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September 6, 2023

Board of Directors
Prevail, Inc. of Hamilton County
1100 S. 9th Street, Suite 100
Noblesville, IN 46060

We have reviewed the audit report of Prevail, Inc. of Hamilton County, which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Prevail, Inc. of Hamilton County as of June 30, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Donovan CPAs prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

Together with Independent Auditors' Report

For the Years Ended June 30, 2021 and 2020



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Donovan CPAs

Independent Auditors' Report

The Board of Directors
Prevail, Inc. of Hamilton County

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Prevail, Inc. of Hamilton County and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Prevail, Inc. of Hamilton County and Affiliate as of June 30, 2021 and 2020, and the consolidated change net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules of financial position, consolidating schedules of activities and change in net assets, and graphical and summarized data are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit 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.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large, prominent initial "D".

Indianapolis, Indiana
March 10, 2022

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 199,960	\$ 538,939
Grants receivable	289,978	245,617
Investments in reserve fund	258,408	47,869
Prepaid expenses and other assets	<u>27,826</u>	<u>21,748</u>
<i>Total current assets</i>	<u>776,172</u>	<u>854,173</u>
PROPERTY AND EQUIPMENT		
Leasehold improvements	38,635	16,913
Equipment	186,998	138,931
Furniture and fixtures	18,527	18,527
Less: accumulated depreciation	<u>(156,645)</u>	<u>(138,137)</u>
<i>Property and equipment, net</i>	<u>87,515</u>	<u>36,234</u>
LONG-TERM INVESTMENTS		
Central Indiana Community Foundation endowment	94,989	76,906
Prevail Foundation endowment	<u>3,175,137</u>	<u>2,483,522</u>
<i>Total long-term investments</i>	<u>3,270,126</u>	<u>2,560,428</u>
TOTAL ASSETS	<u><u>\$ 4,133,813</u></u>	<u><u>\$ 3,450,835</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Paycheck Protection Program note payable	\$ -	\$ 262,500
Accounts payable	4,659	13,303
Accrued expenses	44,008	52,469
Deferred income	<u>38,539</u>	<u>21,730</u>
<i>Total current liabilities</i>	<u>87,206</u>	<u>350,002</u>
NET ASSETS		
Without donor restrictions:		
Board-designated	3,175,137	2,483,522
Undesignated	613,737	306,918
With donor restrictions	<u>257,733</u>	<u>310,393</u>
<i>Total net assets</i>	<u>4,046,607</u>	<u>3,100,833</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,133,813</u></u>	<u><u>\$ 3,450,835</u></u>

See independent auditors' report and accompanying notes to the consolidated financial statements

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>			<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT						
Grants - Government	\$ 764,701	\$ -	\$ 764,701	\$ 647,234	\$ -	\$ 647,234
Grants - Foundation	143,425	86,500	229,925	69,280	172,500	241,780
Contract service revenue	111,900	90,000	201,900	118,090	90,000	208,090
Contributions	220,363	-	220,363	267,703	7,090	274,793
Special events income, net of expenses	117,773	-	117,773	199,036	-	199,036
Interest and dividends	63,627	-	63,627	46,159	-	46,159
Gain (loss) on investments	736,356	26,329	762,685	20,879	(111)	20,768
Net assets released from restrictions	255,489	(255,489)	-	186,601	(186,601)	-
<i>Total revenue and support</i>	<u>2,413,634</u>	<u>(52,660)</u>	<u>2,360,974</u>	<u>1,554,982</u>	<u>82,878</u>	<u>1,637,860</u>
EXPENSES						
Program services	1,434,943	-	1,434,943	1,361,880	-	1,361,880
Management and general	142,135	-	142,135	194,361	-	194,361
Fundraising and public relations	100,622	-	100,622	129,295	-	129,295
<i>Total expenses</i>	<u>1,677,700</u>	<u>-</u>	<u>1,677,700</u>	<u>1,685,536</u>	<u>-</u>	<u>1,685,536</u>
CHANGE IN NET ASSETS FROM OPERATIONS	735,934	(52,660)	683,274	(130,554)	82,878	(47,676)
PAYCHECK PROTECTION PROGRAM						
LOAN FORGIVENESS INCOME	<u>262,500</u>	<u>-</u>	<u>262,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	998,434	(52,660)	945,774	(130,554)	82,878	(47,676)
NET ASSETS, BEGINNING OF YEAR	<u>2,790,440</u>	<u>310,393</u>	<u>3,100,833</u>	<u>2,920,994</u>	<u>227,515</u>	<u>3,148,509</u>
NET ASSETS, END OF YEAR	<u>\$ 3,788,874</u>	<u>\$ 257,733</u>	<u>\$ 4,046,607</u>	<u>\$ 2,790,440</u>	<u>\$ 310,393</u>	<u>\$ 3,100,833</u>

See independent auditors' report and accompanying notes to the consolidated financial statements

