,767 |
| Supplies | 47 | 310 | 115,352 | 147 | 149 | 296 | 115,648 |
| Telephone | - | 826 | 10,802 | 362 | 704 | 1,066 | 11,868 |
| Postage and shipping | - | - | 1,939 | 63 | 1,480 | 1,543 | 3,482 |
| Occupancy - utilities & insurance | - | 2,039 | 24,808 | 979 | 1,018 | 1,997 | 26,805 |
| Occupancy - routine upkeep | - | 3,235 | 39,150 | 20,355 | 8,361 | 28,716 | 67,866 |
| Conferences and meetings | - | - | 3,022 | - | 125 | 125 | 3,147 |
| Printing and publications | - | - | 1,898 | 32 | 196 | 228 | 2,126 |
| Travel and transportation | 2,033 | - | 10,853 | - | - | - | 10,853 |
| Contributions, dues, and awards | - | - | 290 | - | 300 | 300 | 590 |
| Equipment rental | - | - | 3,162 | - | - | - | 3,162 |
| Activity fees and charges | - | 13 | 3,841 | - | 13 | 13 | 3,854 |
| Other insurance | - | 2,102 | 22,169 | 786 | 537 | 1,323 | 23,492 |
| Other expenses | - | 809 | 54,707 | 871 | 11,778 | 12,649 | 67,356 |
| Specific assistance | - | - | 65,212 | - | - | - | 65,212 |
| Fundraising | - | - | 1,005 | - | 27,242 | 27,242 | 28,247 |
| Depreciation | - | 6,761 | 74,138 | 3,218 | 3,900 | 7,118 | 81,256 |
| | <u>\$ 26,032</u> | <u>\$ 48,458</u> | <u>\$ 1,301,424</u> | <u>\$ 64,097</u> | <u>\$ 110,445</u> | <u>\$ 174,542</u> | <u>\$ 1,475,966</u> |

See Notes to Financial Statements.

CONCORD CENTER ASSOCIATION, INC

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2017

| | Program Services | | | | | | | |
|-----------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------|--------------------------|
| | <u>Care</u> | <u>Child</u> | <u>School Age</u> | <u>Social</u> | <u>Now For</u> | | <u>Senior</u> | |
| | <u>Coordination</u> | <u>Day Care</u> | <u>Child Care</u> | <u>Services /</u> | <u>the Future</u> | <u>Nutrition</u> | <u>Citizens</u> | <u>Dynki Deli</u> |
| | | | | <u>Prevention</u> | <u>(NFTF)</u> | | <u>Services</u> | |
| Salaries and wages | \$ 81,265 | \$ 205,378 | \$ 160,704 | \$ 77,844 | \$ 65,684 | \$ 28,174 | \$ 21,459 | \$ 12,383 |
| Employee benefits | 18,507 | 35,733 | 22,538 | 11,562 | 6,131 | 4,558 | 2,843 | 63 |
| Payroll taxes | 6,268 | 15,485 | 12,252 | 5,900 | 5,015 | 2,071 | 1,505 | 1,000 |
| Legal and professional | 3,991 | 3,379 | 3,367 | 3,359 | 3,166 | 335 | 3,006 | - |
| Supplies | 658 | 6,201 | 7,897 | 421 | 1,120 | 66,738 | 5,034 | 20,229 |
| Telephone | 2,973 | 1,826 | 1,826 | 1,826 | 983 | 765 | 984 | - |
| Postage and shipping | 274 | 105 | 125 | 125 | 125 | - | 125 | - |
| Occupancy - utilities & insurance | 1,855 | 6,408 | 5,964 | 1,566 | 3,531 | 1,353 | 1,912 | - |
| Occupancy - routine upkeep | 6,059 | 12,710 | 12,759 | 4,001 | 7,647 | 4,627 | 4,618 | 801 |
| Conferences and meetings | 50 | 1,766 | 901 | - | 90 | - | - | - |
| Printing and publications | 155 | 273 | 230 | 405 | 155 | - | 155 | - |
| Travel and transportation | 110 | 1,448 | 4,452 | - | - | 110 | 1,448 | 35 |
| Contributions, dues, and awards | 98 | 88 | 109 | 48 | 11,420 | - | 48 | - |
| Equipment rental | 2,220 | 1,086 | 194 | - | - | - | - | - |
| Activity fees and charges | - | 188 | 1,869 | - | 600 | - | - | - |
| Other insurance | 2,364 | 3,523 | 5,567 | 2,009 | 3,427 | 1,186 | 2,125 | 2 |
| Other expenses | 1,459 | 1,434 | 8,044 | 9,933 | 415 | 40 | 3,394 | 1,847 |
| Specific assistance | 40,525 | - | 113 | 46,388 | - | - | - | - |
| Fundraising | 25 | 280 | 110 | 525 | 25 | - | 25 | - |
| Depreciation | 6,451 | 11,314 | 20,751 | 5,446 | 12,281 | 4,766 | 6,652 | - |
| | <u>\$ 175,307</u> | <u>\$ 308,625</u> | <u>\$ 269,772</u> | <u>\$ 171,358</u> | <u>\$ 121,815</u> | <u>\$ 114,723</u> | <u>\$ 55,333</u> | <u>\$ 36,360</u> |

