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September 30, 2020

Board of Directors
Hoosier Uplands Economic Development Corporation
500 W. Main Street
Mitchell, IN 47446

We have reviewed the audit report of Hoosier Uplands Economic Development Corporation, which was opined upon by MCM CPAs & Advisors LLP for the period January 1, 2019 to December 31, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Hoosier Uplands Economic Development Corporation, as of December 31, 2019, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, MCM CPAs & Advisors LLP prepared the audit report in accordance with the 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 blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**Hoosier Uplands Economic Development Corporation
and Affiliates**

**Report on Audit of
Combined Financial Statements**

Year Ended December 31, 2019

**Hoosier Uplands Economic Development Corporation and Affiliates
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Year Ended December 31, 2019**

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Independent Auditor's Report

Board of Directors
Hoosier Uplands Economic Development Corporation and Affiliates

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Hoosier Uplands Economic Development Corporation and Affiliates (the "Entity"), which comprise the combined statement of financial position as of December 31, 2019, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of various partnerships (specifically Lost River Place L.P., Spring Town Apartments L.P., Stalker Apartments L.P., and Stonecutters Place L.P., collectively the "various partnerships") whose statements reflect total assets constituting approximately 16.28% of combined total assets at December 31, 2019, and total revenues constituting approximately 1.58% of combined total revenues for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the various partnerships, is based solely on the report of the other auditors. We conducted our audit of the Entity in accordance with auditing standards generally accepted in the United States of America, and for Hoosier Uplands Economic Development Corporation we additionally conducted our audit in accordance with 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the combined 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 combined financial statements.

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

MCM CPAs & Advisors LLP

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Independent Auditor's Report (Continued)

Opinion

In our opinion, based on our audit and the reports of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Hoosier Uplands Economic Development Corporation and Affiliates as of December 31, 2019, and the changes in their combined net assets and their combined cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B(1) to the combined financial statements, the Entities have adopted Financial Accounting Standards Board Accounting Standards Update 2016-18 *Statement of Cash Flows (Topic 820)*. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards of Hoosier Uplands Economic Development Corporation and Affiliates is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the combined financial statements. The supplementary information on pages 19 through 45 is also presented for purposes of additional analysis and is not a required part of the combined financial statements of Hoosier Uplands Economic Development Corporation and Affiliates. 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2020, on our consideration of Hoosier Uplands Economic Development Corporation'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 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 Hoosier Uplands Economic Development Corporation'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 Hoosier Uplands Economic Development Corporation's internal control over financial reporting and compliance.

 MCM CPAs & Advisors LLP

Jeffersonville, Indiana
August 24, 2020

Hoosier Uplands Economic Development Corporation and Affiliates
Combined Statement of Financial Position
December 31, 2019

Assets

Current assets		
Cash and cash equivalents	\$	638,530
Certificates of deposit		262,055
Investments		9,329,772
Restricted deposits		1,857,679
Grants receivable		1,283,864
Patient receivables, net		1,015,041
Accounts receivable		11,354
Other receivables		37,022
Other assets		<u>296,630</u>
Total current assets		14,731,947
Property and equipment, net		38,351,024
Other assets		<u>50,338</u>
Total assets	\$	<u><u>53,133,309</u></u>

Liabilities and net assets

Current liabilities		
Current maturities of long-term debt	\$	987,179
Accounts payable		337,469
Other liabilities		<u>1,347,071</u>
Total current liabilities		2,671,719
Long-term debt, net of current maturities and unamortized debt issuance costs		<u>5,764,521</u>
Total liabilities		8,436,240
Net assets without donor restrictions		<u>44,697,069</u>
Total liabilities and net assets	\$	<u><u>53,133,309</u></u>

See accompanying notes.

Hoosier Uplands Economic Development Corporation and Affiliates
Combined Statement of Activities
Year Ended December 31, 2019

Revenues and other support	
Contract and program revenue	\$ 13,157,166
Healthcare revenue, net of contractual adjustments	5,740,226
Miscellaneous revenue	4,102,901
In-kind revenue	915,366
Investment income	1,252,143
Rental income	<u>2,243,370</u>
 Total revenues and other support	 27,411,172
Expenses	
Program A - Federal programs	
U.S. Department of Health and Human Services - Direct	4,157,740
U.S. Department of Housing and Urban Development	35,463
Program B - State programs	
Indiana Family and Social Services Administration - Aging Division	1,579,105
Indiana Department of Workforce Development	39,270
Indiana Housing and Community Development Authority - Community Division	5,672,201
Indiana State Department of Health via Indiana University	383,092
Indiana State Department of Health	499,963
Indiana Department of Education	647,980
Purdue University	52,428
Indiana Department of Insurance	7,792
Indiana Criminal Justice Institute	1,863
Indiana Tobacco Prevention and Cessation	137,471
Program C - Healthcare division	
Healthcare programs	5,641,482
Program D - General	
General	814,154
Various partnerships	<u>10,594,108</u>
 Total expenses	 <u>30,264,112</u>
 Change in net assets	 (2,852,940)
Net assets, beginning of year	41,645,844
Partner capital contributions	<u>5,904,165</u>
 Net assets, end of year	 <u>\$ 44,697,069</u>

See accompanying notes.

Hoosier Uplands Economic Development Corporation and Affiliates
Combined Statement of Cash Flows
Year Ended December 31, 2019

Cash flows from operating activities	
Change in net assets	\$ (2,852,940)
Adjustments to reconcile change in net assets to net cash and restricted cash provided by operating activities	
Depreciation	1,573,665
Amortization of debt issuance costs	66,959
Realized and unrealized loss on investments, net	(1,024,667)
Loss on disposition of property and equipment - partnerships	338,636
Impairment loss - partnerships	5,051,926
Gain on forgiveness of debt	(1,443,289)
(Increase) decrease in	
Grants receivable	(186,685)
Patient receivables	(55,902)
Accounts receivable	33,515
Other receivables	(4,508)
Other assets	(123,868)
Increase (decrease) in	
Accounts payable	(127,341)
Other liabilities	(79,213)
	<hr/>
Net cash and restricted cash provided by operating activities	1,166,288
Cash flows from investing activities	
Purchase of property and equipment	(1,246,893)
Proceeds from sale of property and equipment	97,069
Insurance proceeds, net of expenses	137,258
Purchases of investments	(1,734,080)
Redemption of certificates of deposit	112,945
Proceeds from sale of investments	1,655,005
	<hr/>
Net cash and restricted cash used by investing activities	(978,696)
Cash flows from financing activities	
Partnership contributions	5,904,165
Payments on long-term debt	(5,679,640)
	<hr/>
Net cash and restricted cash provided by financing activities	224,525
	<hr/>
Increase in cash and restricted cash	412,117
Beginning of year	<hr/>
	2,084,092
End of year	<hr/> <hr/>
	\$ 2,496,209
Supplemental information	
Interest paid	\$ 247,343
Reconciliation of cash and restricted cash	
Cash and cash equivalents	\$ 638,530
Restricted deposits	1,857,679
	<hr/>
	\$ 2,496,209
	<hr/> <hr/>

See accompanying notes.

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements
Year Ended December 31, 2019

Note A - Nature of Organization

Hoosier Uplands Economic Development Corporation ("HUEDC") serves economically disadvantaged citizens in the Indiana counties of Lawrence, Martin, Orange, Washington, Crawford, Greene, Pike, Dubois, and Daviess. The principal programs provided include low-income home weatherization and energy assistance, in-home nursing and health care, in-home meal delivery and nutrition services, counseling and information referral services to the aged and homeless, and Head Start programs for pre-school age children. HUEDC's funding comes primarily from the Indiana Family and Social Services Administration, Medicare/Medicaid, U.S. Department of Health and Human Services, Indiana Housing and Community Development Authority, Indiana State Department of Health and the Indiana Department of Education in the form of both cost-reimbursement and performance-based grants. HUEDC is organized as a not-for-profit Community Action Agency, Area Agency on Aging, certified Community Housing Development Organization, and licensed home health and hospice facility.

