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April 9, 2024

To: The Board of Directors  
Family Ark, Inc.  
Clark County, Indiana

We have reviewed the audit report of Family Ark, Inc. which was opined upon by Bowden & Wood, PLLC, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Family Ark, Inc. as of December 31, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Bowden & Wood, PLLC 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

FAMILY ARK, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

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# BOWDEN & WOOD

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JOHN L. BUNTON, CPA

November 7, 2022

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Family Ark, Inc.  
Jeffersonville, Indiana

We have audited the accompanying financial statements of Family Ark, Inc. (an Indiana non-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 referred to above present fairly, in all material respects, the financial position of Family Ark, Inc., as of December 31, 2021 and 2020, 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. 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 Family Ark, 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 opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

November 7, 2022

### **Auditors' Responsibilities for the Audits 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 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, 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 Family Ark, 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 Family Ark, 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Respectfully submitted,



Bowden & Wood, PLLC  
Certified Public Accountants

FAMILY ARK, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31,

	2021	2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 248 417	\$ 83 581
Investments (note B)	149 018	135 035
Accounts receivable, less allowance for insurance adjustments (note C)	411 253	320 218
Prepaid expenses	<u>36 819</u>	<u>29 022</u>
Total current assets	<u>845 507</u>	<u>567 856</u>
Property and equipment, net of accumulated depreciation (note E)	<u>1 547 487</u>	<u>1 260 026</u>
Other assets:		
Cash and cash equivalents with donor restrictions (note I)	<u>57 737</u>	<u>192 071</u>
Total other assets	<u>57 737</u>	<u>192 071</u>
Total assets	<u><u>2 450 731</u></u>	<u><u>2 019 953</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	97 027	142 285
Accrued expenses	166 877	119 288
Line of credit (note G)	100 913	100 912
Current portion of construction, note payable (note F)	<u>10 880</u>	<u>-0-</u>
Total current liabilities	<u>375 697</u>	<u>362 485</u>
Long-term liabilities:		
Construction note payable (note F)	<u>252 869</u>	<u>83 610</u>
Total liabilities	<u>628 566</u>	<u>446 095</u>
Net assets:		
Without donor restrictions	1 764 428	1 381 787
With donor restrictions	<u>57 737</u>	<u>192 071</u>
Total net assets	<u>1 822 165</u>	<u>1 573 858</u>
Total liabilities and net assets	<u><u>2 450 731</u></u>	<u><u>2 019 953</u></u>

See notes to financial statements.

FAMILY ARK, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31,

			2021	2020
	Without donor restrictions	With donor restrictions	Total	Total
Revenues, gains and other support				
Program service fees:				
Inpatient - foster care	\$ 676 791	\$ -0-	\$ 676 791	\$ 809 756
Outpatient - specialized treatment	1 206 375	-0-	1 206 375	706 137
Family preservation	<u>747 596</u>	<u>-0-</u>	<u>747 596</u>	<u>156 475</u>
Total program service fees	2 630 762	-0-	2 630 762	1 672 368
Other revenues:				
Contributions and grants	31 387	113 815	145 202	313 767
Special events	2 665	-0-	2 665	4 283
Investment income	12 421	-0-	12 421	2 463
Loss on sale of investments	-0-	-0-	-0-	(3 712)
Unrealized gain on investments	2 942	-0-	2 942	10 709
Other income	4 809	-0-	4 800	13 985
PPP grant	<u>250 766</u>	<u>-0-</u>	<u>250 766</u>	<u>259 980</u>
Total other revenues	304 990	113 815	418 805	601 475
Satisfaction of donor specified restrictions (note J)	<u>248 149</u>	<u>(248 149)</u>	<u>-0-</u>	<u>-0-</u>
Total revenues, gains and other support	3 183 901	(134 334)	3 049 567	2 273 843
Expenses				
Program services	2 061 178	-0-	2 061 178	1 761 589
General and administrative	698 716	-0-	698 716	312 396
Fund-raising	<u>41 366</u>	<u>-0-</u>	<u>41 366</u>	<u>35 234</u>
Total expenses	2 801 260	-0-	2 801 260	2 109 219
Net increase in total net assets	382 641	(134 334)	248 307	164 624
Net assets at beginning of year	<u>1 381 787</u>	<u>192 071</u>	<u>1 573 858</u>	<u>1 409 234</u>
Net assets at end of year	<u>1 764 428</u>	<u>57 737</u>	<u>1 822 165</u>	<u>1 573 858</u>

See notes to financial statements.

