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November 19, 2019

Board of Directors
Blue River Services, Inc.
PO Box 547
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Corydon, IN 47112

We have reviewed the audit report of Blue River Services, Inc., which was opined upon by Rodefer Moss and Co., PLLC, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. 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, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Rodefer Moss and Co., PLLC prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

BLUE RIVER SERVICES, INC.

Consolidated Financial Statements and Supplementary Information

June 30, 2019 and 2018

BLUE RIVER SERVICES, INC.
Consolidated Financial Statements and Supplementary Information
June 30, 2019 and 2018

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Independent Auditors' Report

To the Officers and Directors
Blue River Services, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Blue River Services, Inc. and its wholly-owned subsidiaries (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2019, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Blue River Services, Inc. and its wholly-owned subsidiaries' consolidated financial statements as of June 30, 2018, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 information 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 September 27, 2019, on our consideration of Blue River Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Blue River Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blue River Services, Inc.'s internal control over financial reporting and compliance.

Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
September 27, 2019

BLUE RIVER SERVICES, INC.
Consolidated Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 499,848	\$ 548,145
Restricted cash	490,981	456,508
Certificates of deposit	288,837	286,503
Grants receivable	729,881	815,902
Government contracts receivable	479,162	586,730
Accounts receivable	341,924	303,351
Prepaid expenses	94,328	84,045
Inventory	30,822	28,604
Interest receivable	669,909	615,384
Notes receivable	1,738,761	1,745,552
Construction in progress	344,533	94,313
Property and equipment, net of accumulated depreciation	14,854,556	15,318,975
Goodwill, net of accumulated amortization	<u>6,750</u>	<u>6,750</u>
Total assets	<u>\$ 20,570,292</u>	<u>\$ 20,890,762</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 548,192	\$ 417,086
Accrued liabilities	684,341	691,236
Line of credit	420,000	345,000
Deposits and deferred revenue	59,731	57,021
Capital lease obligations	8,611	6,000
Loans	<u>2,546,852</u>	<u>2,846,985</u>
Total liabilities	<u>4,267,727</u>	<u>4,363,328</u>
Net Assets		
Without donor restrictions	6,864,002	6,818,731
With donor restrictions	<u>9,438,563</u>	<u>9,708,703</u>
Total net assets	<u>16,302,565</u>	<u>16,527,434</u>
Total liabilities and net assets	<u>\$ 20,570,292</u>	<u>\$ 20,890,762</u>

BLUE RIVER SERVICES, INC.
Consolidated Statements of Activities
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue, Gains, and Support		
Government Financial Assistance and Service Fees	\$ 13,672,368	\$ 13,423,593
Sales/Contract Revenue	1,079,280	1,457,181
Rental Revenue	638,899	578,230
Contributions	153,072	206,390
Investment Income	62,254	61,799
Other Revenue	56,051	58,668
Donated Building, Vehicles, and Equipment	36,700	258,316
Loss on Sale of Assets	<u>(11,429)</u>	<u>(1,362)</u>
Revenues, gains, and support without donor restrictions	<u>15,687,195</u>	<u>16,042,815</u>
Net assets released from restrictions	<u>547,507</u>	<u>155,416</u>
Total revenues, gains, and other support without donor restrictions	<u>16,234,702</u>	<u>16,198,231</u>
Expenses		
Program Services		
Child Care	943,491	908,155
21st Century	756,878	828,444
Latchkey	1,347	578
Jumpstart PreSchool	111,001	105,149
Prevent Child Abuse	1,481	505
Healthy Family	218,055	203,277
Health Family Harr Co HCCF	-	11,881
First Steps LPCC	108,918	107,517
First Steps SPOE	1,760,579	1,737,191
First Steps ED Team	716,758	655,727
Pre-Vocational Services	285,074	287,434
Industrial Services	441,209	525,238
Community Janitorial	9,274	9,879
Lawn Care/Landscape	17,139	-
Department of Indiana Highways Janitorial	559,320	721,432
Screen Print	198,348	199,623
Employment Services	286,857	349,243
Establishment Program	70,053	76,865
Transition	52,372	5,033
Drivers Education	36,973	33,489
Safe Place	11,016	13,700
Hab Training	395,612	390,396
Structured Family Caregiving	341,159	414,920
Oak Street Home	364,508	347,131
Nichols Home	337,758	385,240
Summit View SGL	407,383	396,160
Milltown Home	365,028	338,464
Klerner Ln Home	421,794	393,418
Marvy Ln Home	380,361	361,419
McGrain Home	363,076	355,436
Residential Core	405,927	397,520
IDDD Home	308,497	315,812
Wyandotte House	300,443	333,744
Home/Community Resources	763,555	772,504
Housing	90,314	90,988
Oakview Apartments	116,665	79,016
Autumn Ridge L.P. Mgmt	28,786	26,400
Hope Manor	-	20,850

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statements of Activities (Continued)
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Program Services (Continued)		
Country Trace L.P. Mgmt	22,239	25,027
BR Autumn Ridge II Mgmt	51,802	41,526
BR Country Trace II Mgmt	8,604	10,703
Jill's House	-	17,294
Stepping Stone Apts/Transitional Housing	108,779	125,075
BR Country Trace 3 Mgmt	9,325	8,864
Grandview Manor So Mgmt	54,576	51,960
Jill's Hope	129,464	99,686
Jackson Court Apartments Mgmt	9,549	40,496
Enterprise	38,193	28,686
Enterprise Pre-Dev	21,385	-
Harrison Center Apartments	43,679	-
Housing Service Coor	8,684	28,382
Apple Orchard Apartments	266	-
WIC	435,445	421,705
Day Service Transportation	169,896	154,156
Non Fixed Route Transportation	40,683	56,653
Children's Transportation	27,197	26,618
Charter Transportation	5,295	5,754
Medical Transportation	657	71,323
Public Transportation	607,902	570,322
City Transit	66,067	69,517
Maintenance Facility	<u>72,324</u>	<u>83,284</u>
Total program services	<u>13,909,020</u>	<u>14,136,809</u>
Supporting Services		
Administration	1,440,036	1,447,499
IT Support	108,745	97,816
Non BRS Rental	89,086	83,413
Disallowable	<u>29,775</u>	<u>14,499</u>
Total supporting services	<u>1,667,642</u>	<u>1,643,227</u>
Blue River Services Inc	15,576,662	15,780,036
Blue River Autumn Ridge II LLC	204,152	201,356
Blue River Country Trace II LLC	90,780	92,989
BR Country Trace 3 LLC	60,702	54,765
Grandview Manor South LLC	154,861	158,494
Jackson Court Apartments LLC	<u>102,274</u>	<u>34,385</u>
Total expenses	16,189,431	16,322,025
Change in net assets without donor restrictions	<u>45,271</u>	<u>(123,794)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Government Financial Assistance and Service Fees	258,334	974,749
Contributions	19,033	22,259
Net assets released from restrictions	<u>(547,507)</u>	<u>(155,416)</u>
Change in net assets with donor restrictions	<u>(270,140)</u>	<u>841,592</u>
Change in net assets	(224,869)	717,798
Net assets at the beginning of the year	<u>16,527,434</u>	<u>15,809,636</u>
Net assets at the end of the year	<u>\$ 16,302,565</u>	<u>\$ 16,527,434</u>