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2021 and 2020

	2021				2020			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Public Relations</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Public Relations</u>	<u>Total</u>
Salaries and benefits	\$ 1,104,287	\$ 92,875	\$ 70,929	\$ 1,268,091	\$ 1,114,264	\$ 147,776	\$ 94,680	\$ 1,356,720
Operating expense and supplies	155,490	5,786	4,633	165,909	86,435	5,482	5,781	97,698
Facility rent	71,881	8,660	6,063	86,604	71,881	8,660	6,063	86,604
Professional services	20,311	25,862	350	46,523	12,496	23,334	560	36,390
Legal and accounting	17,256	2,271	1,271	20,798	17,513	2,119	1,477	21,109
Insurance	15,862	1,911	1,337	19,110	13,429	2,465	1,135	17,029
Telephone	14,585	2,117	1,867	18,569	12,346	1,423	1,478	15,247
Depreciation	15,360	1,852	1,296	18,508	7,417	894	626	8,937
Training and registration	14,569	662	463	15,694	19,728	1,786	770	22,284
Fundraising/public awareness	2,361	13	12,120	14,494	74	160	13,304	13,538
Travel	1,620	3	2	1,625	4,800	132	905	5,837
Membership and dues	1,361	123	65	1,549	1,497	78	97	1,672
Recognition	-	-	226	226	-	52	2,419	2,471
	<u>1,434,943</u>	<u>142,135</u>	<u>100,622</u>	<u>1,677,700</u>	<u>1,361,880</u>	<u>194,361</u>	<u>129,295</u>	<u>1,685,536</u>
Fundraising expenses netted with revenue on consolidated statements of activities and change in net assets	<u>-</u>	<u>-</u>	<u>2,282</u>	<u>2,282</u>	<u>-</u>	<u>-</u>	<u>79,139</u>	<u>79,139</u>
<i>Total functional expenses</i>	<u><u>\$ 1,434,943</u></u>	<u><u>\$ 142,135</u></u>	<u><u>\$ 102,904</u></u>	<u><u>\$ 1,679,982</u></u>	<u><u>\$ 1,361,880</u></u>	<u><u>\$ 194,361</u></u>	<u><u>\$ 208,434</u></u>	<u><u>\$ 1,764,675</u></u>

See independent auditors' report and accompanying notes to the consolidated financial statements

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 945,774	\$ (47,676)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Paycheck Protection Program loan forgiveness income	(262,500)	-
Depreciation	18,508	8,937
Gain on investments	(762,685)	(20,768)
Changes in certain assets and liabilities:		
Grants receivable	(44,361)	44,069
Prepaid expenses and other assets	(6,078)	7,879
Accounts payable	(8,644)	3,518
Accrued expenses	(8,461)	10,465
Deferred income	16,809	6,730
	<u>(111,638)</u>	<u>13,154</u>
<i>Net cash provided by (used in) operating activities</i>		
INVESTING ACTIVITIES		
Purchases of investments	(700,898)	(281,043)
Sales of investments	543,346	438,949
Purchases of property and equipment	(69,789)	(19,544)
	<u>(227,341)</u>	<u>138,362</u>
<i>Net cash provided by (used in) investing activities</i>		
FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program note payable	<u>-</u>	<u>262,500</u>
NET CHANGE IN CASH	(338,979)	414,016
CASH, BEGINNING OF YEAR	<u>538,939</u>	<u>124,923</u>
CASH, END OF YEAR	<u>\$ 199,960</u>	<u>\$ 538,939</u>

See independent auditors' report and accompanying notes to the consolidated financial statements

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Prevail, Inc. of Hamilton County is an Indiana not-for-profit corporation serving victims of crime and abuse in Hamilton County, Indiana in a confidential, supportive, non-judgmental environment. Its mission is to educate and engage the community to prevent crime and abuse while helping restore the lives of those who have been affected. Prevail, Inc. of Hamilton County maintains a controlling interest in Prevail Foundation, Inc., which is organized exclusively for the benefit of, to perform the functions of, and to carry out the purposes of Prevail Inc. of Hamilton County.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of Prevail, Inc. of Hamilton County and its affiliate, Prevail Foundation, Inc., collectively referred to as “Prevail”. All significant intercompany transactions and balances have been eliminated in consolidation.

Consolidated Financial Statement Presentation – Prevail reports its consolidated financial position and activities according to two classes of net assets:

- Net assets without donor restrictions, which include unrestricted resources that are available for the operating objectives of Prevail; and
- Net assets with donor restrictions, which represent resources restricted by donors for specific time or purpose.

Basis of Accounting and Use of Estimates – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Contributed Services – Prevail receives donated services in carrying out its exempt function. No amounts have been reflected in the consolidated financial statements for these services since they do not meet the criteria for recognition under U.S. GAAP.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash held in bank accounts and short-term, highly liquid investments with original maturities of three months or less.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the consolidated statements of activities and change in net assets.