See Notes to Financial Statements.

CONCORD CENTER ASSOCIATION, INC

STATEMENTS OF FUNCTIONAL EXPENSES - continued

Year ended December 31, 2017

| | <u>Program Services</u> | | | <u>Supporting Activities</u> | | | |
|-----------------------------------|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|-----------------------------|----------------------------|
| | <u>Trans- portation Services</u> | <u>General Social Devel.</u> | <u>Total Program</u> | <u>Mgmt. and General</u> | <u>Fund- Raising</u> | <u>Total Supporting</u> | <u>Total All Funds</u> |
| Salaries and wages | \$ 17,590 | \$ 23,158 | \$ 693,639 | \$ 28,279 | \$ 42,827 | \$ 71,106 | \$ 764,745 |
| Employee benefits | 4,381 | 1,972 | 108,288 | 5,266 | 7,090 | 12,356 | 120,644 |
| Payroll taxes | 1,281 | 1,796 | 52,573 | 2,108 | 3,195 | 5,303 | 57,876 |
| Legal and professional | 16 | 327 | 20,946 | 19,894 | 18,583 | 38,477 | 59,423 |
| Supplies | - | 150 | 108,448 | 27 | 163 | 190 | 108,638 |
| Telephone | - | 765 | 11,948 | 211 | - | 211 | 12,159 |
| Postage and shipping | - | - | 879 | (11) | 2,149 | 2,138 | 3,017 |
| Occupancy - utilities & insurance | - | 1,999 | 24,588 | 1,013 | - | 1,013 | 25,601 |
| Occupancy - routine upkeep | - | 3,999 | 57,221 | 1,805 | 909 | 2,714 | 59,935 |
| Conferences and meetings | - | - | 2,807 | - | 1,431 | 1,431 | 4,238 |
| Printing and publications | - | 37 | 1,410 | - | 3,200 | 3,200 | 4,610 |
| Travel and transportation | 9,354 | - | 16,957 | - | 1,472 | 1,472 | 18,429 |
| Contributions, dues, and awards | - | - | 11,811 | 76 | 1,432 | 1,508 | 13,319 |
| Equipment rental | - | - | 3,500 | - | - | - | 3,500 |
| Activity fees and charges | - | - | 2,657 | - | - | - | 2,657 |
| Other insurance | 3 | 1,688 | 21,894 | 864 | 66 | 930 | 22,824 |
| Other expenses | - | 95 | 26,661 | 1,474 | 5,077 | 6,551 | 33,212 |
| Specific assistance | - | - | 87,026 | - | 40 | 40 | 87,066 |
| Fundraising | - | - | 990 | - | 23,017 | 23,017 | 24,007 |
| Depreciation | - | 6,957 | 74,618 | 3,526 | - | 3,526 | 78,144 |
| | <u>\$ 32,625</u> | <u>\$ 42,943</u> | <u>\$ 1,328,861</u> | <u>\$ 64,532</u> | <u>\$ 110,651</u> | <u>\$ 175,183</u> | <u>\$ 1,504,044</u> |

See Notes to Financial Statements.