The accompanying combined financial statements include the accounts of Hoosier Uplands Economic Development Corporation, its wholly-owned subsidiary Shawnee Development Corporation and the following partnerships (collectively the "Entity"), which were established principally to acquire real estate and to develop low-income multi-family dwelling units:

- Shawnee Development Corporation - HUEDC is a 100% sole stockholder.
- Bedford Apartments, L.P. - HUEDC is a 99.9% partner and Shawnee Development Corporation is a 0.1% general partner.
- Aspen Meadows, L.P. - HUEDC is a 99.99% partner and Shawnee Development Corporation is a .01% general partner.
- Pioneer Creek Apartments, L.P. - HUEDC is a 99.99% partner and Shawnee Development Corporation is a .01% general partner.
- Lost River Place, L.P. - HUEDC is a 99.99% partner and Shawnee is a .01% general partner.
- Spring Town Apartments, L. P. - Shawnee Development Corporation is a .01% general partner.
- Stalker Apartments, L.P. - Shawnee Development Corporation is a .01% general partner.
- Stonecutters Place, L.P. - Shawnee Development Corporation is a .01% general partner.
- Hoosier Uplands Phoenix, LLC - HUEDC is a 99.99% member and Shawnee Development Corporation is a 0.01% member.
- PD Leverage Loan Partners, LLC - HUEDC was a 65.7% member. PD Leverage Loan Partners LLC was created as part of the New Market Tax Credit program that funded a portion of the Phoenix Commercial Apartment project. Upon expiration of the tax credit period, the related loans were forgiven and the assets were transferred to Hoosier Uplands Phoenix LLC at which point PD Leverage Loan Partners LLC ceased operations.

Significant intercompany transactions and balances have been eliminated in combination.

Note B - Summary of Significant Accounting Policies

1. Basis of Accounting and Presentation: The combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative GAAP.

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note B - Summary of Significant Accounting Policies (Continued)

1. Basis of Accounting and Presentation (Continued): In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18, *Statement of Cash Flows (Topic 820)*. This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Consequently, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the combined statement of cash flows. This standard is effective for the year ending December 31, 2019 and the Entities have adjusted the presentation of these combined financial statements accordingly. The beginning of year balance in the accompanying combined statement of cash flows has been reclassified to include restricted cash with cash when reconciling the beginning and end of the year amounts reflected on the combined statement of cash flows.
2. Categories of Funds: The Combined Statement of Activities is classified into separate categories according to the source and nature of the activity. The four categories presented are:
 - Federal Programs: includes contracts and grants received directly from agencies of the U.S. Government.
 - State Programs: includes contracts and grants received from agencies of the State of Indiana.
 - Healthcare Division: includes the home health services (funded by Medicare, Medicaid, insurance and private-payers).
 - General: includes the corporate fund which consists of discretionary and board designated funds as well as related partnership operations.
3. Use of Estimates: The preparation of combined 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, if any) at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
4. Cash Equivalents: The Entity considers all short-term investments with an original maturity of three months or less to be cash equivalents. There were no certificates of deposits meeting this definition at December 31, 2019.
5. Investments and Market Risk: Investments are stated at fair value determined by quoted market prices for the related securities. HUEDC has investments in money market funds and bonds that are subject to concentrations of credit risk. HUEDC also maintains funds with local community foundations. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of HUEDC.
6. Receivables: The Entity utilizes the allowance method for recording bad debt expense for its grants receivable, patient receivables, accounts receivables, and other receivables, which is based upon historical experience coupled with a review of the current status of existing receivables. Management has determined an allowance of \$30,000 for patient receivables is required at December 31, 2019. No other allowances are deemed necessary.
7. Property and Equipment: Property and equipment are capitalized and recorded at cost. Property and equipment donated are recorded at fair market value at the date of donation. Major expenditures and those which substantially increase useful lives are capitalized. The cost of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. Gains or losses on retirements or dispositions of assets are credited or charged to operations, and the respective costs and accumulated depreciation are eliminated from the accounts. Maintenance and repairs are charged to expense when incurred. Property and equipment are considered owned by the Entity while used in the current programs. Grantors maintain a reversionary interest in all non-expendable property purchased in whole or in part with federal and state funds.

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note B - Summary of Significant Accounting Policies (Continued)

7. Property and Equipment (Continued): The useful lives of property and equipment for purposes of computing depreciation are:

Buildings and building and land improvements	5 - 50 years
Office furniture and equipment	3 - 10 years
Home Health equipment	5 - 20 years
Vehicles	5 years

HUEDC periodically reviews the carrying values of property and equipment for impairment whenever adverse events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

8. Revenue Recognition: The Entity has patient receivables and healthcare revenue which are recorded at standard billing rates when patient services are performed. However, HUEDC is reimbursed by the funding sources at amounts that often are less than the standard billing rates. The difference between standard billing rates and the amounts reimbursed by the funding sources is included in the financial schedules as deductions from revenue and related receivables. Amounts reimbursed by the funding sources are determined in accordance with the provisions of cost-reimbursement formulas. Because all of its performance obligations relate to contracts with a duration of less than one year, the Entity has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and therefore is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to home health and hospice services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Entity uses a portfolio approach to account for categories of patient contracts as a collective group, rather than recognizing revenue on an individual contract basis. The portfolios consist of major payer classes for inpatient revenue and outpatient revenue. Based on the historical collection trends and other analysis, the Entity believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

HUEDC determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services provided, reduced by explicit and implicit price concessions, including contractual adjustments provided to third-party payers, discounts provided to uninsured and underinsured patients in accordance with policy and/or implicit price concessions based on the historical collection experience of patient accounts. The Entity determines the transaction price associated with services provided to patients who have third-party payer coverage with Medicare, Medicaid, managed care programs, and other third-party payers based on reimbursement terms per contractual agreements, discount policies, and historical experience. Payment arrangements with those payers include prospectively determined rates per admission or visit, reimbursed costs, discounted charges, per diem rates, and value based payments.

Reported costs and/or services provided under certain arrangements are subject to retroactive audit and adjustment. In 2019, changes in estimates due to settlements of prior fiscal years' cost reports, Medicaid settlements, and the disposition of other payer audits and settlements were not significant. Future changes in Medicare and Medicaid programs and reduction in funding levels could have an adverse effect on the Entity. There were no other significant changes to the judgments used to determine the transaction price in prior periods.

Laws and regulations governing Medicare, Medicaid, and other governmental programs are complex and subject to varying interpretation. The Entity believes it is in compliance with applicable laws and regulations governing Medicare, Medicaid, and other governmental programs, as well as contracts that it has with commercial payers and that adequate provisions have been recorded for any adjustments that may result from final settlements.

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note B - Summary of Significant Accounting Policies (Continued)

8. Revenue Recognition (Continued): HUEDC has revenue from cost-reimbursement grants. This revenue is recognized in the period in which the related expenses are incurred and claimed for reimbursement.

HUEDC also has performance-based grants (Fixed Unit Price). The revenue from grants wherein HUEDC is reimbursed based upon a contractually agreed-upon rate is recognized in the period in which HUEDC renders the service.

9. Advertising: HUEDC expenses advertising costs as incurred. Total advertising expense, principally for its Healthcare Division, for the year ended December 31, 2019 was approximately \$33,600.
10. Subsequent Events: Subsequent events for the Entity have been considered through the date of the Independent Auditor's Report, which represents the date that the combined financial statements were available to be issued. See Note O.
11. Changes in Accounting Principle: On January 1, 2019, the Entities adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). Topic 606 creates a single framework for recognizing revenue from contracts with customers that fall within its scope and supersedes nearly all existing GAAP for revenue recognition guidance. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The majority of the Entities' revenue comes from non-exchange grants, lease income from tenants, and investment income, which are outside the scope of Topic 606.

The impacted revenue stream under Topic 606 primarily consists of income from miscellaneous tenant charges. There were no other contract revenue streams impacted by Topic 606. The Entities evaluated the income from this revenue stream and determined that no adjustments were required upon adoption of this standard.

Effective January 1, 2019, the Entities adopted Accounting Standards Codification 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in 1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. This standard was adopted as it relates to contributions received for the calendar year ending December 31, 2019 with no material impact.