Property and Equipment – Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives are as follows:

Leasehold improvements	7 years
Equipment	3 to 10 years
Furniture and fixtures	7 years

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Taxes on Income – Prevail, Inc. of Hamilton County and Prevail Foundation, Inc. have received determinations from the U.S. Treasury Department stating that they qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code as tax-exempt organizations; however, these organizations would be subject to tax on income unrelated to their tax-exempt purposes. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying consolidated financial statements.

Professional accounting standards require Prevail to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. Prevail has examined this issue and has determined there are no material contingent tax liabilities or questionable tax positions. Tax years ending after June 30, 2017 are open to audit for both federal and state purposes.

Subsequent Events – Prevail evaluated subsequent events through March 10, 2022, the date these consolidated financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the consolidated financial statements or related disclosures would be required.

NOTE 2 - REVENUE RECOGNITION

Revenue Recognition Standards – Prevail accounts for non-exchange revenue and support transactions in accordance with Accounting Standards Update (“ASU”) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* and accounts for exchange revenue and support transactions in accordance with ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*.

Prevail adopted ASU 2014-09 effective July 1, 2020. This standard replaced previous revenue recognition guidance under U.S. GAAP and requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Prevail has applied the provisions of this ASU to the June 30, 2021 and 2020 financial statements. There was no material impact on the financial statements.

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 2 - REVENUE RECOGNITION, Continued

Non-exchange revenue and support transactions include contributions regardless of donor restrictions.

Contributions – Prevail recognizes contributions when cash, securities, unconditional promises to give, notification of beneficial interests, or other assets are received. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met.

Exchange revenue and support transactions include grants, contract service revenue, and special events income.

Grants – A significant portion of Prevail's revenue is derived from cost-reimbursable federal and state, and foundation contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Prevail has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. Incurring approved costs under each grant is considered satisfaction of the performance obligations.

Contract Service Revenue and Special Events Income – Conducting the planned event is considered satisfaction of the performance obligation. Special events revenue are recorded at the time of admission to the event.

Disaggregation of Revenue – Revenue is disaggregated by category on the consolidated statements of activities and change in net assets.

NOTE 3 - GRANTS RECEIVABLE

Grants receivable are primarily related to grant reimbursements due from state and local governmental agencies. Prevail believes that all claims are within the terms of the grant agreements. As such, no allowance for doubtful accounts is deemed necessary.

NOTE 4 - INVESTMENTS IN RESERVE FUND

Prevail holds certain funds in short-term investment accounts for the purpose of creating a reserve fund. These funds are not donor restricted nor Board-designated, and consist of cash and cash equivalents, mutual funds, and stocks.

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 5 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Prevail has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by Prevail are open-end mutual funds that are registered with the SEC. The mutual funds held by Prevail are deemed to be actively traded (Level 1 inputs).

Stocks: Valued at the daily closing price as reported on actively-traded markets. Stocks held by Prevail are deemed to be actively traded (Level 1 inputs).

Corporate bonds: Corporate bonds represent an immaterial portion of Prevail's investment holdings and are grouped with Level 1 assets as a practical expedient.

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 5 - FAIR VALUE MEASUREMENTS, Continued

Central Indiana Community Foundation (“CICF”) pooled account: CICF’s endowment pool consists of investments in domestic and international equity, fixed income securities, and alternative investments. In some situations, a readily determinable fair value for CICF’s investment holdings is not available. The estimated fair values of such investments are based on valuations provided by CICF’s investment managers adjusted for cash receipts, disbursements, and significant known valuation changes in market values of publicly held securities held in the portfolio. As a practical expedient, fair value of Prevail’s investment in CICF’s endowment pool is determined using the net asset value provided by CICF.

The following tables sets forth by level within the fair value hierarchy, Prevail’s assets at fair value.

		Fair Value Measurements Using:				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Assets Measured at NAV ^(A)	
		<u>Fair Value</u>				
June 30, 2021						
Cash investments	\$ 211,813	\$ 211,813	\$ -	\$ -	\$ -	
Mutual funds	2,254,203	2,254,203	-	-	-	
Stocks	967,529	967,529	-	-	-	
CICF pooled account	<u>94,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,989</u>	
<i>Total</i>	<u>\$ 3,528,534</u>	<u>\$ 3,433,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,989</u>	
June 30, 2020						
Cash investments	\$ 97,472	\$ 97,472	\$ -	\$ -	\$ -	
Mutual funds	1,629,879	1,629,879	-	-	-	
Stocks	801,610	801,610	-	-	-	
Corporate bonds	2,430	2,430	-	-	-	
CICF pooled account	<u>76,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,609</u>	
<i>Total</i>	<u>\$ 2,608,297</u>	<u>\$ 2,531,391</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,906</u>	

(A) As noted above, Prevail’s assets held by CICF are measured at fair value using the net asset value per share (or its equivalent) practical expedient. These assets have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 6 - RESTRICTIONS ON NET ASSETS

In accordance with U.S. GAAP, Prevail has only recognized its beneficial interest in assets held by the Legacy Fund of CICF. Contributions made to CICF on Prevail's behalf are restricted endowment funds that cannot be accessed by Prevail.