CONCORD CENTER ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|--------------------|---------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$ (326,937) | \$ (370,321) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 81,256 | 78,144 |
| (Gain) loss on sale of assets | 718 | - |
| Realized and unrealized (gain) loss on investments | (326) | 18 |
| Unrealized (gain) loss on beneficial interest | (4,362) | (1,557) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in: | | |
| Grants and contracts receivable | (68,538) | 83,283 |
| Accounts receivable | 6,409 | (4,624) |
| Interest receivable | (15,257) | (2,622) |
| Prepaid expenses | (3,706) | (2,650) |
| Increase (decrease) in: | | |
| Accounts payable | 12,514 | 7,521 |
| Accrued expenses | (2,138) | 1,701 |
| Net cash provided by (used in) operating activities | <u>(320,367)</u> | <u>(211,107)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Proceeds from sale of investments | 3,022,213 | 2,136,000 |
| Purchase of investments | (3,010,521) | (6,660,462) |
| Purchases of certificates of deposit | (450,000) | - |
| Maturities of certificates of deposit | 100,000 | - |
| Transfer funds to beneficial interest in assets held by others | - | (450,000) |
| Proceeds from beneficial interest in assets held by others | 144,882 | - |
| Purchase of property and equipment | (95,231) | (18,834) |
| Proceeds from sale of assets | 600 | - |
| Net cash provided by (used in) investing activities | <u>(288,057)</u> | <u>(4,993,296)</u> |
| Increase (decrease) in cash and cash equivalents | (608,424) | (5,204,403) |
| <u>CASH AND CASH EQUIVALENTS</u> | | |
| Beginning of year | <u>1,094,472</u> | <u>6,298,875</u> |
| End of year | <u>\$ 486,048</u> | <u>\$ 1,094,472</u> |
| <u>SUPPLEMENTAL DISCLOSURES</u> | | |
| <u>OF CASH FLOW INFORMATION</u> | | |
| In-kind contributions | <u>\$ 47,158</u> | <u>\$ 39,822</u> |

See Notes to Financial Statements.

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

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 CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Nature of Business - 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 2018 and 2017, CNV had no revenues or expenses, and no assets or liabilities; therefore, consolidated financial statements are not presented for the years ended December 31, 2018 and 2017.

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

A. Basis of Accounting

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

B. 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.

C. 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.

D. Certificates of Deposit

Certificates of deposit are valued based on original cost plus accrued interest.

E. 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.

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

E. Concentration of Risks - continued

Approximately 14% and 17% of total revenue was from United Way for general operating support in 2018 and 2017, respectively. In addition to operating support, United Way also provides support for other programs. Approximately 19% and 18% of the Organization's total revenue was from United Way in 2018 and 2017, respectively. Refer to Note 14 for the detail of United Way operating support.

The Organization has contracts with various federal, state, and local governmental agencies and departments. Approximately 23% and 25% of total revenue was received from these agencies and departments for 2018 and 2017, respectively.

F. Accounts Receivable

The Organization follows the allowance method for accounting for uncollectible accounts. Management established an allowance for bad debts in the amount of \$1,897 and \$1,570 for the years ended December 31, 2018 and 2017, respectively.

The Organization's policy for determining when receivables are past due is on a case-by-case basis. Uncollectible accounts are reported in accordance with the policy described above when it is determined the amounts have become uncollectible. Amounts are considered uncollectible at the time management believes that satisfactory payment arrangements cannot be made.

G. Grant 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, 2018 and 2017.

H. Property, Equipment, Depreciation, and Improvements

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.

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

I. 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.

J. Support and Revenues

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.

