



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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January 11, 2024

Board of Directors
Child and Parent Services, Inc.
1000 W. Hively Avenue
Elkhart, IN 46517

We have reviewed the audit report of Child and Parent Services, Inc., which was opined upon by Kruggel, Lawton & Company LLC, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Child and Parent Services, Inc. as of December 31, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Kruggel, Lawton & Company LLC prepared the audit report in accordance with guidelines established by the State Board of Accounts.

The 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



ANNUAL REPORT
December 31, 2022

CHILD AND PARENT SERVICES, INC.

Elkhart, Indiana

ANNUAL REPORT

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Child and Parent Services, Inc.
Elkhart, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Child and Parent Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Child and Parent Services, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Financial Statements section of our report. We are required to be independent of Child and Parent Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Child and Parent Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Child and Parent Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

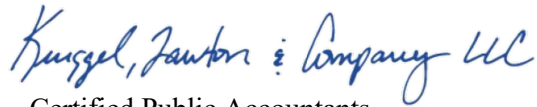
Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the 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 August 9, 2023 on our consideration of Child and Parent Services, Inc.'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 solely 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 the effectiveness of Child and Parent Services, Inc.'s 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 Child and Parent Services, Inc.'s internal control over financial reporting and compliance.

Respectfully submitted,

Handwritten signature in blue ink that reads "Kuegel, Jantzen & Company LLC".

Certified Public Accountants

Elkhart, Indiana
August 9, 2023

CHILD AND PARENT SERVICES, INC.Elkhart, Indiana

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	334,348	259,426
Investments	938,634	1,326,062
Pledges receivable, net	105,000	105,000
Grants receivable	809,166	611,555
Contributions receivable, net	9,300	21,850
Prepaid expenses	16,341	32,768
Total Current Assets	2,212,789	2,356,661
PROPERTY AND EQUIPMENT		
Land and land improvements	762,747	762,747
Building and building improvements	4,499,109	4,499,109
Furniture and equipment	318,100	318,100
Software and technology	225,037	228,819
Total	5,804,993	5,808,775
Accumulated depreciation	(1,450,168)	(1,221,430)
Net Property and Equipment	4,354,825	4,587,345
OTHER ASSETS		
Pledges receivable, net	23,225	96,939
Investments	3,074,387	3,663,127
Beneficial interest in assets held by Community Foundation ("CF")	143,723	175,379
Total Long-Term Assets	3,241,335	3,935,445
TOTAL ASSETS	9,808,949	10,879,451

The Notes to Financial Statements are an integral part of this statement.

CHILD AND PARENT SERVICES, INC.

Elkhart, Indiana

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	45,483	41,325
Accrued liabilities	117,213	114,103
Total Current Liabilities	162,696	155,428
TOTAL LIABILITIES	162,696	155,428
NET ASSETS		
Without donor restrictions	7,936,736	8,911,093
With donor restrictions	1,709,517	1,812,930
TOTAL NET ASSETS	9,646,253	10,724,023
TOTAL LIABILITIES AND NET ASSETS	9,808,949	10,879,451

The Notes to Financial Statements are an integral part of this statement.

CHILD AND PARENT SERVICES, INC.Elkhart, Indiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and memorials	200,729	120	200,849
Federal grants	1,400,400	0	1,400,400
Other grants	1,193,979	313,911	1,507,890
Service fees and other income	193,124	0	193,124
Change in beneficial interest in assets held by CF	(31,656)	0	(31,656)
Investment loss, net	(490,804)	(164,519)	(655,323)
In-kind Contributions	3,395	0	3,395
Fundraising event revenue	211,167	0	211,167
Less: costs of direct benefits to donors	(62,626)	0	(62,626)
Net revenues from fundraising events	148,541	0	148,541
Total Revenue	2,617,708	149,512	2,767,220
Net assets released from restrictions:			
Satisfaction of restrictions	252,925	(252,925)	0
FUNCTIONAL EXPENSES			
Program			
Family Resource Center	144,051	0	144,051
Community Education	221,843	0	221,843
Parent Aide	392,657	0	392,657
Healthy Families	1,400,220	0	1,400,220
Court Appointed Special Advocate	308,086	0	308,086
Child and Family Advocacy Center	354,430	0	354,430
Supervised Visits	203,036	0	203,036
Total program	3,024,323	0	3,024,323
Supporting Services:			
Fundraising	204,759	0	204,759
General and administrative	615,908	0	615,908
Total Functional Expenses	3,844,990	0	3,844,990
CHANGE IN NET ASSETS	(974,357)	(103,413)	(1,077,770)
NET ASSETS, BEGINNING OF YEAR	8,911,093	1,812,930	10,724,023
NET ASSETS, END OF YEAR	7,936,736	1,709,517	9,646,253

The Notes to Financial Statements are an integral part of this statement.