12. Recent Accounting Pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the combined statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the combined statement of activities. This standard will be effective for the calendar year ending December 31, 2022.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the calendar year ending December 31, 2023.

The Entity is currently evaluating ASUs 2016-02 and 2016-13, and their related impact on the Entity's combined financial statements.

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note C - Restricted Deposits

Under regulatory agreements, the Entity is required to set aside amounts for tenant security deposits and for the replacement of property and other expenditures as approved by the U.S. Department of Housing and Urban Development ("HUD"). From time to time other amounts with restrictions on use are maintained by the Entity. These restricted deposits are held in a separate account and generally are not available for operating purposes. The balance in the reserve accounts at December 31, 2019 are as follows:

Security deposits	\$ 123,278
Replacement reserve	1,321,190
Working capital and operating reserve	199,144
Deferred developer fee	12,625
Rehab funds	46,480
Residents counsel fund	200
Investor service fee reserve	59,450
Tax and insurance escrow	8,641
Interest credit escrow	653
Partnership shortfall reserve	<u>86,018</u>
	<u>\$ 1,857,679</u>

Note D - Fair Value Measurement

The fair value provisions of the ASC define fair value as the price that would be received by the Entity to sell an asset or be paid by the Entity to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. These provisions also expand disclosures about fair value measurements and establish a framework for measuring fair value, a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy prioritizes the inputs (from the most objective to the most subjective) to the valuation techniques used to measure fair value into the three broad levels described as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs such as quoted prices in active markets for similar assets or liabilities or quoted prices for identical or similar assets or liabilities in markets that are not active, or unobservable inputs that are derived principally from or corroborated by observable market data.
- Level 3: Unobservable inputs that are based on the entity's own assumptions as to how knowledgeable parties would price assets or liabilities that are not corroborated by market data.

Following is a description of the valuation methodologies used for the assets and liabilities measured at fair value. There have been no changes in the methodologies used to determine fair value at December 31, 2019.

- *Government, Corporate, and Municipal Bonds*: Valued based on yields currently available on comparable securities of issuers with similar credit ratings.
- *Common and Preferred Stocks*: Valued at the closing price reported on the active market in which the individual security is traded.
- *Mutual Funds*: Valued at the net asset value ("NAV") of shares held by the Entity at year end. The NAV is based on the value of the underlying investment assets owned by the fund minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.
- *Assets held by Community Foundation*: These investments are valued using the NAV provided by the Foundation. The NAV is based on the value of the underlying investment assets.

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note D - Fair Value Measurement (Continued)

Fair values of financial assets measured on a recurring basis at December 31, 2019, consisted of the following:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Government bonds	\$ 2,922,957	\$ -	\$ 2,922,957
Corporate bonds	2,045,844	-	2,045,844
Municipal bonds	293,541	-	293,541
Common stocks	2,216,101	2,216,101	-
Preferred stocks	102,290	102,290	-
Mutual funds	1,705,495	1,705,495	-
Assets held by Community Foundation	43,544	-	43,544
	<u>\$ 9,329,772</u>	<u>\$ 4,023,886</u>	<u>\$ 5,305,886</u>

Investment return (including activity related to cash equivalents and certificates of deposit) for the year ended December 31, 2019 is as follows:

Interest and dividends	\$ 246,184
Unrealized gain	932,696
Realized gain	<u>91,971</u>
	1,270,851
Less: investment expense	<u>(18,708)</u>
Net investment return	<u>\$ 1,252,143</u>

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the values of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the combined statement of financial position and combined statement of activities.

Note E - Grants Receivable

Grants receivable at December 31, 2019, consist of the following:

Indiana Department of Family & Social Services	\$ 337,482
Indiana Housing and Community Development Authority	166,639
Indiana Department of Education	111,918
Indiana State Department of Health	143,310
State of Indiana - Medicaid	239,701
U.S. Department of Health and Human Services	82,191
Indiana University	139,981
Purdue University	19,362
Department of Housing and Urban Development	4,391
Department of Workforce Development	<u>38,889</u>
	<u>\$ 1,283,864</u>

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note F - Property and Equipment

Property and equipment at December 31, 2019, consist of the following:

Land	\$ 2,703,727
Land improvements	1,710,576
Buildings and building improvements	42,636,115
Office furniture and equipment	2,173,850
Home health equipment	175,188
Vehicles	889,509
Construction in process	<u>881,740</u>
	51,170,705
Less accumulated depreciation	<u>(12,819,681)</u>
Property and equipment, net	<u>\$ 38,351,024</u>

Depreciation expense charged to operations was \$1,573,665 for the year ended December 31, 2019.

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note G - Long-term Debt

Following is a summary of long-term debt at December 31, 2019:

Note payable to Indiana Housing and Community Development Authority, payable in monthly installments of \$1,333 through June 2022. The note carries no interest. Mortgage is secured by real estate in Lawrence County, Indiana. (Persimmon Park Apartments)	\$ 38,667
Note payable to Old National Bank, payable in monthly installments of \$2,619 through February 2029. The interest rate on the note is a fixed rate of 5.02% at December 31, 2019. The mortgage is secured by real estate in Mitchell, Indiana. (500 West Main Street).	229,663
Mortgage payable to Rural Housing Development Corporation, payable in monthly installments of \$2,263 through July 2053. The actual interest rate on the note is 5.375%, but is discounted to approximately 1% through a monthly subsidy allowance of \$2,868 from Rural Housing Development Corporation. The mortgage is secured by an apartment complex. (New Horizons Apartments)	957,027
Mortgage payable to Rural Housing Development Corporation, payable in monthly installments of \$1,693 through August 2053. The actual interest rate on the note is 5.375%, but is discounted through a monthly subsidy allowance of \$1,641 from Rural Housing Development Corporation. The mortgage is secured by an apartment complex. (New Horizons Apartments)	689,427
Mortgage payable to Rural Housing Development Corporation, payable in monthly installments of \$202 through February 2055. The actual interest rate on the note is 6.00%, but is discounted through a monthly subsidy allowance of \$298 from Rural Housing Development Corporation. The mortgage is secured by an apartment complex. (New Horizons Apartments)	88,002
Mortgage payable to Rural Housing Development Corporation, payable in monthly installments of \$2,852 through December 2057. The actual interest rate on the note is 6.00%, but is discounted to approximately 1% through a monthly subsidy allowance of \$3,751 from Rural Housing Development Corporation. The mortgage is secured by an apartment complex. (Persimmon Park Apartments)	1,219,481
Mortgage payable to Rural Housing Development Corporation, payable in monthly installments of \$2,119 through 2057. The actual interest rate on the note is 6.00%, but is discounted to approximately 1% through a monthly subsidy allowance of \$3,145 from Rural Housing Development Corporation. The mortgage is secured by an apartment complex. (Persimmon Park Apartments)	937,830
Note payable to Indiana Housing and Community Development Authority. The note carries a zero interest rate. Commencing on the first anniversary of the Conversion Date (July 22, 2010), and continuing each year on the anniversary date, the note will be reduced/forgiven by 1/15th of the original amount. The note is secured by an apartment complex. (Lost River II, LLC)	661,148
Mortgage payable to Rural Housing Development Corporation, payable in monthly installments of \$487 through July 2060. The actual interest rate on the note is 4.875%, but is discounted to approximately 1% through a monthly subsidy allowance of \$537 from Rural Housing Development Corporation. The mortgage is secured by an apartment complex. (Taylor Apartments)	207,764
Note payable to Indiana Housing and Community Development Authority, payable in semi-annual installments of \$1,167 through October 2022. The note carries no interest. The note is secured by an apartment complex. (Larkin Apartments)	2,167

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note G - Long-term Debt (Continued)