K. In-Kind Contributions

In addition to receiving cash contributions, the Organization received in-kind contributions from various donors totaling \$47,158 and \$39,822 for the years ending December 31, 2018 and 2017, respectively, which are reported as contributions in the statements of activities.

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

L. 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.

M. 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.

N. 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.

O. 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.

P. Reclassifications

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

Q. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through May 3, 2019, which is the date the financial statements were available to be issued.

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 2 RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-For-Profit Entities. The standard aims to improve nonprofit financial statements in an effort to provide more useful information to donors, grantors, creditors and other users. Major components of this standard include: net asset classifications, liquidity and availability of cash and consistency in reporting expenses. Net asset classifications has been reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two: net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements are presented regarding risk exposure and availability of cash for short term use. Expenses are reported by both their natural and functional classification to aid in the usefulness of financial statements. The Organization adopted this standard for the year ending December 31, 2018 and applied it retrospectively.

NOTE 3 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers. This standard will be effective for the entity for the year ending December 31, 2019. The organization is currently in the process of evaluating the effect of adoption of this ASU on its financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and corresponding lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either finance or operating, and this distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the entity for the year ending December 31, 2020. The organization is currently in the process of evaluating the effect of adoption of this ASU on its financial statements.

NOTE 4 LIQUIDITY AND AVAILABILITY

The Organization has \$669,883 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting substantially of cash and certificates of deposits. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4 LIQUIDITY AND AVAILABILITY - continued

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, including certificates of deposits. Due to the fluctuating cash needs of the Center as a result of seasonal programming, certificates of deposits have been acquired with staggered maturity dates to make certain additional cash is available at varying times throughout the year. As more fully described in Note 10, 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. The Board has authorized zero distributions through the end of 2019. 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.

The table below represents financial assets available for general expenditures within one year at December 31, 2018:

Financial assets at year-end:

| | <u>2018</u> |
|---|--------------------|
| Cash and cash equivalents | \$ 486,048 |
| Certificates of deposit | 300,000 |
| Accounts receivable | 18,960 |
| Contracts and grants receivable | 206,571 |
| Interest receivable | 17,879 |
| Investments | 4,563,078 |
| Beneficial interest in assets held by others | 311,037 |
| Total financial assets | <u>5,903,573</u> |
| Less amounts not available to be used within one year | |
| Investments held for endowments | (4,507,000) |
| Donor-imposed restrictions | <u>(726,741)</u> |
| Financial assets not available to be used within one year | <u>(5,233,741)</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 669,832</u> |

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5 CERTIFICATES OF DEPOSIT

Certificates of deposit consist of the following:

| | <u>2018</u> | <u>2017</u> |
|--|--------------------|--------------------|
| PNC Investments | | |
| Five CD's APY 2.15% to 2.30%; all mature in 2019 | \$ 300,000 | \$ - |
| | <u>\$ 300,000</u> | <u>\$ -</u> |

Maturities as of December 31, 2018 and 2017 are as follow:

| | <u>2018</u> | <u>2017</u> |
|------------------------------------|--------------------|--------------------|
| Within one year | \$ 300,000 | \$ - |
| After one year through five years | - | - |
| After five years through ten years | - | - |
| After ten years | - | - |
| | <u>\$ 300,000</u> | <u>\$ -</u> |

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

| | <u>2018</u> | <u>2017</u> |
|-------------------------------|--------------------|--------------------|
| Land | \$ 47,790 | \$ 47,790 |
| Land improvements | 5,007 | 5,007 |
| Building | 1,200,857 | 1,200,856 |
| Building improvements | 623,827 | 570,220 |
| Furniture and fixtures | 37,751 | 40,753 |
| Autos/trucks | 38,346 | 45,128 |
| Other equipment | 38,260 | 38,260 |
| Construction in progress | 41,625 | - |
| | <u>2,033,463</u> | <u>1,948,014</u> |
| Less accumulated depreciation | <u>1,465,590</u> | <u>1,392,798</u> |
| | <u>\$ 567,873</u> | <u>\$ 555,216</u> |

NOTE 7 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.