CHILD AND PARENT SERVICES, INC.Elkhart, Indiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and memorials	238,005	214,936	452,941
Federal grants	1,246,649	0	1,246,649
Other grants	1,075,170	0	1,075,170
Service fees and other income	735,127	0	735,127
Change in beneficial interest in assets held by CF	15,113	0	15,113
Investment income, net	277,139	142,695	419,834
Fundraising event revenue	381,468	0	381,468
Less: costs of direct benefit to donors	(86,629)	0	(86,629)
Net revenues from fundraising events	294,839	0	294,839
Total Revenue	3,882,042	357,631	4,239,673
Net assets released from restrictions:			
Satisfaction of restrictions	247,428	(247,428)	0
FUNCTIONAL EXPENSES			
Program			
Family Resource Center	124,468	0	124,468
Community Education	248,321	0	248,321
Parent Aide	388,329	0	388,329
Healthy Families	1,252,571	0	1,252,571
Court Appointed Special Advocate	293,535	0	293,535
Guardian ad Litem	28,028	0	28,028
Child and Family Advocacy Center	297,790	0	297,790
Supervised Visits	170,436	0	170,436
Total program	2,803,478	0	2,803,478
Supporting Services:			
Fundraising	290,137	0	290,137
General and administrative	594,999	0	594,999
Total Functional Expenses	3,688,614	0	3,688,614
CHANGE IN NET ASSETS	440,856	110,203	551,059
NET ASSETS, BEGINNING OF YEAR	8,470,237	1,702,727	10,172,964
NET ASSETS, END OF YEAR	8,911,093	1,812,930	10,724,023

The Notes to Financial Statements are an integral part of this statement.

CHILD AND PARENT SERVICES, INC.

Elkhart, Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022

	Program							Supporting Services		Total	
	Family Resource Center	Community Education	Parent Aide	Healthy Families	Court Appointed Special Advocate	Child and Family Advocacy Center	Supervised Visits	Subtotal Program	Fundraising		General and Admin
Salaries	93,974	137,666	230,996	952,175	202,969	229,294	138,013	1,985,087	94,680	330,240	2,410,007
Employee benefits	8,726	10,114	22,234	54,838	20,780	20,140	6,582	143,414	6,380	58,312	208,106
Payroll taxes	6,660	9,593	16,108	69,107	14,010	16,066	10,185	141,729	7,358	23,815	172,902
Professional fees	100	50	0	53,146	0	0	0	53,296	21,040	107,389	181,725
Supplies	5,184	3,847	14,345	20,601	2,492	9,425	1,063	56,957	1,640	3,949	62,546
Telephone	2,874	4,325	6,720	20,063	4,234	5,770	2,307	46,293	683	4,746	51,722
Postage	82	136	249	1,014	215	210	151	2,057	228	579	2,864
Utilities	1,561	5,166	5,571	8,625	4,058	6,574	3,405	34,960	1,859	6,290	43,109
Building maintenance	2,652	7,022	8,155	12,344	5,609	9,348	4,681	49,811	2,556	9,670	62,037
Printing	252	417	762	2,930	660	645	462	6,128	1,367	828	8,323
Local transportation	172	643	7,670	17,738	2,558	826	0	29,607	29	239	29,875
Staff development	6,491	4,040	2,048	51,336	12,278	1,700	5,801	83,694	670	2,101	86,465
Subscriptions and memberships	702	1,155	2,126	11,584	1,822	2,878	1,693	21,960	7,721	7,908	37,589
Insurance	2,137	5,390	7,075	18,028	5,578	7,322	4,308	49,838	2,365	8,683	60,886
Meetings	149	8	218	1,224	12	74	9	1,694	169	678	2,541
Marketing	608	132	240	15,557	258	204	146	17,145	1,084	261	18,490
Bank service charges	580	1,097	1,758	6,672	1,492	1,454	1,140	14,193	1,367	10,697	26,257
Rent	0	0	0	0	0	0	0	0	0	316	316
Equipment support and repair	1,528	2,531	4,624	17,785	4,006	3,914	2,802	37,190	1,550	5,043	43,783
Contract labor	0	0	0	0	0	1,387	0	1,387	0	0	1,387
Bad debts	0	0	0	0	0	0	0	0	5,750	0	5,750
Property tax	0	0	0	0	0	0	0	0	0	200	200
Depreciation	9,619	28,511	33,245	65,453	25,055	37,199	20,288	219,370	11,102	33,944	264,416
Other	0	0	28,513	0	0	0	0	28,513	0	20	28,533
Event expense	0	0	0	0	0	0	0	0	97,787	0	97,787
Total Expenses	144,051	221,843	392,657	1,400,220	308,086	354,430	203,036	3,024,323	267,385	615,908	3,907,616
Less direct donor benefits netted in revenues	0	0	0	0	0	0	0	0	(62,626)	0	(62,626)
TOTAL FUNCTIONAL EXPENSES	144,051	221,843	392,657	1,400,220	308,086	354,430	203,036	3,024,323	204,759	615,908	3,844,990

The Notes to Financial Statements are an integral part of this statement.