CICF invests these restricted contributions in a pooled account. Distributions from the fund are available to support the general operations of Prevail. Undistributed earnings are classified as with donor restrictions until they have been appropriated for expenditure. Distributions of \$8,246 and \$1,677 were made to Prevail during the year ended June 30, 2021 and 2020, respectively.

Net assets with donor restrictions were available for the following periods or purposes as of June 30:

	<u>2021</u>	<u>2020</u>
CICF pooled account - permanent	\$ 71,185	\$ 71,185
Undistributed CICF earnings	23,804	5,721
Time restricted: 2021 - 2022 operations	90,000	-
Time restricted: 2020 - 2021 operations	-	90,000
Child advocate	-	5,147
Youth services	60,061	47,272
COVID-19 assistance	-	75,000
Other purpose restrictions	<u>12,683</u>	<u>16,068</u>
	<u>\$ 257,733</u>	<u>\$ 310,393</u>

Net assets were released from donor restrictions by the passage of time or by incurring expenses satisfying a purpose restriction. The following time and purpose restrictions were accomplished during the years ended June 30:

	<u>2021</u>	<u>2020</u>
CICF earnings appropriated for expenditure	\$ 8,246	\$ 1,677
Expiration of time restrictions	90,000	90,000
Child advocate	55,147	52,160
Youth services	19,711	27,290
COVID-19 assistance	75,000	-
Other purpose restrictions	<u>7,385</u>	<u>15,474</u>
	<u>\$ 255,489</u>	<u>\$ 186,601</u>

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 7 - ENDOWMENTS

The donor-restricted endowment consists of a single fund established to benefit Prevail that is held and maintained by CICF. In addition, the Board of Directors has set aside funds as an endowment maintained by Prevail Foundation, Inc. to provide operating support.

Although not specifically required by the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), the Board of Directors has interpreted its responsibility to require the preservation of the fair value of the original donor-restricted gifts as of the gift dates. As a result, Prevail classifies as perpetual net assets with donor restrictions the original value of gifts donated to establish the CICF endowment as well as the original value of any subsequent gifts. The remaining portion of the CICF endowment fund that is not classified as perpetual net assets with donor restrictions is classified as net assets with donor restrictions until such amounts are appropriated for expenditure. The Board-designated endowment is included in net assets without donor restrictions.

CICF follows a practice of appropriating 5% of the value of the fund at year end for distribution annually. Prevail has the option of accepting the distribution or retaining it in the fund. CICF has adopted investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. The assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk.

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor requires CICF to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions. The endowment assets reflected surpluses as of June 30, 2021 and 2020.

Endowment net assets by type of fund were as follows as of June 30, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions	
		<u>Earnings</u>	<u>Perpetual</u>
June 30, 2021:			
Donor-restricted endowment	\$ -	\$ 23,804	\$ 71,185
Board-designated endowment	<u>3,175,137</u>	<u>-</u>	<u>-</u>
<i>Total</i>	<u>\$ 3,175,137</u>	<u>\$ 23,804</u>	<u>\$ 71,185</u>
June 30, 2020:			
Donor-restricted endowment	\$ -	\$ 5,721	\$ 71,185
Board-designated endowment	<u>2,483,522</u>	<u>-</u>	<u>-</u>
<i>Total</i>	<u>\$ 2,483,522</u>	<u>\$ 5,721</u>	<u>\$ 71,185</u>

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 7 - ENDOWMENTS, Continued

Changes in endowment net assets were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
		<u>Earnings</u>	<u>Perpetual</u>
Balance at July 1, 2019	\$ 2,553,823	\$ 7,006	\$ 71,185
Interest and dividends	52,203	-	-
Gain (loss) on investments	4,585	(1,285)	-
Appropriation of net assets for expenditure	<u>(127,089)</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2020	2,483,522	5,721	71,185
Interest and dividends	54,447	-	-
Gain on investments	699,158	27,008	-
Appropriation of net assets for expenditure	(61,990)	(8,246)	-
Fees	<u>-</u>	<u>(679)</u>	<u>-</u>
Balance at June 30, 2021	\$ <u>3,175,137</u>	\$ <u>23,804</u>	\$ <u>71,185</u>

NOTE 8 - PAYCHECK PROTECTION PROGRAM

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act which includes a Paycheck Protection Program (“PPP”) administered through the Small Business Administration. The proceeds from PPP notes payable can be used for costs related to payroll, employee healthcare, rent, and utilities. On April 30, 2020, Prevail was granted a note payable from BMO Harris Bank, N.A. in the amount of \$262,500 pursuant to the PPP under Division A, Title I of the CARES Act. Under the terms of the PPP, the note payable would be forgiven if the funds were used for qualifying expenses as described in the CARES Act. As of June 30, 2020, Prevail determined the PPP note payable represented a financial liability and accounted for it in accordance with FASB ASC 470, *Simplifying the Classification of Debt*, until forgiveness was obtained. The PPP note payable was forgiven in full during the year ended June 30, 2021 and was therefore recorded as PPP loan forgiveness income.