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 7 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS - continued

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. In June 2018, the Organization's assets were transferred to a short-term pooled fund that consists of money market and fixed income funds and cash. The Organization is the only beneficiary of the investment earnings, which are distributed in accordance with the agreements between CICF and the Organization.

NOTE 8 INVESTMENTS

Investments are composed of the following:

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|---------------------|---------------------|
| Money market funds | \$ 810,288 | \$ 4,524,444 |
| Equity securities | 118,104 | - |
| Corporate and government bonds | 3,634,686 | - |
| | <u>\$ 4,563,078</u> | <u>\$ 4,524,444</u> |

Net return on investments is as follows:

| | <u>2018</u> | <u>2017</u> |
|---|--------------------|--------------------|
| Investment income, net of related expenses of \$18,206 and \$0, respectively | \$ 28,504 | \$ 27,083 |
| Realized gain (loss) | 45 | (18) |
| Unrealized gain (loss) | 464 | - |
| | <u>\$ 29,013</u> | <u>\$ 27,065</u> |

NOTE 9 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.

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 9 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.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. While the Organization believes its valuation methods are appropriate and consistent with the other market participants, the use of different methodologies or assumptions to determining the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended December 31, 2018 and 2017, 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:

Money market funds: Valued at the net asset value ("NAV") of shares held at year-end, as reported by each fund.

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.

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 9 FAIR VALUE MEASUREMENTS - continued

Assets measured at fair value as of December 31, 2018 and 2017 are summarized as follows:

| | 2018 | | | |
|--|--------------------------|-----------------------|-----------------------|-----------------------|
| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Money market funds | \$ 810,288 | \$ - | \$ 810,288 | \$ - |
| Equity securities: | | | | |
| Common stock | 118,104 | 118,104 | - | - |
| Fixed income: | | | | |
| Corporate bonds | 249,672 | - | 249,672 | - |
| Government bonds | 3,385,014 | - | 3,385,014 | - |
| | <u>4,563,078</u> | <u>118,104</u> | <u>4,444,974</u> | <u>-</u> |
| Beneficial interest in assets held by others | <u>311,037</u> | <u>-</u> | <u>311,037</u> | <u>-</u> |
| Total Assets | <u>\$ 4,874,115</u> | <u>\$ 118,104</u> | <u>\$ 4,756,011</u> | <u>\$ -</u> |

| | 2017 | | | |
|--|--------------------------|-----------------------|-----------------------|-----------------------|
| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Money market funds | \$ 4,524,444 | \$ - | \$ 4,524,444 | \$ - |
| Beneficial interest in assets held by others | <u>451,557</u> | <u>-</u> | <u>451,557</u> | <u>-</u> |
| Total Assets | <u>\$ 4,976,001</u> | <u>\$ -</u> | <u>\$ 4,976,001</u> | <u>\$ -</u> |

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, 2018 and 2017, there were no significant transfers in or out of Levels 1, 2 or 3.

NOTE 10 LINE OF CREDIT

The Organization has a line of credit with Regions Bank with a maximum debt facility of \$200,000 available through October 18, 2020. At December 31, 2018 and 2017, there were no amounts outstanding on the line. Additionally, there were no borrowings on the line of credit during 2018 or 2017. Interest is payable monthly at the bank's prime rate plus 1.85%. The rate was 7.35% and 6.35% as of December 31, 2018 and 2017, respectively. Borrowings under this agreement are collateralized by substantially all of the assets of the Organization.

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 11 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, 2018 and 2017, the Organization had the following endowment net asset composition by type of fund:

| | <u>With Donor Restrictions</u> |
|--|---|
| <u>December 31, 2018</u> | |
| 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) | 56,078 |
| | <u>\$ 4,563,078</u> |

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 11 LILLY ENDOWMENT FUND - continued

December 31, 2017

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) | 27,065 |
| | <u>\$ 4,534,065</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, 2018 and 2017.

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.

