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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Hamilton Center, Inc.
Terre Haute, Indiana

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hamilton Center, Inc. (the Center), a nonprofit organization, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Center 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 Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, issued by the Indiana State Board of Accounts, 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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.

Board of Directors
Hamilton Center, Inc.
Terre Haute, Indiana

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial information as listed in the accompanying table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual entities, and is not a required part of the consolidated financial statements. The schedule of expenditures of state, county and local awards is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2022 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Blue & Co., LLC

Indianapolis, Indiana
November 8, 2022

HAMILTON CENTER, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2022 AND 2021

ASSETS		
	2022	2021
Current assets		
Cash and cash equivalents	\$ 9,593,620	\$ 6,454,660
Investments	23,387,396	28,832,098
Patient accounts receivable	1,913,177	1,618,503
Other accounts receivable	5,376,671	3,875,095
Prepaid expense and other current assets	488,633	698,137
Total current assets	40,759,497	41,478,493
Assets limited as to use		
Board designated	381,231	380,471
Donor restricted	1,316,916	1,569,950
Total assets limited as to use	1,698,147	1,950,421
Property and equipment, net	12,660,892	13,194,505
Other Assets	-0-	1,386,209
Total assets	\$ 55,118,536	\$ 58,009,628
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 696,577	\$ 967,691
Accrued salaries, employee benefits and related withholdings	4,355,495	4,880,376
Refundable advances	1,265,342	265,486
Estimated third-party settlements	1,940,328	2,028,514
Deposits	13,712	12,237
Total current liabilities	8,271,454	8,154,304
Long-term liabilities		
Long-term debt	400,000	400,000
Interest	600,027	552,105
Total long-term liabilities	1,000,027	952,105
Total liabilities	9,271,481	9,106,409
Net assets		
Without donor restrictions	44,530,139	47,333,269
With donor restrictions	1,316,916	1,569,950
Total net assets	45,847,055	48,903,219
Total liabilities and net assets	\$ 55,118,536	\$ 58,009,628

See accompanying notes to the consolidated financial statements.

HAMILTON CENTER, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Operating revenues, gains and other support without donor restrictions		
Patient service revenue	\$ 29,743,708	\$ 28,967,103
Public support	14,778,624	12,201,091
County tax levy	1,410,310	1,358,180
Mental health funds recovery	5,647,994	5,292,525
Other	1,420,730	1,036,789
Net assets released from restriction	98,012	93,347
Total income from operations without donor restrictions	53,099,378	48,949,035
Expenses		
Salaries and wages	29,971,324	28,770,271
Employee benefits	9,506,501	10,877,536
Operating expenses	5,483,048	5,432,688
Office expense	653,794	845,377
Travel and transportation	506,389	319,003
Building expenses	1,421,049	1,312,421
Purchased services	1,244,126	1,230,959
Depreciation expense	1,769,594	1,796,451
Hospital assessment fee and healthy Indiana plan	1,215,419	920,242
Other expenses	2,259,721	577,175
Total expenses	54,030,965	52,082,123
Loss from operations	(931,587)	(3,133,088)
Non-operating gains (losses)		
Investment return, net	(1,869,896)	6,055,404
Contributions	(1,579)	1,204
Forgiveness of long-term debt and related interest	-0-	1,161,642
Gain on disposition of assets	(68)	18,487
Total non-operating gains (losses), net	(1,871,543)	7,236,737
Excess revenues over (under) expenses/ changes in net assets without donor restrictions	(2,803,130)	4,103,649
Net assets with donor restrictions		
Contributions	11,556	86,114
Investment return, net	(166,578)	236,435
Net assets released from restriction	(98,012)	(93,347)
Changes in net assets with donor restrictions	(253,034)	229,202
Changes in net assets	(3,056,164)	4,332,851
Net assets		
Beginning of year	48,903,219	44,570,368
End of year	\$ 45,847,055	\$ 48,903,219

See accompanying notes to the consolidated financial statements.