CHILD AND PARENT SERVICES, INC.

Elkhart, Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	<u>Program</u>								<u>Supporting Services</u>			<u>Total</u>
	<u>Family Resource Center</u>	<u>Community Education</u>	<u>Parent Aide</u>	<u>Healthy Families</u>	<u>Court Appointed Special Advocate</u>	<u>Guardian ad Litem</u>	<u>Child and Family Advocacy Center</u>	<u>Supervised Visits</u>	<u>Subtotal Program</u>	<u>Fundraising</u>	<u>General and Admin</u>	
Salaries	74,084	153,078	245,879	815,353	193,634	18,698	191,622	115,283	1,807,631	154,272	378,602	2,340,505
Employee benefits	6,614	8,548	32,422	59,089	15,919	2,484	18,419	6,282	149,777	6,008	28,557	184,342
Payroll taxes	5,232	10,957	16,437	58,652	13,846	1,369	13,346	8,483	128,322	11,120	27,943	167,385
Professional fees	92	312	330	53,602	238	0	394	2,008	56,976	3,660	18,473	79,109
Supplies	1,961	19,010	4,409	32,043	11,157	95	5,850	698	75,223	3,505	3,358	82,086
Telephone	3,400	3,893	11,548	29,058	5,068	132	2,270	1,673	57,042	698	3,579	61,319
Postage	85	150	339	1,004	174	220	145	85	2,202	75	541	2,818
Utilities	1,324	4,735	6,544	8,888	3,798	168	5,982	3,092	34,531	1,904	8,914	45,349
Building maintenance	1,791	6,411	6,225	11,519	5,069	64	8,444	4,147	43,670	3,199	14,823	61,692
Printing	193	322	797	2,222	413	55	374	207	4,583	4,919	673	10,175
Local transportation	50	580	4,859	10,816	1,748	0	254	90	18,397	45	851	19,293
Staff development	13,109	1,195	984	9,535	531	0	1,088	1,873	28,315	412	3,235	31,962
Subscriptions and memberships	259	515	1,978	11,307	3,328	107	1,551	763	19,808	2,335	8,157	30,300
Insurance	2,271	5,332	7,605	16,079	4,843	0	6,592	3,444	46,166	2,159	7,083	55,408
Meetings	1	3	55	476	25	0	153	2	715	363	949	2,027
Marketing	1,870	320	1,747	36,559	4,259	0	300	916	45,971	6,952	11,177	64,100
Bank service charges	545	928	1,750	5,169	1,012	341	939	697	11,381	3,729	11,145	26,255
Rent	0	0	1,642	1,642	0	0	0	0	3,284	0	21,531	24,815
Equipment support and repair	1,426	2,427	5,925	17,375	3,270	477	2,506	1,594	35,000	1,364	5,554	41,918
Contract labor	0	0	0	0	0	0	710	0	710	0	0	710
Bad debts	0	0	0	0	0	3,195	0	0	3,195	21,950	2,111	27,256
Property tax	0	0	0	0	0	0	0	0	0	0	401	401
Depreciation	10,161	29,546	35,978	72,183	25,203	623	36,851	19,099	229,644	12,810	36,966	279,420
Other	0	59	876	0	0	0	0	0	935	18	376	1,329
Event expense	0	0	0	0	0	0	0	0	0	135,269	0	135,269
Total Expenses	124,468	248,321	388,329	1,252,571	293,535	28,028	297,790	170,436	2,803,478	376,766	594,999	3,775,243
Less direct donor benefits netted in revenues	0	0	0	0	0	0	0	0	0	(86,629)	0	(86,629)
TOTAL FUNCTIONAL EXPENSES	124,468	248,321	388,329	1,252,571	293,535	28,028	297,790	170,436	2,803,478	290,137	594,999	3,688,614

The Notes to Financial Statements are an integral part of this statement.

