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March 27, 2024

Board of Directors
Blue River Services, Inc.
Harrison County, Indiana

We have reviewed the audit report of Blue River Services, Inc., which was opined upon by Deming, Malone, Livesay & Ostroff, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of Blue River Services, Inc. as of June 30, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Deming, Malone, Livesay & Ostroff prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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

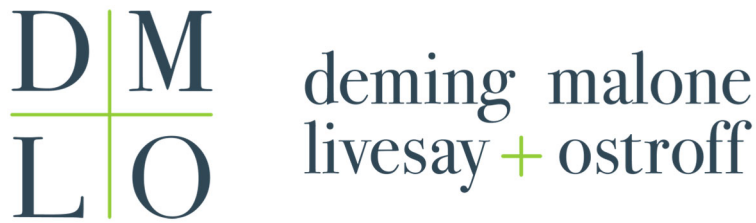
A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

BLUE RIVER SERVICES, INC.
**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
Years Ended June 30, 2023 and 2022

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Independent Auditors' Report

To the Officers and Directors
Blue River Services, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Blue River Services, Inc. and its wholly-owned subsidiaries (not-for-profit organizations), which comprise the consolidated statement of financial position as of June 30, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Blue River Services, Inc. and its wholly-owned subsidiaries as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Blue River Services, Inc. and its wholly-owned subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, during the year ended June 30, 2023, the Organizations adopted new required accounting guidance for the recognition and disclosure of leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue River Services, Inc. and its wholly owned subsidiaries' abilities to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 Blue River Services, Inc. and its wholly-owned 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue River Services, Inc. and its wholly-owned 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.

Report on Summarized Comparative Information


We previously audited Blue River Services, Inc. and its wholly-owned subsidiaries' consolidated financial statements as of June 30, 2022, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of Blue River Services, Inc. and its wholly-owned subsidiaries' 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 Blue River Services, Inc. and its wholly-owned subsidiaries' 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 Blue River Services, Inc. and its wholly-owned subsidiaries' internal control over financial reporting and compliance.



New Albany, Indiana
November 15, 2023

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

Assets	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,535,942	\$ 2,644,001
Restricted cash	1,052,462	910,749
Certificates of deposit	842,039	32,018
Grants receivable	1,334,076	1,013,210
Government contracts receivable	419,194	461,956
Accounts receivable	188,353	196,210
Prepaid expenses	88,888	86,564
Inventory	28,427	40,102
Construction in progress	388,710	1,261,548
Property and equipment, net of accumulated depreciation	22,580,676	21,951,986
Right-of-use assets - finance	4,191	
Right-of-use asset - operating	337,303	
Goodwill, net of accumulated amortization	<u>6,750</u>	<u>6,750</u>
Total assets	<u>\$ 29,807,011</u>	<u>\$ 28,605,094</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 435,172	\$ 674,121
Accrued liabilities	898,403	671,469
Line of credit	6,736	
Deposits and deferred revenue	74,214	154,177
Capital lease obligations		8,905
Lease liabilities - finance	4,471	
Lease liabilities - operating	337,441	
Loans	<u>3,217,609</u>	<u>3,497,725</u>
Total liabilities	<u>4,974,046</u>	<u>5,006,397</u>
Net Assets		
Without donor restrictions	7,686,753	6,227,656
With donor restrictions	<u>17,146,212</u>	<u>17,371,041</u>
Total net assets	<u>24,832,965</u>	<u>23,598,697</u>
Total liabilities and net assets	<u>\$ 29,807,011</u>	<u>\$ 28,605,094</u>

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2023 and 2022

	2023	2022
Net Assets Without Donor Restrictions		
Revenue, Gains, and Support		
Government Financial Assistance and Service Fees	\$ 15,874,446	\$13,887,401
Rental Revenue	1,420,004	952,438
Sales/Contract Revenue	846,783	805,088
Contributions	429,901	764,365
Donated Vehicles, Building and Equipment	2,500	141,236
Investment Income	30,845	58,024
Other Revenue	24,105	20,719
Gain on Sale of Assets	663,214	5,958
Revenues, gains, and support without donor restrictions	19,291,798	16,635,229
Net assets released from restrictions	1,637,094	1,033,837
Total revenues, gains, and other support without donor restrictions	20,928,892	17,669,066
Expenses		
Blue River Services, Inc. Program Services		
First Steps SPOE	2,680,872	2,139,140
21st Century	1,494,827	1,264,972
First Steps ED Team	1,161,828	830,651
Home/Community Services	1,073,405	935,037
Public Transportation	765,467	668,652
Summit View SGL	547,067	546,130
Hab Training	529,880	503,157
Pineview SGL	528,463	173,889
Milltown Home	520,048	455,961
Child Care	518,361	689,724
McGrain Home	502,376	454,428
Klerner Ln Home	493,311	523,064
Oak Street Home	485,872	490,969
Industrial Services	483,043	470,953
WIC	464,938	478,810
Nichols Home	453,749	411,528
Wyandotte House	417,448	519,904
Residential Core	404,154	417,836
Pre-Vocational Services	357,835	369,179
Structured Family Caregiving	356,335	348,087
Employment Services	348,366	292,092
Department of Indiana Highways Janitorial	347,475	346,931
Student Learning	335,668	266,844
Screen Print	293,653	225,217
Healthy Family/Baby	217,907	229,225
Jumpstart PreSchool	194,475	170,408
Day Service Transportation	169,843	168,825
Jill's Hope	142,591	107,210
Maintenance Facility	129,979	96,617
Transition	120,235	118,916
Grandview Manor North	101,309	85,007
First Steps LPCC	98,728	103,382
Oakview Apartments	91,780	107,089
Country Trace L.P. Mgmt	78,401	50,394
Autumn Ridge L.P. Mgmt	76,551	36,575
Drivers Education	64,774	60,607
Stepping Stone Apts	61,325	62,860
Wellness Coordination	59,491	
BR Autumn Ridge II Mgmt	57,449	38,366
Harrison Center Apartments	55,200	56,499
Grandview Manor So Mgmt	53,400	50,910
Apple Orchard Phase 2	52,167	116,299
Non Fixed Route Transportation	46,651	43,228
Enterprise Pre-Dev	44,100	2,339
Autumn Ridge Duplex	34,920	
Housing Services	31,982	52,093
Apple Orchard Apartments	29,182	89,482

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES, Continued

Years Ended June 30, 2023 and 2022

	2023	2022
Program Services (Continued)		
Latchkey	26,213	12,597
Urban Transit	23,357	32
City Transit	19,542	51,243
BR Country Trace 3 Mgmt	17,313	16,531
Jackson Court Apartments Mgmt	17,026	15,814
BR Country Trace II Mgmt	13,816	20,528
IDDD Home	13,269	27,500
Marvy Ln Home	10,008	359,642
One Community	6,487	
Safe Place	4,966	6,825
Charter Transportation	4,899	3,405
Therapy Services	4,417	18,090
Lawn Care/Landscape	4,399	3,986
Community Janitorial	2,558	3,220
Youth Workers Well-being	2,219	
Sunset Ridge	1,753	
Children's Transportation	231	32,579
Prevent Child Abuse	195	268
Enterprise		(14)
CHDO - General	(29)	21,900
Pineview Housing Project	(32)	125,117
	17,749,488	16,388,749
Blue River Services, Inc. program services		
Blue River Services, Inc. Supporting Services		
Administration	220,107	211,218
Non BRS Rental	57,050	61,932
Fund Development	31,761	6,745
Outside Services	10,139	8,966
IT Support	6,480	3,730
Disallowable Costs	3,411	11,272
	328,948	303,863
Blue River Services, Inc. supporting services		
Total Blue River Services, Inc. expenses	18,078,436	16,692,612
Subsidiaries Program Services		
Country Trace LP	230,490	41,345
Blue River Autumn Ridge II LLC	215,072	214,070
Apple Orchard LLC	209,274	64,123
Grandview Manor South LLC	179,933	179,858
Autumn Ridge Apartments LP	173,447	66,780
Grandview Manor North LLC	145,971	62,439
Jackson Court Apartments LLC	102,338	103,827
Blue River Country Trace II LLC	83,963	81,195
BR Country Trace 3 LLC	50,871	55,677
	1,391,359	869,314
Total subsidiaries expenses		
	19,469,795	17,561,926
Total expenses		
Change in net assets without donor restrictions	1,459,097	107,140
Net Assets With Donor Restrictions		
Government Financial Assistance and Service Fees	249,000	1,227,464
Contributions	1,163,265	2,239,178
Net assets released from restrictions	(1,637,094)	(1,033,837)
	(224,829)	2,432,805
Change in net assets with donor restrictions		
Change in total net assets before merging with Autumn Ridge Apartments LP and Country Trace LP	1,234,268	2,539,945
Excess of assets acquired over liabilities assumed with transfer of Autumn Ridge Apartments LP and Country Trace LP		1,228
Net assets at the beginning of the year	23,598,697	21,057,524
Net assets at the end of the year	\$ 24,832,965	\$ 23,598,697

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Blue River Services, Inc. Program Services						
	Child Care	21st Century	Student Learning	Latchkey	Jumpstart PreSchool	Youth Workers Well-being	Prevent Child Abuse
Salaries - staff	\$ 320,643	\$ 787,315	\$ 258,577	\$ 22,048	\$ 150,430		
Salaries - client							
Employee benefits	28,135	70,254	23,062	229	4,263		
Payroll taxes	23,901	56,961	19,337	1,687	11,263		
Total salaries and related expenses	372,679	914,530	300,976	23,964	165,956		
Professional fees	41,167	388,955	26,773	2,182	16,375	\$ 218	\$ 17
Occupancy	38,361	15,371	1,089		453		
Travel	365	11,002	842		241		
Supplies	36,961	123,179	1,107	67	7,219	1,023	178
Provider taxes							
Equipment	5,072	4,152	303		3,161		
Telephone	2,107	1,471	226		306		
Interest							
Miscellaneous	1,911	6,255	174		185		
Conferences and meetings	211	23,335	3,392		62	978	
Liability insurance	378	1,484			133		
Advertising		249					
Fund raising	174						
Property tax							
Bad debt							
Postage and shipping		128					
Dues and memberships	30				60		
Printing and publications							
Special events	60						
Contributions							
Cash over/short							
Total expenses before depreciation	499,476	1,490,111	334,882	26,213	194,151	2,219	195
Depreciation	18,885	4,716	786		324		
Total expenses	\$ 518,361	\$ 1,494,827	\$ 335,668	\$ 26,213	\$ 194,475	\$ 2,219	\$ 195
Expenses for the year ended June 30, 2022	\$ 689,724	\$ 1,264,972	\$ 266,844	\$ 12,597	\$ 170,408	\$	\$ 268