Note payable to Indiana Housing and Community Development Authority, payable in 33 annual installments of \$11,212 beginning May 2019 and continuing through May 2051. The note carries no interest and is secured by two certificates of deposit held by HUEDC. (Hoosier Uplands Phoenix, LLC)	\$ 358,788
Note payable to Indiana Housing and Community Development Authority, payable in annual payments based on annual net cash flow of the property with final payment due October 2023. Mortgage is secured by an apartment complex. (Hoosier Uplands College Hill, LLC)	45,000
Mortgage payable to Old National Bank, payable in monthly installments of principal and interest of \$3,232 through December 2020 at an interest rate of 3.72%. The note is secured by a mortgage and security interest on Aspen Meadows Apartments and all property and equipment and an assignment of any rents or income derived from the project. (Aspen Meadows, L.P.)	473,264
Note payable to Springs Valley Bank and Trust Company, payable in monthly installments of principal and interest of \$5,620 through August 2029 at an interest rate based upon the Five-Year Treasury Constant Maturity rate plus 3.50%. The current interest rate is 6.01%. The note is secured by a mortgage lien and security interest on Bedford Apartments. (Bedford Apartments, L.P.)	547,826
Note payable to P/R Mortgage and Investment Corp., payable in monthly installments of principal and interest of \$708 through October 2033 at an interest rate of 6.99%. The note is guaranteed by Rural Development of the U.S. Development of Agriculture, pursuant to Section 538 Guaranteed Rural Rental Housing Program. (Spring Town Apartments, L.P.)	105,195
Note payable to Old National Bank, payable in monthly installments of principal and interest of \$2,736 through November 2020 at an interest rate of 6.10%. The note is secured by a mortgage lien and security interest on the property as well as an assignment of leases and rents of Pioneer Creek Apartments. (Pioneer Creek Apartments, L.P.)	<u>206,087</u>
Principal balance due	6,767,336
Less unamortized debt issuance costs	<u>(15,636)</u>
	6,751,700
Less current maturities of long-term debt	<u>(987,179)</u>
Long-term debt, net of current maturities and unamortized debt issuance costs	<u>\$ 5,764,521</u>

Amortization of debt issuance costs charged to interest expense for the year ended December 31, 2019 totaled \$66,959.

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note G - Long-term Debt (Continued)

Aggregate maturities of long-term debt at December 31, 2019 are as follows:

2020	\$ 987,179
2021	270,178
2022	264,151
2023	262,003
2024	265,749
Thereafter	<u>4,718,076</u>
Total	<u>\$ 6,767,336</u>

Note H - Donated Service/Grant Matching Requirements

In the course of operating its grant programs, HUEDC receives the services of volunteers in the community. These services are recorded at their estimated fair value as in-kind revenue and expense in the Combined Statement of Activities.

Certain grants administered by HUEDC during the year ended December 31, 2019 required HUEDC to attain minimum levels of matching funds consisting of in-kind revenue as well as actual cash contributions. All such contractual requirements pertaining to contracts ending within the year ended December 31, 2019, were achieved. The total amount of in-kind revenue received during the year ended December 31, 2019 was \$915,366.

Note I - Leased Premises and Leased Commitments

HUEDC has entered into various operating leases for office and Head Start facilities which expire at various dates through April 2024. The total aggregate lease expense for the year ended December 31, 2019, was approximately \$62,000.

At December 31, 2019, the future operating lease obligations for the above leases are as follows:

2020	\$ 57,600
2021	58,200
2022	58,200
2023	34,200
2024	<u>2,550</u>
Total	<u>\$ 210,750</u>

Note J - Retirement Plan

HUEDC has a retirement plan for employees who meet certain eligibility requirements as to age and length of service. Under the Plan, HUEDC will match dollar for dollar an employee's contributions to his/her plan up to a maximum amount of \$100 per pay period per employee. Employees' rights under the plan are 100% vested at the time the contributions are made to their individual accounts. The total amount of plan costs charged to operations during 2019 was \$180,164.

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note K - Income Taxes

HUEDC is a non-profit corporation incorporated under the laws of the State of Indiana and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

HUEDC's wholly owned subsidiary, Shawnee Development Corporation, Inc. (SDC) is organized as a regular C corporation and consequently is subject to federal, state, and local income tax on its earnings and profits. SDC had no significant operating activity during the year ended December 31, 2019.

HUEDC and SDC evaluate all local, state, and federal income tax returns for potential uncertain tax positions taken. Management has concluded there are no tax positions attributed to HUEDC or SDC which meet the "more-likely-than-not" criterion in the ASC. Accordingly, the accompanying combined financial statements do not include a provision for uncertain tax positions, and no related interest or penalties have been recorded in the combined statement of activities or accrued in the combined statement of financial position.

FASB ASU No. 2009-6 defines tax positions applicable to pass-through entities, such as S corporations, partnerships, and limited liability companies, and only requires income taxes attributed to the reporting entity and not the individual owners to be considered tax positions.

Note L - Concentration of Credit Risk

Cash Concentration Risk

The Entity at times maintains balances with its banks in excess of federally insured limits.

Group Concentration Risk

HUEDC is substantially funded by grants and contracts awarded directly and indirectly by the federal government, the State of Indiana and various other grantees. The majority of the agreements contain provisions which permit the arrangement to be terminated or the funds provided to be reduced if HUEDC does not continue to provide services or maintain specific activities as provided in the grant and contract agreements.

Note M - Contingent Obligation

In a prior year, HUEDC received funds from the Federal Home Loan Bank of Indianapolis totaling \$585,000. These funds were reflected in the combined statement of activities as grant revenue in the year the funds were received. However, HUEDC is required to fulfill certain requirements and maintain the operations of the apartment complex through 2025; otherwise, these funds may be required to be repaid. It is management's intent to comply with the provisions of this agreement.

In a prior year, HUEDC received funds from the Federal Home Loan Bank of Indianapolis totaling \$250,000. These funds are reflected in the combined statement of activities as grant revenue. However, HUEDC is required to fulfill certain requirements and maintain the operations of the apartment complex through 2027; otherwise, these funds may be required to be repaid. It is management's intent to comply with the provisions of this agreement.

Note N - Liquidity and Availability of Resources

The Entity regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The Entity has various sources of liquidity at its disposal including cash and cash equivalents, and investments. Investments consist primarily of equity and fixed income securities that can be readily converted to cash. Management of the Entity's liquidity is based on general principles of maintaining fiscal stability, maintaining adequate liquid assets to fund near-term operating needs, maintaining sufficient reserves for discharging long-term obligations, and preserving the principal and return on investments.

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note N - Liquidity and Availability of Resources (Continued)

The table below presents financial assets available for general expenditures within one year at December 31, 2019:

Cash and cash equivalents	\$ 638,530
Certificates of deposit	262,055
Investments	9,329,772
Grants receivable	1,283,864
Patient receivables, net	1,015,041
Accounts receivable	11,354
Other receivables	<u>37,022</u>
	<u>\$ 12,577,638</u>

Note O - Subsequent Events

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID-19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. As of the date the combined financial statements were available to be issued, the Entity's operations have not been significantly impacted by the COVID-19 outbreak. The Entity's operations could be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown.

Note P - Functional Classification of Expenses

The Entity reports expenditures that can be identified specifically with a particular program objective to the appropriate funding source and cost classification. Costs are directly charged to program expenses to the extent possible. Common costs such as computer, postage, copier, space costs, and telephone are allocated according to usage or benefit related to the particular programs. The following page presents expenses by natural classification and function for the Entity for the year ended December 31, 2019.