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services					
	Child Care	21st Century	Latchkey	Jumpstart PreSchool	Prevent Child Abuse	Healthy Family
Salaries - staff	\$ 622,679	\$ 497,331	\$ 1,148	\$ 85,464	\$ -	\$ 152,160
Salaries - client						
Employee benefits	85,424	25,439	17	14,350		19,759
Payroll taxes	45,958	37,367	88	6,084	-	11,300
Total salaries and related expenses	754,061	560,137	1,253	105,898	-	183,219
Professional fees	389	103,843				
Occupancy	52,400	7,953		413		4,225
Travel	3,378	8,607		105		13,338
Supplies	80,469	52,321	94	3,684	1,269	1,630
Provider taxes						
Equipment	3,685	1,896		149		1,317
Telephone	6,529	1,386		264		5,565
Interest	3,328					1,306
Conferences and meetings	622	12,374		6	40	607
Miscellaneous	116	955			22	
Dues and memberships	59			60	150	3,301
Liability insurance	674	1,035		103		
Postage and shipping	54	80		15		
Property tax						
Special events						
Advertising	132	412				
Printing and publications		158				
Bad debt	3,316					
Fund raising	1,911	871				
Cash over/short	51					
Contributions	-	-	-	-	-	-
Total expenses before depreciation	911,174	752,028	1,347	110,697	1,481	214,508
Depreciation	32,317	4,850	-	304	-	3,547
Total expenses	\$ 943,491	\$ 756,878	\$ 1,347	\$ 111,001	\$ 1,481	\$ 218,055

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services					
	First Steps LPCC	First Steps SPOE	First Steps ED Team	Pre-Vocational Services	Industrial Services	Community Janitorial
Salaries - staff	\$ 82,072	\$ 1,244,867	\$ 498,955	\$ 170,417	\$ 202,383	\$ 5,928
Salaries - client				34,475	78,765	
Employee benefits	5,045	166,868	14,822	17,893	27,222	1,334
Payroll taxes	6,134	89,261	37,848	15,171	21,113	468
Total salaries and related expenses	93,251	1,500,996	551,625	237,956	329,483	7,730
Professional fees	50	1,307	148,009		640	
Occupancy	6,134	71,841	1,117	29,491	34,421	189
Travel	3,912	96,755	12,630	10	17,834	
Supplies	1,541	25,285	258	974	29,014	124
Provider taxes						
Equipment	512	22,287	108	294	4,309	97
Telephone	1,374	19,773	1,612	1,967	3,497	1,119
Interest	41	876	14	636	636	
Conferences and meetings	408	6,638	698		162	
Miscellaneous		329			6,457	
Dues and memberships					160	
Liability insurance						
Postage and shipping	719	6,478			345	
Property tax						
Special events					39	
Advertising		150	136		224	
Printing and publications	28	1,530				
Bad debt						
Fund raising						
Cash over/short						
Contributions	-	-	-	-	-	-
Total expenses before depreciation	107,970	1,754,245	716,207	271,328	427,221	9,259
Depreciation	948	6,334	551	13,746	13,988	15
Total expenses	\$ 108,918	\$ 1,760,579	\$ 716,758	\$ 285,074	\$ 441,209	\$ 9,274

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services					
	Lawn Care/ Landscape	Dept of Indiana Highways Janitorial	Screen Print	Employment Services	Establishment Program	Transition
Salaries - staff	\$ 10,848	\$ 366,400	\$ 81,806	\$ 181,591	\$ 35,712	\$ 36,618
Salaries - client						
Employee benefits	178	60,018	17,641	42,778	10,203	8,426
Payroll taxes	677	29,031	5,663	12,957	2,227	2,422
Total salaries and related expenses	11,703	455,449	105,110	237,326	48,142	47,466
Professional fees		30,659	10,849	1,886	17,228	
Occupancy			26,290	11,105		315
Travel	1,880	12,914		10,985	2,557	3,492
Supplies	295	46,238	48,832	3,862	19	160
Provider taxes						
Equipment	3,000	4,424	1,289	2,810		50
Telephone		4,794	1,720	6,154		350
Interest				1,987		57
Conferences and meetings				731		
Miscellaneous		54	1,731	1,090	2,107	
Dues and memberships				80		
Liability insurance						
Postage and shipping			1,276	106		
Property tax						
Special events						
Advertising		1,037	396			
Printing and publications				221		66
Bad debt			238	2,205		
Fund raising						
Cash over/short						
Contributions	-	-	-	-	-	-
Total expenses before depreciation	16,878	555,569	197,731	280,548	70,053	51,956
Depreciation	261	3,751	617	6,309	-	416
Total expenses	\$ 17,139	\$ 559,320	\$ 198,348	\$ 286,857	\$ 70,053	\$ 52,372

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services				
	Drivers Education	Safe Place	Hab Training	Structured Family Caregiving	Oak Street Home
Salaries - staff	\$ 18,192	\$ 7,499	\$ 255,525	\$ 83,710	\$ 157,118
Salaries - client					
Employee benefits	334	305	41,843	4,136	19,062
Payroll taxes	1,377	565	18,775	6,233	11,071
Total salaries and related expenses	19,903	8,369	316,143	94,079	187,251
Professional fees				232,988	81,945
Occupancy	1,030	565	19,317	1,738	15,209
Travel	6,147	146	12,271	3,631	12,783
Supplies	5,961	408	13,533	2,031	27,762
Provider taxes					29,522
Equipment	342	250	2,473	807	2,890
Telephone	320	936	3,626	1,613	1,448
Interest	88	18	5,653	398	579
Conferences and meetings		35		29	661
Miscellaneous		162	241	1,116	1,032
Dues and memberships					
Liability insurance					
Postage and shipping	53		112	370	20
Property tax					
Special events			116		
Advertising					32
Printing and publications					
Bad debt					
Fund raising					
Cash over/short					
Contributions	-	-	-	-	-
Total expenses before depreciation	33,844	10,889	373,485	338,800	361,134
Depreciation	3,129	127	22,127	2,359	3,374
Total expenses	\$ 36,973	\$ 11,016	\$ 395,612	\$ 341,159	\$ 364,508

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services				
	Nichols Home	Summit View SGL	Milltown Home	Klerner Ln Home	Marvy Ln Home
Salaries - staff	\$ 145,888	\$ 188,833	\$ 145,469	\$ 212,176	\$ 168,633
Salaries - client					
Employee benefits	8,360	17,210	20,539	25,498	13,092
Payroll taxes	14,928	13,610	10,659	20,110	12,822
Total salaries and related expenses	169,176	219,653	176,667	257,784	194,547
Professional fees	80,439	70,861	74,337	65,314	87,341
Occupancy	9,712	16,174	15,939	15,872	13,731
Travel	11,358	13,732	34,469	14,149	22,271
Supplies	23,761	26,494	26,339	28,666	23,814
Provider taxes	31,886	32,535	27,325	30,115	25,719
Equipment	2,852	3,693	3,653	2,713	3,558
Telephone	1,429	1,414	2,227	3,016	1,786
Interest	649		842	850	
Conferences and meetings	932	904	99		49
Miscellaneous	845	841	973	730	1,125
Dues and memberships					
Liability insurance					
Postage and shipping	19	46	7	22	7
Property tax					
Special events					
Advertising	98	32	32	32	32
Printing and publications					
Bad debt					
Fund raising					
Cash over/short					
Contributions	-	-	-	-	-
Total expenses before depreciation	333,156	386,379	362,909	419,263	373,980
Depreciation	4,602	21,004	2,119	2,531	6,381
Total expenses	\$ 337,758	\$ 407,383	\$ 365,028	\$ 421,794	\$ 380,361

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services				
	McGrain Home	Residential Core	IDDD Home	Wyandotte House	Home/Community Services
Salaries - staff	\$ 161,441	\$ 273,194	\$ 225,857	\$ 195,363	\$ 565,818
Salaries - client					
Employee benefits	12,898	57,077	9,920	10,997	76,322
Payroll taxes	11,693	19,574	17,221	15,555	42,030
Total salaries and related expenses	186,032	349,845	252,998	221,915	684,170
Professional fees	77,750	32,558	9,588	2,575	
Occupancy	12,699	3,606	9,611	12,957	4,723
Travel	14,617	1,179	4,337	12,398	50,244
Supplies	29,363	1,809	16,416	16,760	11,404
Provider taxes	27,957				
Equipment	3,595	1,132	2,258	2,985	2,133
Telephone	1,374	4,969	3,145	4,637	3,371
Interest		2,154	842		899
Conferences and meetings	136	1,573	84	82	378
Miscellaneous	1,405	136	1,706	1,236	339
Dues and memberships	714		1,005	1,004	
Liability insurance		134			
Postage and shipping	33	5	21	12	94
Property tax					
Special events					13
Advertising	32	50	61	133	12
Printing and publications		97			
Bad debt					
Fund raising					
Cash over/short			80		
Contributions	-	-	-	-	-
Total expenses before depreciation	355,707	399,247	302,152	276,694	757,780
Depreciation	7,369	6,680	6,345	23,749	5,775
Total expenses	\$ 363,076	\$ 405,927	\$ 308,497	\$ 300,443	\$ 763,555