CHILD AND PARENT SERVICES, INC.Elkhart, Indiana

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Change in net assets	(1,077,770)	551,059
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	264,416	279,420
Donated investments	0	(13,369)
Realized investment gain	(11,702)	(52,529)
Unrealized investment (gain) loss	760,171	(317,098)
Change in beneficial interest	31,656	(15,113)
Provision for bad debts	5,750	(26,400)
Adjustments for changes in operating assets and liabilities:		
Accounts receivable	0	60,452
Pledges receivable	78,714	(82,839)
Grants receivable	(197,611)	(34,318)
Contributions receivable	1,800	10,903
Prepaid expenses	16,427	(28,203)
Accounts payable	4,158	7,957
Accrued liabilities	3,110	4,934
Net Cash Flows From (Used In) Operating Activities	(120,881)	344,856
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of property and equipment	(31,896)	(18,454)
Purchase of investments	(522,274)	(1,059,792)
Proceeds from sale of investments	749,973	461,031
Net Cash Flows From (Used In) Investing Activities	195,803	(617,215)
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	74,922	(272,359)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	259,426	531,785
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	334,348	259,426

The Notes to Financial Statements are an integral part of this statement.

CHILD AND PARENT SERVICES, INC.

Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NATURE OF BUSINESS

Child and Parent Services, Inc. (the "Organization") is an Indiana nonprofit corporation that offers programs to prevent child abuse and provide early intervention with at-risk children and families. Its operations are supported primarily by government grants and contracts, fees for service, community support, and special events. Information about certain programs of the Organization follows:

- *Family Resource Center* is a gap filling program with a primary focus on crisis triage case management and resource navigation, helping families through crisis and connecting them to appropriate referrals and filling in the gaps between when their need starts and when the next service can begin.
- *Community Education* has a two-pronged approach with a focus on community empowerment through Darkness to Light and Monique Burr Foundation curriculum which is used to educate and empower the community and parenting support through Triple P parenting education curriculum which is offered in a variety of formats.
- *Parent Aide* is a short-term home visiting program whose aim is to work on goals and offer families support to reach those goals. "Do for, do with, cheer on!" is the motto of Parent Aide.
- *Healthy Families* is a long-term home visiting program that aims to start working with families prenatally and can stay with families up until the child turns 5 years of age with a focus on educating and empowering parents through evidenced based curriculum.
- *Court Appointed Special Advocate* ("CASA") program represents children in court and advocates for children who have been found to be victims of abuse and/or neglect. CASA uses child best interest as their guiding principle to make recommendations to the court on behalf of the child for their ongoing safety and protection.
- *Guardian ad Litem* ("GAL") was established in 2004 at the request of the Superior Court. The judges wanted similar quality services to the CASA program in the juvenile courts. GAL works on custody and paternity cases exclusively in the superior court. GAL staff are a legal party representing the children through relationship building, information gathering, attendance at meetings, and court proceedings. GAL monitors parent and guardian compliance with court orders. This program ended in 2021.
- *Child and Family Advocacy Center* ("CFAC") assists law enforcement and the Department of Child Services by conducting forensic interviews through a fact finding and child friendly approach when a child has been alleged to be a victim of abuse or neglect. CFAC also provides advocacy and support to the child and their family and will assist them in connecting to appropriate resources to address the trauma they have experienced.
- *Supervised Visits* provides an opportunity for children to enjoy a safe, neutral visit with a non-custodial caregiver. These visits are conducted upon a court order due to some level of a safety concern. This program allows families the time to bond and ensures ongoing safety of the child(ren) during the visit.

CHILD AND PARENT SERVICES, INC.

Elkhart, Indiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on the accrual basis of accounting.

The Organization adheres to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, which sets standards for reporting on financial statements of not-for-profit organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

FAIR VALUE MEASUREMENTS

Management accounts for all assets and liabilities that are measured and reported on a fair value basis under the Fair Value Measurements and Disclosures Topic of FASB ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The framework for measuring fair value establishes a 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).

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents. Cash is held at a local bank and is insured up to the limits of the FDIC. It is common throughout the course of operations for the Organization's cash balance to exceed the insured limit. The Organization had restricted cash of \$83,441 and \$63,984 at December 31, 2022 and 2021, respectively, which is classified as a Current Asset and is restricted for use in the programs described in Note 9.

CHILD AND PARENT SERVICES, INC.

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REVENUE AND ACCOUNTS RECEIVABLE

Service fees

The Organization has several programs that generate program service fees at specified rates based on services performed by the Organization's employees. The revenue for these services is recognized when the service is performed in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. These revenues are recognized at a point in time.

PLEDGES RECEIVABLE

The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on management's analysis of specific promises made. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in contribution revenue. Conditional pledges are not included as support until the conditions are substantially met.

GRANTS RECEIVABLE

Support received under governmental grants is recorded based on expenses incurred or based on a fix rate. Grants receivable represent amounts due for expenses incurred or units serviced prior to year end, and are considered fully collectible by management. The Organization uses the allowance method to determine uncollectible grants receivable. Management has determined no allowance for doubtful accounts is necessary for grants receivable at December 31, 2022 or 2021.