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Blue River Services, Inc. Program Services						
	Healthy Family/Baby	First Steps LPCC	First Steps SPOE	First Steps ED Team	Pre-Vocational Services	Industrial Services	Community Janitorial
Salaries - staff	\$ 140,972	\$ 67,039	\$ 1,911,561	\$ 847,390	\$ 158,630	\$ 173,443	\$ 1,239
Salaries - client					52,522	75,835	
Employee benefits	13,868	4,566	189,895	13,743	25,735	14,884	11
Payroll taxes	10,389	5,002	137,757	63,548	15,621	18,728	94
Total salaries and related expenses	165,229	76,607	2,239,213	924,681	252,508	282,890	1,344
Professional fees	16,614	7,315	196,437	233,698	55,083	76,753	217
Occupancy	6,790	6,157	83,184		32,235	36,949	
Travel	10,755	1,241	77,923	2,734	1,292	24,205	
Supplies	4,631	3,701	15,688	11	1,224	14,191	7
Provider taxes							
Equipment	287	405	13,869		29	8,698	
Telephone	4,619	1,327	32,109	630	2,232	7,440	619
Interest	1,005		779				
Miscellaneous	912	643	1,186	74	41	6,780	
Conferences and meetings	120	939	4,951			1,236	
Liability insurance							
Advertising						252	
Fund raising							
Property tax							
Bad debt							
Postage and shipping			3,338			255	
Dues and memberships	4,532					(19)	
Printing and publications		50	3,739				
Special events						508	
Contributions							
Cash over/short							
Total expenses before depreciation	215,494	98,385	2,672,416	1,161,828	344,644	460,138	2,187
Depreciation	2,413	343	8,456		13,191	22,905	371
Total expenses	\$ 217,907	\$ 98,728	\$ 2,680,872	\$ 1,161,828	\$ 357,835	\$ 483,043	\$ 2,558
Expenses for the year ended June 30, 2022	\$ 229,225	\$ 103,382	\$ 2,139,140	\$ 830,651	\$ 369,179	\$ 470,953	\$ 3,220

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Blue River Services, Inc. Program Services						
	Lawn Care/ Landscape	Dept of Indiana Highways Janitorial	Screen Print	Therapy Services	Employment Services	Transition	Drivers Education
Salaries - staff		\$ 179,563	\$ 93,334	\$ 2,053	\$ 195,226	\$ 62,689	\$ 27,463
Salaries - client							
Employee benefits		30,946	18,397	90	36,700	22,092	216
Payroll taxes		12,654	6,417	174	14,299	4,284	2,003
Total salaries and related expenses		223,163	118,148	2,317	246,225	89,065	29,682
Professional fees	\$ 301	78,458	74,507	1,195	59,562	20,621	12,312
Occupancy		3,455	13,001	337	10,707	417	707
Travel	3,562	2,140	839	5	11,922	5,185	7,644
Supplies		32,588	74,551	7	968	3,052	6,055
Provider taxes							
Equipment		1,633	1,960	11	28		1
Telephone		2,297	3,427	306	9,886	681	970
Interest					1,723		
Miscellaneous		848	419		1,077	188	646
Conferences and meetings					725		125
Liability insurance							
Advertising			2,784				355
Fund raising							
Property tax							
Bad debt							
Postage and shipping			2,907				
Dues and memberships							
Printing and publications			139				
Special events							
Contributions							
Cash over/short			(29)				
Total expenses before depreciation	3,863	344,582	292,653	4,178	342,823	119,209	58,497
Depreciation	536	2,893	1,000	239	5,543	1,026	6,277
Total expenses	\$ 4,399	\$ 347,475	\$ 293,653	\$ 4,417	\$ 348,366	\$ 120,235	\$ 64,774
Expenses for the year ended June 30, 2022	\$ 3,986	\$ 346,931	\$ 225,217	\$ 18,090	\$ 292,092	\$ 118,916	\$ 60,607

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Blue River Services, Inc. Program Services						
	Safe Place	Hab Training	Structured Family Caregiving	Oak Street Home	Nichols Home	Pineview SGL	Summit View SGL
Salaries - staff	\$ 1,998	\$ 329,416	\$ 75,488	\$ 182,795	\$ 179,842	\$ 217,139	\$ 218,455
Salaries - client							
Employee benefits	22	45,594	8,322	19,217	22,388	17,999	17,045
Payroll taxes	171	24,310	5,359	13,454	13,160	16,213	16,435
Total salaries and related expenses	2,191	399,320	89,169	215,466	215,390	251,351	251,935
Professional fees	423	52,639	254,525	165,724	145,242	143,092	168,757
Occupancy	324	20,703	1,211	11,861	11,049	17,486	17,014
Travel	133	13,517	2,010	15,150	14,048	29,014	23,475
Supplies	346	7,812	744	32,045	28,677	21,652	26,945
Provider taxes				34,267	27,724	30,472	31,454
Equipment	10	1,474	103	2,014	2,424	609	2,191
Telephone	1,152	5,361	3,618	2,869	2,548	1,311	3,417
Interest		5,051	751			4,103	
Miscellaneous	160	1,739	1,911	1,848	1,223	739	2,036
Conferences and meetings		367	75				289
Liability insurance							
Advertising		1,620					
Fund raising							1,595
Property tax							
Bad debt							
Postage and shipping		4	99	5	22	24	8
Dues and memberships							
Printing and publications				40	40		
Special events		857	7				
Contributions							
Cash over/short							
Total expenses before depreciation	4,739	510,464	354,223	481,289	448,387	499,853	529,116
Depreciation	227	19,416	2,112	4,583	5,362	28,610	17,951
Total expenses	\$ 4,966	\$ 529,880	\$ 356,335	\$ 485,872	\$ 453,749	\$ 528,463	\$ 547,067
Expenses for the year ended June 30, 2022	\$ 6,825	\$ 503,157	\$ 348,087	\$ 490,969	\$ 411,528	\$ 173,889	\$ 546,130

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Blue River Services, Inc. Program Services						
	Milltown	Klerner Ln	Marvy Ln	McGrain	Residential	IDDD	Wyandotte
	Home	Home	Home	Home	Core	Home	House
Salaries - staff	\$ 188,839	\$ 243,067		\$ 172,527	\$ 280,386		\$ 262,893
Salaries - client							
Employee benefits	20,299	21,843		17,718	35,406		20,651
Payroll taxes	14,065	17,897		12,580	20,807		20,001
Total salaries and related expenses	223,203	282,807		202,825	336,599		303,545
Professional fees	179,758	113,127	\$ 9,888	202,854	37,419	\$ 3,444	33,378
Occupancy	15,488	12,136	7	11,982	4,255	3,616	13,361
Travel	33,399	13,034		16,018	3,302	807	13,832
Supplies	26,694	28,596	5	21,648	4,184	6	17,834
Provider taxes	29,928	33,912		35,868			
Equipment	1,889	1,828		2,893	578	10	1,619
Telephone	3,666	4,185		2,884	4,661	2,468	5,589
Interest							
Miscellaneous	1,789	1,355	108	1,219	2,561	216	6,256
Conferences and meetings					1,623		495
Liability insurance					112		
Advertising							
Fund raising							
Property tax							
Bad debt						192	
Postage and shipping	17	7		17	31		47
Dues and memberships							1,606
Printing and publications							
Special events							
Contributions							
Cash over/short	137						
Total expenses before depreciation	515,968	490,987	10,008	498,208	395,325	10,759	397,562
Depreciation	4,080	2,324		4,168	8,829	2,510	19,886
Total expenses	\$ 520,048	\$ 493,311	\$ 10,008	\$ 502,376	\$ 404,154	\$ 13,269	\$ 417,448
Expenses for the year ended June 30, 2022	\$ 455,961	\$ 523,064	\$ 359,642	\$ 454,428	\$ 417,836	\$ 27,500	\$ 519,904

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Blue River Services, Inc. Program Services						
	Home/Community Services	Wellness Coordination	Housing Services	Oakview Apartments	Autumn Ridge L.P. Mgmt	Country Trace L.P. Mgmt	BR Autumn Ridge II Mgmt
Salaries - staff	\$ 715,266	\$ 40,132	\$ 10,929	\$ 9,338	\$ 23,936	\$ 33,251	\$ 42,635
Salaries - client							
Employee benefits	126,348	7,903	95	1,593	1,961	5,427	6,158
Payroll taxes	52,135	3,040	785	717	1,823	2,300	3,070
Total salaries and related expenses	893,749	51,075	11,809	11,648	27,720	40,978	51,863
Professional fees	104,153	5,986	5,556	4,192	46,001	36,234	4,548
Occupancy	4,496	212	3,159	21,293	474		
Travel	35,781	932	2,449	518	1,130	247	802
Supplies	6,470	26	738	135			
Provider taxes							
Equipment	138	103	764	2,605			
Telephone	8,948	625	4,508				
Interest	750			1,850	733		
Miscellaneous	3,242	108	443	(378)		125	
Conferences and meetings	706	59	1,373				236
Liability insurance							
Advertising			548				
Fund raising							
Property tax							
Bad debt				876			
Postage and shipping	126		245				
Dues and memberships	250		245				
Printing and publications			120				
Special events	107						
Contributions							
Cash over/short							
Total expenses before depreciation	1,058,916	59,126	31,957	42,739	76,058	77,584	57,449
Depreciation	14,489	365	25	49,041	493	817	
Total expenses	\$ 1,073,405	\$ 59,491	\$ 31,982	\$ 91,780	\$ 76,551	\$ 78,401	\$ 57,449
Expenses for the year ended June 30, 2022	\$ 935,037		\$ 52,093	\$ 107,089	\$ 36,575	\$ 50,394	\$ 38,366

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Blue River Services, Inc. Program Services						
	BR Country Trace II Mgmt	Stepping Stone Apts	BR Country Trace 3 Mgmt	Grandview Manor So Mgmt	Jill's Hope	Jackson Court Apartments Mgmt	Enterprise
Salaries - staff	\$ 8,962	\$ 9,234	\$ 11,960	\$ 40,324	\$ 12,837	\$ 12,927	
Salaries - client							
Employee benefits	2,481	1,569	3,051	5,353	2,263	1,721	
Payroll taxes	710	648	890	3,003	944	977	
Total salaries and related expenses	12,153	11,451	15,901	48,680	16,044	15,625	
Professional fees	1,178	2,993	1,392	4,188	50,371	1,369	
Occupancy		12,612			30,303		
Travel	485	979	20	532	782	32	
Supplies		212			1,779		
Provider taxes							
Equipment		2,108			7,922		
Telephone		1,730			3,778		
Interest							
Miscellaneous		(11)			2		
Conferences and meetings					160		
Liability insurance							
Advertising							
Fund raising							
Property tax							
Bad debt		350			2,691		
Postage and shipping		63					
Dues and memberships							
Printing and publications							
Special events							
Contributions							
Cash over/short							
Total expenses before depreciation	13,816	32,487	17,313	53,400	113,832	17,026	
Depreciation		28,838			28,759		
Total expenses	\$ 13,816	\$ 61,325	\$ 17,313	\$ 53,400	\$ 142,591	\$ 17,026	\$
Expenses for the year ended June 30, 2022	\$ 20,528	\$ 62,860	\$ 16,531	\$ 50,910	\$ 107,210	\$ 15,814	\$ (14)