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services				
	Housing	Oakview Apartments	Autumn Ridge L.P. Mgmt	Country Trace L.P. Mgmt	BR Autumn Ridge II Mgmt
Salaries - staff	\$ 52,981	\$ 14,959	\$ 20,879	\$ 18,637	\$ 33,937
Salaries - client					
Employee benefits	11,468	3,085	4,314	1,156	6,032
Payroll taxes	4,568	1,101	1,505	1,393	2,411
Total salaries and related expenses	69,017	19,145	26,698	21,186	42,380
Professional fees	2,616	25,317		9	9,219
Occupancy	3,195	25,424	265		
Travel	3,705	199	665	961	162
Supplies	819	1,241	83	83	41
Provider taxes					
Equipment	3,125	1,071			
Telephone	3,485				
Interest		3,576	1,009		
Conferences and meetings	2,523	198			
Miscellaneous	243	134			
Dues and memberships	650				
Liability insurance					
Postage and shipping	303	14			
Property tax					
Special events					
Advertising	62		66		
Printing and publications	299				
Bad debt					
Fund raising					
Cash over/short					
Contributions	-	-	-	-	-
Total expenses before depreciation	90,042	76,319	28,786	22,239	51,802
Depreciation	272	40,346	-	-	-
Total expenses	\$ 90,314	\$ 116,665	\$ 28,786	\$ 22,239	\$ 51,802

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services				
	BR Country Trace II Mgmt	Stepping Stone Apts/ Transitional Housing	BR Country Trace 3 Mgmt	Grandview Manor So Mgmt	Jill's Hope
Salaries - staff	\$ 7,385	\$ 36,943	\$ 8,052	\$ 44,372	\$ 17,093
Salaries - client					
Employee benefits	489	3,010	509	5,017	2,191
Payroll taxes	577	2,761	597	3,380	1,205
Total salaries and related expenses	8,451	42,714	9,158	52,769	20,489
Professional fees		2,670		27	36,333
Occupancy		18,582			29,743
Travel	153	633	167	1,613	209
Supplies		5,140		91	5,051
Provider taxes					
Equipment		2,204			6,138
Telephone		2,508			1,266
Interest					
Conferences and meetings				76	
Miscellaneous		1			(1)
Dues and memberships					
Liability insurance					
Postage and shipping					
Property tax					
Special events					
Advertising					
Printing and publications					
Bad debt					200
Fund raising					
Cash over/short					
Contributions	-	-	-	-	-
Total expenses before depreciation	8,604	74,452	9,325	54,576	99,428
Depreciation	-	34,327	-	-	30,036
Total expenses	\$ 8,604	\$ 108,779	\$ 9,325	\$ 54,576	\$ 129,464

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services				
	Jackson Court Apartments Mgmt	Enterprise	Enterprise Pre-Dev	Harrison Center Apartments	Housing Service Coor
Salaries - staff	\$ 8,049	\$ 34,174	\$ 8,933	\$ -	\$ 2,843
Salaries - client					
Employee benefits	604	684	565		132
Payroll taxes	596	2,238	437	-	265
Total salaries and related expenses	9,249	37,096	9,935	-	3,240
Professional fees	76		11,450	43,400	
Occupancy				279	
Travel	224	268			238
Supplies					103
Provider taxes					
Equipment					(100)
Telephone					72
Interest					
Conferences and meetings		829			
Miscellaneous					5,131
Dues and memberships					
Liability insurance					
Postage and shipping					
Property tax					
Special events					
Advertising					
Printing and publications					
Bad debt					
Fund raising					
Cash over/short					
Contributions	-	-	-	-	-
Total expenses before depreciation	9,549	38,193	21,385	43,679	8,684
Depreciation	-	-	-	-	-
Total expenses	\$ 9,549	\$ 38,193	\$ 21,385	\$ 43,679	\$ 8,684

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services				
	Apple Orchard Apartments	WIC	Day Service Transportation	Non Fixed Route Transportation	Children's Transportation
Salaries - staff	\$ 266	\$ 301,239	\$ 85,969	\$ 5,025	\$ 14,966
Salaries - client					
Employee benefits		53,663	1,512	58	616
Payroll taxes	-	21,386	6,405	372	1,135
Total salaries and related expenses	266	376,288	93,886	5,455	16,717
Professional fees		7,670			
Occupancy		13,855	1,017		134
Travel		3,514	40,976	16,319	9,357
Supplies		8,872	1,750		327
Provider taxes					
Equipment		1,727	2,232		316
Telephone		6,471	2,346		292
Interest		2,845			
Conferences and meetings		7,542			
Miscellaneous		101			
Dues and memberships		50			
Liability insurance		466			
Postage and shipping		1,014			
Property tax					
Special events					
Advertising					
Printing and publications		35			
Bad debt					
Fund raising					
Cash over/short					
Contributions	-	-	-	-	-
Total expenses before depreciation	266	430,450	142,207	21,774	27,143
Depreciation	-	4,995	27,689	18,909	54
Total expenses	\$ 266	\$ 435,445	\$ 169,896	\$ 40,683	\$ 27,197

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services				
	Charter Transportation	Medical Transportation	Public Transportation	City Transit	Maintenance Facility
Salaries - staff	\$ 393	\$ 610	\$ 287,780	\$ 28,922	\$ 38,895
Salaries - client					
Employee benefits	5		7,738	392	601
Payroll taxes	28	47	24,780	2,217	2,827
Total salaries and related expenses	426	657	320,298	31,531	42,323
Professional fees			14,057		
Occupancy			8,796	4,440	4,100
Travel	4,828		130,829	11,216	1,706
Supplies	41		10,627	2,588	12,089
Provider taxes					
Equipment			21,686	2,627	638
Telephone			5,039	1,144	787
Interest					
Conferences and meetings					
Miscellaneous			465		
Dues and memberships			50		
Liability insurance					
Postage and shipping					
Property tax					
Special events					
Advertising			447		
Printing and publications			1,638	96	
Bad debt					
Fund raising					
Cash over/short					
Contributions	-	-	-	-	-
Total expenses before depreciation	5,295	657	513,932	53,642	61,643
Depreciation	-	-	93,970	12,425	10,681
Total expenses	\$ 5,295	\$ 657	\$ 607,902	\$ 66,067	\$ 72,324

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Program Services		Supporting Services		
	Subtotal	Administration	IT Support	Non BRS Rental	Disallowable Costs
Salaries - staff	\$ 8,154,397	\$ 862,565	\$ 85,697	\$ -	\$ -
Salaries - client	113,240				
Employee benefits	938,851	95,374	11,382		
Payroll taxes	<u>622,223</u>	<u>61,831</u>	<u>6,163</u>	-	-
Total salaries and related expenses	<u>9,828,711</u>	<u>1,019,770</u>	<u>103,242</u>	-	-
Professional fees	1,283,400	123,184			
Occupancy	508,607	72,446			
Travel	630,071	18,615	4,506	38,812	819
Supplies	599,536	29,872	89	3,977	
Provider taxes	205,059				
Equipment	123,225	14,012	272	665	
Telephone	114,825	20,866	636	777	
Interest	29,283	7,936		4,305	27,096
Conferences and meetings	38,416	5,054			
Miscellaneous	30,822	9,598			1,860
Dues and memberships	7,283	19,001			
Liability insurance	2,412	21,340			
Postage and shipping	11,225	6,633			
Property tax	-			15,872	
Special events	168	10,972			
Advertising	3,608	4,686			
Printing and publications	4,168	3,851			
Bad debt	5,959				
Fund raising	2,782				
Cash over/short	131				
Contributions	-	100	-	-	-
Total expenses before depreciation	<u>13,429,691</u>	<u>1,387,936</u>	<u>108,745</u>	<u>64,408</u>	<u>29,775</u>
Depreciation	<u>479,329</u>	<u>52,100</u>	-	<u>24,678</u>	-
Total expenses	<u>\$ 13,909,020</u>	<u>\$ 1,440,036</u>	<u>\$ 108,745</u>	<u>\$ 89,086</u>	<u>\$ 29,775</u>