FAMILY ARK, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31,

				2021	2020
	Program	General and	Fund	Total	Total
	services	administrative	raising	expenses	expenses
Salaries	\$1 420 932	\$256 397	\$34 639	\$1 711 968	\$1 227 542
Employee benefits	123 996	20 303	219	144 518	107 563
Payroll taxes	103 523	19 057	-0-	122 580	90 015
Foster parent payments	220 019	-0-	-0-	220 019	263 489
Professional fees	13 973	22 776	-0-	36 749	35 662
Depreciation	-0-	64 452	-0-	64 452	44 908
Insurance	12 964	58 366	-0-	71 330	58 121
Bad debt (recovery) expense	-0-	-0-	-0-	-0-	(1 644)
IT	-0-	80 993	-0-	80 993	31 675
Repairs and maintenance	1 784	35 079	-0-	36 863	31 734
Utilities	15 618	20 883	-0-	36 501	29 075
Travel	6 578	599	-0-	7 177	4 824
Telephone	10 194	18 156	-0-	28 350	22 193
Professional development	18 180	5 827	-0-	24 007	35 761
Interest	-0-	8 780	-0-	8 780	-0-
Supplies	11 524	9 402	-0-	20 926	19 623
Licensing	-0-	7 186	1 500	8 686	6 723
Investment fees	-0-	1 771	-0-	1 771	1 278
Recruitment	-0-	1 161	-0-	1 161	5 171
Dues and subscriptions	160	35 848	-0-	36 008	9 286
Program activities	8 863	-0-	-0-	8 863	5 720
Miscellaneous	18 820	1 640	-0-	20 460	21 091
Employment	109	9 322	-0-	9 431	4 875
Scholarship award	-0-	2 000	-0-	2 000	3 000
Advertising and marketing	-0-	5 252	-0-	5 252	3 838
Food	3 628	83	-0-	3 711	442
Postage	-0-	976	-0-	976	1 177
Banking fees	-0-	1 950	-0-	1 950	3 610
Foster parent training	2 137	-0-	-0-	2 137	804
Special events	-0-	-0-	-0-	-0-	165
Rent	-0-	2 240	-0-	2 240	2 336
Printing	1 262	587	-0-	1 849	2 510
Billing service	28 765	-0-	-0-	28 765	23 788
Food and utility assistance	38 149	-0-	-0-	38 149	8 055
Outside services	-0-	7 630	-0-	7 630	4 809
Grants	-0-	-0-	5 008	5 008	-0-
Total expenses	<u>2 061 178</u>	<u>698 716</u>	<u>41 366</u>	<u>2 801 260</u>	<u>2 109 219</u>

See notes to financial statements.

FAMILY ARK, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from services provided	\$2 539 727	\$1 672 368
Cash paid to suppliers and employees	(2 798 928)	(2 188 443)
Contributions and grants received - with donor imposed restrictions	113 815	265 000
Contributions and grants received - without donor imposed restrictions	31 387	48 267
Cash received from other income	78 238	24 750
Cash received from PPP grant	250 766	259 980
Interest paid	<u>(8 780)</u>	<u>-0-</u>
Net cash provided by operating activities	206 225	81 922
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(711 991)	(67 326)
Proceeds from sales of investments	-0-	32 588
Purchase of investments	(2 283)	-0-
Proceeds from sales of property and equipment	800	300
Construction in process	<u>357 612</u>	<u>(529 792)</u>
Net cash used by investing activities	(355 862)	(564 230)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on line of credit, net	-0-	925
Borrowings on construction loan	<u>180 139</u>	<u>83 610</u>
Net cash provided by financing activities	<u>180 139</u>	<u>84 535</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	30 502	(397 773)
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	<u>275 652</u>	<u>673 425</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR</b>	<u><u>306 154</u></u>	<u><u>275 652</u></u>