NOTE 9 - LEASES

Prevail leases its office facility under an operating lease. Rent expense under this lease was \$86,604 for both years ended June 30, 2021 and 2020. The lease term does not extend beyond one year from the reporting date.

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 10 - RISKS AND UNCERTAINTIES

The majority of revenues relate directly or indirectly to programs sponsored by federal and state legislation. Changes in government sponsored programs may significantly affect Prevail. Federal funding and the Hamilton County Council provided 41% and 12%, respectively, of revenue, excluding investment income and Paycheck Protection Program loan forgiveness income, to Prevail for the year ended June 30, 2021 (37% and 10% in 2020).

Prevail maintains the majority of its cash deposits in commercial banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation. Cash deposits are generally within the insurance limits.

NOTE 11 - FUNCTIONAL EXPENSE REPORTING

The costs of providing activities pertaining to Prevail's programming have been summarized on a functional basis in the consolidated statements of activities and change in net assets. Accordingly, certain expenses have been allocated between program services, management and general, and fundraising and public relations expenses.

Management allocates costs among the various functional expense categories using a combination of direct allocation and estimation. Payroll and associated costs are allocated based on employee time records. Other costs are either applied directly to the functional expense category they belong to or allocated using an appropriate basis (generally payroll percentages).

NOTE 12 - LIQUIDITY

Financial assets for Prevail include cash, grants receivable, investments in reserve fund, Central Indiana Community Foundation endowment, and Prevail Foundation endowment. Following is a schedule of financial assets and the ability thereof to meet cash needs for general expenditures as of June 30:

	<u>2021</u>	<u>2020</u>
Financial assets	\$ 4,018,472	\$ 3,392,853
Less those unavailable for general expenditures within one year, due to:		
CICF restrictions	(71,185)	(71,185)
Restricted by Board designation	<u>(3,175,137)</u>	<u>(2,483,522)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 772,150</u>	<u>\$ 838,146</u>

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 12 - LIQUIDITY, Continued

Prevail regularly receives donor-restricted contributions. Donor restrictions require resources to be used in a particular manner or in a future period, therefore Prevail maintains sufficient resources to meet those responsibilities to its donors. Management believes Prevail will meet all of the purpose or time restrictions as of June 30, 2021 and 2020, with the exception of the perpetual restrictions on the CICF Legacy Fund during the following fiscal year, and therefore considers these financial assets to be available for general expenditures. Board-designated net assets are available to be released from designation at the discretion of the Board of Directors to use to meet general expenditures within one year.

SUPPLEMENTARY INFORMATION

**PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

June 30, 2021

	<u>Prevail, Inc. of Hamilton County</u>	<u>Prevail Foundation, Inc.</u>	<u>Consolidated</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 199,960	\$ -	\$ 199,960
Grants receivable	289,978	-	289,978
Investments in reserve fund	258,408	-	258,408
Prepaid expenses and other assets	<u>27,826</u>	<u>-</u>	<u>27,826</u>
<i>Total current assets</i>	<u>776,172</u>	<u>-</u>	<u>776,172</u>
PROPERTY AND EQUIPMENT			
Leasehold improvements	38,635	-	38,635
Equipment	186,998	-	186,998
Furniture and fixtures	18,527	-	18,527
Less: accumulated depreciation	<u>(156,645)</u>	<u>-</u>	<u>(156,645)</u>
<i>Property and equipment, net</i>	<u>87,515</u>	<u>-</u>	<u>87,515</u>
LONG-TERM INVESTMENTS			
Central Indiana Community Foundation endowment	94,989	-	94,989
Prevail Foundation endowment	<u>-</u>	<u>3,175,137</u>	<u>3,175,137</u>
<i>Total long-term investments</i>	<u>94,989</u>	<u>3,175,137</u>	<u>3,270,126</u>
TOTAL ASSETS	<u><u>\$ 958,676</u></u>	<u><u>\$ 3,175,137</u></u>	<u><u>\$ 4,133,813</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 4,659	\$ -	\$ 4,659
Accrued expenses	44,008	-	44,008
Deferred income	<u>38,539</u>	<u>-</u>	<u>38,539</u>
<i>Total current liabilities</i>	<u>87,206</u>	<u>-</u>	<u>87,206</u>
NET ASSETS			
Without donor restrictions:			
Board-designated	-	3,175,137	3,175,137
Undesignated	613,737	-	613,737
With donor restrictions	<u>257,733</u>	<u>-</u>	<u>257,733</u>
<i>Total net assets</i>	<u>871,470</u>	<u>3,175,137</u>	<u>4,046,607</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 958,676</u></u>	<u><u>\$ 3,175,137</u></u>	<u><u>\$ 4,133,813</u></u>