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Blue River Services	Blue River Autumn Ridge II LLC	Blue River Country Trace II LLC	BR Country Trace 3 LLC	Grandview Manor South LLC
Salaries - staff	\$ 9,102,659	\$ -	\$ -	\$ -	\$ -
Salaries - client	113,240				
Employee benefits	1,045,607				
Payroll taxes	690,217	-	-	-	-
Total salaries and related expenses	10,951,723	-	-	-	-
Professional fees	1,406,584	8,271	2,250	4,284	4,000
Occupancy	620,684	39,647	22,223	14,889	37,625
Travel	653,192				
Supplies	633,474	2,416	402	391	2,374
Provider taxes	205,059				
Equipment	138,174	4,326	1,071	1,177	2,497
Telephone	137,104				2,767
Interest	68,620	27,344	6,751		25,451
Conferences and meetings	43,470	414			3,481
Miscellaneous	42,280	82	38	907	655
Dues and memberships	26,284			83	
Liability insurance	23,752				
Postage and shipping	17,858	163			125
Property tax	15,872				
Special events	11,140				
Advertising	8,294	65			290
Printing and publications	8,019				47
Bad debt	5,959	1,660			126
Fund raising	2,782				
Cash over/short	131				
Contributions	100	-	-	-	-
Total expenses before depreciation	15,020,555	84,388	32,735	21,731	79,438
Depreciation	556,107	119,764	58,045	38,971	75,423
Total expenses	\$ 15,576,662	\$ 204,152	\$ 90,780	\$ 60,702	\$ 154,861

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
With Comparative Totals for 2018

	Jackson Court Apartments LLC	Total Expenses	June 30, 2018 Total All Funds (Memorandum Only)
Salaries - staff	\$ -	\$ 9,102,659	\$ 9,103,085
Salaries - client		113,240	134,607
Employee benefits		1,045,607	1,030,729
Payroll taxes	-	690,217	688,951
Total salaries and related expenses	-	10,951,723	10,957,372
Professional fees	2,500	1,427,889	1,488,920
Occupancy	19,611	754,679	762,168
Travel		653,192	689,722
Supplies	267	639,324	693,448
Provider taxes		205,059	204,100
Equipment	1,730	148,975	199,243
Telephone		139,871	143,099
Interest	1,500	129,666	125,108
Conferences and meetings		47,365	58,826
Miscellaneous	29	43,991	32,800
Dues and memberships		26,367	27,966
Liability insurance		23,752	20,364
Postage and shipping		18,146	19,229
Property tax		15,872	16,731
Special events		11,140	14,965
Advertising	50	8,699	18,422
Printing and publications		8,066	6,600
Bad debt	57	7,802	19,580
Fund raising		2,782	2,075
Cash over/short		131	79
Contributions	-	100	-
Total expenses before depreciation	25,744	15,264,591	15,500,817
Depreciation	76,530	924,840	821,208
Total expenses	\$ 102,274	\$ 16,189,431	\$ 16,322,025

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (224,869)	\$ 717,798
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	924,840	821,208
Contribution of property	(23,104)	(230,393)
Interest expense - bond and loan costs	19,158	19,039
Decrease (increase) in assets:		
Grants receivable	86,021	82,992
Government contracts receivable	107,568	57,809
Accounts receivable	(38,573)	110,423
Prepaid expense	(10,283)	3,614
Inventory	(2,218)	1,895
Increase (decrease) in liabilities:		
Accounts payable	131,106	(247,513)
Accrued liabilities	(6,895)	52,451
Deposits and deferred revenue	2,710	(730)
Loss on Sale of Assets	11,429	1,362
	<u>976,890</u>	<u>1,389,955</u>
Cash Flows Used By Investing Activities		
Purchases of property and equipment	(729,035)	(1,392,094)
Cash proceeds from disposals of property and equipment	30,070	6,150
Purchases of certificates of deposit	(2,334)	(1,122)
	<u>(701,299)</u>	<u>(1,387,066)</u>
Cash Flows Used By Financing Activities		
Principal payments on loans	(212,136)	(312,762)
Proceeds of loans	35,992	-
Principal payments on capital leases	(5,189)	(2,806)
Proceeds of capital leases	7,800	2,197
Principal payments on line of credit/construction loans	(2,675,500)	(3,360,000)
Proceeds from line of credit/construction loans	2,759,850	3,699,600
Forgiveness of loan	(152,498)	(152,498)
Payments received on note receivable	6,791	6,724
Accrual of interest on note receivable	(55,534)	(55,601)
Payment of interest on note receivable	1,009	1,076
	<u>(289,415)</u>	<u>(174,070)</u>
Net change in cash and cash equivalents	(13,824)	(171,181)
Cash and cash equivalents at the beginning of the year	<u>1,004,653</u>	<u>1,175,834</u>
Cash and cash equivalents at the end of the year	<u>\$ 990,829</u>	<u>\$ 1,004,653</u>
Cash reconciliation as reported on the Consolidated Statements of Financial Position		
Cash and cash equivalents	\$ 499,848	\$ 548,145
Restricted cash	490,981	456,508
	<u>\$ 990,829</u>	<u>\$ 1,004,653</u>

See notes to consolidated financial statements.

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements
June 30, 2019 and 2018

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Activities - 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, and Jackson Court Apartments, LLC 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, and pre-vocational.

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.

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.

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.

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 generally accepted accounting principles.

Basis of Presentation - The Organizations are required to report information regarding their financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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

Change in Accounting Principle - On August 18, 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-For-Profit Entities*. The update addresses the complexity and understandability of net asset classification and requires additional information about liquidity, availability of resources, expenses and investment return. The Organizations have implemented ASU 2016-14 and adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Reclassifications - Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year consolidated financial statements.

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, 2019 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organizations' consolidated financial statements for the year ended June 30, 2018, from which the summarized information was derived.

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.

Donated Building, Vehicles and Equipment - During the years ended June 30, 2019 and 2018, 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 equipment is recorded as support and expensed at fair market value when determinable, otherwise at values indicated by the donor. Contributed buildings are recorded as support and capitalized at fair market value. For the years ended June 30, 2019 and 2018, the Organizations received donated equipment, vehicles, and building valued at \$ 36,700 and \$ 258,316, respectively. The \$ 36,700 included on the Statement of Activities for the year ended June 30, 2019 consists of \$ 25,969 for ARRA vehicles and \$ 10,731 for ARRA equipment. The \$ 258,316 included on the Statement of Activities for the year ended June 30, 2018 consists of \$ 17,192 for ARRA vehicles, \$ 10,731 for ARRA equipment, and \$230,393 for a building.

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.

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Certificates of Deposit - Certificates of deposit consist of certificates held at financial institutions which have a maturity date greater than ninety (90) days.

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.

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

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' policy is to expense assets costing \$ 1,000 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.

Advertising - Advertising costs are expensed as incurred. Advertising expense was \$ 8,699 and \$ 18,422 for the years ending June 30, 2019 and 2018, respectively.

Intangible Assets - Bond issue costs and loan fees are amortized over the life of the loan or bond issue and recorded as interest expense. In accordance with generally accepted accounting principles, goodwill is no longer amortized.