Hoosier Uplands Economic Development Corporation and Affiliates
Notes to Combined Financial Statements (Continued)
Year Ended December 31, 2019

Note P - Functional Classification of Expenses (Continued)

	Head start	Senior support services	Energy assistance and weatherization	Housing assistance	Nutrition services and aid	Healthcare and prevention services	Housing partnerships	Other community services	Administrative	Total expenses
Salaries and fringe	\$ 2,460,408	\$ 903,312	\$ 357,188	\$ 161,924	\$ 349,371	\$ 4,255,320	\$ -	\$ 397,526	\$ 1,039,729	\$ 9,924,778
Mileage, per diem, lodging and travel	31,679	8,939	4,937	9,910	3,119	337,926	-	13,521	46,964	456,995
Training, registrations and meetings	10,811	-	175	1,680	2,277	19,786	-	2,135	6,476	43,340
Space costs	118,870	21,733	33,095	4,380	7,069	116,757	-	34,362	163,849	500,115
Equipment	29,321	-	12,196	-	13,190	75,806	-	173	(1,036,972)	(906,286)
Food and kitchen	-	-	-	-	167,878	91	-	-	(983)	166,986
Management fees	-	-	-	-	-	-	-	-	4,755	4,755
Bus and vehicle operation	27,291	1,356	8,257	556	665	1,547	-	882	1,926	42,480
Contracted services	-	-	-	9,131	26,053	90,691	-	57,779	960	184,614
Information technology, computer & software	38,278	7,949	3,514	6,520	2,195	154,136	-	820	37,232	250,644
Program supplies and printing	181,624	13,005	30,583	2,107	58,830	152,389	-	6,657	14,559	459,754
Telephone	34,761	7,289	15,689	3,033	2,953	54,014	-	1,343	18,836	137,918
Postage	1,533	2,189	5,912	4,853	1,102	10,742	-	113	21,650	48,094
Subcontract services	-	-	-	-	-	-	-	-	452,191	452,191
Copier	9,878	5,983	1,001	2,112	6,465	19,218	-	1,681	21,608	67,946
Professional dues, memberships & licenses	26,968	13,772	1,782	1,816	168	24,154	-	359	16,410	85,429
Filing Fees	-	-	-	-	-	2,700	-	-	10,724	13,424
Public information	-	4,153	14	-	29	60,923	-	3,945	78,232	147,296
Audit costs	-	-	-	-	-	-	-	-	65,137	65,137
Insurance	-	-	-	-	-	-	-	-	170,533	170,533
Interest expense	-	-	-	-	-	11,305	251,544	-	22,035	284,884
Depreciation and amortization	98,005	-	3,996	-	-	-	1,291,142	-	180,522	1,573,665
Other expenses	-	-	-	-	-	-	-	-	643	643
Client/Employee assistance and services	4,147	597,159	2,445,806	1,621,107	191,304	328,374	-	39,980	53,582	5,281,459
Donations and scholarships	-	-	-	-	-	-	-	-	361,016	361,016
Community development	-	-	-	-	-	-	-	-	140,882	140,882
Loss on fixed asset disposals	-	-	-	-	-	-	-	-	338,636	338,636
In-Kind expenses	799,024	56,655	-	-	59,683	-	-	-	-	915,362
Partnership expenses, exclusive of depreciation and amortization	-	-	-	-	-	-	9,051,422	-	-	9,051,422
Total	\$ 3,872,598	\$ 1,643,494	\$ 2,924,145	\$ 1,829,129	\$ 892,351	\$ 5,715,879	\$ 10,594,108	\$ 561,276	\$ 2,231,132	\$ 30,264,112

Supplementary Information

Hoosier Uplands Economic Development Corporation and Affiliates
Recap of Natural Expenses by Funding Source
Year Ended December 31, 2019

	U.S. Department of Health and Human Services - Direct	U.S. Department of Housing and Urban Development	Indiana Family and Social Services Administration - Aging Division	Indiana Housing and Community Development Authority - Community Division	Indiana State Department of Health via Indiana University	Indiana State Department of Health	Indiana Department of Education	Purdue University	Indiana Department of Workforce Development	Indiana Department of Insurance	Indiana Criminal Justice Institute	Indiana Tobacco Prevention and Cessation	Healthcare	General	Various partnerships	Total expenses
Salaries and fringe	\$ 2,460,408	\$ 26,898	\$ 959,806	\$ 783,523	\$ 232,155	\$ 346,016	\$ 328,516	\$ 36,250	\$ 31,413	\$ 2,915	\$ -	\$ 113,598	\$ 3,563,551	\$ 1,039,729	\$ -	\$ 9,924,778
Mileage, per diem, lodging and travel	31,679	1,357	9,232	15,363	26,370	20,088	3,119	7,688	2,301	1,366	-	3,864	287,604	46,964	-	456,995
Training, registrations and meetings	10,811	1,680	-	175	10,328	2,995	2,277	2,135	-	-	-	620	5,843	6,476	-	43,340
Space costs	118,871	-	21,733	71,705	5,574	8,982	7,069	-	132	-	-	197	102,004	163,849	-	500,116
Equipment	29,321	524	-	12,369	-	1,582	13,190	-	-	-	-	1,110	73,114	(949,204)	-	(817,994)
Food and kitchen	-	-	-	-	-	25	167,878	-	-	-	-	66	-	(983)	-	166,986
Management fees	-	-	-	-	-	-	-	-	-	-	-	-	-	4,755	-	4,755
Bus and vehicle operation	27,806	-	1,358	9,169	1,018	-	665	-	-	-	9	19	510	1,926	-	42,480
Contracted services	-	-	-	66,910	59,719	2,100	26,053	-	-	-	-	-	28,872	960	-	184,614
Information technology, computer & software	58,547	2,095	26,039	37,266	3,039	1,565	4,531	71	541	-	-	206	165,974	(49,198)	-	250,676
Program supplies and printing	181,624	1,235	13,005	35,622	5,412	19,513	58,830	1,289	1,182	19	1,854	875	191,544	14,559	-	526,563
Telephone	34,761	-	7,556	19,395	4,966	5,895	2,953	-	403	-	-	500	42,654	18,836	-	137,919
Postage	1,533	-	2,198	10,765	467	302	1,102	3	101	-	-	32	9,941	21,650	-	48,094
Client/Employee assistance and services	4,147	-	828,442	4,066,913	15,599	64,697	-	-	-	-	-	-	248,078	53,582	-	5,281,458
Subcontract services	28	-	398,999	-	3,100	-	-	-	-	-	-	-	-	50,064	-	452,191
Copier	9,878	114	5,983	3,004	474	3,480	6,465	129	1,547	-	-	149	15,115	21,608	-	67,946
Professional sues, memberships & licenses	26,968	1,560	13,772	2,352	739	160	168	45	-	-	-	1,027	22,228	16,410	-	85,429
Filing fees	-	-	-	-	-	-	-	-	-	-	-	-	2,700	10,724	-	13,424
Public information	-	-	4,153	14	399	407	29	453	-	3,492	-	8,331	51,786	78,232	-	147,296
Audit costs	13,099	-	3,398	8,850	1,746	-	2,770	-	-	-	-	1,512	24,944	8,818	-	65,137
Insurance	45,530	-	5,884	13,780	2,079	828	2,378	365	-	-	-	865	47,030	51,794	-	170,533
Administration (Agency)	205,700	-	57,499	112,031	13,008	18,228	19,987	4,000	1,650	-	-	4,500	249,395	(740,712)	-	(54,714)
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	11,305	22,035	251,544	284,884
Depreciation and amortization	98,005	-	-	3,996	-	-	-	-	-	-	-	-	-	180,522	1,291,142	1,573,665
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	643	-	643
Donations and scholarships	-	-	-	-	-	-	-	-	-	-	-	-	-	361,016	-	361,016
Community development	-	-	-	-	-	-	-	-	-	-	-	-	-	140,882	-	140,882
Loss on fixed asset disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	338,636	-	338,636
In-Kind expenses	799,024	-	116,339	-	-	-	-	-	-	-	-	-	-	-	-	915,363
Partnership expenses, exclusive of depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,051,422	9,051,422
Allocated case management	-	-	(497,292)	-	-	-	-	-	-	-	-	-	497,290	-	-	(2)
Allocated common costs	-	-	-	-	-	-	-	-	-	-	-	-	-	(100,419)	-	(100,419)
Total	\$ 4,157,740	\$ 35,463	\$ 1,579,105	\$ 5,672,201	\$ 383,092	\$ 499,963	\$ 647,980	\$ 52,428	\$ 39,270	\$ 7,792	\$ 1,863	\$ 137,471	\$ 5,641,482	\$ 814,154	\$ 10,594,108	\$ 30,264,112

See independent auditor's report.