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Blue River Services, Inc. Program Services						
	Enterprise Pre-Dev	Harrison Center Apartments	Apple Orchard Apartments	Grandview Manor North	Apple Orchard Phase 2	Pineview Housing Project	CHDO - General
Salaries - staff	\$ 23,640	\$ 9,289	\$ 17,421	\$ 29,454	\$ 24,935		
Salaries - client							
Employee benefits	4,048	1,900	2,099	3,891	4,784		
Payroll taxes	1,816	674	1,245	2,049	1,973		
Total salaries and related expenses	29,504	11,863	20,765	35,394	31,692		
Professional fees	4,122	2,766	3,300	64,787	12,867	\$ (32)	\$ (29)
Occupancy		14,805					
Travel	483	766	701	1,128	269		
Supplies		391	1		442		
Provider taxes							
Equipment	4,651	184			1,502		
Telephone	3,930						
Interest			4,415		5,395		
Miscellaneous		(9)					
Conferences and meetings	1,410						
Liability insurance							
Advertising							
Fund raising							
Property tax							
Bad debt							
Postage and shipping		63					
Dues and memberships							
Printing and publications							
Special events							
Contributions							
Cash over/short							
Total expenses before depreciation	44,100	30,829	29,182	101,309	52,167	(32)	(29)
Depreciation		24,371					
Total expenses	\$ 44,100	\$ 55,200	\$ 29,182	\$ 101,309	\$ 52,167	\$ (32)	\$ (29)
Expenses for the year ended June 30, 2022	\$ 2,339	\$ 56,499	\$ 89,482	\$ 85,007	\$ 116,299	\$ 125,117	\$ 21,900

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Blue River Services, Inc. Program Services						
	Autumn Ridge Duplex	Eagle Court	Sunset Ridge	WIC	Day Service Transportation	Non Fixed Route Transportation	Children's Transportation
Salaries - staff	\$ 13,682			\$ 292,184	\$ 76,268		\$ (1,394)
Salaries - client							
Employee benefits	2,064			50,907	1,465		(8)
Payroll taxes	721			21,019	6,197		46
Total salaries and related expenses	16,467			364,110	83,930		(1,356)
Professional fees	18,261	\$ 5,932	\$ 1,753	38,150	10,994	\$ 2,968	(65)
Occupancy				18,081	1,305		
Travel	192			2,531	38,973	35,619	1,455
Supplies		275		9,299	594		
Provider taxes							
Equipment				4,015	331		20
Telephone				11,151	2,394		12
Interest				2,668			
Miscellaneous				237	729		165
Conferences and meetings				5,428			
Liability insurance				365			
Advertising						540	
Fund raising							
Property tax							
Bad debt							
Postage and shipping				1,988			
Dues and memberships				50			
Printing and publications		280		1,937			
Special events				34			
Contributions							
Cash over/short							
Total expenses before depreciation	34,920	6,487	1,753	460,044	139,250	39,127	231
Depreciation				4,894	30,593	7,524	
Total expenses	\$ 34,920	\$ 6,487	\$ 1,753	\$ 464,938	\$ 169,843	\$ 46,651	\$ 231
Expenses for the year ended June 30, 2022	\$	\$	\$	\$ 478,810	\$ 168,825	\$ 43,228	\$ 32,579

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Blue River Services, Inc. Program Services					Blue River
	Charter Transportation	Public Transportation	City Transit	Urban Transit	Maintenance Facility	Program Svcs Subtotal
Salaries - staff	\$ 81	\$ 323,190	\$ 6,923	\$ 16,758	\$ 39,159	\$ 9,595,781
Salaries - client						128,357
Employee benefits	1	22,078	961	188	8,951	1,012,842
Payroll taxes	6	24,561	635	1,086	2,943	714,584
Total salaries and related expenses	88	369,829	8,519	18,032	51,053	11,451,564
Professional fees	359	67,669	1,534	1,456	10,309	3,334,292
Occupancy		9,731	2,558		3,358	512,093
Travel	4,452	135,939	2,407	3,030	128	612,398
Supplies		3,656	776	104	49,192	617,686
Provider taxes						223,625
Equipment		64,378	333		4,123	150,428
Telephone		5,813	1,560	188	1,111	160,130
Interest						29,223
Miscellaneous		5,588	162	255	9	55,166
Conferences and meetings		141				48,436
Liability insurance						2,472
Advertising		3,645				9,993
Fund raising						1,769
Property tax						4,109
Bad debt						9,451
Postage and shipping		57				6,754
Dues and memberships						7,485
Printing and publications		1,060	80			1,573
Special events						108
Contributions						
Cash over/short						108
Total expenses before depreciation	4,899	667,506	17,929	23,065	119,283	17,238,755
Depreciation		97,961	1,613	292	10,696	510,733
Total expenses	\$ 4,899	\$ 765,467	\$ 19,542	\$ 23,357	\$ 129,979	\$ 17,749,488
Expenses for the year ended June 30, 2022	\$ 3,405	\$ 668,652	\$ 51,243	\$ 32	\$ 96,617	\$ 16,388,749

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Blue River Services, Inc. Supporting Services					Blue River	Total	
	Fund Development	Outside Services	Administration	IT Support	Non BRS Rental	Disallowable Costs	Supporting Svcs Subtotal	Blue River Services
Salaries - staff		\$ 9,288					\$ 9,288	\$ 9,605,069
Salaries - client								128,357
Employee benefits		100					100	1,012,942
Payroll taxes		751	\$ (3)				748	715,332
Total salaries and related expenses		10,139	(3)				10,136	11,461,700
Professional fees	\$ 18		50,948		\$ 2,691	\$ 233	53,890	3,388,182
Occupancy			70,318	\$ 1,509	21,854		93,681	605,774
Travel			16,019				16,019	628,417
Supplies	76		5,586	41	328		6,031	623,717
Provider taxes								223,625
Equipment	30		2,841	334	123		3,328	153,756
Telephone	794		7,029	2,022	885		10,730	170,860
Interest			357				357	29,580
Miscellaneous	(8)		12,535			3,178	15,705	70,871
Conferences and meetings			695				695	49,131
Liability insurance			22,054				22,054	24,526
Advertising	8,700		4,920				13,620	23,613
Fund raising	20,588						20,588	22,357
Property tax					7,403		7,403	7,403
Bad debt	750						750	4,859
Postage and shipping	109		457				566	10,017
Dues and memberships			2,581				2,581	9,335
Printing and publications	495		1,570				2,065	9,550
Special events	209		4,871				5,080	6,653
Contributions			5,975				5,975	5,975
Cash over/short								108
Total expenses before depreciation	31,761	10,139	208,753	3,906	33,284	3,411	291,254	17,530,009
Depreciation			11,354	2,574	23,766		37,694	548,427
Total expenses	\$ 31,761	\$ 10,139	\$ 220,107	\$ 6,480	\$ 57,050	\$ 3,411	\$ 328,948	\$ 18,078,436
Expenses for the year ended June 30, 2022	\$ 6,745	\$ 8,966	\$ 211,218	\$ 3,730	\$ 61,932	\$ 11,272	\$ 303,863	\$ 16,692,612

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Subsidiaries Program Services					
	Blue River Autumn Ridge II LLC	Blue River Country Trace II LLC	BR Country Trace 3 LLC	Grandview Manor South LLC	Grandview Manor North LLC	Jackson Court Apartments LLC
Salaries - staff						
Salaries - client						
Employee benefits						
Payroll taxes						
Total salaries and related expenses						
Professional fees	\$ 6,789	\$ 2,457	\$ 2,599	\$ 6,090	\$ 5,718	\$ 2,675
Occupancy	43,082	20,924	9,731	55,628	32,252	19,137
Travel	1,393			3,479		
Supplies	2,267	337	19	2,419	624	401
Provider taxes						
Equipment	10,002	2,423	176	3,225	947	884
Telephone	1,236			4,266		1,440
Interest	19,633	4,612		20,043	26,923	1,889
Miscellaneous	(47)	22	29	193	208	30
Conferences and meetings	766			2,469		
Liability insurance						
Advertising						
Fund raising						
Property tax					2,744	
Bad debt	2,090				593	
Postage and shipping		240	240	120		63
Dues and memberships	710					
Printing and publications						
Special events						
Contributions						
Cash over/short						
Total expenses before depreciation	87,921	31,015	12,794	97,932	70,009	26,519
Depreciation	127,151	52,948	38,077	82,001	75,962	75,819
Total expenses	\$ 215,072	\$ 83,963	\$ 50,871	\$ 179,933	\$ 145,971	\$ 102,338
Expenses for the year ended June 30, 2022	\$ 214,070	\$ 81,195	\$ 55,677	\$ 179,858	\$ 62,439	\$ 103,827

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

With Comparative Totals for 2022

	Subsidiaries Program Services			Total Expenses	June 30, 2022
	Apple Orchard LLC	Autumn Ridge Apartments LP	Country Trace LP		Total All Funds (Memorandum Only)
Salaries - staff				\$ 9,605,069	\$ 8,355,988
Salaries - client				128,357	122,323
Employee benefits				1,012,942	988,604
Payroll taxes				715,332	633,053
Total salaries and related expenses				11,461,700	10,099,968
Professional fees	\$ 3,882	\$ 8,092	\$ 10,627	3,437,111	3,400,341
Occupancy	45,007	44,229	60,131	935,895	919,947
Travel		241		633,530	605,963
Supplies	605	451	900	631,740	645,188
Provider taxes				223,625	211,857
Equipment	1,395	4,122	6,457	183,387	127,062
Telephone	1,546	1,263	2,352	182,963	168,749
Interest	398	5,922	7,230	116,230	109,937
Miscellaneous	(7)	(10)	33	71,322	87,874
Conferences and meetings	25			52,391	30,972
Liability insurance			2,507	27,033	23,182
Advertising				23,613	17,890
Fund raising				22,357	3,808
Property tax			6,227	16,374	8,074
Bad debt	4,545	1,259	285	13,631	12,091
Postage and shipping		63	240	10,983	8,241
Dues and memberships				10,045	9,594
Printing and publications				9,550	5,562
Special events				6,653	948
Contributions				5,975	
Cash over/short				108	5
Total expenses before depreciation	57,396	65,632	96,989	18,076,216	16,497,253
Depreciation	151,878	107,815	133,501	1,393,579	1,064,673
Total expenses	\$ 209,274	\$ 173,447	\$ 230,490	\$ 19,469,795	\$ 17,561,926
Expenses for the year ended June 30, 2022	\$ 64,123	\$ 66,780	\$ 41,345	\$ 17,561,926	