The Organization has authorized zero distributions for the first three years ending 2017, 2018 and 2019. Authorized subsequent 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 CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 11 LILLY ENDOWMENT FUND - continued

Changes in Endowment net assets as of December 31, 2018 and 2017 are as follows:

| | <u>With Donor Restrictions</u> |
|---|---|
| Endowment net assets, January 1, 2017 | \$ 4,507,000 |
| Investment income | 27,083 |
| Net depreciation, realized and unrealized | <u>(18)</u> |
| Total investment return | <u>27,065</u> |
| Endowment net assets, December 31, 2017 | <u>4,534,065</u> |
| Investment income | 28,504 |
| Net depreciation, realized and unrealized | <u>509</u> |
| Total investment return | <u>29,013</u> |
| Endowment net assets, December 31, 2018 | <u>\$ 4,563,078</u> |

NOTE 12 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 \$10,413 and \$2,543 the years ended December 31, 2018 and 2017, respectively.

NOTE 13 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 \$5,173 and \$6,158 for the years ended December 31, 2018 and 2017, respectively.

Future minimum lease payments under these obligations are as follows:

| | |
|------------|------------------|
| 2019 | \$ 4,164 |
| 2020 | 4,164 |
| 2021 | 4,164 |
| 2022 | 3,470 |
| Thereafter | <u>-</u> |
| | <u>\$ 15,962</u> |

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 14 FUNCTIONAL ALLOCATION OF UNITED WAY SUPPORT

Support from United Way for years ended December 31, 2018 and 2017, was allocated to the following program services and supporting activities:

| | <u>2018</u> | <u>2017</u> |
|---|--------------------|--------------------|
| Indirect public support from United Way: | | |
| Community Impact Fund | <u>\$ 165,581</u> | <u>\$ 197,473</u> |
| Program Allocation: | | |
| Program services: | | |
| Child day care | \$ 48,536 | \$ 62,546 |
| School age child care | 43,518 | 53,928 |
| Social Services / Homeless prevention services | 19,476 | 50,171 |
| Now for the future | 14,952 | 4,572 |
| Nutrition | 19,506 | 9,405 |
| General social development | 6,958 | 7,706 |
| Senior citizens services | 7,178 | - |
| Transportation services | 5,457 | 9,145 |
| | <u>\$ 165,581</u> | <u>\$ 197,473</u> |

In 2018, the Organization recognized grant income from the United Way in the amount of \$48,586 to assist with the purchase of a condenser and facility maintenance. In 2017, the Organization recognized grant income from the United Way in the amount of \$7,607 to assist with purchasing a new boiler, HVAC unit, and for senior programming.

NOTE 15 RELATED PARTY TRANSACTIONS

The Organization paid for services provided by board members' companies during 2018 and 2017. The services relate to providing maintenance and repair services. The Organization paid related parties a total of \$36,814 and \$22,766 in 2018 and 2017, respectively. Any related parties on the Board of Directors refrain from voting on related party transactions.

CONCORD CENTER ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 16 NET ASSETS

Net assets consist of:

| | <u>2018</u> | <u>2017</u> |
|--|----------------------------|----------------------------|
| Without donor restrictions: | <u>\$ 1,145,954</u> | <u>\$ 1,218,777</u> |
| With donor restrictions: | | |
| Purpose restrictions: | | |
| Now for the Future ("NFTF")/Brotherhood | \$ 37,412 | \$ 39,232 |
| Access/Homeless prevention | 6,123 | 1,300 |
| Senior citizens services | - | - |
| Child and youth development | 7,500 | 5,860 |
| Care coordination | 3,000 | 3,000 |
| CICF cash reserve fund | 311,037 | 451,557 |
| Capital improvements | 36,547 | - |
| Financial sustainability (Lilly Endowment) | 325,122 | 463,957 |
| Time restrictions: | | |
| United Way operating grant | 82,788 | 98,737 |
| Perpetual in nature: | | |
| Lilly Endowment fund | <u>4,507,000</u> | <u>4,507,000</u> |
| Total with donor restrictions | <u>\$ 5,316,529</u> | <u>\$ 5,570,643</u> |