Program A - Federal Programs

**Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source
Year Ending December 31, 2019**

Funded Directly through U.S. Department of Health & Human Services:

	Head Start and Early Head Start Agreement # 05CH8438-05-00 CFDA 93.600
	<hr/>
Salaries and fringe	\$ 2,460,408
Mileage, per diem, lodging and travel	31,679
Training, registrations, and conferences	10,811
Space costs, repairs, and maintenance	118,871
Vehicle operation expense	27,806
Furniture, equipment, vehicle purchases	29,321
Info technology, computer & software costs	38,278
Program supplies & printing	181,624
Telephone, cable, & internet	34,761
Postage	1,533
Copier costs	9,878
Client/Employee assistance and services	4,147
Dues, subscriptions, and entertainment	26,968
Subcontracted services	28
Insurance	45,530
Audit and tax preparation	13,099
Depreciation	98,005
Administration (Agency)	205,700
Allocated IT dept costs	20,269
In-Kind expenses	799,024
	<hr/>
	\$ 4,157,740
	<hr/> <hr/>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded Directly through U.S. Department of Housing and Urban Development:

	H.U.D. Housing Counseling HC180421033 HC190421004 CFDA 14.169	Home Investment Partnership CHDO Grant CO-016-005 CFDA 14.239	U.S. Department of Housing and Urban Development totals
Salaries and fringe	\$ 17,633	\$ 9,265	\$ 26,898
Mileage, per diem, lodging and travel	1,357	-	1,357
Training, registrations, and conferences	1,680	-	1,680
Furniture, equipment, vehicle purchases	524	-	524
Info technology, computer & software costs	2,095	-	2,095
Program Supplies & printing	1,235	-	1,235
Copier costs	114	-	114
Dues, subscriptions, and entertainment	1,560	-	1,560
	<u>\$ 26,198</u>	<u>\$ 9,265</u>	<u>\$ 35,463</u>

See independent auditor's report.

Program B - State Programs

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana Family and Social Services Administration, Division of Aging:

	IIIA Admin 18/19 Contract # #021701 <u>CFDA 93.044</u>	IIIA Admin 19/20 Contract # #038373 <u>CFDA 93.044</u>	IIIB ATTC 18/19 Contract # #021701 <u>CFDA 93.044</u>	IIIB ATTC 19/20 Contract # #038373 <u>CFDA 93.044</u>	IIIB Access Case Management 18/19 Contract # #021701 <u>CFDA 93.044</u>	IIIB Access Case Management 19/20 Contract # #038373 <u>CFDA 93.044</u>	IIIB In-Home Homemaker 18/19 Contract # #021701 <u>CFDA 93.044</u>
Salaries and fringe	\$ 4,212	\$ 12,130	\$ -	\$ -	\$ 20,568	\$ 25,568	\$ -
Mileage, per diem, lodging and travel	19	20	-	-	72	16	-
Space costs, repairs, and maintenance	1,989	1,054	-	-	-	-	-
Vehicle operation expense	305	72	-	-	-	-	-
Info technology, computer & software costs	129	1,512	-	-	-	-	-
Program supplies & printing	25	39	-	-	-	-	-
Telephone, cable, & internet	428	109	-	-	-	-	-
Postage	353	133	-	-	-	-	-
Copier costs	100	77	-	-	-	-	-
Client/Employee assistance and services	-	276	4,031	2,558	-	-	10,086
Dues, subscriptions, and entertainment	2,753	1,309	-	-	-	-	-
Public information & events	1,479	1,463	-	-	-	-	-
Insurance	472	533	-	-	-	-	-
Audit and tax preparation	-	1,000	-	-	-	-	-
Administration (Agency)	8,325	8,250	-	-	-	-	-
Allocated case management	-	-	-	-	5,347	3,861	-
Allocated IT dept costs	3,607	1,444	-	-	-	-	-
Older Hoosier subsidy	-	-	-	-	(5,347)	(3,032)	-
NSIP Subsidy	-	-	-	-	-	-	-
In-Kind expenses	2,942	1,329	-	-	11,512	2,688	4,291
	<u>\$ 27,138</u>	<u>\$ 30,750</u>	<u>\$ 4,031</u>	<u>\$ 2,558</u>	<u>\$ 32,152</u>	<u>\$ 29,101</u>	<u>\$ 14,377</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana Family and Social Services Administration, Division of Aging (Continued):

	IIIB In-Home Homemaker 19/20 Contract # #038373 <u>CFDA 93.044</u>	IIIB Other Ombudsman 18/19 Contract # #021701 <u>CFDA 93.044</u>	IIIB Other Ombudsman 19/20 Contract # #038373 <u>CFDA 93.044</u>	IIIB Other Nutr Suppl 18/19 Contract # #021701 <u>CFDA 93.044</u>	IIIB Other Nutr Suppl 19/20 Contract # #038373 <u>CFDA 93.044</u>	IIIB Other Home Health Aide 18/19 Contract # #021701 <u>CFDA 93.044</u>	IIIB Other Home Health Sup 18/19 Contract # #021701 <u>CFDA 93.044</u>
Salaries and fringe	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mileage, per diem, lodging and travel	-	-	-	-	-	-	-
Space costs, repairs, and maintenance	-	-	-	-	-	-	-
Vehicle operation expense	-	-	-	-	-	-	-
Info technology, computer & software costs	-	-	-	-	-	-	-
Program supplies & printing	-	-	-	-	-	-	-
Telephone, cable, & internet	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-
Copier costs	-	-	-	-	-	-	-
Client/Employee assistance and services	7,201	1,082	228	450	693	115	85
Dues, subscriptions, and entertainment	-	-	-	-	-	-	-
Public information & events	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Audit and tax preparation	-	-	-	-	-	-	-
Administration (Agency)	-	-	-	-	-	-	-
Allocated case management	-	-	-	-	-	-	-
Allocated IT dept costs	-	-	-	-	-	-	-
Older Hoosier subsidy	-	-	-	-	-	-	-
NSIP Subsidy	-	-	-	-	-	-	-
In-Kind expenses	333	326	-	-	-	-	-
	<u>\$ 7,534</u>	<u>\$ 1,408</u>	<u>\$ 228</u>	<u>\$ 450</u>	<u>\$ 693</u>	<u>\$ 115</u>	<u>\$ 85</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana Family and Social Services Administration, Division of Aging (Continued):

	IIID Prev Health 18/19 Contract # #021701 CFDA 93.043	IIID Prev Health 19/20 Contract # #038373 CFDA 93.043	IIIE Family Caregiver 18/19 Contract # #021701 CFDA 93.052	IIIE Family Caregiver 19/20 Contract # #038373 CFDA 93.052	Title VII Ombudsman 18/19 Contract # #021701 CFDA 93.042	Title VII Ombudsman 19/20 Contract # #038373 CFDA 93.042	Assisted Living Ombudsman 18/19 Contract # #021701 CFDA N/A	Assisted Living Ombudsman 19/20 Contract # #038373 CFDA N/A
Salaries and fringe	\$ 4,697	\$ 4,015	\$ 26,605	\$ 12,615	\$ -	\$ -	\$ -	\$ -
Mileage, per diem, lodging and travel	-	-	29	55	-	-	-	-
Space costs, repairs, and maintenance	-	-	-	-	-	-	-	-
Vehicle operation expense	-	-	-	-	-	-	-	-
Info technology, computer & software costs	-	-	-	-	-	-	-	-
Program supplies & printing	-	-	-	-	-	-	-	-
Telephone, cable, & internet	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-
Copier costs	-	-	-	-	-	-	-	-
Client/Employee assistance and services	-	-	4,646	1,218	1,137	412	1,137	437
Dues, subscriptions, and entertainment	-	-	-	-	-	-	-	-
Public information & events	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Audit and tax preparation	-	-	-	898	-	-	-	-
Administration (Agency)	-	-	-	-	-	-	-	-
Allocated case management	-	-	-	-	-	-	-	-
Allocated IT dept costs	-	-	-	-	-	-	-	-
Older Hoosier subsidy	-	-	(2,136)	-	-	-	-	-
NSIP Subsidy	-	-	-	-	-	-	-	-
In-Kind expenses	-	-	5,251	713	-	-	-	-
	<u>\$ 4,697</u>	<u>\$ 4,015</u>	<u>\$ 34,395</u>	<u>\$ 15,499</u>	<u>\$ 1,137</u>	<u>\$ 412</u>	<u>\$ 1,137</u>	<u>\$ 437</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana Family and Social Services Administration, Division of Aging (Continued):