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ 1,234,268	\$ 2,539,945
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,393,579	1,064,673
Interest expense - bond and loan costs	20,277	17,954
Loss on uncollectable accounts	13,631	
Other changes on lease obligations	(4,757)	
Contribution of vehicles and property, net	(2,500)	(141,236)
Gain on sale of assets	(663,214)	(5,958)
Forgiveness of loan	(152,498)	(152,498)
Decrease (increase) in assets:		
Grants receivable	(320,866)	12,588
Government contracts receivable	42,762	107,279
Accounts receivable	(5,774)	28,210
Prepaid expenses	(2,324)	(36,575)
Inventory	11,675	19,464
Increase (decrease) in liabilities:		
Accounts payable	(238,949)	(64,366)
Accrued liabilities	226,934	18,523
Deposits and deferred revenue	(79,963)	97,838
Net cash flows provided by operating activities	1,472,281	3,505,841
Cash Flows From Investing Activities		
Purchases of property and equipment	(1,281,709)	(3,678,117)
Cash proceeds from sale of assets	798,000	7,070
Purchase of certificates of deposit	(810,021)	(117)
Acquisitions, net of cash acquired		248,471
Payments received on note receivable		6,997
Accrual of interest on note receivable		(426)
Payment of interest on note receivable		803
Net cash flows used in investing activities	(1,293,730)	(3,415,319)
Cash Flows From Financing Activities		
Principal payments on loans	(147,895)	(98,404)
Proceeds from line of credit	6,736	
Principal payments on capital leases		(2,886)
Principal payments on financing lease liabilities	(3,738)	
Proceeds from line of credit/construction loans		1,001,162
Net cash flows (used in) provided by financing activities	(144,897)	899,872
Net change in cash, restricted cash and cash equivalents	33,654	990,394
Cash, restricted cash and cash equivalents at the beginning of the year	<u>3,554,750</u>	<u>2,564,356</u>
Cash, restricted cash and cash equivalents at the end of the year	\$ 3,588,404	\$ 3,554,750
Cash Reconciliation as Reported on the Consolidated Statements of Financial Position		
Cash and cash equivalents	\$ 2,535,942	\$ 2,644,001
Restricted cash	<u>1,052,462</u>	<u>910,749</u>
	\$ 3,588,404	\$ 3,554,750

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of Organization and Summary of Significant Accounting Policies

Description of Organization:

The summary of significant accounting policies of Blue River Services, Inc. and its wholly-owned subsidiaries, Blue River Autumn Ridge II, LLC, Blue River Country Trace II, LLC, BR Country Trace 3, LLC, Grandview Manor South, LLC, Grandview Manor North, LLC, Jackson Court Apartments, LLC, Apple Orchard, LLC, Autumn Ridge Apartments, L.P., and Country Trace, L.P., hereafter referred to as the “Organizations,” is presented to assist in understanding the Organizations’ consolidated financial statements.

Blue River Services, Inc. and its wholly-owned subsidiaries acts as the provider in the administration of government programs. The Organizations’ mission is to assist people with disabilities in realizing maximum personal growth and development in home, work and the community by providing a continuum of individualized services and support in settings least restrictive for the needs of the individual. As an adjunct to these services, whenever possible, the Organizations will serve the similar needs of the general community by providing services in non-segregated, community based settings which emphasize the integrated inclusion of people with disabilities into all areas of life which are enjoyed by members of the community. The Organizations provide the following services:

- **Family and children’s services** such as childcare, PreSchool, Healthy Families home visitation, First Steps, WIC nutrition programs, and 21st Century.
- **Employment services** in the areas of vocational evaluation, work services, driver’s training, placement, and supported employment.
- **Residential services** such as supervised group living, structured family care giving, and in-home services.
- **Transportation services** in the areas of deviated routes to access services and public transit for the general public.
- **Other services** include housing development, youth residential shelters, pre-vocational, and therapy services.

Blue River Services, Inc. is primarily supported through fees to individuals, often paid through programs such as Medicaid and other government programs.

Blue River Autumn Ridge II, LLC is a single member Limited Liability Company established in 2009 and owned by Blue River Services, Inc. Blue River Autumn Ridge II, LLC owns, develops and rents real estate.

Blue River Country Trace II, LLC is a single member Limited Liability Company established in 2012 and owned by Blue River Services, Inc. Blue River Country Trace II, LLC owns, develops and rents real estate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BR Country Trace 3, LLC is a single member Limited Liability Company established in 2014 and owned by Blue River Services, Inc. BR Country Trace 3, LLC owns, develops and rents real estate.

Grandview Manor South, LLC is a single member Limited Liability Company established in 2016 and owned by Blue River Services, Inc. Grandview Manor South, LLC owns, develops and rents real estate.

Grandview Manor North, LLC is a single member Limited Liability Company established in 2020 and owned by Blue River Services, Inc. Grandview Manor North, LLC owns, develops and rents real estate.

Jackson Court Apartments, LLC is a single member Limited Liability Company established in 2016 and owned by Blue River Services, Inc. Jackson Court Apartments, LLC owns, develops and rents real estate.

Apple Orchard, LLC is a single member Limited Liability Company established in 2019 and owned by Blue River Services, Inc. Apple Orchard, LLC owns, develops and rents real estate.

Autumn Ridge Apartments, L.P. is a Limited Partnership established in 2005 and owned 99.99% by Blue River Services, Inc. and .01% by Blue River Housing Development. Autumn Ridge Apartments, L.P. owns, develops and rents real estate.

Country Trace, L.P. is a Limited Partnership established in 2007 and owned 99.99% by Blue River Services, Inc. and .01% by Blue River Housing Development. Country Trace, L.P. owns, develops and rents real estate.

The Organizations follow the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations as described in the American Institute of Certified Public Accountants' "Audit and Accounting Guide for Not-for-Profit Entities". Accordingly, the consolidated financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Summary of significant accounting policies:

This summary of significant accounting policies of the Organizations is presented to assist in understanding the Organizations' consolidated financial statements. The consolidated financial statements and notes are representations of the Organizations' management who is responsible for the integrity and objectivity of the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements:

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiaries, Blue River Autumn Ridge II, LLC, Blue River Country Trace II, LLC, Blue River Country Trace 3, LLC, Grandview Manor South, LLC, Grandview Manor North LLC, Jackson Court Apartments, LLC, Apple Orchard, LLC, Autumn Ridge Apartments, L.P., and Country Trace, L.P. All inter-organizational accounts and transactions have been eliminated in the consolidation.

Net assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets 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 restrictions. Net assets without donor restrictions include assets designated by the board for particular purposes.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. The Organizations' donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition:

Contract revenue, as defined under Accounting Standards Codification 606, is derived primarily from providing health and human, management, and consulting services to individuals seeking the services. Revenue is recognized at a point in time or over time as the services are rendered satisfying the performance obligations.

Revenue recognized over time:

The Organizations recognize revenue from certain contracts over time as services are rendered under the contracts. Revenue is primarily derived from contracts that generally span one year or less. Revenue is recognized using the input method as time has elapsed.

Transaction prices vary according to the terms of the contracts and is the amount of consideration the Organizations expect to be entitled in exchange for services rendered. The consideration promised in a contract may include both fixed and variable amounts. The Organizations consider their historical experience in meeting contract specifications and performance indicators to estimate the amount of variable consideration to which it may be entitled or liable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revenue recognized at a point in time:

The Organizations recognize revenue from certain contracts at a point in time when the service is rendered. Revenues are reported at the estimated net realizable amounts for services rendered. Transaction prices vary according to the type, level, and volume of services rendered. Amounts are generally billed as services are rendered.

The Organizations have determined that the nature, amount, timing and uncertainty of contract revenues and cash flows are affected by the economy and stability of the government. In this industry, laws and regulations are extremely complex and subject to interpretation and can also be subject to future government review and revision. The current level of the Organizations' operations and program services may be impacted if program funding is significantly decreased. Refer to Note 15 for additional information.

Use of estimates:

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

Cash and cash equivalents:

Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Restricted cash:

Restricted cash consists of cash required to be used or held for specific purposes, such as escrow balances and required reserves.

Certificates of deposit:

Certificates of deposit consist of certificates held at financial institutions which have a maturity date greater than ninety (90) days, and are stated at cost, which approximates fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Grants, government contracts and accounts receivable:

Grants, government contracts and accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. As a result, management does not believe an allowance is necessary.

Unconditional promises to give:

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Contributions which are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Inventory:

Generally, supplies inventory purchased for use in program and supporting services are carried at the lower of cost or net realizable value, using the first in first out method.

Donated services, building and equipment:

During the years ended June 30, 2023 and 2022, the value of contributed services meeting the requirement for recognition in the consolidated financial statements was not material and has not been recorded. Many individuals volunteer their time and perform a variety of tasks that assist the Organizations in their various programs; however these services do not meet the criteria for recognition in the consolidated financial statements as contributed services. Certain contributed property is recorded as support and expensed at fair value when determinable, otherwise at values indicated by the donor.

For the years ended June 30, 2023 and 2022, the Organizations received donated vehicles, building and equipment valued at \$2,500 and \$141,236, respectively.

In-kind contributions are reported as contributions at their estimated fair value on the date of receipt and reported as assets or expenses when utilized. Estimated fair value is determined based on information provided by the donor regarding the value of goods and services received. In-kind contributions were used to support general programming during the years ended June 30, 2023 and 2022. There were no donor restrictions on in-kind contributions for the years ended June 30, 2023 and 2022. The Organizations did not monetize any in-kind contributions for the years ended June 30, 2023 and 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Intangible assets:

Loan fees, tax credit fees, and compliance fees are amortized using the effective interest method over the life of the loan fees, tax credit fees, or compliance fees and recorded as interest expense. In accordance with accounting principles generally accepted in the United States of America, goodwill is no longer amortized.

Property and equipment:

Property and equipment is stated at cost less accumulated depreciation. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation is provided over the estimated useful lives of the assets on the straight-line basis. The range of estimated useful lives for assets is 5-39 years. The Organizations' general policy for the years ended June 30, 2023 and 2022 was to expense assets costing \$2,500 or less. Donations of property and equipment valued at greater than \$5,000 are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Leases:

The Organizations evaluate contracts at inception and when terms of an existing contract are changed to determine if an arrangement is or contains a lease. Operating leases with a duration over 12 months are recorded as operating lease right-of-use (ROU) assets and operating lease liabilities on the consolidated statements of financial position. Finance leases are recorded as finance lease ROU assets and finance lease liabilities on the consolidated statements of financial position. Short-term leases (i.e. leases with an initial term of 12 months or less that do not contain a purchase option that is likely to be exercised) are not recorded on the consolidated statements of financial position as the Organizations elected to apply the short-term lease exception to these leases.

Operating and finance ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of the future lease payments over the lease term.

The leases do not provide an implicit rate, so the Organizations' incremental borrowing rate based on the information available at commencement date was used in determining the present value of lease payments. The incremental borrowing rate is reevaluated upon lease modification. Lease ROU assets include initial direct costs and prepaid lease payments made, if any, less lease incentives, if any. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Advertising:

Advertising costs are expensed as incurred. Advertising expense was \$23,613 and \$17,890 for the years ended June 30, 2023 and 2022, respectively.

Functional allocation of expenses:

The consolidated statement of functional expenses presents expenses by both natural and functional classification. Costs are allocated under their respective functional department based on a variety of factors, such as time analysis, usage logs, and square footage of space utilized.

