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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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May 16, 2025

Board of Directors
Human Services, Inc.
Bartholomew County, Indiana

We have reviewed the audit report of the Human Services, Inc., which was opined upon by Wipfli LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Human Services, Inc. as of December 31, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Wipfli LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner

Human Services, Inc. and Subsidiaries

Columbus, Indiana

Consolidated Financial Statements and
Supplementary Information

Years Ended December 31, 2023 and 2022



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Human Services, Inc. and Subsidiaries

Years Ended December 31, 2023 and 2022

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Independent Auditor's Report

Board of Directors
Human Services, Inc. and Subsidiaries
Columbus, Indiana

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements (the "financial statements") of Human Services, Inc. and Subsidiaries (the "Organizations"), a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated 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 Human Services, Inc. and Subsidiaries as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States ("GAAS") 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 Human Services, Inc. and Subsidiaries 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. The financial statements of the subsidiaries of Human Services, Inc. were not audited in accordance with *Government Auditing Standards* as they did not receive federal funding.

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, 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 Human Services, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date 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 GAAS 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 GAAS 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 Human Services, Inc. and Subsidiaries' 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 Human Services, Inc. and Subsidiaries' 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 opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Consolidating Statements of Financial Position, Consolidating Statements of Activities, Statements of Financial Position – Low-Income Housing Partnerships, and Statements of Activities – Low-Income Housing Partnerships, are presented for purposes of additional analysis and are 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 audit 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. In our opinion, the information 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 6, 2024 on our consideration of Human 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 Human 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 Human Services, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin
August 6, 2024

Human Services, Inc. and Subsidiaries

Consolidated Statements of Financial Position

December 31, 2023 and 2022

<i>Assets</i>	2023	2022
Current assets:		
Cash and cash equivalents	\$ 1,133,186	\$ 1,219,487
Accounts receivable	130,571	137,086
Grants receivable	1,324,340	738,735
Contributions receivable - donated space	83,593	102,939
Investments	13,842	13,506
Assets held for sale	180,120	0
Prepaid expenses	29,394	28,259
Total current assets	2,895,046	2,240,012
Other assets:		
Restricted cash	712,530	687,051
Contributions receivable - donated space	36,512	115,499
Right-of-use lease assets - finance	64,492	0
Right-of-use lease assets - operating	56,851	155,819
Total other assets	870,385	958,369
Property and equipment, net	6,503,653	6,463,871
TOTAL ASSETS	\$ 10,269,084	\$ 9,662,252

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Financial Position (Continued)

December 31, 2023 and 2022

<i>Liabilities and Net Assets</i>	2023	2022
Current liabilities:		
Accounts payable	\$ 416,937	\$ 422,620
Accrued payroll and related	175,333	188,473
Accrued interest payable	3,961	1,230
Accrued real estate taxes	54,113	54,705
Security deposits	43,578	43,323
Prepaid rent	8,975	5,343
Current portion of notes payable	56,033	554,288
Current portion of finance right-of-use lease obligations	13,982	0
Current portion of operating right-of-use lease obligations	25,797	73,387
Total current liabilities	798,709	1,343,369
Long-term liabilities:		
Notes payable, net of debt issuance costs	903,437	520,106
Finance right-of-use lease obligations, net of current portion	50,710	0
Operating right-of-use lease obligations, net of current portion	31,201	82,779
Total long-term liabilities	985,348	602,885
Total liabilities	1,784,057	1,946,254
Net assets:		
Without donor restrictions	7,864,641	6,957,236
With donor restrictions	620,386	758,762
Total net assets	8,485,027	7,715,998
TOTAL LIABILITIES AND NET ASSETS	\$ 10,269,084	\$ 9,662,252

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Activities

Years Ended December 31, 2023 and 2022

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Government grants	\$ 17,434,101	\$ 0	\$ 17,434,101
Contract revenue	318,849	0	318,849
Contributions	348,928	38,638	387,566
Rental income	838,303	0	838,303
Investment income	16,111	0	16,111
In-kind contributions	184,845	0	184,845
Other income	43,689	0	43,689
Net assets released from restrictions	177,014	(177,014)	0
Total revenue	19,361,840	(138,376)	19,223,464
Expenses:			
Program activities:			
Community services	393,453	0	393,453
Energy assistance	4,720,098	0	4,720,098
Early childhood education	4,244,894	0	4,244,894
Food programs	177,737	0	177,737
Housing programs	6,818,052	0	6,818,052
Health services	235,542	0	235,542
Other programs	486,500	0	486,500
Total program activities	17,076,276	0	17,076,276
Support services:			
Management and general	1,378,159	0	1,378,159
Total supportive services	1,378,159	0	1,378,159
Total expenses	18,454,435	0	18,454,435
Change in net assets	907,405	(138,376)	769,029
Net assets at beginning of year	6,957,236	758,762	7,715,998
Net assets at end of year	\$ 7,864,641	\$ 620,386	\$ 8,485,027

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Activities (Continued)

Years Ended December 31, 2023 and 2022

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Government grants	\$ 17,814,723	\$ 21,888	\$ 17,836,611
Contract revenue	64,585	0	64,585
Contributions	208,319	182,314	390,633
Rental income	797,241	0	797,241
Investment income	3,670	0	3,670
In-kind contributions	301,102	218,438	519,540
Forgiveness of debt	708,500	0	708,500
Other income	103,325	0	103,325
Net assets released from restrictions	47,843	(47,843)	0
Total revenue	20,049,308	374,797	20,424,105
Expenses:			
Program activities:			
Community services	630,776	0	630,776
Energy assistance	6,339,284	0	6,339,284
Early childhood education	4,186,745	0	4,186,745
Food programs	212,452	0	212,452
Housing programs	5,932,442	0	5,932,442
Health services	321,639	0	321,639
Other programs	193,852	0	193,852
Total program activities	17,817,190	0	17,817,190
Support services:			
Management and general	1,240,441	0	1,240,441
Total supportive services	1,240,441	0	1,240,441
Total expenses	19,057,631	0	19,057,631
Change in net assets - noncontrolling interest	(578,001)	0	(578,001)
Change in net assets - controlling interest	1,569,678	374,797	1,944,475
Total change in net assets	991,677	374,797	1,366,474
Net assets at beginning of year	5,747,442	383,965	6,131,407
Capital contributions	218,117	0	218,117
Net assets at beginning of year	5,965,559	383,965	6,349,524
Net assets at end of year	\$ 6,957,236	\$ 758,762	\$ 7,715,998

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses
Years Ended December 31, 2023 and 2022

	2023									
	Community Services	Energy Assistance	Early Childhood Education	Food Programs	Housing Programs	Health Services	Other Programs	Program Services	Management and General	Total Expenses
Salaries and wages	\$ 236,071	\$ 299,892	\$ 2,264,276	\$ 2,648	\$ 283,190	\$ 218,410	\$ 37,445	\$ 3,341,932	\$ 685,732	\$ 4,027,664
Payroll taxes	17,486	22,714	169,307	0	20,398	15,671	2,773	248,349	79,066	327,415
Employee benefits	28,814	36,997	260,353	0	32,263	24,061	5,613	388,101	146,514	534,615
Employee related expenses	5,075	6,196	82,372	0	1,967	1,249	(255)	96,604	23,859	120,463
Professional fees	7,576	28,920	29,868	(767)	39,809	2,721	1,899	110,026	120,144	230,170
Supplies	10,688	12,514	598,177	180,968	2,986	(2,024)	6,872	810,181	62,908	873,089
Communications	7,380	7,825	45,202	0	11,962	10,179	1,349	83,897	11,155	95,052
Shipping	696	4,740	554	0	3,165	46	1,428	10,629	6,195	16,824
Occupancy cost	23,152	20,711	302,289	(2,463)	62,710	24,733	9,939	441,071	44,152	485,223
Equipment rental and maintenance	(116)	333	50,472	(987)	(977)	(2,019)	204	46,910	83,170	130,080
Printing and publications	337	2,476	535	0	512	39	459	4,358	10,293	14,651
Travel and transportation	5,940	1,805	90,563	0	16,862	695	6,263	122,128	8,549	130,677
Conferences and meetings	6,651	2,224	69,909	0	1,613	640	1,923	82,960	22,747	105,707
Specific assistance to individuals	63,454	4,252,314	1,016	0	5,303,929	0	291,789	9,912,502	0	9,912,502
Membership dues	1,267	453	5,073	0	328	204	64	7,389	10,324	17,713
Interest expense	0	0	0	0	59,060	0	0	59,060	0	59,060
Insurance and other expenses	966	1,786	15,264	0	26,010	1,010	4,377	49,413	63,351	112,764
In-kind expenses	0	22,312	265,472	0	0	0	0	287,784	0	287,784
Depreciation	0	0	0	0	287,197	0	116,249	403,446	0	403,446
Housing property operations	0	0	0	0	689,628	0	0	689,628	0	689,628
Eliminations	(21,984)	(4,114)	(5,808)	(1,662)	(24,560)	(60,073)	(1,891)	(120,092)	0	(120,092)
Total expenses	\$ 393,453	\$ 4,720,098	\$ 4,244,894	\$ 177,737	\$ 6,818,052	\$ 235,542	\$ 486,500	\$ 17,076,276	\$ 1,378,159	\$ 18,454,435