See notes to financial statements

FAMILY ARK, INC.  
STATEMENTS OF CASH FLOWS (continued)  
FOR THE YEARS ENDED DECEMBER 31,

	2021	2020
Reconciliation of net increase in total net assets to net cash provided in operating activities		
Net increase in total net assets	<u>\$248 307</u>	<u>\$164 624</u>
Adjustments to reconcile net increase in total net assets to net cash provided in operating activities:		
Depreciation	64 452	44 908
Change in allowance accounts	748	4 623
Net investment income reinvested	(8 759)	-0-
Loss on sale of investments	-0-	2 526
Unrealized gain on investments	(2 942)	(10 709)
Loss on sale of fixed assets	1 667	6 483
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(91 783)	(215 041)
Prepaid expenses	(7 797)	(10 451)
Increase (decrease) in liabilities:		
Accounts payable	(45 258)	46 194
Accrued expenses	47 590	48 765
Total adjustments	<u>(42 082)</u>	<u>(82 702)</u>
Net cash provided by operating activities	<u>206 225</u>	<u>81 922</u>

See notes to financial statements.

FAMILY ARK, INC.  
NOTES TO FINANCIAL STATEMENTS

A DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

Family Ark, Inc. (the Organization), located in Jeffersonville, Indiana, is a not-for-profit organization which operates facilities, develops programs and provides services for the care of children and families in Southern Indiana.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Family Ark, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements.

CONTRIBUTIONS

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

CONTRIBUTED SERVICES

No amounts have been reflected in the financial instruments for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

SERVICE REVENUES

If the transfer of assets is determined to be an exchange transaction, Family Ark, Inc. recognizes revenue when or as it satisfies the required performance obligations and transfers the promised goods or service to customer, and when the customer obtains control of that good or service. Performance obligations are determined based on the nature of the services provided by the Organization.

Family Ark, Inc.'s exchange transactions for the years ended December 31, 2021 and 2020 include child placement referral services, family preservation services, and programs which promote the safety, well-being and permanency of children and families. These amounts are transacted with the Indiana Department of Child Services.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with original maturities of three months or less to be cash and cash equivalents.

ACCOUNTS RECEIVABLE

The valuation of accounts receivable is based upon a detailed analysis of past due accounts and the history of uncollectible accounts. The Organization periodically reviews doubtful accounts to determine if write-offs are necessary. Accounts receivable at January 1, 2020 was \$109,800.

FAMILY ARK, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)

A DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, if purchased, or at fair market value as of the date of donation, if donated. The Organization's policy is to capitalize asset purchases exceeding \$2,000. Depreciation is calculated using the straight-line and double-declining balance methods over the assets' useful lives.

COMPENSATED ABSENCES

Employees of the Organization are entitled to paid leave, including vacation and sick time depending on job classification, length of service, and other factors. Compensated absences are included in "accrued expenses" on the statements of financial position and amounted to \$90,260 and \$63,433 at December 31, 2021 and 2020, respectively.

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 and classified by the Internal Revenue Service as other than a private foundation. However, income from certain activities not directly related to the Organization's tax exempt purpose may be subject to taxation as unrelated business income.

As of December 31, 2021 and 2020, the Organization did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified for consistency with the current year presentation. Approximately \$18,000 has been reclassified from net assets without donor restrictions into net assets with donor restrictions for the year ended December 31, 2020. These reclassifications had no effect on the reported results of operations.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

FAMILY ARK, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)

A DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COST ALLOCATION

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Management believes the best allocation method is based on the percentage of compensation between the program services and general and administrative expenses.

B INVESTMENTS

Cost and market value of investments consisted of the following as of December 31, 2021:

	Cost	Market value	Unrealized appreciation (depreciation)
Money market accounts	\$ 9 533	\$ 9 533	\$ -0-
Bond funds	107 786	106 146	(1 640)
Equity funds	<u>24 555</u>	<u>42 872</u>	<u>18 317</u>
Total investments	<u>141 874</u>	<u>158 551</u>	<u>16 677</u>

Cost and market value of investments consisted of the following as of December 31, 2020:

	Cost	Market value	Unrealized appreciation (depreciation)
Money market accounts	\$ 12 588	\$ 12 588	\$ -0-
Bond funds	96 699	99 394	2 695
Equity funds	<u>24 602</u>	<u>35 641</u>	<u>11 039</u>
Total investments	<u>133 889</u>	<u>147 623</u>	<u>13 734</u>

C RECEIVABLES

The principal source of revenue to the Organization is appropriations received from Indiana for the counties served. The courts will appropriate funds for the care of each child who is sent to the Organization for placement in foster homes and home based services. Such funds are then used by the Organization to pay foster parents and operating overhead including staff and counselors' salaries. Approximately 83% of revenue in 2021 and 78% in 2020 were derived from revenues provided under contracts with the Indiana Department of Child Services (DCS). Receivables from the DCS total approximately 76% of the accounts receivable at December 31, 2021 and 85% at December 31, 2020. The current level of the Organization's program revenues may be impacted if the funding by the DCS significantly changes. Current contracts with DCS have expiration dates of 2023 and 2025 with no automatic renewal.