The June 30, 2023 statement of functional expenses presents summarized comparative information from the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations' consolidated financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Income taxes:

Blue River Services, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization evaluates its uncertain tax positions in accordance with applicable standards. It has evaluated its tax positions, and believes that it has none that are uncertain. Blue River Autumn Ridge II, LLC, Blue River Country Trace II, LLC, BR Country Trace 3, LLC, Grandview Manor South, LLC, Grandview Manor North LLC, Jackson Court Apartments, LLC, and Apple Orchard, LLC are Indiana limited liability companies. Autumn Ridge Apartments L.P. and Country Trace L.P. are Indiana limited partnerships.

A consolidated exempt organization return is filed for Blue River Services, Inc., Blue River Autumn Ridge II, LLC, Blue River Country Trace II, LLC, BR Country Trace 3, LLC, Grandview Manor South, LLC, Grandview Manor North LLC, Jackson Court Apartments, LLC, Apple Orchard, LLC, Autumn Ridge Apartments, L.P. and Country Trace, L.P.

Accounting standard adopted:

Effective July 1, 2022, the Organizations adopted accounting standard FASB ASC 842, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU lease asset and liability on the consolidated statement of financial position for all leases longer than 12 months and provide enhanced disclosures. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognition on the consolidated statement of activities. Leases with a term of less than 12 months will not record a ROU lease asset and liability and the payments will be recognized into change in net assets or loss on a straight-line basis over the lease term.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Organizations elected to adopt the standard using the optional transition method that allows the Organizations to initially apply the new lease standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. As a result, the Organizations is reporting the comparative period presented in the consolidated financial statements in accordance with FASB ASC 840. There was no cumulative effect adjustment for the Organizations upon adoption.

The Organizations elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing and expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. For lease agreements with lease and non-lease components, the Organizations elected the practical expedient to account from them as a single lease component. For lease agreements 12 months or less, the Organizations elected not to record a ROU lease asset or liability.

Upon adoption, the Organizations recognized operating lease ROU assets and liabilities of \$429,658. Adoption did not have a material effect on change in net assets or on the consolidated statement of cash flows.

Newly issued standard not yet effective:

The Financial Accounting Standards Board (FASB) has issued accounting standard update (ASU) No. 2016-13, *Financial Instruments-Credit Losses*, which is effective for fiscal years beginning after December 15, 2022.

The Organizations are evaluating the impact of this standard on future consolidated financial statements.

Date of management's review:

Management has evaluated events and transactions occurring subsequent to the consolidated statement of financial position date of June 30, 2023 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through the date of the report, which is the date these consolidated financial statements were available to be issued.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Liquidity and Availability

Financial assets available for general expenditures, without donor restrictions, within one year of the June 30, 2023 and 2022 consolidated statements of financial position date include the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$2,535,942	\$2,644,001
Certificates of deposit	842,039	32,018
Receivables	<u>1,775,984</u>	<u>1,471,643</u>
	<u>\$5,153,965</u>	<u>\$4,147,662</u>
Available line of credit	<u>\$1,493,264</u>	<u>\$1,500,000</u>

Blue River Services, Inc. and its wholly-owned subsidiaries are supported by contributions through various government programs. The revenues for these contracts are either cost reimbursement or rate based programs. As disclosed above, the consolidated wholly-owned subsidiaries of Blue River Services, Inc. have cash and cash equivalents, certificates of deposit, and receivables available to be used within one year of the consolidated statements of financial position date to meet cash needs for general expenditures. As of June 30, 2023 and 2022, the line of credit had an available balance of \$1,493,264 and \$1,500,000, respectively, to meet any short term financial needs. Blue River Services, Inc. and its wholly-owned subsidiaries have a goal to maintain financial reserves or a line of credit equal to three months' operating expense.

Note 3. Cash on Deposit in Excess of Federal Deposit Insurance Limits

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organizations have never experienced any losses related to these balances.

Note 4. Grants, Government Contracts and Accounts Receivable

Grants, government contracts and accounts receivable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Grants Receivable		
First Steps	\$ 760,732	\$ 413,749
INDOT - Public Transportation	165,520	211,690
IN Housing Finance Authority	159,481	196,732
IN Department of Education - 21st Century	112,267	77,438
Women, Infant, Children Program	71,122	77,776
Healthy Families IN	46,598	32,654
Other grants	<u>18,356</u>	<u>3,171</u>
Total grants receivable	<u>\$1,334,076</u>	<u>\$1,013,210</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Government Contracts Receivable	<u>2023</u>	<u>2022</u>
EDS - Medicaid	\$255,122	\$234,487
DFC	55,695	64,653
School Contract	49,760	77,962
FSSA- SACC	21,247	25,557
Subsidized Child Care	21,206	9,022
IN Department of Education	15,442	38,980
Affordable Housing Program		10,695
State line item	443	222
Choice	<u>279</u>	<u>378</u>
Total government contracts receivable	<u>\$419,194</u>	<u>\$461,956</u>
Accounts Receivable	<u>2023</u>	<u>2022</u>
Workshop contract sales	\$ 56,371	\$ 47,334
Miscellaneous	49,947	43,168
Treasurer of Harrison Co. - Local Match Public Trans.	25,000	25,000
Shared IT Technician	17,015	23,708
Metro United Way		16,110
Screen Print sales	15,166	9,158
Rescare	11,445	10,605
Maintenance facility vehicle repairs (sales)	4,839	5,616
Public School		3,200
Apple Orchard LLC (rent)	2,442	1,490
Autumn Ridge Apartments LP (rent)	2,428	3,175
Blue River Autumn Ridge II LLC (rent)	1,435	1,187
Country Trace LP (rent)	1,034	1,172
Client fees	671	862
Loans	333	1,833
Grandview Manor North LLC (rent)	132	1,285
Blue River Country Trace II LLC (rent)	85	806
Jackson Court Apartments LLC (rent)	10	
Grandview Manor South LLC (rent)		<u>501</u>
Total accounts receivable	<u>\$188,353</u>	<u>\$196,210</u>

Note 5. Notes Receivable

Blue River Services, Inc. had notes and interest receivable from Autumn Ridge Apartments, L.P. and Country Trace, L.P. During fiscal year 2022, the remaining 99.99% ownership of Autumn Ridge Apartments, L.P. and Country Trace, L.P. was transferred to Blue River Services, Inc. The majority of the notes receivable and accrued interest due from the two entities, totaling \$2,454,046, was forgiven by Blue River Services, Inc. This amount was eliminated in the consolidated financial statements. One note remains from Blue River Services, Inc. to Autumn Ridge Apartments, L.P. with a total of \$66,633 and \$73,740 at June 30, 2023 and 2022, respectively. The balances include \$66,248 and \$73,315 of principal and \$385 and \$425 of accrued interest as of June 30, 2023 and 2022, respectively. This intercompany loan and interest receivable were eliminated in the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Fixed Assets and Intangibles

Fixed assets and intangibles consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Property and equipment		
Land	\$ 1,695,180	\$ 1,610,930
Buildings and improvements	33,572,723	32,022,908
Vehicles	2,074,573	2,070,920
Furniture and equipment	<u>1,863,401</u>	<u>1,885,827</u>
	39,205,877	37,590,585
Accumulated depreciation	<u>(16,625,201)</u>	<u>(15,638,599)</u>
Property and equipment, net	<u>\$22,580,676</u>	<u>\$21,951,986</u>
Construction in progress	<u>\$ 388,710</u>	<u>\$ 1,261,548</u>
Goodwill	\$ 10,000	\$ 10,000
Accumulated amortization	<u>(3,250)</u>	<u>(3,250)</u>
Goodwill, net	<u>\$ 6,750</u>	<u>\$ 6,750</u>

Note 7. Line of Credit

Blue River Services, Inc. has a \$1,500,000 line of credit with First Harrison Bank. The line of credit is secured by various real estate assets of Blue River Services, Inc. The line of credit was renewed on October 19, 2023 with a maturity date of October 10, 2026. At June 30, 2023 and 2022 the interest rate charged on the line of credit was 8.25% and 4.75%, respectively. At June 30, 2023 and 2022, the balance on the line of credit was \$6,736 and \$0, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Loans consist of the following at June 30:

<u>Lender</u>	<u>Interest Rate</u>		<u>Maturity Date</u>	<u>Security</u>	<u>2023</u>	<u>2022</u>
	<u>Type</u>	<u>Current</u>				
IHCDA	*	*	*	Autumn Ridge II	\$ 457,493	\$ 609,990
Old National Bank	Fixed	5.90%	7/12/2031	Grandview Manor South	306,986	326,641
USDA Rural Dev	Fixed	4.125%	8/15/2051	Reid Avenue	306,308	311,783
Old National Bank	Fixed	4.00%	5/30/2032	Grandview Manor North	679,760	698,682
First Harrison Bank	Fixed	3.75%	11/20/2026	Autumn Ridge II	104,193	123,523
Old National Bank	Fixed	3.65%	12/8/2026	Apple Orchard Ph2	142,106	147,292
First Savings Bank	Fixed	4.25%	6/5/2036	Pineview	92,294	97,478
First Harrison Bank	Fixed	5.50%	1/20/2029	Country Trace II	70,313	80,863
IHCDA	Fixed	3.00%	10/1/2033	Jackson Court	83,792	85,804
IHCDA	Fixed	1.00%	12/25/2027	Autumn Ridge	66,248	73,315
First Harrison Bank	Fixed	3.75%	12/15/2025	Oakview Apartments	30,657	42,165
Old National Bank	Fixed	3.00%	5/14/2026	Vehicle	7,865	13,961
IHCDA	Fixed	1.250%	6/30/2037	Apple Orchard Ph1	340,321	350,000
First Harrison Bank	Fixed	3.75%	7/5/2025	Autumn Ridge Apartments LP	117,324	130,010
Merchants Capital	Fixed	4.90%	10/1/2049	Country Trace LP	492,627	501,636
First Harrison Bank	Fixed	5.65%	3/8/2034	Autumn Ridge LP	4,800	
IHCDA	N/A	**	7/1/2023	Carefree Meadows		5,537
					\$3,303,087	\$3,598,680
Less unamortized loan and compliance fees					(85,478)	(100,955)
Total installment loans and mortgage loans					<u>\$3,217,609</u>	<u>\$3,497,725</u>

* On November 18, 2009, Blue River Autumn Ridge II, LLC obtained a loan, in the form of a forgivable grant, through the Indiana Housing and Community Development Authority (IHCDA), as the administrator of the American Recovery and Reinvestment of 2009 Section 1602 Tax Credit Exchange Program. Pursuant to the loan agreement, the loan is guaranteed by the borrower and is secured by a mortgage. The loan is subject to a fifteen-year compliance period to assure that the building will remain available for qualified low-income housing. There are no scheduled payments of principal and interest. Since the loan is in essence a forgivable grant as long as compliance is met annually over the fifteen-year period, as such, no interest has been imputed. Commencing on the first anniversary of the conversion date, and continuing each year on the anniversary date thereof, IHCDA shall cause the outstanding principal balance of the loan to be reduced by an amount equal to one-fifteenth (1/15th), equaling \$152,498, of the original principal balance of the loan. For each of the years ended June 30, 2023 and 2022, one-fifteenth of the outstanding principal balance of the loan was reduced and recorded as government financial assistance and service fees on the consolidated statement of activities.