	Medicaid Waiver Intake 18/19 Contract # #027411 CFDA N/A	Medicaid Waiver Intake 19/20 Contract # #035344 CFDA N/A	NSIP Nutrition 18/19 Contract # #021701 CFDA 93.053	NSIP Nutrition 19/20 Contract # #038373 CFDA 93.053	Case Management 18/19	Case Management 19/20
Salaries and fringe	\$ 5,733	\$ 11,844	\$ -	\$ -	\$ 251,601	\$ 295,138
Mileage, per diem, lodging and travel	2,858	3,427	-	-	-	-
Space costs, repairs, and maintenance	-	-	-	-	8,280	8,393
Vehicle operation expense	-	38	-	-	-	-
Info technology, computer & software costs	48	85	-	-	582	4,854
Program supplies & printing	-	926	-	-	6,001	5,872
Telephone, cable, & internet	-	-	-	-	3,400	1,805
Postage	25	4	-	-	768	620
Copier costs	-	-	-	-	3,071	2,643
Client/Employee assistance and services	38,146	1,080	-	-	-	-
Dues, subscriptions, and entertainment	4,145	3,186	-	-	-	-
Public information & events	1,095	-	-	-	-	22
Insurance	-	-	-	-	1,150	1,150
Audit and tax preparation	-	-	-	-	-	-
Administration (Agency)	-	-	-	-	-	-
Allocated case management	-	-	-	-	(275,568)	(320,497)
Allocated IT dept costs	4,132	5,036	-	-	-	-
Older Hoosier subsidy	-	-	-	-	-	-
NSIP Subsidy	-	-	24,396	5,424	-	-
In-Kind expenses	-	-	-	-	-	-
	<u>\$ 56,182</u>	<u>\$ 25,626</u>	<u>\$ 24,396</u>	<u>\$ 5,424</u>	<u>\$ (715)</u>	<u>\$ -</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana Family and Social Services Administration, Division of Aging (Continued):

	NSIP Nutrition (July-Sept) 2019 Contract # #021701 <u>CFDA 93.053</u>	TIII/VII Funds (July - Sept) 2019 Contract # #021701 <u>#021701</u>	S.S.B.G. Funds (July - Sept) 2019 Contract # #021701 <u>CFDA 93.667</u>	F.S.S.A. Aging Division Totals <u>Totals</u>
Salaries and fringe	\$ -	\$ 57,788	\$ 12,338	\$ 959,806
Mileage, per diem, lodging and travel	-	252	121	9,232
Space costs, repairs, and maintenance	-	1,078	-	21,733
Vehicle operation expense	-	565	-	1,358
Info technology, computer & software costs	-	179	-	7,983
Program supplies & printing	-	108	-	13,005
Telephone, cable, & internet	-	170	-	7,556
Postage	-	174	-	2,198
Copier costs	-	92	-	5,983
Client/Employee assistance and services	-	78,597	24,589	828,442
Dues, subscriptions, and entertainment	-	1,943	-	13,772
Public information & events	-	-	-	4,153
Insurance	-	283	-	5,884
Audit and tax preparation	-	-	-	3,398
Administration (Agency)	-	6,930	-	57,499
Allocated case management	-	2,740	2,740	(497,292)
Allocated IT dept costs	-	1,075	-	18,056
Older Hoosier subsidy	-	(8,597)	-	-
NSIP Subsidy	7,755	(7,755)	-	-
In-Kind expenses	-	27,270	-	116,339
	<u>\$ 7,755</u>	<u>\$ 162,892</u>	<u>\$ 39,788</u>	<u>\$ 1,579,105</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana Housing and Community Development Authority Community Services Division Programs:

	Weatherization Assist. For Low- Income Persons 18/19 WX-018-012 CFDA 81.042	Weatherization Assist. For Low- Income Persons 19/20 WX-019-012 CFDA 81.042	State LIHEAP Weatherization 18/19 WS-019-012 CFDA N/A	State LIHEAP Weatherization 19/20 WS-020-012 CFDA N/A	Low-Income Home Energy Assist Weatherization 18/19 WL-019-012 CFDA 93.568	Low-Income Home Energy Assist Weatherization 19/20 WL-020-012 CFDA 93.568
Salaries and fringe	\$ 14,070	\$ 76,825	\$ 3,410	\$ -	\$ 44,197	\$ 1,091
Mileage, per diem, lodging and travel	-	37	-	-	-	-
Training, registrations, and conferences	-	-	-	-	175	-
Space costs, repairs, and maintenance	2,400	3,565	-	-	4,529	-
Vehicle operation expense	1,249	5,719	-	-	1,064	-
Furniture, equipment, vehicle purchases	-	-	-	-	900	-
Info technology, computer & software costs	87	1,256	-	-	165	-
Contracted services	-	-	-	-	-	-
Program supplies & printing	5,315	2,881	-	-	5,191	3,164
Telephone, cable, & internet	542	921	-	-	2,147	-
Postage	17	44	-	-	42	-
Copier costs	96	70	-	-	141	-
Client/Employee assistance and services	-	-	-	-	-	-
Dues, subscriptions, and entertainment	-	1,015	-	-	256	-
Subcontracted services	52,858	156,850	64,797	10,000	110,598	3,896
Public information & events	-	9	-	-	-	-
Insurance	2,500	3,000	-	-	1,612	193
Audit and tax preparation	-	2,700	-	500	-	2,700
Depreciation	-	-	-	-	-	-
Administration (Agency)	15,917	6,300	-	-	12,644	-
Allocated IT dept costs	1,191	2,542	-	-	1,915	-
	<u>\$ 96,242</u>	<u>\$ 263,734</u>	<u>\$ 68,207</u>	<u>\$ 10,500</u>	<u>\$ 185,576</u>	<u>\$ 11,044</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana Housing and Community Development Authority Community Services Division Programs (Continued):

	Low-Income Home Energy Assistance/ Leveraging 19/20 LI-020-012 CFDA 93.568	Low-Income Home Energy Assistance/ Leveraging 18/19 LI-019-012/012-R CFDA 93.568	Low-Income Home Energy Assistance/ Leveraging 2015-2018 LI-018/7/6-012 CFDA 93.568	State Energy Assistance 18/19 IR-019-012 CFDA N/A	Section 8 Housing Choice Vouchers 2019 CFDA 14.871
Salaries and fringe	\$ 53,371	\$ 79,167	\$ 74,583	\$ 10,474	\$ 144,291
Mileage, per diem, lodging and travel	493	1,684	2,723	-	8,553
Training, registrations, and conferences	-	-	-	-	-
Space costs, repairs, and maintenance	3,878	7,986	10,737	-	4,380
Vehicle operation expense	54	146	25	-	32
Furniture, equipment, vehicle purchases	1,126	527	9,643	-	-
Info technology, computer & software costs	1,098	804	104	-	4,425
Contracted services	-	-	-	-	9,131
Program supplies & printing	1,616	8,464	3,952	-	872
Telephone, cable, & internet	1,573	4,622	5,884	-	3,033
Postage	114	117	5,578	-	4,853
Copier costs	87	459	148	-	1,998
Client/Employee assistance and services	1,510,798	935,008	-	-	1,621,107
Dues, subscriptions, and entertainment	-	-	511	-	256
Subcontracted services	-	-	-	-	-
Public information & events	5	-	-	-	-
Insurance	1,607	2,678	-	-	896
Audit and tax preparation	2,000	-	-	-	-
Depreciation	999	1,998	999	-	-
Administration (Agency)	10,500	17,691	13,809	-	26,004
Allocated IT dept costs	3,465	4,329	3,501	-	5,647
	<u>\$ 1,592,784</u>	<u>\$ 1,065,680</u>	<u>\$ 132,197</u>	<u>\$ 10,474</u>	<u>\$ 1,835,478</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana Housing and Community Development Authority Community Services Division Programs (Continued):