CONTRIBUTIONS RECEIVABLE

Contributions receivable represent amounts due from fundraising event commitments or amounts received in the first week subsequent to year-end attributable to the calendar year results, pursuant to the Organization's year-end giving cut-off policy. The Organization uses the allowance method to determine uncollectible Contributions receivable. Management has estimated the allowance for doubtful accounts for Contributions receivable to be \$19,800 and \$9,050 at December 31, 2022 and 2021, respectively.

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as current support at their estimated fair value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. The Organization did not receive any donated assets for the years ended December 31, 2022 or 2021.

CHILD AND PARENT SERVICES, INC.

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Purchased property and equipment over a capitalization threshold of \$5,000 with lives of at least one year are stated at cost. Expenditures for additions, improvements and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was \$264,416 and \$279,420 for the years ended December 31, 2022 and 2021, respectively.

A summary of the range of lives by asset category follows:

Land improvements	15- 20 years
Building and building improvements	20 - 30 years
Furniture and equipment	3 - 15 years
Software and technology	3 - 10 years

BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATION ("CF")

The Organization records periodic distributions and realizes changes in the market value of its beneficial interest as Change in beneficial interest in assets held by CF in the Statements of Activities.

CONTRIBUTIONS

Contributions, including promises to give, are recorded when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions received are considered to be for current use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, 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 restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the year in which the contributions are received.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated between program and supporting services based upon personnel time and space utilized for the related activities.

Expenses that are allocated include the following:

Expense	Method of Allocation
Supplies; telephone; printing; insurance; bank service charges; equipment support and repair	Time and effort
Utilities; building maintenance; rent; depreciation	Square footage

Other expenses are assigned to the respective functional category by method of direct assignment.

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NOTES TO FINANCIAL STATEMENTS

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INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a).

The Income Taxes Topic, FASB ASC 740, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. ASC 740 requires an entity to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The entity recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying ASC 740 will be recorded to interest expense and other expense, respectively.

Based on its evaluation, the Organization has concluded that there are no uncertain tax positions requiring recognition in its financial statements. The Organization's evaluation was performed for all federal and state tax periods still subject to examination. The Organization's 2019 through 2021 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

CHANGE IN ACCOUNTING PRINCIPLE

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to equity as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. No cumulative effect adjustment to equity as of January 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended December 31, 2022.

As part of the transition, the Organization elected to apply the following practical expedients:

Package of practical expedients:

- 1) Election not to reassess whether any expired or existing contracts are or contain leases
- 2) Election not to reassess the lease classification for any expired or existing leases
- 3) Election not to reassess initial direct costs on any existing leases

Other practical expedients:

- 1) Election whereby the lease and nonlease components will not be separated for leases.
- 2) Election not to record right of use ("ROU") assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month and leases of low-value assets. Leases of 1 month or less are not included in short-term lease costs. On such leases, lease payments are recognized as an expense on a straight-line basis over the lease term.

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CONTRIBUTED NON-FINANCIAL ASSETS

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) - Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 requires an entity to present in-kind revenue as a separate line item on the statement of activities separate from contributions of cash and other financial assets. An entity is required to disclose in the notes to the financial statements. For each category of gift in-kind, the entity must disclose qualitative information about whether the gift in-kind was monetized or consumed during the reporting period. If consumed, an entity must also disclose the program or other activities in which the gifts in-kind were used. Entities must also disclose the policy regarding monetizing or using gifts in-kind, any donor imposed restrictions associated with the gifts in-kind, a description of the valuation technique and inputs used to arrive at the fair value measurement, and the principal or most advantageous market used to arrive at the fair value measurement if it is a market in which the entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial asset. These disclosures are also required for contributed services. The Organization adopted the ASU as of January 1, 2022. The Organization did not receive any material contributed nonfinancial assets for the years ended December 31, 2022 and 2021.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization has working capital of \$2,050,093 and \$2,201,233 and average days cash on hand of 26 and 21 as of December 31, 2022 and 2021, respectively.

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	250,907	195,442
Investments	938,634	1,326,062
Pledges receivable, net	105,000	105,000
Grants receivable	374,166	331,915
Contributions receivable, net	9,300	21,850
Assets limited to use:		
Donor restricted	518,441	343,624
Total financial assets available for general expenditures within 1 year:	2,196,448	2,323,893

The Organization has certain donor restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above. As discussed in Note 10, the Organization has other board designated assets that are excluded from the quantitative information above. However, board designated assets could be made available, if necessary. Additionally, amounts from donor restricted endowments are appropriated for expenditure each year.

The Organization also maintains a \$750,000 line of credit as described in Note 6. Board designated investments of \$1,000,000 in Long-Term Assets act as collateral against the line of credit. There were no borrowings on the line of credit at December 31, 2022 or 2021.