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses (Continued) Years Ended December 31, 2023 and 2022

	2022									
	Community Services	Energy Assistance	Early Childhood Education	Food Programs	Housing Programs	Health Services	Other Programs	Total Program Services	Management and General	Total Expenses
Salaries and wages	\$ 186,812	\$ 226,907	\$ 2,404,331	\$ 11,954	\$ 248,740	\$ 223,626	(\$ 44,116)	\$ 3,258,254	\$ 604,972	\$ 3,863,226
Payroll taxes	13,814	16,924	179,746	1,059	18,485	16,694	910	247,632	74,526	322,158
Employee benefits	20,375	31,966	273,441	778	25,523	24,230	1,560	377,873	106,322	484,195
Employee related expenses	6,999	2,614	62,044	2	3,107	1,438	2,742	78,946	23,794	102,740
Professional fees	8,445	22,290	63,726	130	3,071	(2,566)	(10,283)	84,813	143,405	228,218
Supplies	35,921	34,128	344,590	200,304	12,415	6,694	(5,333)	628,719	53,030	681,749
Communications	7,683	8,411	44,000	6	10,949	9,742	1,340	82,131	11,594	93,725
Shipping	472	7,538	573	15	2,299	22	9	10,928	8,876	19,804
Occupancy cost	29,791	30,031	291,923	45	52,055	36,581	(2,485)	437,941	51,173	489,114
Equipment rental and maintenance	9,677	10,524	99,227	1,075	7,625	3,367	3,256	134,751	81,658	216,409
Printing and publications	2,878	4,198	3,886	13	174	498	7	11,654	9,197	20,851
Travel and transportation	3,819	2,228	76,849	5	5,673	511	2,531	91,616	9,541	101,157
Conferences and meetings	3,587	1,911	84,567	14	785	616	101	91,581	10,085	101,666
Specific assistance to individuals	303,332	5,941,646	52,978	0	4,617,894	2,148	124,572	11,042,570	0	11,042,570
Membership dues	283	474	4,923	1	346	252	39	6,318	7,544	13,862
Interest expense	0	0	0	0	68,680	0	0	68,680	0	68,680
Insurance and other expenses	2,156	4,216	34,117	74	(23,230)	2,690	2,120	22,143	44,724	66,867
In-kind expenses	0	0	279,853	0	21,249	0	0	301,102	0	301,102
Depreciation	0	0	0	0	286,360	0	117,474	403,834	0	403,834
Debt forgiveness	0	0	0	0	1,840,680	0	0	1,840,680	0	1,840,680
Housing property operations	0	0	0	0	604,538	0	0	604,538	0	604,538
Eliminations	(5,268)	(6,722)	(114,029)	(3,023)	(1,874,976)	(4,904)	(592)	(2,009,514)	0	(2,009,514)
Total expenses	\$ 630,776	\$ 6,339,284	\$ 4,186,745	\$ 212,452	\$ 5,932,442	\$ 321,639	\$ 193,852	\$ 17,817,190	\$ 1,240,441	\$ 19,057,631

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Increase (decrease) in cash and cash equivalents and restricted cash:		
Cash flows from operating activities:		
Changes in net assets	\$ 769,029	\$ 1,366,474
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	403,446	403,834
Amortized interest expense	1,065	1,065
Unrealized gain on investments	(336)	(668)
Loss on disposal of property and equipment	92,232	0
Forgiveness of debt	0	(708,500)
Contributions receivable - donated space	98,333	(218,438)
Amortization of right-of-use lease assets - Finance	5,600	0
Noncash lease expense - Operating	28,876	65,740
Changes in operating assets and liabilities:		
Accounts receivable	6,515	(14,167)
Grants receivable	(585,605)	73,883
Prepaid expenses	(1,135)	168
Accounts payable	39,669	(355,065)
Accrued payroll and related	(13,140)	(62,875)
Accrued interest payable	2,731	(3,809)
Accrued real estate taxes	(592)	447
Refundable advance liability	0	(44,458)
Operating right-of-use lease obligations	(29,076)	(65,393)
Security deposits	255	1,429
Prepaid rent	3,632	(2,404)
Net cash from operating activities	821,499	437,263
Cash flows from investing activities:		
Capital expenditures	(760,932)	(121,344)
Capital contributions	0	218,117
Net cash from investing activities	(760,932)	96,773
Cash flows from financing activities:		
Principal payments on finance right-of-use lease obligations	(5,400)	0
Payments on notes payable	(115,989)	(303,923)
Net cash from financing activities	(121,389)	(303,923)
Change in cash and cash equivalents and restricted cash	(60,822)	230,113
Cash and cash equivalents and restricted cash - Beginning of year	1,906,538	1,676,425
Cash and cash equivalents and restricted cash - End of year	\$ 1,845,716	\$ 1,906,538
Supplemental schedule of operating activities:		
Interest paid	\$ 65,949	\$ 72,489
Supplemental schedule of noncash operating and investing activities:		
Purchase of property and equipment included in accounts payable	\$ 91,221	\$ 136,573
Transfer of property and equipment to assets held for sale	\$ 180,120	\$ 0
Reconciliation of cash and cash equivalents and restricted cash to statement of financial position at December 31, 2023 and 2022:		
Cash and cash equivalents	\$ 1,133,186	\$ 1,219,487
Restricted cash	712,530	687,051
Total cash and cash equivalents and restricted cash	\$ 1,845,716	\$ 1,906,538

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Activities

Human Services, Inc. was incorporated and commenced operations as a not-for-profit organization on October 20, 1965, under the laws of the State of Indiana. The Organization is committed to helping families and children improve their quality of life in Bartholomew, Brown, Decatur, Jackson, Johnson and Shelby counties in Indiana.

On November 26, 1990, Human Services, Inc. formed HSI Properties, Inc. as a wholly owned subsidiary under the laws of the State of Indiana. HSI Properties, Inc. holds a general partner interest in four low-income housing tax credit projects (LIHTC).

HSI Solutions, Inc., is a wholly owned subsidiary of Human Services, Inc. and had no activity during the years ended December 31, 2023 and 2022.

Oak Hill Apartments, LP (Oak Hill) was formed in 1996 for the purpose of constructing 48 housing units in Seymour, Indiana. The units are rented to low-income individuals and, as a result, federal income tax credits were available to investors. The general partner is HSI Properties, Inc. and the limited partner is HSI Acquisitions-Oak Hill I, LLC, both of which are wholly owned subsidiaries of Human Services, Inc.

Oak Hill Apartments II, LP (Oak Hill II) was formed in 1999 for the purpose of constructing 24 housing units in Seymour, Indiana. The units are rented to low-income individuals and, as a result, federal income tax credits were available to investors. The general partner is HSI Properties, Inc. and the limited partner is HSI Acquisitions-Oak Hill II, LLC, both of which are wholly owned subsidiaries of Human Services, Inc.