FAMILY ARK, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)

C RECEIVABLES (continued)

Receivables consisted of the following at December 31,

	2021	2020
Behavioral health center	\$ 53 247	\$ 62 058
Foster care	98 031	131 564
Home based	36 173	57 074
Family preservation	143 191	107 904
Specialized services	111 000	-0-
Other	<u>8 257</u>	<u>1 012</u>
	449 899	359 612
Allowance for insurance adjustments	<u>(38 646)</u>	<u>(39 394)</u>
	<u>411 253</u>	<u>320 218</u>

D FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1 ). Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no Organization assets requiring the use of Level 2 or Level 3 inputs for the periods presented and there were no changes in the methods used to measure fair value at December 31, 2021 and 2020.

*Level 1 Fair Value Measurements*

The fair value of mutual funds is based on quoted net asset value of the shares as reported by the fund. The mutual funds held by the Organization are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Organization are considered to be actively traded. The Organization's investments at fair value as of December 31, 2021 and 2020:

FAMILY ARK, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)

D FAIR VALUE MEASUREMENTS (continued)

	Fair Value	Fair Value Measurements at the End of the Reporting Period Using:  Quoted Prices in Active Markets for Identical Assets (Level 1)
December 31, 2021		
Equity funds	\$ 42 872	\$ 42 872
Bond funds	<u>106 146</u>	<u>106 146</u>
	149 018	149 018
December 31, 2020		
Equity funds	\$ 35 641	\$ 35 641
Bond funds	<u>99 394</u>	<u>99 394</u>
	135 035	135 035

Gains and losses included in changes in net assets available for benefits for the years ended December 31, 2021 and 2020, are reported in net appreciation in fair value of investments.

The Organization's policy is to recognize transfers of investments into or out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the years ended December 31, 2021 and 2020, there were no transfers of investments into or out of Level 3.

E PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31,

	2021	2020
Description		
Furniture and fixtures	\$ 51 692	\$ 46 581
Computer and office equipment	90 805	72 160
Vehicles	44 092	48 092
Leasehold improvements	253 784	170 533
Buildings	1 261 746	656 760
Land	18 919	18 919
Construction in process	<u>198 667</u>	<u>556 280</u>
	1 919 705	1 569 325

FAMILY ARK, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)

E PROPERTY AND EQUIPMENT (continued)

Less accumulated depreciation and amortization	\$ (372 218)	\$ (309 299)
Net property and equipment	<u>1 547 487</u>	<u>1 260 026</u>

Depreciation and amortization expense was \$64,452 and \$44,908 for the years ended December 31, 2021 and 2020, respectively.

Construction in process at December 31, 2021 and 2020 consisted of amounts paid for the construction and renovation of Lotus House #1 and #2. Approximately \$605,000 of construction in process for the renovation of Lotus House #1 was placed into service during 2021.

F CONSTRUCTION NOTE PAYABLE

During 2020, the Organization obtained a construction to permanent loan from Wesbanco with a limit of \$682,721, secured by the real estate. The loan has interest only payments at a rate of 4.0% for the first 18 months then converts to a mortgage loan thereafter for 180 months with principal and interest payments due at a rate of 4.0% fixed for the first 60 months and will reprice to the 5-year treasury index plus 2.75% every 60 months thereafter. The balance on the loan on December 31, 2021 and 2020 was \$263,749 and \$83,610, respectively.

Total note payable	\$263 749
Less current portion due in one year	<u>(10 880)</u>
Long-term portion	<u>252 869</u>

Long-term portion maturities during years ended December 31,

2023	\$ 13 543
2024	14 095
2025	14 669
2026	15 266
Thereafter	<u>195 296</u>
	<u>252 869</u>

G LINE OF CREDIT

The Organization has a line of credit with a limit of \$200,000 secured by the real estate at the bank's prime rate of 4.00% at December 31, 2021 and 2020, respectively. The available balance was \$99,088 at December 31, 2021 and 2020, respectively.