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December 31, 2022 and 2021

NOTE 3 - FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Organization uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available.

The Organization holds alternative investments through its normal investment account. The Gateway fund invests in a broadly diversified portfolio of common stocks, while also selling index call options and purchasing index put options. The Arbitrage fund invests at least 80% of its net assets in equity securities of both U.S. and foreign companies involved in publicly announced mergers, takeovers, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations. Both of these funds are listed on Nasdaq. The Vanguard Real Estate ETF fund invests in stocks issued by real estate investment trusts (REITs), companies that purchase office buildings, hotels, and other real property and is listed on the New York Stock Exchange.

The Organization utilized the market approach to approximate its value of Level 3 investments held by the Community Foundation. Given a pool of assets whose total is known, the Organization can approximate its share of the total pooled investment using rates of return applied to known contribution amounts. The Organization used fund statements provided by the Community Foundation that include detail of contributions and withdrawals to adjust the fair value of its assets. The Organization is familiar with the Community Foundation and its investment base which includes a variety of investments including domestic (small and large cap) and global equities, fixed income securities, hedge funds, and other investments. The investments are classified as Level 3 since the fund agreement provides for the irrevocable transfer of assets to the Community Foundation.

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The following table presents the Organization's fair value hierarchy for the Organization's investment assets at fair value, as of December 31, 2022:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	74,397	74,397	0	0
Common stocks	1,838,501	1,838,501	0	0
Fixed income	1,888,577	1,888,577	0	0
Mutual funds				
Alternative investments				
Merger arbitrage	108,034	108,034	0	0
Real estate investment trusts	103,512	103,512	0	0
Beneficial interest in assets held by CF	143,723	0	0	143,723
Total	4,156,744	4,013,021	0	143,723

The following table presents the Organization's fair value hierarchy for the Organization's investment assets at fair value, as of December 31, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	70,741	70,741	0	0
Common stocks	2,264,686	2,264,686	0	0
Fixed income	2,223,243	2,223,243	0	0
Mutual funds				
Alternative investments				
Options	156,351	156,351	0	0
Merger arbitrage	128,575	128,575	0	0
Real estate investment trusts	145,593	145,593	0	0
Beneficial interest in assets held by CF	175,379	0	0	175,379
Total	5,164,568	4,989,189	0	175,379

Investment income for the the years ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	126,975	85,882
Realized gains	11,701	52,529
Unrealized gains (losses)	(760,171)	317,098
Investment management fees	(33,828)	(35,675)
Total	(655,323)	419,834

NOTE 4 - PLEDGES RECEIVABLE AND CAPITAL CAMPAIGN

The Organization engaged in a capital campaign drive, "Building for Kids' Sake", beginning in 2015 to raise funds for the construction of a new operating facility to replace the previously existing facility. The drive solicited pledges to be collected over a multi-year periods. The construction of the new facility was completed in 2017. In addition to the capital campaign, the Organization has unconditional promises to give for its "Vision" campaign for future financial strength.

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The Organization has unpaid pledge commitments extending through 2024 related to the campaigns. The pledges are unconditional promises to give and have been discounted to the present value. Pledges receivable are unsecured and due from various donors.

Pledges receivable are due to be collected as follows for the years ending December 31:

2023	149,568
2024	25,000
Total pledges due	174,568
Less allowance for doubtful pledges	44,568
Pledges receivable before discount	130,000
Less present value discounted based on treasury rates plus a risk rate of 3%	1,775
Pledges receivable, net	128,225

The pledges receivable are shown on the Statements of Financial Position net of allowance and present value discount, and are due as follows:

	<u>2022</u>	<u>2021</u>
Current	105,000	105,000
Non-current	23,225	96,939
Total	128,225	201,939

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Organization has entered into an agreement with the Community Foundation of Elkhart County, Inc. (the "Community Foundation") in which the Organization has established a fund for the purpose of providing support to the Organization. The Organization expects to receive the income earned on the assets held in perpetuity, but will never receive the assets held in the fund. Distributions from the fund are currently based upon the Community Foundation's spending policy. Annual distributions from the fund are reported in Service fees and other income on the Statements of Activities.

The agreement provides the Community Foundation the power to modify any restrictions or conditions on the distribution of funds to any specified charitable organizations if such restrictions become, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable need of the area served by the Community Foundation.

The Organization has made total accumulated contributions of \$120,000 to the Community Foundation and designated itself as the beneficiary. The fair value of these assets including appreciation (depreciation) as of December 31, 2022 and 2021 was \$143,723 and \$175,379, respectively.