Pearson Place, LP (Pearson Place) was formed in 2005 for the purpose of constructing 35 housing units in Shelbyville, Indiana. The units are rented to low-income individuals and, as a result, federal income tax credits were available to investors. Effective January 1, 2022, the newly formed HSI Acquisitions-Pearson Place, LLC acquired the 99.9% limited member interests in Pearson Place. HSI Acquisitions-Pearson Place, LLC is a wholly owned subsidiary of Human Services, Inc. and HSI Properties, Inc., a wholly owned subsidiary of Human Services Inc., remains the general partner in the partnership.

Ridgecrest Limited, LP (Ridgecrest) was formed in 2005 for the purpose of constructed 20 housing units in Greensburg, Indiana. Nineteen of the units are rented to low-income individuals and, as a result federal income tax credits were available to investors. The general partner is HSI Properties, Inc. and the limited partner is HSI Acquisitions-Ridgecrest, LLC, both of which are wholly owned subsidiaries of Human Services, Inc.

Principles of Consolidation

These financial statements are consolidated and include the accounts of Human Services, Inc., HSI Properties, Inc., HSI Solutions, Inc., Oak Hill, Oak Hill II, Pearson Place, Ridgecrest, HSI Acquisitions-Oak Hill I, LLC, HSI Acquisitions-Oak Hill II, LLC, HSI Acquisitions-Pearson Place, LLC, and HSI Acquisitions-Ridgecrest, LLC. All material inter-company transactions and accounts are eliminated in consolidation. Collectively, the entities are referred to as the "Organizations."

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Change in Accounting Principle

Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, requires the Organization to present financial assets measured at amortized cost (including trade receivables) at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts.

The Organization adopted ASU No. 2016-13 on January 1, 2023. The net impact to net assets would have been immaterial, thus no cumulative effect adjustment was made to net assets upon adoption of this standard. Results for the year ended December 31, 2023, are presented under Accounting Standards Codification (ASC) 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. See the Accounts Receivable Policy for changes to accounting policies.

Classification of Net Assets

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated a total of \$98,710 and \$82,200 of net assets without donor restrictions as reserves for future repairs of Head Start locations and permanent supportive houses at December 31, 2023 and 2022.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or may not be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. If a restriction is satisfied in the year of contribution, the contribution is recorded as revenue without donor restrictions.

Use of Estimates

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

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Subtopic 958-605. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as a refundable advance liability.

B. Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Revenue from Contracts with Customers

Human Services, Inc. recognized \$318,849 and \$64,585 in revenue from exchange transactions from contracts with customers during 2023 and 2022, respectively, to deliver housing stability services to eligible renters. Human Services, Inc. recognizes revenue in accordance with FASB ASU 2014-09 and ASC 606, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition with a focus on the transfer of control of promised goods or services to a customer. This revenue is recognized over time as the client is simultaneously receiving and consuming the benefits of the services. The Organization feels the input method is the most faithful depiction of the transfer of the services, using time elapsed. No payments are made in advance of the services provided; payments are received by Human Services, Inc. after services have been provided. Accounts receivable from contracts with customers is reported at the amount that reflects the consideration to which the Organizations expect to be entitled, in exchange for providing services. Accounts receivable from this contract were \$188,750 and \$34,698 as of December 31, 2023 and 2022, respectively, and \$0 as of January 1, 2022, and are included in grants receivable on the consolidated statements of financial position.

Rental income

The Organizations' leases consist of tenant leases related to the rental property reported in the consolidated statements of financial position. Tenant leases are typically for 12 months or less, do not include extension options, and are classified as operating leases. Operating lease revenue is recognized as rental revenue over the term of the lease. Advance receipts, if any, are deferred and classified as liabilities until earned.

In-Kind Contributions

In accordance with accounting standards, Human Services, Inc. records in-kind contributions for space, supplies and professional services in the consolidated statements of activities and functional expenses. The accounting standard for in-kind requires that only contributions of service received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of this standard are different from the in-kind requirements of several of Human Services, Inc.'s grant awards. Human Services, Inc. received contributions of nonprofessional volunteers and consultants with a value of \$731,779 and \$784,475 during 2023 and 2022, respectively, primarily for its Head Start program, which are not recorded in the consolidated statements of activities and functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of money market investments with original maturities of 90 days or less.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted Cash

Restricted deposits and tenant deposits held in trust are considered restricted cash based upon restrictions of use of funds imposed by the partnership agreements for the LIHTC projects.

Accounts Receivable

The Organizations analyze accounts receivables and record an allowance that management believes will reserve for possible losses on existing receivables that may become uncollectible. An account is considered uncollectible when all collection efforts prove worthless. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the current expected credit losses. The estimate of the allowance for credit losses is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. The Organizations use an aging method to estimate allowances for credit losses. Management assesses collectability by pooling receivables with similar risk characteristics and evaluates receivables individually when specific customer balances no longer share those risk characteristics.

Prior to 2023, the carrying amount of accounts receivable were reduced by an allowance that reflected management's best estimate of the amounts that would not be collected based on an assessment of current creditworthiness.

Management expects to collect all receivables and did not consider an allowance for credit losses necessary as of December 31, 2023 or 2022.

Property and Equipment

Property and equipment purchased are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. Property and equipment are items with a cost of \$5,000 or more and have a useful life of more than one year.

The Organizations report gifts of property and equipment at their estimated fair value as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and equipment purchased with grant funds are owned by Human Services, Inc. while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. The disposition of property and equipment, as well as the ownership of any proceeds there from, is subject to funding source regulations. The net book value of property and equipment purchased with grant funds is \$732,313 and \$328,434 at December 31, 2023 and 2022, respectively.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

The Organization reviews property and equipment for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organizations have not recognized any impairment of property and equipment during 2023 and 2022.

Leases

The Organizations are lessees in multiple noncancelable operating and finance leases. If the contract provides the Organizations the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The Organizations have elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term. For finance leases, the right-of-use asset is amortized on a straight-line basis over the lease term.

For all underlying classes of assets, the Organizations have elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organizations are reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organizations recognize short-term lease cost on a straight-line basis over the lease term.

The Organizations made an accounting policy election to not separate the lease components of a contract and its associated non-lease components for all classes of leases.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Debt Issuance Costs

Debt issuance costs represent costs associated with obtaining debt to finance the purchase of the housing projects. Unamortized debt issuance costs have been recorded as a reduction to the related debt obligation. The costs are being amortized to interest expense over the maximum term provided in the debt agreement using the straight-line method, which approximates the effective interest method.

Income Taxes

Human Services, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Indiana income tax.

HSI Properties, Inc. and HSI Solutions, Inc. are taxable corporations that file returns for federal and state income tax purposes. Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the assets and liabilities. Deferred tax balances are adjusted to reflect tax rates based on currently enacted tax laws that will be in effect in the years in which the temporary differences are expected to reverse. No material differences existed as of December 31, 2023 and 2022.

Oak Hill, Oak Hill II, Pearson Place, and Ridgecrest are treated as partnerships for income tax reporting.

HSI Acquisitions-Oak Hill I, LLC, HSI Acquisitions-Oak Hill II, LLC, HSI Acquisitions-Pearson Place, LLC, and HSI Acquisitions-Ridgecrest, LLC are single member LLCs and are treated as disregarded entities for tax purposes. Human Services, Inc. is the sole member of these LLCs and the activity of these LLCs is included in Human Services, Inc.'s annual federal and state returns filed with the Internal Revenue Service and the State of Indiana, respectively.

The Organizations are required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Functional Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Occupancy and related costs are allocated based on square footage.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Notes Receivable from Limited Partnerships

Human Services, Inc. received HOME grant awards from the State of Indiana and Federal Home Loan Bank Affordable Housing Program (AHP) funds. These funds are loaned to limited partnerships, of which Human Services, Inc.'s subsidiaries are partners. The funds loaned to the limited partnerships are for the development of affordable housing projects. Since the funds, have been provided to limited partners that are consolidated in this report, the notes receivable from the limited partnerships and related notes payable to Human Services, Inc., totaling \$249,274 and \$257,932 as of December 31, 2023 and 2022, have been eliminated in consolidation.