See independent auditors' report

**PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

June 30, 2020

	<u>Prevail, Inc. of Hamilton County</u>	<u>Prevail Foundation, Inc.</u>	<u>Consolidated</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 538,939	\$ -	\$ 538,939
Grants receivable	245,617	-	245,617
Investments in reserve fund	47,869	-	47,869
Prepaid expenses and other assets	<u>21,748</u>	<u>-</u>	<u>21,748</u>
<i>Total current assets</i>	<u>854,173</u>	<u>-</u>	<u>854,173</u>
PROPERTY AND EQUIPMENT			
Leasehold improvements	16,913	-	16,913
Equipment	138,931	-	138,931
Furniture and fixtures	18,527	-	18,527
Less: accumulated depreciation	<u>(138,137)</u>	<u>-</u>	<u>(138,137)</u>
<i>Property and equipment, net</i>	<u>36,234</u>	<u>-</u>	<u>36,234</u>
LONG-TERM INVESTMENTS			
Central Indiana Community Foundation endowment	76,906	-	76,906
Prevail Foundation endowment	<u>-</u>	<u>2,483,522</u>	<u>2,483,522</u>
<i>Total long-term investments</i>	<u>76,906</u>	<u>2,483,522</u>	<u>2,560,428</u>
TOTAL ASSETS	<u><u>\$ 967,313</u></u>	<u><u>\$ 2,483,522</u></u>	<u><u>\$ 3,450,835</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Paycheck Protection Program note payable	\$ 262,500	\$ -	\$ 262,500
Accounts payable	13,303	-	13,303
Accrued expenses	52,469	-	52,469
Deferred income	<u>21,730</u>	<u>-</u>	<u>21,730</u>
<i>Total current liabilities</i>	<u>350,002</u>	<u>-</u>	<u>350,002</u>
NET ASSETS			
Without donor restrictions:			
Board-designated	-	2,483,522	2,483,522
Undesignated	306,918	-	306,918
With donor restrictions	<u>310,393</u>	<u>-</u>	<u>310,393</u>
<i>Total net assets</i>	<u>617,311</u>	<u>2,483,522</u>	<u>3,100,833</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 967,313</u></u>	<u><u>\$ 2,483,522</u></u>	<u><u>\$ 3,450,835</u></u>

See independent auditors' report

PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2021

	<u>Prevail, Inc. of Hamilton County</u>	<u>Prevail Foundation, Inc.</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
REVENUE AND SUPPORT				
Grants:				
Government	\$ 764,701	\$ -	\$ -	\$ 764,701
Foundation	291,915	-	(61,990)	229,925
Contract service revenue	201,900	-	-	201,900
Contributions	220,363	-	-	220,363
Special events income, net of expenses	117,773	-	-	117,773
Interest and dividends	9,180	54,447	-	63,627
Gain on investments	38,165	724,520	-	762,685
	<u>1,643,997</u>	<u>778,967</u>	<u>(61,990)</u>	<u>2,360,974</u>
<i>Total revenue and support</i>				
EXPENSES				
Program services:				
Victim services	1,434,943	-	-	1,434,943
Community assistance grants	-	61,990	(61,990)	-
	<u>1,434,943</u>	<u>61,990</u>	<u>(61,990)</u>	<u>1,434,943</u>
<i>Total program services</i>				
Management and general	116,773	25,362	-	142,135
Fundraising and public relations	100,622	-	-	100,622
	<u>1,652,338</u>	<u>87,352</u>	<u>(61,990)</u>	<u>1,677,700</u>
<i>Total expenses</i>				
CHANGE IN NET ASSETS FROM OPERATIONS	(8,341)	691,615	-	683,274
PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS INCOME	<u>262,500</u>	<u>-</u>	<u>-</u>	<u>262,500</u>
CHANGE IN NET ASSETS	254,159	691,615	-	945,774
NET ASSETS, BEGINNING OF YEAR	<u>617,311</u>	<u>2,483,522</u>	<u>-</u>	<u>3,100,833</u>
NET ASSETS, END OF YEAR	<u>\$ 871,470</u>	<u>\$ 3,175,137</u>	<u>\$ -</u>	<u>\$ 4,046,607</u>