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, and Jackson Court Apartments, LLC are Indiana limited liability companies. A consolidated tax 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, and Jackson Court Apartments, LLC.

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, BR Country Trace 3, LLC, Grandview Manor South, LLC and Jackson Court Apartments, LLC. All inter-organizational accounts and transactions have been eliminated in the consolidated financial statements.

Recent Accounting Pronouncements - The FASB issued the following accounting standards, which will be effective in subsequent years: 1) ASU No. 2014-09, *Revenue from Contracts with Customers*, effective for fiscal years beginning after December 15, 2018; 2) ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*, effective for years beginning after December 15, 2018; 3) ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for fiscal years beginning after December 15, 2018; 4) ASU No. 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2020; and 5) ASU No. 2016-13, *Financial Instruments-Credit Losses*, effective for fiscal years beginning after December 31, 2020. The Organizations are evaluating the impact of these standards on future consolidated financial statements and have yet to determine the effect, if any, on its financial position and operations.

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Date of Management's Review - Management has evaluated events and transactions occurring subsequent to the Statement of Financial Position date of June 30, 2019 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.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Funds available for general expenditures as of June 30, 2019 include the following:

<u>Funds available for general expenditures:</u>	
Cash and cash equivalents	\$ 499,848
Certificates of deposit	<u>288,837</u>
	<u>\$ 788,685</u>
 Available line of credit	 <u>\$ 580,000</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. The consolidated companies of Blue River Services, Inc. have \$ 499,848 cash and cash equivalents and \$ 288,837 certificates of deposit available to be used within one year of the Statement of Financial Position date to meet cash needs for general expenditures. As of June 30, 2019, the line of credit had an available balance of \$ 580,000 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:

Grants Receivable	<u>2019</u>	<u>2018</u>
First Steps	\$ 265,794	\$ 407,032
IN Housing Finance Authority	178,502	74,863
INDOT - Public Transportation	134,147	164,805
Women, Infant, Children Program	73,553	76,244
IN Department of Education - 21st Century	43,443	55,650
Healthy Families IN	16,099	14,477
Dept. of Justice	7,671	11,678
Department of Agriculture Child & Adult Care Food Program	7,366	5,378
U.S. Department of Housing & Urban Dev	<u>3,306</u>	<u>5,775</u>
Total grants receivable	<u>\$ 729,881</u>	<u>\$ 815,902</u>

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 4 - GRANTS, GOVERNMENT CONTRACTS AND ACCOUNTS RECEIVABLE - (Continued)

Government Contracts Receivable	<u>2019</u>	<u>2018</u>
EDS - Medicaid	\$ 295,058	\$ 367,804
DFC	110,142	135,477
School Contract	38,108	25,901
VR Fees	17,448	44,677
Subsidized Child Care	9,640	5,778
FSSA- SACC	5,184	5,561
State Line Item	3,505	1,532
Choice	<u>77</u>	<u>-</u>
Total government contracts receivable	<u>\$ 479,162</u>	<u>\$ 586,730</u>
Accounts Receivable	<u>2019</u>	<u>2018</u>
Workshop Contract Sales	\$ 105,271	\$ 127,455
Miscellaneous	43,600	32,710
E. Washington 21st Century	40,236	16,987
Housing Mgmt Fees	28,098	12,632
Treasurer of Harrison Co. - Local Match Public Trans.	25,000	25,000
Metro United Way	19,033	22,259
Share IT technician	18,477	7,627
Housing developer fees	17,000	-
Apple Orchard	11,450	4,100
Rescare	11,025	22,642
Screen Print Sales	8,946	14,437
Maintenance Facility vehicle repair (sales)	5,356	5,033
Autumn Ridge II Accounts Receivable (rent)	3,367	1,355
Public School	2,775	2,475
Loans	1,240	640
Country Trace II Accounts Receivable (rent)	679	-
Country Trace 3 Accounts Receivable (rent)	350	-
Client Fees	21	21
City of Salem	-	7,500
Jackson Court Accounts Receivable (rent)	<u>-</u>	<u>478</u>
Total accounts receivable	<u>\$ 341,924</u>	<u>\$ 303,351</u>

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 5 - NOTES RECEIVABLE

Notes Receivable consists of the following:

	<u>2019</u>	<u>2018</u>
Note receivable from Autumn Ridge Apartments, LP due December 31, 2035, to be received in one lump sum including interest at 4.79%	\$ 254,663	\$ 254,663
Note receivable from Autumn Ridge Apartments, LP due December 31, 2035, to be received in one lump sum including interest at 4.79%	500,000	500,000
Note receivable from Autumn Ridge Apartments, LP due December 31, 2035, to be received in one lump sum including interest at 4.79%	40,000	40,000
Note receivable from Autumn Ridge Apartments, LP due November 15, 2022, including interest at 1.00%	94,098	100,889
Note receivable from Country Trace, LP due December 10, 2037, to be received in one lump sum, including interest at 1.00%	500,000	500,000
Note receivable from Country Trace, LP due August 1, 2037, to be received in one lump sum, including interest at 1.00%	50,000	50,000
Note receivable from Country Trace, LP due October 1, 2037, to be received in one lump sum, including interest at 5.00%	200,000	200,000
Note receivable from Country Trace, LP due March 1, 2039, to be received in one lump sum, including interest at 1.00%	<u>100,000</u>	<u>100,000</u>
Total notes receivable	<u>\$ 1,738,761</u>	<u>\$ 1,745,552</u>
Accrued interest receivable on the above notes	<u>\$ 669,909</u>	<u>\$ 615,384</u>

All notes receivable are deemed to be fully collectible at June 30, 2019 and 2018.

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 6 - FIXED ASSETS AND INTANGIBLES

Fixed assets and intangibles consist of the following:

	<u>2019</u>	<u>2018</u>
Property and equipment		
Land	\$ 1,335,710	\$ 1,335,710
Buildings and improvements	19,967,823	19,765,324
Vehicles	2,037,961	1,850,960
Furniture and equipment	<u>1,781,300</u>	<u>1,779,438</u>
	25,122,794	24,731,432
Accumulated Depreciation	<u>(10,268,238)</u>	<u>(9,412,457)</u>
Property and equipment, net	<u>\$ 14,854,556</u>	<u>\$ 15,318,975</u>
Construction in progress	<u>\$ 344,533</u>	<u>\$ 94,313</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

In February 2017, Blue River Services, Inc. renewed its line of credit with First Harrison Bank. The line of credit was for \$ 937,500 and was secured by various real estate assets of Blue River Services, Inc. The interest rate charged on this line of credit was the Bank's prime rate plus 1.5%. The line matured in February 2019 and was replaced with a new line of credit, with a note amount of \$ 1,000,000. The new line of credit is also secured by various real estate assets and has an interest rate of 5.75%. The line of credit matures in February 2022. At June 30, 2019 and 2018 the interest rates charged on the lines of credit were 5.75% and 6.5%, respectively. At June 30, 2019 and 2018 the balances on the lines of credit were \$ 420,000 and \$ 345,000, respectively.