Reclassification

Certain amounts as previously reported in the 2022 financial statements have been reclassified to conform to the 2023 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets. The changes primarily related to classification of contract revenue.

Subsequent Events

Subsequent events have been evaluated through August 6, 2024, which is the date the consolidated financial statements were available to be issued.

Note 2: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>As of December 31,</i>	2023	2022
Cash and cash equivalents	\$ 1,133,186	\$ 1,219,487
Accounts receivable	130,571	137,086
Grants receivable	1,324,340	738,735
Investments	13,842	13,506
Total financial assets	2,601,939	2,108,814
Less: Accounts payable and accrued liabilities included in financial assets	596,231	612,323
Less: Board designated reserves	98,710	82,200
Less: Net assets with donor restrictions included in financial assets	500,281	540,324
Total available financial assets	\$ 1,406,717	\$ 873,967

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability (Continued)

The Organizations have no formal liquidity policy and Human Services, Inc. relies on available grant funding that is requested and received shortly thereafter to ensure it has cash available to meet its current obligations. In addition to the financial assets available, Human Services, Inc. has grant commitments for future expenses as described in Note 14 and has access to draw on a line of credit in the amount of \$125,000, with the full amount available at December 31, 2023 and 2022. Although the Board does not intend to use designated amounts on operations, the board designated reserves may be drawn upon for operations if the governing body approves that action.

Note 3: Concentration of Credit Risk

The Organizations maintain their cash balances at several financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organizations' cash balances at times exceed insured limits as designated by FDIC. The Organizations have not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Financial awards from federal, state and local governmental entities make up approximately 91% and 88% of total revenue for the years ended December 31, 2023 and 2022, respectively. A substantial reduction in the level of this support may have an adverse effect on Human Services, Inc.'s programs and activities.

Note 4: Grants Receivable

Grants receivable at December 31, 2023 and 2022, consisted of the following:

	2023	2022
State programs	\$ 498,135	\$ 302,201
Direct federal programs	805,143	384,735
Other programs	21,062	51,799
Totals	\$ 1,324,340	\$ 738,735

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5: Investments at Fair Value Measurements

Investments consist of 48 shares of corporate stock held by Human Services, Inc. that is carried at fair value.

Generally accepted accounting principles require disclosure of the measurement of assets and liabilities at fair value. In general, the Organizations determine fair values determined by Level 1 inputs utilizing quoted market prices in active markets. Fair values determined by Level 2 inputs utilize market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves. Fair values determined by Level 3 inputs are based on valuation models or methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data.

Some assets and liabilities are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities are measured at fair value on a nonrecurring basis. The Organizations do not have any liabilities measured on a recurring basis or any assets or liabilities measured on a nonrecurring basis.

The asset measured at fair value on a recurring basis is the investment in corporate stock, measured using quoted market prices, which is a level 1 input. The value of the stock was \$13,842 at December 31, 2023 and \$13,506 at December 31, 2022.

Note 6: Restricted Cash

The restricted cash balances at December 31, 2023 and 2022, consisted of the following:

	2023	2022
Security deposits	\$ 44,970	\$ 43,326
Replacement reserves	357,055	327,249
Operating reserves	54,231	54,257
Escrow deposits	256,274	262,219
Totals	\$ 712,530	\$ 687,051

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7: Property and Equipment

A summary of property and equipment at December 31, 2023 and 2022 is as follows:

	2023	2022
Land	\$ 165,400	\$ 165,400
Land - partnerships	245,537	245,537
Buildings	1,982,181	2,146,681
Buildings - partnerships	9,461,395	9,461,395
Building improvements	930,046	553,320
Leasehold improvements	248,000	248,000
Equipment	975,945	834,354
Equipment - partnerships	255,572	255,572
Projects in process	173,136	198,162
Site costs - partnerships	748,186	748,186
Subtotals	15,185,398	14,856,607
Accumulated depreciation	(8,681,745)	(8,392,736)
Property and equipment, net	\$ 6,503,653	\$ 6,463,871

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8: Notes Payable

Long-term debt consisted of the following at December 31, 2023 and 2022:

	2023	2022
<u>HSI Properties, Inc.</u>		
Note payable to German American Bank dated August 3, 2020 with 5.16% interest rate and monthly payments of \$2,087, secured by real estate. Variable interest rate and payments beginning September 1, 2023. Final balloon payment due at maturity on August 1, 2033.	\$ 190,445	\$ 204,453
Note payable to First Financial Bank dated September 23, 2021 with 4.35% interest rate and monthly payments of \$2,248, secured by real estate. Variable interest rate beginning October 23, 2025. Final balloon payment due at maturity on September 23, 2030.	321,207	333,718
<u>Oak Hill</u>		
Note payable to First Financial Bank dated January 30, 2014 with interest at a rate of the Treasury Rate plus 2.86% and a floor of 4.25% (6.74% and 4.41% at December 31, 2023 and 2022, respectively) and monthly payments of \$3,963. The note is secured by a first mortgage and security interest on the property, as well as an assignment of leases and rents associated with the property. The note matures February 1, 2024.	316	48,424
<u>Oak Hill II</u>		
Note payable to First Financial Bank dated January 30, 2014 with interest at a rate of the Treasury Rate plus 2.86% and a floor of 4.25% (6.74% and 4.41% at December 31, 2023 and 2022, respectively) and monthly payments of \$2,563. The note is secured by a first mortgage and security interest on the property, as well as an assignment of leases and rents associated with the property. The note matures February 1, 2024.	8,780	38,157
<u>Pearson Place</u>		
Note payable to First Financial Bank with 6% interest and monthly payments of \$3,844. The note is secured by a mortgage on real estate. The note was scheduled to mature on December 7, 2023 but was extended until March 7, 2026.	438,780	450,765
Total long-term liabilities	959,528	1,075,517
Unamortized debt issuance costs, net of accumulated amortization	(58)	(1,123)
Less: current maturities	(56,033)	(554,288)
Total long-term liabilities, net	\$ 903,437	\$ 520,106

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8: Notes Payable (Continued)

Approximate future annual minimum principal payments as of December 31, 2023 are as follows:

2024	\$	56,033
2025		51,110
2026		430,159
2027		35,311
2028		37,327
Thereafter		349,588
<hr/>		
Total	\$	959,528

Human Services, Inc. also has a \$125,000 line of credit at a financial institution. The line of credit matures in October 2024. The line of credit has an interest rate of the prime rate plus 0.50% (9% and 8.75% at December 31, 2023 and 2022, respectively) and is collateralized by the assets of Human Services, Inc. There was no outstanding amount drawn on the line of credit at December 31, 2023 and 2022.

Note 9: Net Assets with Donor Restrictions

At December 31, 2023 and 2022, Human Services, Inc. had net assets with donor restrictions of \$620,386 and \$758,762, respectively, of which \$500,281 and \$540,324 include contributions that have been restricted by donors or grantors for specific program use. As of December 31, 2023 and 2022, \$120,105 and \$218,438 of net assets, respectively, had a time restriction related to donated space. Net assets of \$177,014 and \$47,843 during the years ended December 31, 2023 and 2022, respectively, were released from restrictions by incurring expenses satisfying the restricted purposes or passage of time.

Note 10: Employee Retirement Plans

Human Services, Inc. has a 401(K) retirement plan that covers all employees who are at least 21 years old and have been employed for over one year. Human Services, Inc. may make discretionary matching contributions to the plan, which vest with the plan participant according to a vesting period schedule that is dependent on years of service. Employer retirement contributions to the plan were \$64,558 and \$66,187 for the years ended December 31, 2023 and 2022.