Additionally, donors will contribute directly to the fund. These contributions are not considered to be assets of the Organization, but the Organization receives its annual distribution, as described above, based on the total value of the fund. The fair values of contributions made directly to the fund including appreciation (depreciation) were \$315,716 and \$348,991 as of December 31, 2022 and 2021, respectively.

The Organization received distributions totaling \$21,220 and \$37,550 during the years ended December 31, 2022 and 2021, respectively.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 6 - LINE OF CREDIT

The Organization maintains a \$750,000 line of credit with a local bank that matures in June 2023. Interest expense is charged at one month LIBOR plus 2.25%, with a floor of 3.00%. The line of credit is secured by \$1,000,000 of the Organization's board designated investments. There were no outstanding borrowings at December 31, 2022 or 2021.

NOTE 7 - PAYCHECK PROTECTION PROGRAM LOAN

In February 2021, the Organization entered into a PPP loan ("PPP loan") with a local bank evidencing an unsecured promissory note in the amount of \$547,500. Subject to the terms of the PPP note, the loan bears interest at a fixed rate of 1% per year, with the first ten months of interest deferred, and payable over a term of five years. The loan is unsecured and guaranteed by the SBA. Payments can be deferred for 10 months after the covered period or, if later, the date at which the SBA remits the loan forgiveness amount to the lender.

The Organization elected the FASB ASC 958-605 accounting model for the PPP loan. Under this model, the PPP loan was treated as a conditional contribution and revenue recognition occurred when the conditions were substantially met. All conditions were met during 2021 for the PPP loan. The PPP loan was forgiven by the lender and the SBA in August 2021.

The amount recognized as revenue is included in Other revenue in the Statement of Activities for the year ended December 31, 2021.

NOTE 8 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Undesignated	5,781,476	6,339,954
Board designated	2,011,537	2,395,760
Beneficial interest in assets held by CF	143,723	175,379
Total Net Assets Without Donor Restrictions	7,936,736	8,911,093

CHILD AND PARENT SERVICES, INC.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Family Resource Navigation	155,176	279,640
Vision pledges	128,226	201,939
CFAC	15,250	30,000
Healthy Families	299,707	25,000
Angel fund	9,104	8,984
Endowment earnings	439,523	644,040
Endowments invested in perpetuity	623,327	623,327
Court Appointed Special Advocates	10,360	0
Community Education	3,844	0
Administration	25,000	0
Total	1,709,517	1,812,930

NOTE 10 - ENDOWMENT

The Organization's endowment fund was established to provide financial support for the Vision Building Healthy Families for Generations project in perpetuity. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Organization have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the board appropriates amounts for expenditure and any purpose restrictions have been met unless the amounts are earned and expended in the same period, in which case amounts are included in net assets without donor restrictions. In accordance with UPMIFA, 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 policy of the Organization

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NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

RETURN OBJECTIVES, RISK PARAMETERS AND STRATEGIES FOR ACHIEVING OBJECTIVES

The Organization has adopted investment and spending policies, approved by the board, for assets that attempt to provide a predictable stream of funding to the Organization while also maintaining the purchasing power of those assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Assets are invested in target allocation of approximately 75% domestic equities, 15% debt securities, 5% diversified strategies, and 5% cash and cash equivalents. Investment risk is measured in terms of total invested assets; investment assets and allocation between asset classes and strategies are managed to not expose the invested assets to unacceptable levels of risk.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Organization's spending policy limits distributions to 3% of the previous 16-quarter, rolling average of the portfolio's market value. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, the Organization expects the current spending policy to allow its endowment fund to grow at an average 7-8% annually.

In establishing this policy, the Organization considered the long-term expected return on its investment assets and the possible effects of inflation. The Organization's objective and goal, over time, is to not have distributions, plus inflation, exceed the rate of return in its endowment fund.

The following is a summary of endowment net asset composition by type of fund at December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Totals
Donor restricted endowment funds	0	1,062,850	1,062,850
Board designated endowment funds	2,011,537	0	2,011,537
Beneficial interest in assets held by CF	143,723	0	143,723
Endowment net assets, end of year	2,155,260	1,062,850	3,218,110

The following is a summary of the changes in endowment net assets for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment net assets, beginning of year	2,571,139	1,267,367	3,838,506
Net investment income	(358,588)	(164,519)	(523,107)
Distributions	(57,291)	(39,998)	(97,289)
Endowment net assets, end of year	2,155,260	1,062,850	3,218,110

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NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

The following is a summary of endowment net asset composition by type of fund at December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Totals
Donor restricted endowment funds	0	1,267,367	1,267,367
Board designated endowment funds	2,395,760	0	2,395,760
Beneficial interest in assets held by CF	175,379	0	175,379
Endowment net assets, end of year	2,571,139	1,267,367	3,838,506