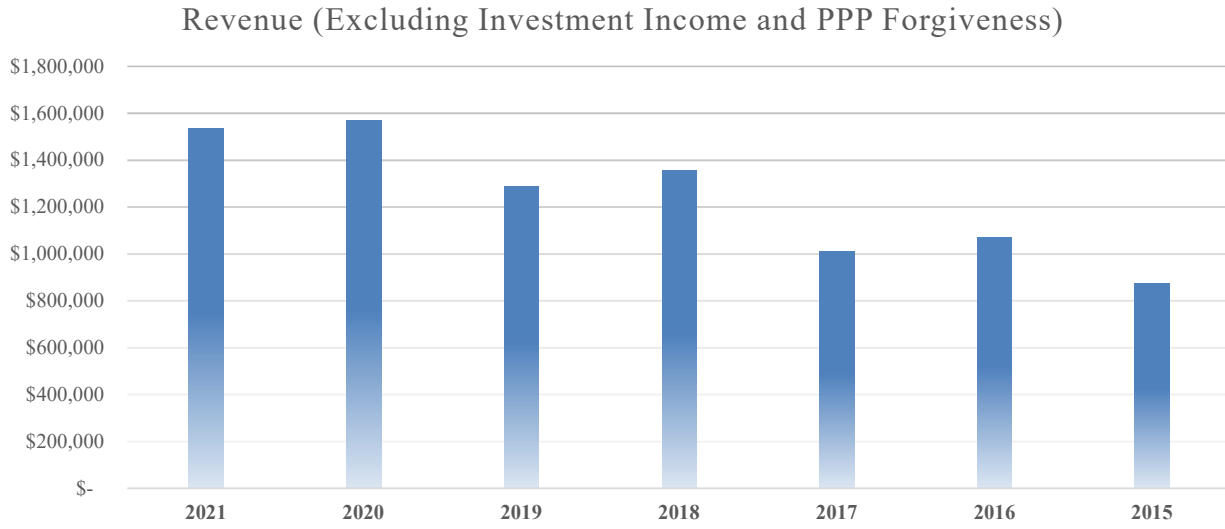
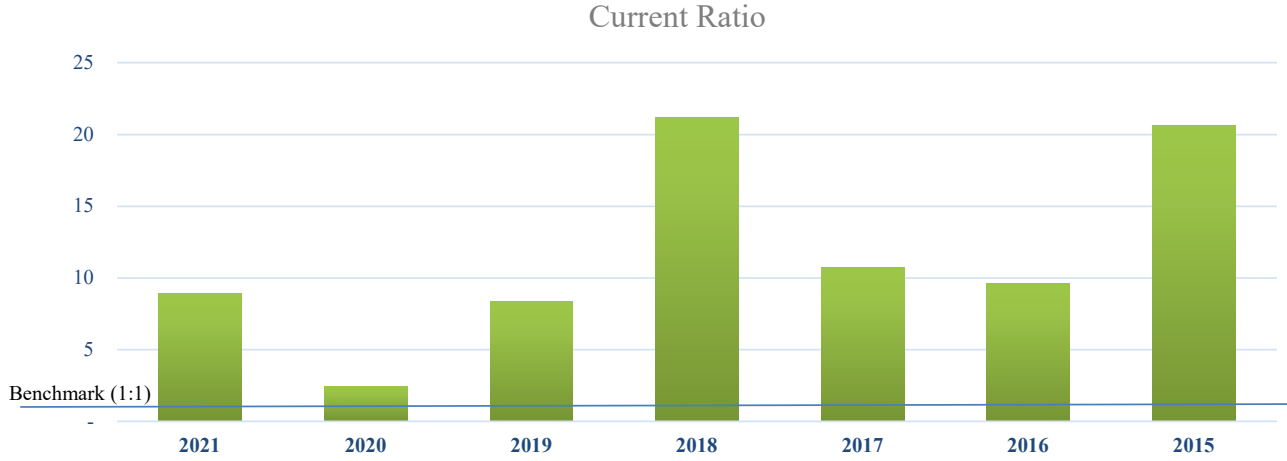
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PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2020

	<u>Prevail, Inc. of Hamilton County</u>	<u>Prevail Foundation, Inc.</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
REVENUE AND SUPPORT				
Grants:				
Government	\$ 647,234	\$ -	\$ -	\$ 647,234
Foundation	368,869	-	(127,089)	241,780
Contract service revenue	208,090	-	-	208,090
Contributions	274,793	-	-	274,793
Special events income, net of expenses	199,036	-	-	199,036
Interest and dividends	4,337	41,822	-	46,159
Gain (loss) on investments	(16,732)	37,500	-	20,768
	<u>1,685,627</u>	<u>79,322</u>	<u>(127,089)</u>	<u>1,637,860</u>
<i>Total revenue and support</i>				
EXPENSES				
Program services:				
Victim services	1,361,880	-	-	1,361,880
Community assistance grants	-	127,089	(127,089)	-
	<u>1,361,880</u>	<u>127,089</u>	<u>(127,089)</u>	<u>1,361,880</u>
<i>Total program services</i>				
Management and general	171,827	22,534	-	194,361
Fundraising and public relations	129,295	-	-	129,295
	<u>1,663,002</u>	<u>149,623</u>	<u>(127,089)</u>	<u>1,685,536</u>
<i>Total expenses</i>				
CHANGE IN NET ASSETS	22,625	(70,301)	-	(47,676)
NET ASSETS, BEGINNING OF YEAR	<u>594,686</u>	<u>2,553,823</u>	<u>-</u>	<u>3,148,509</u>
NET ASSETS, END OF YEAR	<u>\$ 617,311</u>	<u>\$ 2,483,522</u>	<u>\$ -</u>	<u>\$ 3,100,833</u>