Note 11: Leases

Human Services, Inc. leases various facilities and equipment for the operation of its programs through operating and finance leases that expire through 2028.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Human Services, Inc.'s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11: Leases (Continued)

Components of lease expense were as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Lease cost:		
Interest	\$ 644	\$ -
Amortization of right-of-use asset	5,600	-
Operating lease cost	29,206	67,235
Short-term lease cost	240,295	223,537
Total lease cost	\$ 275,745	\$ 290,772

Supplemental cash flow information related to leases is as follows for the year ended December 31, 2023 and 2022:

	2023	2022
Operating cash flows from operating leases	\$ 28,100	\$ 66,888
Right-of-use assets obtained in exchange for new operating lease liabilities	-	49,841
Right-of-use assets obtained in exchange for new finance lease liabilities	70,092	-
Weighted-average remaining lease term - operating leases	2.33	2.48
Weighted-average remaining lease term - finance leases	4.50	-
Weighted-average discount rate - operating leases	1.37 %	1.16 %
Weighted-average discount rate - finance leases	1.26 %	- %

Maturities of operating lease liabilities are as follows as of December 31, 2023:

2024	\$	26,350
2025		21,100
2026		10,333
Total lease payments		57,783
Less: imputed interest		(785)
Total	\$	56,998
Current portion		25,797
Long term portion	\$	31,201

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11: Leases (Continued)

Maturities of finance lease liabilities are as follows as of December 31, 2023:

2024	\$	14,700
2025		14,700
2026		14,700
2027		14,700
2028		7,350
<hr/>		
Total lease payments		66,150
Less: imputed interest		(1,458)
<hr/>		
Total	\$	64,692
Current portion		13,982
<hr/>		
Long term portion	\$	50,710

Note 12: Rental Income

Rental income for the years ended December 31, 2023 and 2022 was \$838,303 and \$797,241, respectively, and is primarily from annual operating leases at the affordable housing projects. HSI Properties, Inc. leases the property it owns to Human Services, Inc. and Pearson Place leases space to Human Services, Inc. The revenues and expenses related to these leases were \$116,696 for both of the years ended December 31, 2023 and 2022 and are eliminated in consolidation.

The carrying value of the property leased to others is as follows:

	2023	2022
Land - partnerships	\$ 245,537	\$ 245,537
Buildings	325,000	325,000
Building improvements	105,000	105,000
Building - partnerships	9,461,395	9,461,395
Equipment - partnerships	255,572	255,572
Site costs - partnerships	748,187	748,187
<hr/>		
Subtotals	11,140,691	11,140,691
Accumulated depreciation	(6,816,723)	(6,529,523)
<hr/>		
Totals	\$ 4,323,968	\$ 4,611,168

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 13: Contributed Nonfinancial Assets

Human Services, Inc. received contributed nonfinancial assets at December 31, consisted of:

	2023	2022
Contributed space	\$ 51,380	\$ 341,145
Supplies	109,206	148,250
Professional services	24,259	30,145
Totals	\$ 184,845	\$ 519,540

Human Services, Inc. recognizes contributed nonfinancial assets as in-kind contributions revenue on the consolidated statements of activities. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed nonfinancial assets are used for child education and emergency shelter grant program activities. In valuing contributed space, Human Services, Inc. estimated the fair value on the basis of recent comparable sales prices in the local real estate market. Contributed supplies are valued at the estimated fair market value of the supply received, with consideration for age and condition of the supply at the time of the contribution. Contributed professional services are valued at estimated rates consistent with those paid for similar work in the labor market within the area the service is performed.

Human Services recognized contributions receivable for donated space for lease agreements that include future lease payments that are less than the amounts that would be charged for similar space that is rented under similar terms.

Contributions receivable for the donated space are due as follows:

2024	\$	83,593
2025		36,512
Total	\$	120,105

Contributions receivable for future years were not discounted as this would have an immaterial effect on the consolidated financial statements. A reserve for uncollectible amounts was deemed not necessary as management expects to be able to occupy the facilities for the duration of the leases.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 14: Commitments and Contingencies

At December 31, 2023, Human Services, Inc. had commitments under various grants of approximately \$2,196,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

These grant programs operated by Human Services, Inc. are subject to audit by agents of grant authorities, the purpose of which is to ensure compliance with grant conditions. Any potential liability for reimbursement, which may arise as a result of such audits, is not believed, by Human Services, Inc.'s management, to be material.

Human Services, Inc. is listed as a co-borrower on an Oak Hill note payable to First financial Bank with an initial loan amount of \$245,676. The outstanding balances on the note at December 31, 2023 and 2022 were \$316 and \$48,424, respectively. Human Services, Inc. is also listed as a co-borrower on an Oak Hill II note payable to First Financial Bank with an initial loan amount of \$245,676. The outstanding balances on the note at December 31, 2023 and 2022 were \$8,780 and \$38,157, respectively. Payments by Oak Hill and Oak Hill II on the notes are current and Human Services, Inc. does not expect to have to make any payments as co-borrower.

The operating agreement for Pearson Place contains guarantees on the part of Human Services, Inc.'s subsidiaries.

If at any time after the completion date an operating deficit exists, HSI Properties, Inc. is required to contribute funds as a contribution of capital in an amount equal to Pearson Place's operating deficit. HSI Properties, Inc.'s obligation shall be unlimited through the stabilization date, as defined. HSI Properties, Inc.'s obligation to make operating deficit contributions after the stabilization date is limited to \$95,000. HSI Properties, Inc.'s obligation to make contributions shall terminate when Pearson Place has operated at break-even for at least three consecutive calendar years following the stabilization date and the balance in the operating reserve equals or exceeds \$45,000. The operating deficit contributions made by HSI Properties, Inc. after the stabilization date shall be repayable, without interest. A total of \$25,000 had been advanced as of December 31, 2023 and 2022.

Note 15: Assets Held for Sale

As of December 31, 2023, the Organizations had classified \$180,120 of assets as held for sale in the consolidated statements of financial position. These assets consisted of land, building, and building improvements and were reported at the lower of cost or net realizable value.

Supplementary Information

Human Services, Inc.

Schedule A

Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed -through the Indiana State Department of Health			
Women, Infants & Children	10.557	000000000000000000065552	\$ 265,924
Women, Infants & Children	10.557	000000000000000000065552	12,820
Women, Infants & Children	10.557	000000000000000000076663	100,238
Women, Infants & Children	10.557	000000000000000000076663	123
Subtotal 10.557			379,105
Passed-Through Indiana State Department of Education			
Child and Adult Care Food Program	10.558	01-03-0014	154,307
Child and Adult Care Food Program	10.558	01-03-0014	51,301
Subtotal 10.558			205,608
SUBTOTAL U.S. DEPARTMENT OF AGRICULTURE			584,713
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-Through the Indiana Housing and Community Development Authority			
Emergency Shelter Grants Program	14.231	ES-023-034	29,770
Emergency Shelter Grants Program	14.231	ESRRHP-023-011	57,549
Emergency Shelter Grants Program	14.231	ES-022-029	18,030
Emergency Shelter Grants Program	14.231	ESRRHP-022-007	42,576
COVID-19 Emergency Shelter Grants Program	14.231	ESRR-CV-020-003	19,391
Subtotal 14.231			167,316
Passed-Through the Indiana Housing and Community Development Authority			
Tenant-Based Rental Assistance Award	14.239	TB-020-003	5,900
Passed-Through the Indiana Housing and Community Development Authority			
Continuum of Care Coordinated Entry	14.267	COCCE-022-11	11,351
Passed-Through the Indiana Housing and Community Development Authority			
Housing Choice Voucher Cluster:			
Housing Choice Voucher Program	14.871	HCV-2023-07	5,405,594
SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			5,590,161

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal and State Awards.

Human Services, Inc.