NOTE 8 - LOANS

Installment loans consist of the following:

<u>Lender</u>	<u>Interest Rate</u>		<u>Maturity Date</u>	<u>Security</u>	<u>2019</u>	<u>2018</u>
	<u>Type</u>	<u>Current</u>			\$	\$
Lincoln Financial Services	Fixed	0.00%	4/26/2021	Vehicle	\$ 32,992	\$ -
Lincoln Financial Services	Fixed	0.00%	3/9/2020	Vehicle	<u>-</u>	<u>13,825</u>
					<u>\$ 32,992</u>	<u>\$ 13,825</u>

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 8 - LOANS - (Continued)

Mortgage loans consist of the following:

Lender	Interest Rate		Maturity Date	Security	2019	2018
	Type	Current				
IHCDA	*	*	*	Autumn Ridge II	\$ 1,067,483	\$ 1,219,981
Old National Bank	Fixed	5.90%	7/12/2031	Grandview Manor	397,468	411,383
USDA Rural Dev	Fixed	4.125%	8/15/2051	Reid Avenue	326,942	331,599
Regions Bank	Fixed	5.82%	5/1/2021	**	276,421	415,245
First Harrison Bank	Fixed	6.80%	11/20/2026	Autumn Ridge II	166,015	177,633
First Harrison Bank	Fixed	5.50%	1/20/2029	Country Trace II	109,228	117,640
IHCDA	Fixed	1.00%	11/30/2027	Autumn Ridge Apartments	94,098	100,889
IHCDA	Fixed	3.00%	8/31/2034	Jackson Court	90,000	90,000
First Harrison Bank	Fixed	4.50%	8/1/2020	Oakview Apartments	73,521	83,614
IHCDA	N/A	***	1/1/2020	Oakview Apartments	16,500	17,500
IHCDA	N/A	***	8/28/2020	Apple Orchard	9,350	-
IHCDA	N/A	***	8/28/2020	Apple Orchard	4,600	4,600
					<u>\$ 2,631,626</u>	<u>\$ 2,970,084</u>
	Less unamortized bond issuance costs				(4,486)	(7,049)
	Less unamortized loan and compliance fees				<u>(113,280)</u>	<u>(129,875)</u>
	Total loans				<u>\$ 2,546,852</u>	<u>\$ 2,846,985</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, 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) of the original principal balance of the loan. For the year ending June 30, 2019, one-fifteenth of the outstanding principal balance of the loan was reduced.

** This loan is secured by various real estate assets of Blue River Services, Inc.

*** These loans are at 0.00% interest rate. The interest either has been forgiven or will be forgiven in the future at maturity date.

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 8 - LOANS - (Continued)

A five-year summary of the maturity of long-term debt is presented below.

Years ending June 30,	
2020	\$ 395,770
2021	400,348
2022	195,067
2023	197,138
2024	199,202
Thereafter	1,277,093
	2,664,618
Less unamortized bond issuance costs	(4,486)
Less unamortized loan and compliance fees	(113,280)
Total	\$ 2,546,852

NOTE 9 - LOAN COVENANT REQUIREMENTS

The loan payable to Regions Bank includes, as a part of the loan agreement, covenants that require Blue River Services, Inc. to maintain financial ratios as follows:

- Minimum Debt Service Coverage of not less than 1.25:1
- Minimum Debt to Net Worth not to exceed 1.25:1

At June 30, 2019 and 2018, Blue River Services, Inc. was in compliance with the required ratios.

NOTE 10 - CAPITAL LEASE LIABILITY

The Organizations lease office equipment under various capital leases, with remaining balances as follows:

<u>Asset</u>	<u>Lessor</u>	<u>Maturity Date</u>	<u>2019</u>	<u>2018</u>
Taskalfa 5002i DP-7100	GreatAmerica Financial Services	7/1/2021	\$ 3,719	\$ -
Savin ZP056 Copier	Duplicator Sales & Service, Inc.	11/1/2020	1,782	3,039
Taskalfa 5500i Copier	M&M Office Products	7/1/2021	1,698	-
Taskalfa 5500i Copier	M&M Office Products	6/1/2020	732	1,465
Taskalfa 6500i Copier	M&M Office Products	4/1/2020	680	1,496
			\$ 8,611	\$ 6,000

The following is a schedule by years of future minimum rental payments required under the capital leases:

Years ending June 30,	
2020	\$ 5,270
2021	3,124
2022	217
	\$ 8,611

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 10 - CAPITAL LEASE LIABILITY - (Continued)

Following is a summary of property held under capital lease at June 30, 2019 and 2018:

Copiers	\$	17,476	\$	9,675
Less accumulated depreciation		<u>(5,802)</u>		<u>(2,567)</u>
Net book value	<u>\$</u>	<u>11,674</u>	<u>\$</u>	<u>7,108</u>

NOTE 11 - SIGNIFICANT THIRD-PARTY REIMBURSEMENTS

The Organizations receive significant fees from the Medicaid program for the services provided to group home residents and waiver clients. In the years ended June 30, 2019 and 2018, the Organizations received 29 and 27 percent, respectively of total revenue and support from Medicaid under these programs.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions are as follows:

	<u>2019</u>	<u>2018</u>
Subject to the passage of time:		
Jackson Court Apartments LLC	\$ 1,811,389	\$ 1,881,952
Grandview Manor South LLC	1,464,927	1,523,218
Blue River Country Trace II LLC	1,099,694	1,149,007
BR Country Trace 3 LLC	917,172	955,767
Blue River Autumn Ridge II LLC	822,259	791,480
Oakview Apartments	707,252	684,917
Stepping Stones	659,955	694,282
Wyandotte House	482,569	502,148
Jill's House	373,239	391,837
Summit View SGL	359,159	379,715
Reid Avenue	354,785	372,133
Local County Funds	186,000	167,420
Hope Manor	131,130	142,568
United Way Funds	<u>19,033</u>	<u>22,259</u>
	9,388,563	9,658,703
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>\$ 9,438,563</u>	<u>\$ 9,708,703</u>

Blue River Country Trace II LLC, BR Country Trace 3 LLC, Oakview Apartments, Stepping Stones, Blue River Autumn Ridge II LLC, Wyandotte House, Jill's House, Summit View SGL, Grandview Manor South, LLC, Hope Manor, Reid Avenue, and Jackson Court Apartments LLC 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.

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS - (Continued)

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Expiration of time restrictions		
Blue River Autumn Ridge II LLC	\$ 30,779	\$ 79,841
Hope Manor	(11,438)	(8,589)
Reid Avenue	(17,348)	217,090
Jill's House	(18,598)	(18,788)
Wyandotte House	(19,579)	(14,144)
Summit View SGL	(20,555)	(9,375)
United Way Funds	(22,259)	(28,823)
Stepping Stones	(34,327)	(34,344)
BR Country Trace 3 LLC	(38,595)	(38,593)
Blue River Country Trace II LLC	(49,313)	(49,646)
Grandview Manor South LLC	(58,291)	-
Jackson Court Apartments LLC	(70,563)	-
Local County Funds	<u>(167,420)</u>	<u>(167,587)</u>
Expiration of time restrictions	<u>(497,507)</u>	<u>(72,958)</u>
Satisfaction of purpose restrictions		
Local County Funds	(50,000)	(50,000)
Other contributions	<u>-</u>	<u>(32,458)</u>
Satisfaction of purpose restrictions	<u>(50,000)</u>	<u>(82,458)</u>
Net assets released from donor restrictions	<u>\$ (547,507)</u>	<u>\$ (155,416)</u>

NOTE 13 - SUPPLEMENTAL DISCLOSURES OF CASH FLOW STATEMENT

Cash payments for interest expense were as follows:

	<u>2019</u>	<u>2018</u>
Interest paid	<u>\$ 110,508</u>	<u>\$ 106,069</u>

Noncash investing and financing transactions were as follows:

	<u>2019</u>	<u>2018</u>
Contribution of property	<u>\$ 23,104</u>	<u>\$ 230,393</u>
Issuance of interest receivable	<u>\$ 55,534</u>	<u>\$ 55,601</u>

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.

	<u>2019</u>	<u>2018</u>
	<u>\$ 152,498</u>	<u>\$ 152,498</u>

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 14 - RETIREMENT PLAN

Blue River Services, Inc. maintains a 401(k) plan that was established July 1, 2014. The Plan allows all employees to make elective deferrals upon commencement of employment. The Organizations' contributions to the Plan totaled \$ 165,905 and \$ 146,916 for the years ending June 30, 2019 and 2018, respectively.

NOTE 15 - OPERATING LEASES

The Organizations lease various vehicles and buildings in the program services and administrative functions. The schedule below summarizes lease payments for the fiscal year ended June 30, 2019.