** This loan is at 0.00% interest rate. The interest either has been forgiven or will be forgiven in the future at maturity date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of the maturity of long-term debt is presented below, of which \$152,498 will be forgiven each year.

<u>Years ending June 30,</u>	
2024	\$ 324,104
2025	331,549
2026	330,899
2027	372,374
2028	201,762
Thereafter	<u>1,742,399</u>
	3,303,087
Less unamortized loan and compliance fees	<u>(85,478)</u>
Total	<u>\$3,217,609</u>

Note 9. Capital Leases (prior to the adoption of FASB 842)

The Organizations were party to capital leases under FASB ASC 840. These leases are now included in Note 11 under FASB ASC 842. The schedule below summarizes capital lease payments under FASB ASC 840 as of June 30, 2022:

<u>Assets</u>	<u>Lessor</u>	<u>Maturity Date</u>	
Taskalfa 5501i Copier	M&M Office Products	3/12/2024	\$ 880
Ricoh IM5000 Copier	Duplicator Sales & Service, Inc.	9/1/2024	4,088
Ricoh IM5000 Copier	Duplicator Sales & Service, Inc.	8/1/2024	<u>3,937</u>
			<u>\$8,905</u>

The future minimum lease payments under FASB ASC 840 as of June 30, 2022 were as follows:

<u>Years ending June 30,</u>	
2023	\$4,114
2024	4,034
2025	<u>757</u>
	<u>\$8,905</u>

Following is a summary of property that was held under capital leases at June 30, 2022:

Copiers	\$12,342
Less accumulated depreciation	<u>(3,540)</u>
Net book value	<u>\$ 8,802</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Operating Leases (prior to the adoption of FASB 842)

The Organizations were party to operating leases under FASB ASC 840. These leases are now included in Note 11 under FASB ASC 842. The Organizations lease various vehicles and buildings in the program services and administrative functions. The schedule below summarizes operating lease payments under FASB ASC 840 as of June 30, 2022.

Vehicle Lease - Milltown	\$ 23,551
Vehicle Lease - Summit View SGL	16,862
Vehicle Lease - Marvy Lane	15,701
Vehicle Lease - McGrain	10,155
Vehicle Lease - Oak St.	9,069
Vehicle Lease - Klerner Lane	9,252
Vehicle Lease - Nichols	9,252
Vehicle Lease – Pineview	7,850
Vehicle Lease - Wyandotte	<u>7,819</u>
Total vehicle lease payments	<u>109,511</u>
Building Lease - SPOE	36,138
Building Lease - SPOE-Vigo	28,152
Building Lease - Screen Print	9,000
Building Lease - WIC	9,000
Building Lease - Employment Services	5,470
Building Lease - Sys D.	2,838
Building Lease - Sys D.-Vigo	2,684
Building Lease - Perry Co	2,550
Building Lease - Pineview - Harrison	840
Building Lease - Housing Management	<u>1,844</u>
Total building lease payments	<u>98,516</u>
Total operating lease payments	<u>\$208,027</u>

The future minimum lease payments under FASB ASC 840 as of June 30, 2022 were as follows:

Years ending June 30,	
2023	\$114,507
2024	86,592
2025	36,741
2026	27,172
2027	<u>2,265</u>
	<u>\$267,277</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Leases (after adoption of FASB 842)

The Organizations lease certain property, office space, vehicles, and equipment under finance and operating leases with 1 to 10-year initial terms. No agreements provide for payments adjusted for inflation or for variable payments. The lease agreements do not include any material residual value guarantees or restrictive covenants. The Organizations also lease various small equipment under lease agreements of 12 months or less with no options to purchase the underlying asset.

Some office space leases have original terms of one-year with the option to renew for an additional year with no auto-renewals. The exercise of the renewal options is at the sole discretion of the Organizations, and only lease options that the Organizations believe are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

The following summarizes lease costs for the year ended June 30, 2023:

Lease costs:

Finance lease costs	
Amortization of right-of-use assets	\$ 4,007
Interest on lease liabilities	357
Operating lease costs	105,401
Short-term lease costs	<u>118,426</u>
Total lease cost	<u>\$228,191</u>

Other information:

Weighted-average remaining lease term-finance leases	1.14 years
Weighted-average remaining lease term-operating leases	6.96 years
Weighted-average discount rate-finance and operating leases	5.65%

Supplemental cash flows information:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	\$346
Financing cash flows from finance leases	\$3,738
Operating cash flows from operating leases	\$105,262
Right-of-use assets obtained in exchange for new finance lease liabilities	\$8,197
Right-of-use assets obtained in exchange for new operating lease liabilities	\$421,461

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The future minimum lease payments for the next five years are as follows:

	<u>Finance</u>	<u>Operating</u>
2024	\$4,009	\$96,078
2025	606	64,113
2026		57,753
2027		30,438
2028		28,173
Thereafter		<u>131,974</u>
Total undiscounted cash flows	4,615	408,529
Less: present value discount	<u>(144)</u>	<u>(71,088)</u>
Total lease liabilities	<u>\$4,471</u>	<u>\$337,441</u>

Note 12. Net Assets with Donor Restrictions

The net assets with donor restrictions are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Subject to the passage of time:		
Apple Orchard LLC	\$ 3,514,245	\$ 3,522,180
Jackson Court Apartments LLC	1,569,660	1,641,237
Grandview Manor North LLC	1,846,707	1,259,374
Autumn Ridge Apartments LP	1,557,673	1,249,610
Grandview Manor South LLC	1,291,897	1,344,304
Blue River Autumn Ridge II LLC	962,425	922,781
Blue River Country Trace II LLC	921,137	963,098
BR Country Trace 3 LLC	765,311	802,383
Country Trace LP	742,183	853,016
Harrison Center Apartments	716,095	744,668
Pineview Home	681,877	706,032
Oakview Apartments	582,363	596,297
Stepping Stone Apts	544,604	573,442
Wyandotte House	402,531	422,007
Jill's Hope	310,360	319,657
Reid Avenue	306,479	318,878
Local county funds	199,000	199,000
Miscellaneous designated contributions	92,949	452,792
Hope Manor	88,716	100,059
Summit View SGL		312,926
United Way funds		<u>17,300</u>
	<u>17,096,212</u>	<u>17,321,041</u>
Subject to the satisfaction of purpose restrictions:		
Local County Funds	<u>50,000</u>	<u>50,000</u>
Total net assets with donor restrictions	<u>\$17,146,212</u>	<u>\$17,371,041</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Blue River Country Trace II LLC, BR Country Trace 3 LLC, Oakview Apartments, Stepping Stone, Harrison Center Apartments, Blue River Autumn Ridge II LLC, Wyandotte House, Jill's Hope, Summit View SGL, Grandview Manor South, LLC, Grandview Manor North, LLC, Hope Manor, Reid Avenue, Jackson Court Apartments LLC, Pineview Home, Apple Orchard LLC, Autumn Ridge Apartments, L.P. and Country Trace, L.P. were restricted due to funding requirements. The funding requirements are for the Organizations to provide specific services in these buildings for a specific period of time. Once the restrictions are met, the buildings will be released to the Organizations.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Expiration of time restrictions:		
Blue River Autumn Ridge II LLC	\$ 39,644	\$ 35,711
Blue River - Apple Orchard		(100,574)
Jill's Hope	(9,297)	(17,666)
Hope Manor	(11,343)	(8,462)
Reid Avenue	(12,399)	(10,873)
Oakview Apartments	(13,934)	(37,214)
United Way Funds	(17,300)	(18,395)
Wyandotte House	(19,476)	(19,705)
Pineview Home	(24,155)	(8,052)
Harrison Center Apartments	(28,573)	(28,574)
Stepping Stone Apts	(28,838)	(28,838)
BR Country Trace 3 LLC	(37,072)	(37,890)
Blue River Country Trace II LLC	(41,961)	(42,646)
Grandview Manor South LLC	(52,407)	(42,677)
Grandview Manor North LLC	(58,290)	(73,781)
Jackson Court Apartments LLC	(71,577)	(69,976)
Autumn Ridge Apartments LP	(81,703)	
Country Trace LP	(110,833)	
Apple Orchard LLC	(133,055)	98,235
Local County Funds	(199,000)	(187,820)
Summit View SGL	(312,926)	(16,035)
Miscellaneous designated contributions	<u>(362,599)</u>	<u>(368,605)</u>
Expiration of time restrictions	<u>(1,587,094)</u>	<u>(983,837)</u>
Satisfaction of purpose restrictions:		
Local County Funds	<u>(50,000)</u>	<u>(50,000)</u>
Satisfaction of purpose restrictions	<u>(50,000)</u>	<u>(50,000)</u>
Net assets released from donor restrictions	<u><u>\$(1,637,094)</u></u>	<u><u>\$(1,033,837)</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Significant Third-Party Reimbursements

The Organizations receive significant fees from the Medicaid program for the services provided to group home residents and waiver clients. During the years ended June 30, 2023 and 2022, the Organizations received 24% of total revenue and support from Medicaid under these programs.

Note 14. Supplemental Disclosures of Cash Flow Statement

Cash payments for interest expense were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest paid	<u>\$ 98,865</u>	<u>\$ 87,956</u>

Noncash investing and financing transactions were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Contribution of vehicles and property	\$2,500	\$141,236
Issuance of interest receivable	\$385	\$425

Blue River Autumn Ridge II, LLC obtained a loan in the form of a forgivable grant through IHCDA. As long as the compliance requirements are met, 1/15th of the original loan balance is forgiven annually.

	\$152,498	\$152,498
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Note 15. Revenue from Contracts with Customers

Revenue from contracts with customers for the years ended June 30, 2023 and 2022 include the following:

	<u>2023</u>	<u>2022</u>
SGL Group Home Fees	\$3,511,512	\$3,332,188
Medicaid Waiver	1,599,169	1,481,954
First Steps Ed Team	1,214,176	862,695
21st Century Fees	794,433	481,130
Childcare Fees	628,213	753,303
SGL Client Service Fees	496,399	441,438
Dept. of Hwy Contracts	389,527	381,399
DFC Fees	331,780	439,042
Vocational Rehab	222,311	205,922
Healthy Families	217,439	216,411

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Screen Print Sales	210,945	172,551
Industrial Contract Revenue	196,580	211,324
Other Program Service Fees	94,357	94,808
Driver's Ed	69,447	58,889
Other Client Service Fees	66,856	59,027
Public Transportation Fees	55,849	34,796
Maintenance Sales	49,731	39,814
Food Program Revenue	36,682	37,850
Therapy Services	3,611	24,909
Housing Management Fees		<u>53,251</u>
	<u>\$10,189,017</u>	<u>\$9,382,701</u>

A description of the Organizations' revenue streams follows:

SGL Group Home Fees - This revenue consists of fees for individuals to live in and receive care in group homes. The performance obligations are satisfied at a point in time on a daily basis for each individual. Transaction prices are determined each month and payment is made monthly.