Schedule A

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-Through the Indiana Housing and Community Development Authority			
Low-Income Home Energy Assistance	93.568	LI-024-013	1,107,708
Low-Income Home Energy Assistance	93.568	LI-023-013	2,041,968
Low-Income Home Energy Assistance	93.568	LI-ES-023	<u>1,728,501</u>
Subtotal 93.568			<u>4,878,177</u>
COVID-19 Low Income Household Water Assistance	93.499	WAT-ARPA-022-013	264,603
Low Income Household Water Assistance Program	93.499	WAT-022-013	<u>24,337</u>
Subtotal 93.499			<u>288,940</u>
Passed-Through the Indiana Housing and Community Development Authority			
Community Services Block Grant	93.569	CS-022-013	172,121
Community Services Block Grant	93.569	CS-023-013	<u>173,369</u>
Subtotal 93.569			<u>345,490</u>
Direct Funding			
Head Start Cluster:			
Head Start/Early Head Start Program	93.600	05CH011893	5,051,698
COVID-19 Head Start/Early Head Start Program	93.600	05HE001024-01	<u>190,864</u>
Subtotal 93.600 Head Start Cluster			<u>5,242,562</u>
SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>10,755,169</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 16,930,043</u>
STATE AWARDS			State Expenditures
Passed-Through the Indiana Housing and Community Development Authority			
Housing First Grant	N/A	HFP-21-003	<u>\$ 190,732</u>
TOTAL STATE EXPENDITURES			<u>\$ 190,732</u>

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal and State Awards.

Human Services, Inc. and Subsidiaries

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2023

Note 1: General

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state grant activity of Human Services, Inc. under programs of the federal and state governments for the year ended December 31, 2023. The information in this schedule is presented in accordance with requirements of the 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 Human Services, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Human Services, Inc.

Note 2: Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

Human Services, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Sub-Recipients

Human Services, Inc. does not have any sub-recipients of federal or state awards.

Note 5: Energy Assistance Payments

The Emergency Assistance Payments expenditures under AL Number 93.568 include \$4,251,018 of energy assistance payments that were disbursed by the Indiana Housing and Community Development Authority on behalf of Human Services, Inc. during the year ended December 31, 2023.

Human Services, Inc. and Subsidiaries

Schedule B

Consolidating Statement of Financial Position

December 31, 2023

<i>Assets</i>	Human Services, Inc. *	HSI Properties, Inc.
Current assets:		
Cash and cash equivalents	\$ 820,028	\$ 204,818
Accounts receivable	15,000	137,036
Grants receivable	1,324,340	0
Contributions receivable - donated space	83,593	0
Investments	13,842	0
Interest receivable	0	26,760
Assets held for sale	180,120	0
Prepaid expenses	18,963	0
Total current assets	2,455,886	368,614
Other assets:		
Investments - subsidiaries	4,382,162	64,233
Restricted cash	0	0
Contributions receivable - donated space	36,512	0
Notes receivable	0	249,274
Right-of-use lease assets - finance	64,492	0
Right-of-use lease assets - operating	56,851	0
Total other assets	4,540,017	313,507
Property and equipment, net	2,179,685	378,155
TOTAL ASSETS	\$ 9,175,588	\$ 1,060,276
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 393,538	\$ 5,318
Accounts payable - related parties	0	0
Accrued payroll and related	175,333	0
Accrued interest payable	0	0
Accrued real estate taxes	0	0
Security deposits	0	15,000
Prepaid rent	0	0
Current portion of notes payable	0	39,371
Current portion of finance right-of-use lease obligations	13,982	0
Current portion of operating right-of-use lease obligations	25,797	0
Total current liabilities	608,650	59,689
Long-term liabilities:		
Notes payable, net of debt issuance costs	0	472,279
Finance right-of-use lease obligations, net of current portion	50,710	0
Operating right-of-use lease obligations, net of current portion	31,201	0
Total long-term liabilities	81,911	472,279
Total liabilities	690,561	531,968
Net assets:		
Without donor restrictions	7,864,641	528,308
With donor restrictions	620,386	0
Total net assets	8,485,027	528,308
TOTAL LIABILITIES AND NET ASSETS	\$ 9,175,588	\$ 1,060,276

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, HSI Acquisitions-Pearson Place LLC and HSI Acquisitions-Ridgecrest LLC.

** Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule B

Consolidating Statement of Financial Position (Continued)

December 31, 2023

<i>Assets</i>	<i>Low-Income Housing Partnerships **</i>	<i>Subtotal</i>	<i>Eliminations</i>	<i>Consolidated</i>
Current assets:				
Cash and cash equivalents	\$ 108,340	\$ 1,133,186	\$ 0	\$ 1,133,186
Accounts receivable	39,148	191,184	(60,613)	130,571
Grants receivable	0	1,324,340	0	1,324,340
Contributions receivable - donated space	0	83,593	0	83,593
Investments	0	13,842	0	13,842
Interest receivable	0	26,760	(26,760)	0
Assets held for sale	0	180,120	0	180,120
Prepaid expenses	10,431	29,394	0	29,394
Total current assets	157,919	2,982,419	(87,373)	2,895,046
Other assets:				
Investments - subsidiaries	0	4,446,395	(4,446,395)	0
Restricted cash	712,530	712,530	0	712,530
Contributions receivable - donated space	0	36,512	0	36,512
Notes receivable	0	249,274	(249,274)	0
Right-of-use lease assets - finance	0	64,492	0	64,492
Right-of-use lease assets - operating	0	56,851	0	56,851
Total other assets	712,530	5,566,054	(4,695,669)	870,385
Property and equipment, net	3,945,813	6,503,653	0	6,503,653
TOTAL ASSETS	\$ 4,816,262	\$ 15,052,126	(\$ 4,783,042)	\$ 10,269,084
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 18,081	\$ 416,937	\$ 0	\$ 416,937
Accounts payable - related parties	30,280	30,280	(30,280)	0
Accrued payroll and related	0	175,333	0	175,333
Accrued interest payable	30,721	30,721	(26,760)	3,961
Accrued real estate taxes	54,113	54,113	0	54,113
Security deposits	43,578	58,578	(15,000)	43,578
Prepaid rent	8,975	8,975	0	8,975
Current portion of notes payable	39,687	79,058	(23,025)	56,033
Current portion of finance right-of-use lease obligations	0	13,982	0	13,982
Current portion of operating right-of-use lease obligations	0	25,797	0	25,797
Total current liabilities	225,435	893,774	(95,065)	798,709
Long-term liabilities:				
Notes payable, net of debt issuance costs	672,740	1,145,019	(241,582)	903,437
Finance right-of-use lease obligations, net of current portion	0	50,710	0	50,710
Operating right-of-use lease obligations, net of current portion	0	31,201	0	31,201
Total long-term liabilities	672,740	1,226,930	(241,582)	985,348
Total liabilities	898,175	2,120,704	(336,647)	1,784,057
Net assets:				
Without donor restrictions	3,918,087	12,311,036	(4,446,395)	7,864,641
With donor restrictions	0	620,386	0	620,386
Total net assets	3,918,087	12,931,422	(4,446,395)	8,485,027
TOTAL LIABILITIES AND NET ASSETS	\$ 4,816,262	\$ 15,052,126	(\$ 4,783,042)	\$ 10,269,084

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, HSI Acquisitions-Pearson Place LLC and HSI Acquisitions-Ridgecrest LLC.

** Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule B

Consolidating Statement of Financial Position

December 31, 2022

<i>Assets</i>	Human Services, Inc. *	HSI Properties, Inc.
Current assets:		
Cash and cash equivalents	\$ 925,639	\$ 172,753
Accounts receivable	15,000	120,297
Grants receivable	738,735	0
Contributions receivable - donated space	102,939	0
Investments	13,506	0
Interest receivable	0	26,759
Prepaid expenses	17,828	0
Total current assets	1,813,647	319,809
Other assets:		
Investments - subsidiaries	4,515,679	64,233
Restricted cash	0	0
Contributions receivable - donated space	115,499	0
Notes receivable	0	257,392
Right-of-use lease assets - operating	155,819	0
Total other assets	4,786,997	321,625
Property and equipment, net	1,852,706	389,181
TOTAL ASSETS	\$ 8,453,350	\$ 1,030,615
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts payable	\$ 391,834	\$ 5,456
Accounts payable - related parties	0	0
Accrued payroll and related	188,473	0
Accrued interest payable	0	0
Accrued real estate taxes	0	0
Security deposits	0	15,000
Prepaid rent	0	0
Current portion of notes payable	0	27,623
Current portion of operating right-of-use lease obligations	73,387	0
Total current liabilities	653,694	48,079
Long-term liabilities:		
Notes payable, net of debt issuance costs	0	510,551
Operating right-of-use lease obligations, net of current portion	82,779	0
Total long-term liabilities	82,779	510,551
Total liabilities	736,473	558,630
Net assets:		
Without donor restrictions	6,958,115	471,985
With donor restrictions	758,762	0
Total net assets	7,716,877	471,985
TOTAL LIABILITIES AND NET ASSETS	\$ 8,453,350	\$ 1,030,615

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, and HSI Acquisitions-Ridgecrest LLC.

** Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule B

Consolidating Statement of Financial Position (Continued)

December 31, 2022

<i>Assets</i>	Low-Income Housing Partnerships **	Subtotal	Eliminations	Consolidated
Current assets:				
Cash and cash equivalents	\$ 121,095	\$ 1,219,487	\$ 0	\$ 1,219,487
Accounts receivable	41,789	177,086	(40,000)	137,086
Grants receivable	0	738,735	0	738,735
Contributions receivable - donated space	0	102,939	0	102,939
Investments	0	13,506	0	13,506
Interest receivable	0	26,759	(26,759)	0
Prepaid expenses	10,431	28,259	0	28,259
Total current assets	173,315	2,306,771	(66,759)	2,240,012
Other assets:				
Investments - subsidiaries	0	4,579,912	(4,579,912)	0
Restricted cash	687,051	687,051	0	687,051
Contributions receivables - donated space	0	115,499	0	115,499
Notes receivable	0	257,392	(257,392)	0
Right-of-use lease assets - operating	0	155,819	0	155,819
Total other assets	687,051	5,795,673	(4,837,304)	958,369
Property and equipment, net	4,221,984	6,463,871	0	6,463,871
TOTAL ASSETS	\$ 5,082,350	\$ 14,566,315	(\$ 4,904,063)	\$ 9,662,252
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 25,330	\$ 422,620	\$ 0	\$ 422,620
Accounts payable - related parties	25,000	25,000	(25,000)	0
Accrued payroll and related	0	188,473	0	188,473
Accrued interest payable	27,989	27,989	(26,759)	1,230
Accrued real estate taxes	54,705	54,705	0	54,705
Security deposits	43,323	58,323	(15,000)	43,323
Prepaid rent	5,343	5,343	0	5,343
Current portion of notes payable	535,706	563,329	(9,041)	554,288
Current portion of operating right-of-use lease obligations	0	73,387	0	73,387
Total current liabilities	717,396	1,419,169	(75,800)	1,343,369
Long-term liabilities:				
Notes payable, net of debt issuance costs	257,906	768,457	(\$ 248,351)	520,106
Operating right-of-use lease obligations, net of current portion	0	82,779	0	82,779
Total long-term liabilities	257,906	851,236	(248,351)	602,885
Total liabilities	975,302	2,270,405	(324,151)	1,946,254
Net assets:				
Without donor restrictions	4,107,048	11,537,148	(4,579,912)	6,957,236
With donor restrictions	0	758,762	0	758,762
Total net assets	4,107,048	12,295,910	(4,579,912)	7,715,998
TOTAL LIABILITIES AND NET ASSETS	\$ 5,082,350	\$ 14,566,315	(\$ 4,904,063)	\$ 9,662,252

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, and HSI Acquisitions-Ridgecrest LLC.

** Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule C

Consolidating Statement of Activities

Year Ended December 31, 2023

	Human Services, Inc. *	HSI Properties, Inc.	Low-Income Housing Partnerships **	Eliminations	Consolidated
Revenue:					
Government grants	\$ 17,434,101	\$ 0	\$ 0	\$ 0	\$ 17,434,101
Contract revenue	318,849	0	0	0	318,849
Contributions	387,566	0	0	0	387,566
Rental income	53,061	103,896	798,042	(116,696)	838,303
Investment income	15,521	0	590	0	16,111
Earnings (loss) from subsidiary	(133,517)	0	0	133,517	0
In-kind contributions	184,845	0	0	0	184,845
Forgiveness of debt	0	0	3,396	(3,396)	0
Other income	26,979	0	16,710	0	43,689
Total revenue	18,287,405	103,896	818,738	13,425	19,223,464
Expenses:					
Community services	415,437	0	0	(21,984)	393,453
Energy assistance	4,724,212	0	0	(4,114)	4,720,098
Early childhood education	4,250,702	0	0	(5,808)	4,244,894
Food programs	179,399	0	0	(1,662)	177,737
Housing programs	5,787,340	47,573	1,007,699	(24,560)	6,818,052
Health services	295,615	0	0	(60,073)	235,542
Other programs	488,391	0	0	(1,891)	486,500
Management and general	1,378,159	0	0	0	1,378,159
Total expenses	17,519,255	47,573	1,007,699	(120,092)	18,454,435
Change in net assets	768,150	56,323	(188,961)	133,517	769,029
Net assets at beginning of year	7,716,877	471,985	4,107,048	(4,579,912)	7,715,998
Net assets at end of year	\$ 8,485,027	\$ 528,308	\$ 3,918,087	(\$ 4,446,395)	\$ 8,485,027

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, HSI Acquisitions-Pearson Place LLC and HSI Acquisitions-Ridgecrest LLC.

** Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule C
Consolidating Statement of Activities
Year Ended December 31, 2022

	Human Services, Inc. *	HSI Properties, Inc.	HSI Solutions, Inc.	Low-Income Housing Partnerships **	Eliminations	Consolidated
Revenue:						
Government grants	\$ 17,836,611	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,836,611
Contract revenue	64,585	0	0	0	0	64,585
Contributions	390,633	0	0	0	0	390,633
Rental income	67,460	103,896	0	742,581	(116,696)	797,241
Investment income	3,450	0	0	220	0	3,670
Earnings (loss) from subsidiary	127,573	0	0	0	(127,573)	0
In-kind contributions	571,678	0	0	0	(52,138)	519,540
Forgiveness of debt	708,500	0	0	1,840,680	(1,840,680)	708,500
Other income	15,422	0	0	87,903	0	103,325
Total revenue	19,785,912	103,896	0	2,671,384	(2,137,087)	20,424,105
Expenses:						
Community services	636,044	0	0	0	(5,268)	630,776
Energy assistance	6,346,006	0	0	0	(6,722)	6,339,284
Early childhood education	4,300,774	0	0	0	(114,029)	4,186,745
Food programs	215,475	0	0	0	(3,023)	212,452
Housing programs	6,829,248	45,068	0	933,102	(1,874,976)	5,932,442
Health services	326,543	0	0	0	(4,904)	321,639
Other programs	194,444	0	0	0	(592)	193,852
Management and general	1,240,441	0	0	0	0	1,240,441
Total expenses	20,088,975	45,068	0	933,102	(2,009,514)	19,057,631
Change in net assets - noncontrolling interest	0	0	0	(578,001)	0	(578,001)
Change in net assets - controlling interest	(303,063)	58,828	0	2,316,283	(127,573)	1,944,475
Total change in net assets	(303,063)	58,828	0	1,738,282	(127,573)	1,366,474
Net assets at beginning of year	8,019,940	413,157	0	2,150,649	(4,452,339)	6,131,407
Prior period adjustment	0	0	0	218,117	0	218,117
Net assets at end of year, restated	\$ 7,716,877	\$ 471,985	\$ 0	\$ 4,107,048	(\$ 4,579,912)	\$ 7,715,998

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, and HSI Acquisitions-Ridgecrest LLC.

** Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule D

Statement of Financial Position - Low-Income Housing Partnerships

December 31, 2023

<i>Assets</i>	Oak Hill Apartments, LP	Oak Hill Apartments II, LP	Pearson Place, LP	Ridgecrest Limited, LP	Low-Income Housing Partnerships Subtotal
Current assets:					
Cash	\$ 20,598	\$ 20,386	\$ 7,697	\$ 59,659	\$ 108,340
Accounts receivable	32,194	1,639	5,315	0	39,148
Prepaid expenses	0	5,760	0	4,671	10,431
Total current assets	52,792	27,785	13,012	64,330	157,919
Other assets:					
Restricted cash	340,986	132,293	55,915	183,336	712,530
Total other assets	340,986	132,293	55,915	183,336	712,530
Property and equipment, net	239,648	298,091	2,876,496	531,578	3,945,813
TOTAL ASSETS	\$ 633,426	\$ 458,169	\$ 2,945,423	\$ 779,244	\$ 4,816,262
<i>Liabilities and Net Assets</i>					
Current liabilities:					
Accounts payable	\$ 5,419	\$ 1,136	\$ 10,716	\$ 810	\$ 18,081
Accounts payable - related parties	0	1,192	25,000	4,088	30,280
Accrued interest payable	1	26,800	2,267	1,653	30,721
Accrued real estate taxes	17,284	9,299	18,340	9,190	54,113
Security deposits	15,850	8,400	11,448	7,880	43,578
Prepaid rent	6,765	601	569	1,040	8,975
Current portion of notes payable	316	8,780	20,380	10,211	39,687
Total current liabilities	45,635	56,208	88,720	34,872	225,435
Long-term liabilities:					
Notes payable, net of debt issuance costs	0	20,489	434,139	218,112	672,740
Total long-term liabilities	0	20,489	434,139	218,112	672,740
Total liabilities	45,635	76,697	522,859	252,984	898,175
Net assets:					
Without donor restrictions	587,791	381,472	2,422,564	526,260	3,918,087
Total without donor restrictions	587,791	381,472	2,422,564	526,260	3,918,087
TOTAL LIABILITIES AND NET ASSETS	\$ 633,426	\$ 458,169	\$ 2,945,423	\$ 779,244	\$ 4,816,262

Human Services, Inc. and Subsidiaries

Schedule D

Statement of Financial Position - Low-Income Housing Partnerships

December 31, 2022

<i>Assets</i>	Oak Hill Apartments, LP	Oak Hill Apartments II, LP	Pearson Place, LP	Ridgecrest Limited, LP	Low-Income Housing Partnerships Subtotal
Current assets:					
Cash	\$ 31,353	\$ 23,209	\$ 2,048	\$ 64,485	\$ 121,095
Accounts receivable	34,328	186	5,206	2,069	41,789
Prepaid expenses	0	5,760	0	4,671	10,431
Total current assets	65,681	29,155	7,254	71,225	173,315
Other assets:					
Restricted cash	349,499	121,970	42,788	172,794	687,051
Total other assets	349,499	121,970	42,788	172,794	687,051
Property and equipment, net	317,475	339,449	3,001,629	563,431	4,221,984
TOTAL ASSETS	\$ 732,655	\$ 490,574	\$ 3,051,671	\$ 807,450	\$ 5,082,350
<i>Liabilities and Net Assets</i>					
Current liabilities:					
Accounts payable	\$ 5,554	\$ 2,647	\$ 12,435	\$ 4,694	\$ 25,330
Accounts payable - related parties	0	0	25,000	0	25,000
Accrued interest payable	193	26,938	0	858	27,989
Accrued real estate taxes	17,284	9,299	18,932	9,190	54,705
Security deposits	15,850	8,400	11,098	7,975	43,323
Prepaid rent	2,544	115	2,674	10	5,343
Current portion of notes payable	46,122	29,778	450,765	9,041	535,706
Total current liabilities	87,547	77,177	520,904	31,768	717,396
Long-term liabilities:					
Notes payable, net of debt issuance costs	1,894	28,457	0	227,555	257,906
Total long-term liabilities	1,894	28,457	0	227,555	257,906
Total liabilities	89,441	105,634	520,904	259,323	975,302
Net assets:					
Without donor restrictions	643,214	384,940	2,530,767	548,127	4,107,048
Total without donor restrictions	643,214	384,940	2,530,767	548,127	4,107,048
TOTAL LIABILITIES AND NET ASSETS	\$ 732,655	\$ 490,574	\$ 3,051,671	\$ 807,450	\$ 5,082,350

Human Services, Inc. and Subsidiaries

Schedule E

Statement of Activities - Low-Income Housing Partnerships

Year Ended December 31, 2023

	Oak Hill Apartments, LP	Oak Hill Apartments II, LP	Pearson Place, LP	Ridgecrest Limited, LP	Low-Income Housing Partnerships Subtotal
Revenue:					
Rental income	\$ 284,365	\$ 153,904	\$ 231,722	\$ 128,051	\$ 798,042
Investment income	280	107	28	175	590
Forgiveness of debt	0	0	3,067	329	3,396
Other income	7,024	2,086	6,235	1,365	16,710
Total revenue	291,669	156,097	241,052	129,920	818,738
Expenses:					
Housing programs	347,092	159,565	349,255	151,787	1,007,699
Total expenses	347,092	159,565	349,255	151,787	1,007,699
Change in net assets	(55,423)	(3,468)	(108,203)	(21,867)	(188,961)
Total change in net assets	(55,423)	(3,468)	(108,203)	(21,867)	(188,961)
Net assets at beginning of year	643,214	384,940	2,530,767	548,127	4,107,048
Net assets at end of year	\$ 587,791	\$ 381,472	\$ 2,422,564	\$ 526,260	\$ 3,918,087

Human Services, Inc. and Subsidiaries

Schedule E

Statement of Activities - Low-Income Housing Partnerships

Year Ended December 31, 2022

	Oak Hill Apartments, LP	Oak Hill Apartments II, LP	Pearson Place, LP	Ridgecrest Limited, LP	Low-Income Housing Partnerships Subtotal
Revenue:					
Rental income	\$ 264,559	\$ 136,998	\$ 214,115	\$ 126,909	\$ 742,581
Investment income	111	38	8	63	220
Forgiveness of debt	0	0	1,840,680	0	1,840,680
Other income	9,657	4,079	35,028	39,139	87,903
Total revenue	274,327	141,115	2,089,831	166,111	2,671,384
Expenses:					
Housing programs	280,692	147,676	354,915	149,819	933,102
Total expenses	280,692	147,676	354,915	149,819	933,102
Change in net assets - noncontrolling interest	0	0	(578,001)	0	(578,001)
Change in net assets - controlling interest	(6,365)	(6,561)	2,312,917	16,292	2,316,283
Total change in net assets	(6,365)	(6,561)	1,734,916	16,292	1,738,282
Net assets at beginning of year	649,579	391,501	577,734	531,835	2,150,649
Prior period adjustment	0	0	218,117	0	218,117
Net assets at end of year, restated	\$ 643,214	\$ 384,940	\$ 2,530,767	\$ 548,127	\$ 4,107,048

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*

Board of Directors
Human Services, Inc.
Columbus, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Human Services, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2023 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated August 6, 2024. The financial statements of the subsidiaries were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the subsidiaries.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Human Services, Inc.'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 Human Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Human Services, Inc.'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 reasonable possibility that a material misstatement of Human Services, Inc.'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Human Services, Inc.'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 Human Services, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Human Services, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Madison, Wisconsin
August 6, 2024

Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Human Services, Inc.
Columbus, Indiana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Human Services, Inc.'s 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 its major federal program for the year ended December 31, 2023. Human Services, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Human Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Human Services, Inc. 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 the major federal program. Our audit does not provide a legal determination of Human Services, Inc.'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 Human Services, Inc.'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 Human Services, Inc.'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 GAAS, *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 Human Services, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Human Services, Inc.'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 Human Services, Inc.'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 Human Services, Inc.'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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Madison, Wisconsin

August 6, 2024

Human Services, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes 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 200.516(a)?

Yes No

Identification of major programs

<u>AL Number(s)</u>	<u>Federal Program or Cluster</u>
93.600	Head Start Cluster

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

Auditee qualified as low-risk auditee?

Yes No

Human Services, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

Section II - Audit Findings in Relation to Financial Statements

No findings related to the financial statements.

Section III - Audit Findings and Questioned Costs in Relation to Federal Awards

No findings or questioned costs related to federal awards.

Section IV - Summary of Schedule of Prior Year Findings

None