Vehicle Lease - Milltown	\$ 25,086
Vehicle Lease - Marvy Lane	15,806
Vehicle Lease - Summit View SGL	9,208
Vehicle Lease - Klermer Lane	8,026
Vehicle Lease - Nichols	7,962
Vehicle Lease - Oak St.	7,919
Vehicle Lease - Wyandotte	7,866
Vehicle Lease - McGrain	<u>7,558</u>
Total vehicle lease payments	<u>89,431</u>
Building Lease - SPOE	35,922
Building Lease - SPOE-Vigo	24,786
Building Lease - Screen Print	18,480
Building Lease - WIC	9,000
Building Lease - Employment Services	5,052
Building Lease - Administration - Corydon	4,480
Building Lease - Sys D.	2,814
Building Lease - Sys D.-Vigo	2,310
Building Lease - Housing Management	1,987
Building Lease - Non BRS Rental	<u>1,200</u>
Total building lease payments	<u>106,031</u>
Total operating lease payments	<u>\$ 195,462</u>

The following schedule represents future minimum lease payments over the next five fiscal years:

Years ending June 30,	
2020	\$ 138,137
2021	66,445
2022	5,473
2023	2,400
2024	<u>2,400</u>
	<u>\$ 214,855</u>

BLUE RIVER SERVICES, INC.
Notes to Consolidated Financial Statements - (Continued)

NOTE 16 - RELATED PARTY TRANSACTIONS

The Organizations have business relationships with First Harrison Bank including maintaining checking accounts and loans. Bill Harrod is the President of the Bank's holding company, First Capital, Inc., Chief Executive Officer of First Harrison Bank, and a board member of Blue River Services, Inc.

The Organizations have business relationships with Mid-Southern Savings Bank including maintaining certificates of deposit. Tom Paris, Vice-President of Mid-Southern Savings Bank, is a board member of Blue River Services, Inc.

The Organizations have business relationships with First Savings Bank including maintaining accounts for checking and certificates of deposit. Michelle Sloan, Risk Officer and Vice-President of First Savings Bank, is a board member of Blue River Services, Inc.

The Organizations receive grants from Washington County Community Foundation. Jim Johnson is a board member of Blue River Services, Inc. and his wife is Executive Director of Washington County Community Foundation. Blue River Services, Inc. received \$ 2,000 from Washington County Community Foundation during the year ended June 30, 2018. No funds were received during the year ended June 30, 2019.

NOTE 17 - EMPLOYMENT CONTRACT

On July 1, 2015, Blue River Services, Inc. entered into a long-term employment contract with Daniel J. Lowe, President and CEO. The contract covered the period July 1, 2015 through June 30, 2018. A new employment contract became effective July 1, 2018 and covered the period July 1, 2018 through June 30, 2021.

NOTE 18 - SUBSEQUENT EVENTS

In July 2019, Blue River Services, Inc. created a new entity, Apple Orchard LLC. This entity may be included in future consolidated financial statements. Blue River Services, Inc. has been awarded grants for Phase I of this project from the Federal Home Loan Bank, Indiana Housing and Community Development Authority, and the Harrison County Community Foundation. Blue River Services, Inc. has a letter of interest for a potential construction loan through the Indiana Housing and Community Development Authority. Blue River Services, Inc. is in the process of submitting grants for Apple Orchard Phase II.

Subsequent to year-end, Blue River Services, Inc. began the process of submitting grants for Pineview, a new housing project.

In July 2019, Blue River Services, Inc. closed its Georgetown childcare facility.

In July 2019, Blue River Services, Inc. entered into a management services agreement with RBR Alliance, Inc. (RBR). RBR will provide financial management, accounting, and human resource services to the Organizations in exchange for a management fee. RBR will lease office space from Blue River Services, Inc. Blue River Services, Inc. revised its by-laws to allow RBR to become the corporate member of Blue River Services, Inc.

SUPPLEMENTARY INFORMATION

BLUE RIVER SERVICES, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Direct and Pass-Through Awards	
		Entity Identifying Number	Federal Expenditures
Indiana Department of Education			
School Lunch Program	10.555	K090	\$ 5,460
School Breakfast Program	10.553	K090	6,031
Child and Adult Care Food Program	10.558	K090	59,280
Indiana Housing Community Development Authority	None	1602 Loan #IN-0906-800	1,219,981
Indiana Housing Community Development Authority	14.239	CH-016-008	71,334
Indiana Housing Community Development Authority	14.239	CH-016-004	5,000
Indiana Housing Community Development Authority	14.239	CH-018-001	386,083
Indiana Housing Community Development Authority	14.239	PD-016-002	4,600
Indiana Housing Community Development Authority	14.239	PD-018-001	9,350
Department of Justice	None	2013-WH-AX-0006	111,476
Department of Transportation			
Financial Assistance Project Under Section 5311	20.509	18036300	140,724
Financial Assistance Project Under Section 5311	20.509	18027200	166,720
Financial Assistance Project Under Section 5311/533	20.513	1803730C	43,058
Financial Assistance Project Under Section 5311/535	20.509	1803630D	6,397
Financial Assistance Project Under Section 5310	20.513	Y17-22	81,230
Department of Education			
21st Century Afterschool	84.287	#00025661	276,369
21st Century Afterschool	84.287	#00025661	24,680
21st Century Afterschool	84.287	#00020821	92,478
21st Century Afterschool	84.287	#00020821	18,763
Department of Housing and Urban Development			
Section 202 Project Rental Assistance	14.157	IN360048040	90,684
US Department of Housing and Urban Development	14.252	18SG1152	19,972
US Department of Housing and Urban Development	14.252	19SG1297	20,157
Indiana FSSA Division of Disability & Rehabilitation Services			
First Steps - SPOE	84.181A	#00021507	1,851,308
First Steps - LPCC	84.181A	#00021507	114,751
Supportive Housing for Persons with Disabilities	14.181	IN0012L5H021710	50,000
Indiana State Board of Health			
Women, Infant & Children	10.557	#00022291	111,369
Women, Infant & Children	10.557	#00028690	291,642
WIC Peer Counselor Support	10.557	#00022291	5,264
WIC Peer Counselor Support	10.557	#00028690	21,229
Total			\$ 5,305,390

BLUE RIVER SERVICES, INC.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

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, 2019. 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 - LOAN BALANCES

The federal loan programs listed subsequently are administered directly by the Organizations, and balances and transactions relating to the programs are included in the Organizations' consolidated financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding as of June 30, 2019 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance</u> <u>at June 30, 2019</u>
None	ARRA Section 1602 Tax Credit Exchange Program	\$ 1,067,483
14.239	PD-018-001 Apple Orchard	9,350
14.239	PD-016-002 Apple Orchard	4,600
		<hr/>
		\$ 1,081,433
		<hr/> <hr/>

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**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 (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2019, 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 September 27, 2019.

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) to determine the 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 Organization's internal control.

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

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

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 determination of financial statement amounts. 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 Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
September 27, 2019

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- Business Advisors

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Independent Auditors' Report on Compliance for Each Major Program and 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

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, 2019. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Blue River Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Blue River Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Blue River Services, Inc.'s compliance.

Opinion on Each Major Federal Program

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, 2019.