FAMILY ARK, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)

H RETIREMENT PLAN

The Organization has a 403(b) plan, which allows employees to defer a percentage of their wages and covers substantially all employees who meet certain requirements. The Organization matches 50% of employee deferrals up to 4% of the employee's wages for a maximum match of 2%. Total expense under the plan was \$16,613 and \$13,739 for the years ended December 31, 2021 and 2020, respectively.

I LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

	2021	2020
Financial assets at year-end	<u>\$455,172</u>	<u>\$410,687</u>
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to support children and families	5,098	25,657
Donor-restricted to support youth programs impacted by COVID	38,517	165,011
Donor-restricted to renovation project	<u>14,122</u>	<u>1,403</u>
Total donor restricted financial assets	<u>57,737</u>	<u>192,071</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>397,435</u>	<u>218,616</u>

J RESTRICTIONS ON NET ASSETS

CAPITAL CAMPAIGN

The Organization, along with Volunteers of America and Indiana Department of Child Services, have contracted to begin a program for pregnant women with substance addictions. The Organization is renovating one of the buildings on the property to provide the services. To fund the renovation costs, the Organization raised support of \$25,050 in 2021 and \$25,000 in 2020. Renovation of the facilities began in the fall of 2019 with completion in 2021. Cash and promises to give were restricted to payment of the cost of renovating the facility and are not available for operating purposes.

FAMILY ARK, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)

J RESTRICTIONS ON NET ASSETS (continued)

CAPITAL CAMPAIGN (continued)

Net assets with donor restrictions during the year ended December 31, 2021 are as follows:

	Balance 12/31/20	Contributions/ grants	Released	Balance 12/31/21
Contributions restricted for:				
Indiana youth programs impacted by COVID	\$165 011	\$ 25 000	\$(151 494)	\$ 38 517
Supporting children and families	25 657	63 764	(84 323)	5 098
Lotus house - renovation project	1 403	25 050	(12 331)	14 122
	<u>192 071</u>	<u>113 814</u>	<u>(248 148)</u>	<u>57 737</u>

K CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Cash	\$248 417	\$ 83 581
Restricted cash	<u>57 737</u>	<u>192 071</u>
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>306 154</u>	<u>275 652</u>

L RENTAL INCOME

The Organization occasionally leases on a day-by-day portions of its property to unrelated third parties. Rental income for the years ended December 31, 2021 and 2020 was \$450 and \$1,250, respectively.

M CONCENTRATION OF CREDIT RISK

The Organization has significant investments in bond and equity funds held by an investment manager and are, therefore, subject to credit risk. Investments are made by the investment manager and the investments are monitored by the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

FAMILY ARK, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)

N PAYCHECK PROTECTION PROGRAM (PPP) FUNDS

During 2021 and 2020, the Organization obtained Paycheck Protection Program (PPP) loans through the SBA for \$250,766 and \$259,980, respectively. The Organization has adopted the accounting policy for government grants to recognize this amount in the income statement as "PPP Grant" under IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. The loans were to be forgiven to the extent loan proceeds were used for eligible expenses such as payroll and other expenses described in the CARES Act. The Organization used the loan proceeds for qualifying expenses and the entire loan balance for each PPP loan was forgiven in 2021.

O COVID-19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of the coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this report, the Company is unable to determine how significantly the COVID-19 disruption will impact fiscal 2022 results of operations or financial position. The Company cannot reasonably estimate the overall length or severity of this pandemic, which if prolonged for a longer duration, could potentially have a material impact to the financial statements.

P RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*." This update includes a lease accounting model that recognizes two types of leases - finance leases and operating leases. The standard requires that a lessee recognize on the balance sheet assets and liabilities relating to leases with terms of more than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on its classification as a finance or operating lease. This update would be effective for the Organization beginning in January 2022. The Organization is currently evaluating the impact of this adoption.

Q SUBSEQUENT EVENTS

During January 2022, the Organization sold 7 of 86 acres for \$79,000 to an unrelated party.

During July 2022, the Organization entered into a change in terms agreement with Wesbanco regarding the construction note payable. The terms were updated to extend the draw period and interest only payments through November 2022.

Significant declines in the stock market continue to mount amidst the worldwide struggle against supply chain shortages and inflation. At the end of fieldwork, total investments had declined approximately 24%.

Subsequent events have been evaluated through the date of this report, which is the date the financial statements were available to be issued.