The following is a summary of the changes in endowment net assets for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment net assets, beginning of year	2,352,957	1,162,151	3,515,108
Net investment income	267,006	133,507	400,513
Distributions	(48,824)	(28,291)	(77,115)
Endowment net assets, end of year	2,571,139	1,267,367	3,838,506

NOTE 11 - CONCENTRATIONS

The Organization receives a substantial amount of its support from federal, state and local governments. Any significant reduction in the level of this support could have a significant effect on the Organization's programs. All of the programs and activities of the Organization occur in Elkhart County, Indiana and the surrounding area; consequently, its sources of support and revenue may be affected by conditions in that area.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Organization is involved in disputes or legal actions arising in the ordinary course of business. Management does not believe the outcome of such legal actions will have a material adverse effect on the Organization's financial position or results of operations.

NOTE 13 - LEASE COMMITMENTS

The Organization leased its Goshen office under an operating lease that expired in January 2022. The agreement required monthly rental payments of \$1,154 plus monthly common area maintenance payments of \$516. The lease was not renewed upon expiration.

Total rental expense was \$316 and \$13,848 for ended December 31, 2022 and 2021, respectively.

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NOTE 14 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 9, 2023, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

CHILD AND PARENT SERVICES, INC.Elkhart, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity or Grant Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services				
Passed-through Indiana Department of Child Services				
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	46408	590,487	0
COVID-19 Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	46408	28,576	0
Total Maternal, Infant and Early Childhood Home Visiting Program			<u>619,063</u>	<u>0</u>
Temporary Assistance for Needy Families (TANF)	93.558	46329	470,757	0
Total Temporary Assistance for Needy Families (TANF)			<u>470,757</u>	<u>0</u>
Total Department of Health and Human Services			1,089,820	0
Department of Justice				
Passed-through Indiana Criminal Justice Institute				
Crime Victim Assistance	16.575	VOCA-2022-00064	23,309	0
Crime Victim Assistance	16.575	VOCA-2022-00143	27,487	0
Crime Victim Assistance	16.575	VOCA-SUPP-2022-00076	7,357	0
Crime Victim Assistance	16.575	VOCA-SUPP-2022-00018	4,542	0
Crime Victim Assistance	16.575	VOCA-2020-00039	112,101	0
Crime Victim Assistance	16.575	VOCA-2020-00041	96,252	0
Crime Victim Assistance	16.575	VOCA-SP-2021-00038	18,599	0
Total Crime Victim Assistance			<u>289,647</u>	<u>0</u>
Passed-through the National Court Appointed Special Advocate/Guardians ad Litem Association for Children (National CASA/GAL)				
Core Model	16.726	IN10164-20-0721-CM	17,600	0
Total Juvenile Mentoring Program			<u>17,600</u>	<u>0</u>
Total Department of Justice			307,247	0
Department of the Treasury				
Passed-through City of Goshen				
Coronavirus State and Local Fiscal Recovery Funds	21.027		3,333	0
Total Coronavirus State and Local Fiscal Recovery Funds			<u>3,333</u>	<u>0</u>
Total Department of the Treasury			3,333	0
Total Expenditures of Federal Awards			<u>1,400,400</u>	<u>0</u>

See the Notes to Schedule of Expenditures of Federal Awards.

CHILD AND PARENT SERVICES, INC.

Elkhart, Indiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of Child and Parent Services, Inc. (the "Organization") under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allocable or are limited as to reimbursement.
- 2) The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ADDITIONAL REQUIRED REPORTS AND
INFORMATION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Child and Parent Services, Inc.
Elkhart, Indiana

We have audited, 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, the financial statements of Child and Parent Services, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 9, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

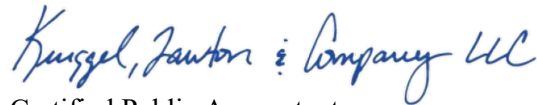
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Certified Public Accountants

Elkhart, Indiana
August 9, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Child and Parent Services, Inc.
Elkhart, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Child and Parent Services, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

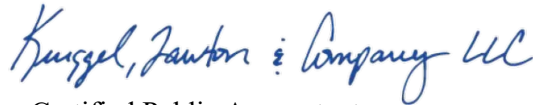
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kuegel, Fawcett & Company LLC". The signature is written in a cursive style.

Certified Public Accountants

Elkhart, Indiana
August 9, 2023

CHILD AND PARENT SERVICES, INC.

Elkhart, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued in accordance with generally accepted accounting principles: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families (TANF)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

CHILD AND PARENT SERVICES, INC.

Elkhart, Indiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2022

Section II - Financial Statement Findings

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There were no findings required to be reported in accordance with the Uniform Guidance.

CHILD AND PARENT SERVICES, INC.

Elkhart, Indiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2022

There were no prior year audit findings.