Report on Internal Control Over Compliance

Management of Blue River Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Blue River Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Blue River Services, Inc.'s 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
September 27, 2019

BLUE RIVER SERVICES, INC.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

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 X_no
- Significant deficiency(ies) identified? _yes X_none reported

Noncompliance material to financial statements noted? _yes X_no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X_no
- Significant deficiency(ies) identified? yes X_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 X_no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.181 None	First Steps Indiana Housing Community Development Authority

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

Auditee qualified as low-risk auditee? X_yes ___no

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, 2019

	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	Jackson Court Apartments, LLC	Eliminating Entries	Consolidated Total
ASSETS								
Cash and cash equivalents	\$ 367,978	\$ 79,537	\$ 10,206	\$ 22,622	\$ 3,844	\$ 15,661	\$ -	\$ 499,848
Restricted cash	135,039	207,539	26,534	19,972	70,194	31,703	-	490,981
Certificates of deposit	288,837	-	-	-	-	-	-	288,837
Grants receivable	729,881	-	-	-	-	-	-	729,881
Government contracts receivable	479,162	-	-	-	-	-	-	479,162
Accounts receivable	353,043	3,367	679	350	-	-	(15,515)	341,924
Prepaid expenses	78,728	4,477	2,039	1,797	4,604	2,683	-	94,328
Inventory	30,822	-	-	-	-	-	-	30,822
Interest receivable	669,909	-	-	-	-	-	-	669,909
Notes receivable	1,738,761	-	-	-	-	-	-	1,738,761
Construction in progress	344,533	-	-	-	-	-	-	344,533
Property and equipment, net of accumulated depreciation	6,911,316	1,968,301	1,212,786	919,837	1,885,753	1,956,563	-	14,854,556
Goodwill, net of accumulated amortization	6,750	-	-	-	-	-	-	6,750
Total assets	\$ 12,134,759	\$ 2,263,221	\$ 1,252,244	\$ 964,578	\$ 1,964,395	\$ 2,006,610	\$ (15,515)	\$ 20,570,292
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable	\$ 508,689	\$ 37,022	\$ 2,510	\$ 4,746	\$ 7,984	\$ 2,756	\$ (15,515)	\$ 548,192
Accrued liabilities	655,147	9,300	5,100	2,700	7,094	5,000	-	684,341
Line of credit	420,000	-	-	-	-	-	-	420,000
Deposits and deferred revenue	57,793	915	686	48	289	-	-	59,731
Capital lease obligations	8,611	-	-	-	-	-	-	8,611
Loans	829,938	1,135,151	105,748	-	388,759	87,256	-	2,546,852
Total liabilities	2,480,178	1,182,388	114,044	7,494	404,126	95,012	(15,515)	4,267,727
Net Assets								
Without donor restrictions	6,331,459	258,574	38,506	39,912	95,342	100,209	-	6,864,002
With donor restrictions	3,323,122	822,259	1,099,694	917,172	1,464,927	1,811,389	-	9,438,563
Total net assets	9,654,581	1,080,833	1,138,200	957,084	1,560,269	1,911,598	-	16,302,565
Total liabilities and net assets	\$ 12,134,759	\$ 2,263,221	\$ 1,252,244	\$ 964,578	\$ 1,964,395	\$ 2,006,610	\$ (15,515)	\$ 20,570,292

See independent auditors' report on supplementary information.

BLUE RIVER SERVICES, INC.
Consolidating Statement of Activities
Year Ended June 30, 2019

	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	Jackson Court Apartments, LLC	Eliminating Entries	Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS								
Revenue, Gains, and Support								
Government Financial Assistance and Service Fees	\$ 13,672,799	\$ 152,498	\$ -	\$ -	\$ -	\$ -	\$ (152,929)	\$ 13,672,368
Sales/Contract Revenue	1,079,280	-	-	-	-	-	-	1,079,280
Rental Revenue	168,081	150,750	61,479	33,904	171,808	52,877	-	638,899
Contributions	183,272	-	-	300	-	29,092	(59,592)	153,072
Investment Income	61,775	431	14	24	8	2	-	62,254
Other Revenue	52,046	1,610	779	-	1,466	150	-	56,051
Donated Vehicles and Equipment	36,700	-	-	-	-	-	-	36,700
Loss on Sale of Assets	(11,429)	-	-	-	-	-	-	(11,429)
Revenues, gains, and support without donor restrictions	15,242,524	305,289	62,272	34,228	173,282	82,121	(212,521)	15,687,195
Net assets released from (transferred to) restrictions	361,524	(30,779)	49,313	38,595	58,291	70,563	-	547,507
Total revenues, gains, and other support without donor restrictions	15,604,048	274,510	111,585	72,823	231,573	152,684	(212,521)	16,234,702
Expenses								
Salaries - staff	9,102,659	-	-	-	-	-	-	9,102,659
Professional fees	1,406,584	61,000	15,018	15,791	68,820	13,605	(152,929)	1,427,889
Employee benefits	1,045,607	-	-	-	-	-	-	1,045,607
Depreciation	556,107	119,764	58,045	38,971	75,423	76,530	-	924,840
Occupancy	620,684	39,647	22,223	14,889	37,625	19,611	-	754,679
Payroll taxes	690,217	-	-	-	-	-	-	690,217
Travel	653,192	-	-	-	-	-	-	653,192
Supplies	633,474	2,416	402	391	2,374	267	-	639,324
Provider taxes	205,059	-	-	-	-	-	-	205,059
Equipment	138,174	4,326	1,071	1,177	2,497	1,730	-	148,975
Telephone	137,104	-	-	-	2,767	-	-	139,871
Interest	68,620	27,344	6,751	-	25,451	1,500	-	129,666
Salaries - client	113,240	-	-	-	-	-	-	113,240
Conferences and meetings	43,470	414	-	-	3,481	-	-	47,365
Miscellaneous	42,280	82	38	907	655	29	-	43,991
Dues and memberships	26,284	-	-	83	-	-	-	26,367
Liability insurance	23,752	-	-	-	-	-	-	23,752
Postage and shipping	17,858	163	-	-	125	-	-	18,146
Property tax	15,872	-	-	-	-	-	-	15,872
Special events	11,140	-	-	-	-	-	-	11,140
Advertising	8,294	65	-	-	290	50	-	8,699
Printing and publications	8,019	-	-	-	47	-	-	8,066
Bad debt	5,959	1,660	-	-	126	57	-	7,802
Fund raising	2,782	-	-	-	-	-	-	2,782
Cash over/short	131	-	-	-	-	-	-	131
Contributions	29,192	30,500	-	-	-	-	(59,592)	100
Total expenses	15,605,754	287,381	103,548	72,209	219,681	113,379	(212,521)	16,189,431
Change in net assets without donor restrictions	(1,706)	(12,871)	8,037	614	11,892	39,305	-	45,271

See independent auditors' report on supplementary information.

BLUE RIVER SERVICES, INC.
Consolidating Statement of Activities
Year Ended June 30, 2019

	<u>Blue River Services, Inc.</u>	<u>Blue River Autumn Ridge II, L.L.C.</u>	<u>Blue River Country Trace II, L.L.C.</u>	<u>BR Country Trace 3, L.L.C.</u>	<u>Grandview Manor South, L.L.C.</u>	<u>Jackson Court Apartments, L.L.C.</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
NET ASSETS WITH DONOR RESTRICTIONS								
Government Financial Assistance and Service Fees	258,334	-	-	-	-	-	-	258,334
Contributions	19,033	-	-	-	-	-	-	19,033
Net assets transferred to (released from) restrictions	<u>(361,534)</u>	30,779	<u>(49,313)</u>	<u>(38,595)</u>	<u>(58,291)</u>	<u>(70,563)</u>	-	<u>(547,507)</u>
Change in net assets with donor restrictions	<u>(84,157)</u>	30,779	<u>(49,313)</u>	<u>(38,595)</u>	<u>(58,291)</u>	<u>(70,563)</u>	-	<u>(270,140)</u>
Change in net assets	(85,863)	17,908	(41,276)	(37,981)	(46,399)	(31,258)	-	(224,869)
Net assets at the beginning of the year	<u>9,740,444</u>	<u>1,062,925</u>	<u>1,179,476</u>	<u>995,065</u>	<u>1,606,668</u>	<u>1,942,856</u>	-	<u>16,527,434</u>
Net assets at the end of the year	<u>\$ 9,654,581</u>	<u>\$ 1,080,833</u>	<u>\$ 1,138,200</u>	<u>\$ 957,084</u>	<u>\$ 1,560,269</u>	<u>\$ 1,911,598</u>	<u>\$ -</u>	<u>\$ 16,302,565</u>

See independent auditors' report on supplementary information.