Medicaid Waiver - The Organizations earn revenue by providing home and community based services to individuals. This consists of several different performance obligations, depending on the type of service. Performance obligations are satisfied at a point in time when the services are provided.

First Steps Ed Team - The Organizations earn revenue by providing services to customers through the First Steps program. Performance obligations are satisfied at the point in time when the services are provided.

DFC Fees - Revenue is earned by providing services to children and families, specifically for mental health resources. Performance obligations are satisfied at a point in time when the services are provided.

Childcare Fees - The Organizations provide childcare services on a daily basis. Fees are collected weekly and are recognized over time as the services are provided. Transaction prices are set by the Organizations' standard childcare rates.

SGL Client Service Fees - The Organizations earn revenue based on participation of individuals in various other programs. Performance obligations are satisfied at a point in time when the service is provided. Transaction prices are set by each program.

Dept. of Hwy Contracts - The Organizations operate highway rest areas through contracts with the Department of Highways. Performance obligations are satisfied over time as services are provided under the contracts. Payment terms and prices are set in the contracts.

21st Century Fees - Services are provided for local school systems as the Organizations provide after-school care for children. Performance obligations are satisfied over time as services are provided. Payment terms and prices are set by the contracts with the local school systems.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Industrial Contract Revenue - The Organizations sell goods under contracts with customers. Performance obligations are satisfied at a point in time when the goods are sold.

Healthy Families - Revenue is recognized for services provided to children and families, including child development, health care, and parent education. Performance obligations are satisfied at a point in time when the services are provided.

Vocational Rehab - Performance obligations are satisfied at a point in time when vocational rehabilitation services are provided.

Other Program Service Fees - The Organizations earn revenue through various other program services. Performance obligations are satisfied at a point in time as the services are provided.

Screen Print Sales - The Organizations sell screen print inventory under contracts with customers. Performance obligations are satisfied at a point in time when the inventory is sold.

Housing Management Fees - Revenues from housing management fees are recognized over time as management services are provided.

Other Client Service Fees - The Organizations earn revenue through various other client services. Performance obligations are satisfied at a point in time as the services are provided.

Driver's Ed - Revenue from Driver's Ed is earned by providing Driver's Ed training to clients. Performance obligations are satisfied over time.

Rescare - The Organizations recognize revenue through Rescare at a point in time as the services are provided.

Maintenance Sales - The Organizations recognize revenue from maintenance sales through performing repair and maintenance services. Performance obligations are satisfied at a point in time when the services are provided.

Food Program Revenue - Food services are provided in conjunction with various other services, such as childcare services. Performance obligations are satisfied at a point in time when the services are provided.

Public Transportation Fees - Clients use transportation provided by the Organizations. Performance obligations are satisfied at a point in time when services are used. The Organizations follow set transaction prices for each ride provided to a client.

Therapy Services - Performance obligations are satisfied at a point in time when therapy services are provided.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table disaggregates the Organizations' contract revenue based on the timing of satisfaction of performance obligations for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Performance obligation satisfied at a point in time	82%	83%
Performance obligations satisfied over time	18%	17%

A portion of the Organization's accounts receivable are due under contracts, as defined by ASC 606. The opening balances of all accounts receivables for the years ended June 30, 2023 and 2022 were \$1,671,376 and \$4,323,385, respectively.

Note 16. Retirement Plan

RBR Alliance, Inc. maintains a 401(k) plan that was established under Blue River Services, Inc. effective July 1, 2014. The Plan was moved to RBR Alliance, Inc. effective July 1, 2019. The Plan allows all employees to make elective deferrals upon commencement of employment. The Organizations' contributions to the Plan totaled \$138,318 and \$130,943 for the years ended June 30, 2023 and 2022, respectively.

Note 17. Related Party Transactions

On July 1, 2019 the Organizations entered into a management services agreement and a lease agreement with RBR Alliance, Inc. The Organizations contract with RBR Alliance, Inc. to provide management services to each entity, and the Organizations rent office space to RBR Alliance, Inc. Blue River Services, Inc. revised its by-laws to allow RBR to become the corporate member of Blue River Services, Inc. For the year ended June 30, 2023, the Organizations reported the following transactions with RBR Alliance, Inc.: contract revenue of \$495, lease revenue of \$27,500, contract management expense of \$1,705,200, shared marketing services of \$2,744, screen print revenue of \$654, miscellaneous revenue of \$500, a receivable from RBR Alliance, Inc. for \$41, and a payable to RBR Alliance, Inc. for \$258. For the year ended June 30, 2022 the Organizations reported the following transactions with RBR Alliance, Inc.: contract revenue of \$4,281, lease revenue of \$30,000, miscellaneous revenue of \$1,552, contract management expense of \$1,704,935, shared marketing services of \$31,904, a receivable from RBR Alliance, Inc. for \$117, and a payable to RBR Alliance, Inc. for \$71,614.

Through its relationship with RBR Alliance, Inc., the Organizations also engage in transactions with Rauch, Inc. For the year ended June 30, 2023, the Organizations reported the following transactions with Rauch, Inc.: contract revenue of \$70,185, screen print revenue of \$2,263, day service expense of \$51,616, a receivable from Rauch, Inc. for \$2,445, and a payable to Rauch, Inc. for \$5,814. For the year ended June 30, 2022, the Organizations reported the following transactions with Rauch, Inc.: contract revenues of \$57,164, screen print revenue of \$2,745, day service expense of \$58,984, miscellaneous expense of \$750, a receivable from Rauch, Inc. for \$5,674, and a payable to Rauch, Inc. for \$5,140.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Organizations maintain checking accounts and loans with First Harrison Bank. A board member of Blue River Services, Inc. was the President of the Bank's holding company, First Capital, Inc., and Chief Executive Officer of First Harrison Bank, through June 2023.

Note 18. Assumption of Limited Partnerships

Blue River Services, Inc. assumed the assets and liabilities of Autumn Ridge Apartments, L.P., on February 28, 2022, and Country Trace, L.P., on May 17, 2022. Autumn Ridge Apartments, L.P., total assets as of February 28, 2022 were approximately \$1,670,000 and total liabilities were approximately \$1,690,000. Country Trace, L.P., total assets as of May 17, 2022 were approximately \$1,625,000 and total liabilities were approximately \$1,605,000. The fair value of the difference between the assets and liabilities assumed of the limited partnerships are reflected on the consolidated statement of activities for year ending June 30, 2022, as a change in net assets.

Note 19. Subsequent Events

In September 2023, Blue River Services, Inc. was awarded \$1,500,000 from the Indiana Housing and Community Development Authority (IHCDA) for new construction of the Sunset Ridge project. IHCDA also awarded \$50,000 in September 2023 for wages and fixed assets at Sunset Ridge. In addition, IHCDA provided a conditional commitment in June 2023 to Blue River Services, Inc. for a \$2,500,000 HOME-ARP grant and a \$750,000 development fund loan, as well as 20 project based vouchers.

SUPPLEMENTARY INFORMATION

BLUE RIVER SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Transit Cluster			
U.S. Department of Transportation:			
Passed through Indiana Department of Transportation: Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	ARP Award-59283	\$ 54,512
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	INDOT 5311-59283	<u>267,927</u>
Subtotal - U.S. Department of Transportation - Federal Transit Cluster			<u>322,439</u>
Other Programs			
U.S. Department of Transportation:			
Passed through Indiana Department of Transportation: Formula Grants for Rural Areas and Tribal Transit Program	20.509	INDOT 5311-68605	388,662
COVID-19: Formula Grants for Rural Areas and Tribal Transit Program	20.509	Cares Act-68605	<u>64,628</u>
Subtotal - U.S. Department of Transportation			<u>453,290</u>
U.S. Department of Agriculture:			
Passed through Indiana Department of Education: Child and Adult Care Food Program	10.558	K090	36,682
Passed through Indiana Department of Health: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	00065304	424,703
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	00065304	<u>32,122</u>
Subtotal - U.S. Department of Agriculture			<u>493,507</u>
U.S. Department of Education:			
Passed through Indiana Department of Education: Twenty-First Century Community Learning Centers	84.287	00051222	65,272
Twenty-First Century Community Learning Centers	84.287	00052001	44,224
Twenty-First Century Community Learning Centers	84.287	S287C220014	213,765
Twenty-First Century Community Learning Centers	84.287	00061807	<u>437,999</u>
Subtotal - U.S. Department of Education			<u>761,260</u>

BLUE RIVER SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice:			
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736		<u>167,456</u>
U.S. Department of Housing and Urban Development:			
Passed through Indiana Housing Community Development Authority			
Supportive Housing for the Elderly (Section 202)	14.157	IN360048040	107,985
Supportive Housing for the Elderly (Section 202)	14.157	IN360011001	81,622
Home Investment Partnerships Program	14.239	CH-018-003	5,000
Home Investment Partnerships Program	14.239	CH-019-002	127,519
Home Investment Partnerships Program	14.239	CH-019-003	425,675
Home Investment Partnerships Program	14.239	CO-021-005	229,931
Home Investment Partnerships Program	14.239	PD-020-007	5,537
Capacity Building for Community Development and Affordable Housing Grants (Section 4)	14.252	22SG2251	28,149
ARRA Section 1602 Tax Credit Exchange Program	None	1602 Loan #IN-0906-800	<u>609,990</u>
Subtotal - U.S. Department of Housing and Urban Development			<u>1,621,408</u>
Total expenditures of federal awards			<u>\$ 3,819,360</u>

The accompanying notes are an integral part of this schedule.

BLUE RIVER SERVICES, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Note A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Blue River Services, Inc. and Subsidiaries under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Blue River Services, Inc. and Subsidiaries, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organizations.

Note B. Summary of Significant Accounting Policies

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 and OMB Circular A0122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Blue River Services, Inc. and Subsidiaries have adopted the procurement requirements specified in the Uniform Guidance.

Note C. Indirect Cost Rate

Blue River Services, Inc. and Subsidiaries have elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

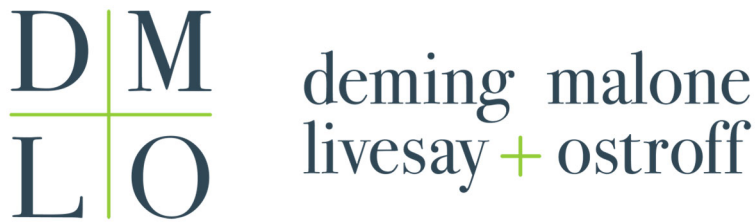
Note D. Subrecipients

The Organizations provided no federal funding to subrecipients for the year ended June 30, 2023.