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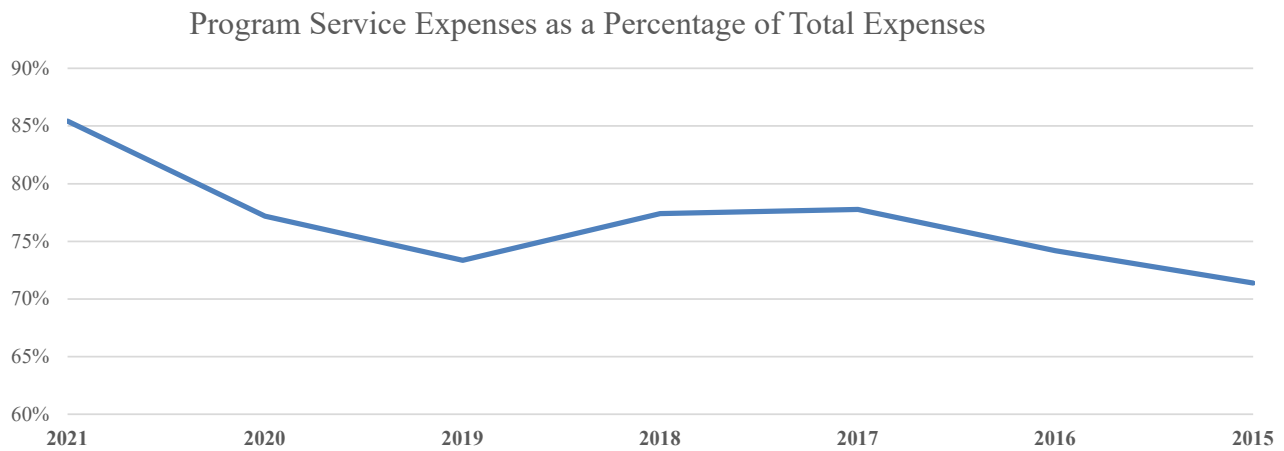
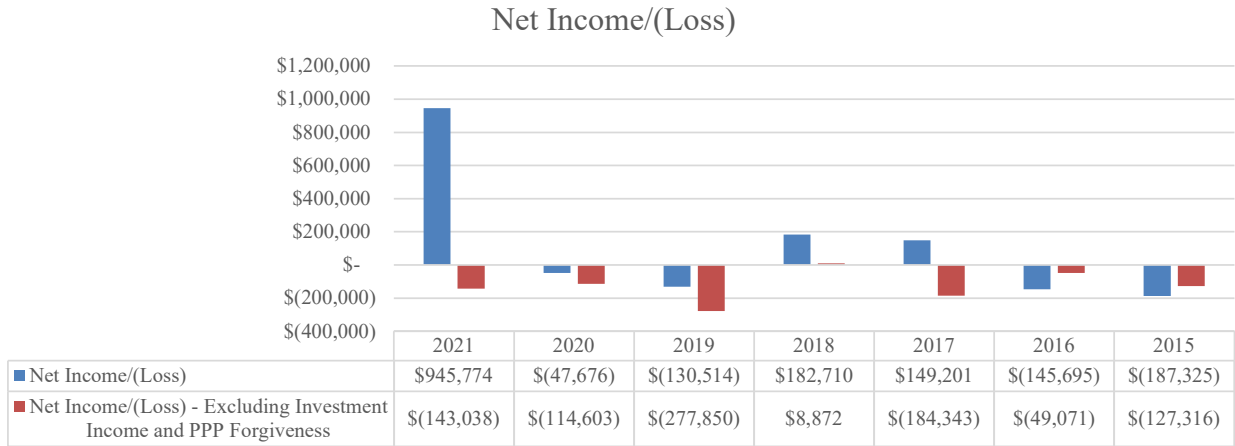
PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE
GRAPHICAL AND SUMMARIZED DATA
For the Seven Years Ended June 30, 2021



PREVAIL, INC. OF HAMILTON COUNTY AND AFFILIATE

GRAPHICAL AND SUMMARIZED DATA

For the Seven Years Ended June 30, 2021



	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash on Hand	\$199,960	\$538,939	\$124,923	\$237,487	\$233,296	\$224,591	\$248,853
Days Cash on Hand	44	117	29	64	71	73	91

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