Note E. Federal Loan Program

The federal loan program listed below is administered directly by the Organizations, and balances and transactions relating to the program are included in the Organizations' consolidated financial statements. Loan amount outstanding at the beginning of the year and any loan made during the year are included in the federal expenditures presented in the Schedule. The balance of loan amount outstanding as of June 30, 2023 consists of:

<u>Assistance Listing Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2023</u>
None	ARRA Section 1602 Tax Credit Exchange Program	\$457,493



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with Government Auditing Standards

To the Officers and Directors
Blue River Services, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Blue River Services, Inc. and its wholly-owned subsidiaries (not-for-profit organizations), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Blue River 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Blue River Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Blue River 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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

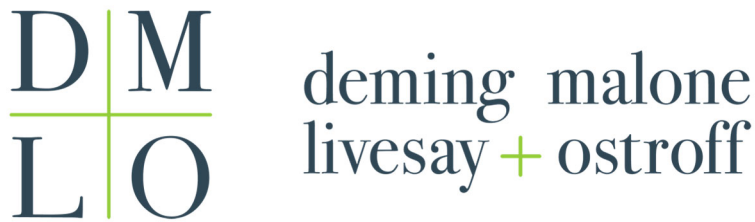
As part of obtaining reasonable assurance about whether Blue River Services, Inc. and its wholly-owned subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements,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

Purpose of this Report

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

Deming, Malone, Lussay & Petroff

New Albany, Indiana
November 15, 2023



Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Officers and Directors
Blue River Services, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Blue River Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Blue River Services, Inc.'s major federal programs for the year ended June 30, 2023. Blue River Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Blue River 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 each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each major Federal Program

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

We are required to be independent of Blue River 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 each major federal program. Our audit does not provide a legal determination of Blue River 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 Blue River Services, Inc.'s federal programs.

Auditors' Responsibilities 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 Blue River 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Blue River Services, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Blue River 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 Blue River 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 Blue River 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.

Deming, Malone, Lussay & Ostroff

New Albany, Indiana
November 15, 2023

BLUE RIVER SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Consolidated Financial Statements

Type of report the auditors issued on whether the consolidated financial statements audited 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 federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for major federal 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>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.287	Twenty-First Century Community Learning Centers
None	ARRA Section 1602 Tax Credit Exchange Program

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

Auditee qualified as low-risk auditee? yes no

BLUE RIVER SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

BLUE RIVER SERVICES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2023

Assets	Blue River Services, Inc.	Blue River Autumn Ridge II, LLC	Blue River Country Trace II, LLC	BR Country Trace 3, LLC	Grandview Manor South, LLC	Grandview Manor North, LLC	Jackson Court Apartments, LLC	Apple Orchard, LLC	Autumn Ridge Apartments LP	Country Trace LP	Eliminating Entries	Consolidated Total
Cash and cash equivalents	\$ 2,160,523	\$ 96,747	\$ 31,674	\$ 29,210	\$ 8,398	\$ 2,567	\$ 55,428	\$ 19,973	\$ 62,643	\$ 68,779		\$ 2,535,942
Restricted cash	203,716	212,985	51,999	27,950	112,665	61,093	46,796	94,364	119,626	121,268		1,052,462
Certificates of deposit	842,039											842,039
Grants receivable	1,334,076											1,334,076
Government contracts receivable	419,194											419,194
Accounts receivable	684,226	1,435	85			132	10	2,442	161,909	7,192	\$ (669,078)	188,353
Prepaid expenses	27,772	8,499	3,966	4,462	8,663	7,811	2,743	6,858	6,991	11,123		88,888
Inventory	28,427											28,427
Notes and interest receivable	66,633										(66,633)	
Construction in progress									388,710			388,710
Property and equipment, net of accumulated depreciation	6,855,225	1,512,615	993,910	766,036	1,622,418	2,517,612	1,652,116	4,086,547	1,353,046	1,221,151		22,580,676
Right-of-use assets - finance	4,191											4,191
Right-of-use asset - operating	337,303											337,303
Goodwill, net of accumulated amortization	6,750											6,750
Total assets	\$ 12,970,075	\$ 1,832,281	\$ 1,081,634	\$ 827,658	\$ 1,752,144	\$ 2,589,215	\$ 1,757,093	\$ 4,210,184	\$ 2,092,925	\$ 1,429,513	\$ (735,711)	\$29,807,011
Liabilities and Net Assets												
Liabilities												
Accounts payable	\$ 402,771	\$ 8,571	\$ 2,764	\$ 3,095	\$ 11,536	\$ 5,702	\$ 2,750	\$ 6,562	\$ 165,523	\$ 12,549	\$ (186,651)	\$ 435,172
Accrued liabilities	830,285	9,300	4,900	2,400	7,627	7,236	4,600	9,600	9,855	12,600		898,403
Line of credit	6,736											6,736
Deposits and deferred revenue	66,556	3,245			557	767		653	2,328	108		74,214
Right-of-use liabilities - finance	4,471											4,471
Right-of-use liabilities - operating	337,441											337,441
Loans	977,934	524,415	68,298		309,171	666,478	81,856	475,821	183,728	478,968	(549,060)	3,217,609
Total liabilities	2,626,194	545,531	75,962	5,495	328,891	680,183	89,206	492,636	361,434	504,225	(735,711)	4,974,046
Net Assets												
Without donor restrictions	6,368,907	324,325	84,535	56,852	131,356	62,325	98,227	203,303	173,818	183,105		7,686,753
With donor restrictions	3,974,974	962,425	921,137	765,311	1,291,897	1,846,707	1,569,660	3,514,245	1,557,673	742,183		17,146,212
Total net assets	10,343,881	1,286,750	1,005,672	822,163	1,423,253	1,909,032	1,667,887	3,717,548	1,731,491	925,288		24,832,965
Total liabilities and net assets	\$ 12,970,075	\$ 1,832,281	\$ 1,081,634	\$ 827,658	\$ 1,752,144	\$ 2,589,215	\$ 1,757,093	\$ 4,210,184	\$ 2,092,925	\$ 1,429,513	\$ (735,711)	\$29,807,011

BLUE RIVER SERVICES, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	Blue River Services, Inc.	Blue River Autumn Ridge II, LLC	Blue River Country Trace II, LLC	Blue River Country Trace 3, LLC	Grandview Manor South, LLC	Grandview Manor North, LLC	Jackson Court Apartments, LLC	Apple Orchard, LLC	Autumn Ridge Apartments LP	Country Trace LP	Eliminating Entries	Consolidated Total
Net Assets Without Donor Restrictions												
Revenue, Gains, and Support												
Government Financial Assistance and Service Fees	\$ 17,228,461	\$ 152,498										\$ 15,874,446
Rental Revenue	245,634	166,117	\$ 70,015	\$ 39,420	\$ 207,885	\$ 136,123	\$ 59,762	\$ 150,965	\$ 158,299	\$ 185,784		1,420,004
Sales/Contract Revenue	846,783											846,783
Contributions	428,651	1,250										429,901
Donated Vehicles, Building and Equipment	2,500											2,500
Investment Income	38,125	743	148	108	12	6	9	8	332	1,164	(9,810)	30,845
Other Revenue	9,799		100		2,157	1,156	125	6,345	3,608	815		24,105
Gain on Sale of Assets	663,214											663,214
Revenues, gains, and support without donor restrictions	19,463,167	320,608	70,263	39,528	210,054	137,285	59,896	157,318	162,239	187,763	(1,516,323)	19,291,798
Net assets released from (transferred to) restrictions	1,089,840	(39,644)	41,961	37,072	52,407	58,290	71,577	133,055	81,703	110,833		1,637,094
Total revenues, gains, and other support without donor restrictions	20,553,007	280,964	112,224	76,600	262,461	195,575	131,473	290,373	243,942	298,596	(1,516,323)	20,928,892
Expenses												
Salaries - staff	9,605,069											9,605,069
Professional fees	3,388,182	70,120	19,565	21,233	69,338	41,113	22,483	47,718	46,260	64,603	(353,504)	3,437,111
Depreciation	548,427	127,151	52,948	38,077	82,001	75,962	75,819	151,878	107,815	133,501		1,393,579
Employee benefits	1,012,942											1,012,942
Occupancy	605,774	43,082	20,924	9,731	55,628	32,252	19,137	45,007	44,229	60,131		935,895
Supplies	623,717	2,267	337	19	2,419	624	401	605	451	900		631,740
Payroll taxes	715,332											715,332
Travel	628,417	1,393			3,479				241			633,530
Provider taxes	223,625											223,625
Telephone	170,860	1,236			4,266		1,440	1,546	1,263	2,352		182,963
Equipment	153,756	10,002	2,423	176	3,225	947	884	1,395	4,122	6,457		183,387
Salaries - client	128,357											128,357
Interest	29,580	19,633	4,612		20,043	26,923	1,889	10,208	5,922	7,230	(9,810)	116,230
Miscellaneous	70,871	(47)	22	29	193	208	30	(7)	(10)	33		71,322
Conferences and meetings	49,131	766			2,469			25				52,391
Liability insurance	24,526											27,033
Advertising	23,613											23,613
Bad debt	4,859	2,090				593		4,545	1,259	285		13,631
Dues and memberships	9,335	710										10,045
Postage and shipping	10,017		240	240	120		63		63	240		10,983
Property tax	7,403					2,744				6,227		16,374
Printing and publications	9,550											9,550
Fund raising	22,357											22,357
Special events	6,653											6,653
Cash over/short	108											108
Contributions	1,158,984											5,975
Total expenses	19,231,445	278,403	101,071	69,505	243,181	181,366	122,146	262,920	211,615	284,466	(1,516,323)	19,469,795
Change in net assets without donor restrictions	1,321,562	2,561	11,153	7,095	19,280	14,209	9,327	27,453	32,327	14,130		1,459,097

BLUE RIVER SERVICES, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	Blue River Services, Inc.	Blue River Autumn Ridge II, LLC	Blue River Country Trace II, LLC	BR Country Trace 3, LLC	Grandview Manor South, LLC	Grandview Manor North, LLC	Jackson Court Apartments, LLC	Apple Orchard, LLC	Autumn Ridge Apartments LP	Country Trace LP	Eliminating Entries	Consolidated Total
Net Assets With Donor Restrictions												
Government Financial Assistance and Service Fees	249,000											249,000
Contributions	2,756					645,623		125,120	389,766			1,163,265
Net assets transferred to (released from) restrictions	(1,089,840)	39,644	(41,961)	(37,072)	(52,407)	(58,290)	(71,577)	(133,055)	(81,703)	(110,833)		(1,637,094)
Change in net assets with donor restrictions	(838,084)	39,644	(41,961)	(37,072)	(52,407)	587,333	(71,577)	(7,935)	308,063	(110,833)		(224,829)
Change in total net assets	483,478	42,205	(30,808)	(29,977)	(33,127)	601,542	(62,250)	19,518	340,390	(96,703)		1,234,268
Net assets at the beginning of the year	9,860,403	1,244,545	1,036,480	852,140	1,456,380	1,307,490	1,730,137	3,698,030	1,391,101	1,021,991		23,598,697
Net assets at the end of the year	<u>\$ 10,343,881</u>	<u>\$ 1,286,750</u>	<u>\$ 1,005,672</u>	<u>\$ 822,163</u>	<u>\$ 1,423,253</u>	<u>\$ 1,909,032</u>	<u>\$ 1,667,887</u>	<u>\$ 3,717,548</u>	<u>\$ 1,731,491</u>	<u>\$ 925,288</u>		<u>\$ 24,832,965</u>