	Community Services Block Grant CS-018-CO-012 CS-019-012 CFDA 93.569	Community Services Block Grant Innovative Grant CS-018-012-D CFDA 93.569	IHCDA Community Svcs totals
Salaries and fringe	\$ 252,766	\$ 29,278	\$ 783,523
Mileage, per diem, lodging and travel	1,811	62	15,363
Training, registrations, and conferences	-	-	175
Space costs, repairs, and maintenance	9,059	25,171	71,705
Vehicle operation expense	880	-	9,169
Furniture, equipment, vehicle purchases	-	173	12,369
Info technology, computer & software costs	520	-	8,459
Contracted services	-	57,779	66,910
Program supplies & printing	1,338	2,829	35,622
Telephone, cable, & internet	673	-	19,395
Postage	-	-	10,765
Copier costs	5	-	3,004
Client/Employee assistance and services	-	-	4,066,913
Dues, subscriptions, and entertainment	314	-	2,352
Subcontracted services	-	-	398,999
Public information & events	-	-	14
Insurance	1,294	-	13,780
Audit and tax preparation	950	-	8,850
Depreciation	-	-	3,996
Administration (Agency)	-	9,166	112,031
Allocated IT dept costs	6,217	-	28,807
	<u>\$ 275,827</u>	<u>\$ 124,458</u>	<u>\$ 5,672,201</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana State Department of Health:

	Abstinence Education 19/20 CFDA 93.235	Abstinence Education 18/19 CFDA 93.235	STAR Abstinence Education 18/19 CFDA 93.060	HCET/ECHO 19/20 CFDA 93.297	T.B. Prevention 2019 CFDA 93.116
Salaries and fringe	\$ 19,560	\$ 46,781	\$ 74,478	\$ 8,737	\$ 88,868
Mileage, per diem, lodging and travel	697	895	6,606	24	9,358
Training, registrations, and conferences	-	-	120	120	1,830
Space costs, repairs, and maintenance	120	883	1,077	-	-
Furniture, equipment, vehicle purchases	-	-	-	-	-
Food and kitchen	-	-	-	-	25
Info technology, computer & software costs	101	145	213	7	145
Contracted services	-	-	-	-	-
Program supplies & printing	81	282	814	1,392	386
Telephone, cable, & internet	143	531	1,756	24	-
Postage	-	-	191	-	56
Copier costs	179	530	2,274	-	75
Client/Employee assistance and services	-	-	-	-	64,697
Dues, subscriptions, and entertainment	-	-	-	-	160
Subcontracted services	-	-	-	-	-
Public information & events	-	-	-	407	-
Insurance	41	122	-	250	415
Administration (Agency)	300	4,009	4,904	1,875	1,200
Allocated IT dept costs	-	-	628	-	-
	<u>\$ 21,222</u>	<u>\$ 54,178</u>	<u>\$ 93,061</u>	<u>\$ 12,836</u>	<u>\$ 167,215</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana State Department of Health (Continued):

	Martin Co. WIC & P.C. 18/19 CFDA 10.557	Martin Co. WIC & P.C. 19/20 CFDA 10.557	Baby & Me Tobacco Free 19/20 CFDA N/A	Baby & Me Tobacco Free 18/19 CFDA N/A	I.S.D.H. totals
Salaries and fringe	\$ 53,867	\$ 19,366	\$ 9,262	\$ 25,097	\$ 346,016
Mileage, per diem, lodging and travel	275	143	644	1,446	20,088
Training, registrations, and conferences	-	-	925	-	2,995
Space costs, repairs, and maintenance	5,264	1,072	65	501	8,982
Furniture, equipment, vehicle purchases	1,582	-	-	-	1,582
Food and kitchen	-	-	-	-	25
Info technology, computer & software costs	107	41	39	139	937
Contracted services	180	-	480	1,440	2,100
Program supplies & printing	4,757	53	100	11,648	19,513
Telephone, cable, & internet	2,556	328	72	485	5,895
Postage	39	16	-	-	302
Copier costs	347	74	-	1	3,480
Client/Employee assistance and services	-	-	-	-	64,697
Dues, subscriptions, and entertainment	-	-	-	-	160
Subcontracted services	3,100	-	-	-	3,100
Public information & events	-	-	-	-	407
Insurance	-	-	-	-	828
Administration (Agency)	3,708	1,236	249	747	18,228
Allocated IT dept costs	-	-	-	-	628
	<u>\$ 75,782</u>	<u>\$ 22,329</u>	<u>\$ 11,836</u>	<u>\$ 41,504</u>	<u>\$ 499,963</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded Directly through Indiana Department of Workforce Development:

	HCET/SERVE 19/20 <u>CFDA N/A</u>
Salaries and fringe	\$ 31,413
Mileage, per diem, lodging and travel	2,301
Space costs, repairs, and maintenance	132
Info technology, computer & software costs	195
Program supplies & printing	1,182
Telephone, cable, & internet	403
Postage	101
Copier costs	1,547
Administration (Agency)	1,650
Allocated IT dept costs	<u>346</u>
	<u><u>\$ 39,270</u></u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana Department of Education:

	Child and Adult Food and Nutrition 18/19 CFDA 10.558	Child and Adult Food and Nutrition 19/20 CFDA 10.558	21st Century Learning Cohort 9 18/19 CFDA 84.287C	21st Century Learning Cohort 8, Y2 18/19 CFDA 84.287C	21st Century Learning Cohort 9, Y2 19/20 CFDA 84.287C	21st Century Learning Cohort 8, Y3 19/20 CFDA 84.287C	Indiana Dept of Education totals
Salaries and fringe	\$ -	\$ -	\$ 96,597	\$ 51,069	\$ 120,257	\$ 60,593	\$ 328,516
Mileage, per diem, lodging and travel	54	-	1,022	397	473	1,173	3,119
Training, registrations, and conferences	-	-	360	390	194	1,333	2,277
Space costs, repairs, and maintenance	2,360	853	1,002	987	932	935	7,069
Vehicle operation expense	-	-	198	95	314	58	665
Furniture, equipment, vehicle purchases	4,373	-	2,174	6,643	-	-	13,190
Food and kitchen	124,949	42,929	-	-	-	-	167,878
Info technology, computer & software costs	54	23	470	171	782	695	2,195
Contracted Services	-	-	12,167	2,518	8,590	2,778	26,053
Program supplies & printing	7,473	3,479	27,723	8,283	9,837	2,035	58,830
Telephone, cable, & internet	-	-	558	628	1,042	725	2,953
Postage	20	8	503	146	281	144	1,102
Copier costs	-	-	1,591	1,727	2,177	970	6,465
Dues, subscriptions, and entertainment	-	-	48	-	60	60	168
Public information & events	-	-	-	-	-	29	29
Insurance	-	-	580	-	1,555	243	2,378
Audit and tax preparation	-	-	-	425	1,000	1,345	2,770
Administration (Agency)	-	-	6,381	1,006	9,100	3,500	19,987
Allocated IT dept costs	-	-	943	-	1,393	-	2,336
	<u>\$ 139,283</u>	<u>\$ 47,292</u>	<u>\$ 152,317</u>	<u>\$ 74,485</u>	<u>\$ 157,987</u>	<u>\$ 76,616</u>	<u>\$ 647,980</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through Indiana State Department of Health via Indiana University:

	Indiana Area Health Education Centers (State) 18/19 <u>CFDA N/A</u>	Indiana Area Health Education Centers (State) 19/20 <u>CFDA N/A</u>	Indiana Area Health Education Centers (Fed) 18/19 <u>CFDA 93.107</u>	Indiana Area Health Education Centers (Fed) 19/20 <u>CFDA 93.107</u>	Indiana Area Health Education Centers <u>totals</u>
Salaries and fringe	\$ 86,837	\$ 94,773	\$ 36,773	\$ 13,772	\$ 232,155
Mileage, per diem, lodging and travel	5,556	3,393	11,973	5,448	26,370
Training, registrations, and conferences	2,348	2,300	2,740	2,940	10,328
Space costs, repairs, and maintenance	(452)	1,816	4,025	185	5,574
Vehicle operation expense	86	210	663	59	1,018
Info technology, computer & software costs	272	338	92	-	702
Contracted Services	27,100	6,265	26,354	-	59,719
Program supplies & printing	511	288	4,496	117	5,412
Telephone, cable, & internet	2,395	1,240	960	371	4,966
Postage	23	435	9	-	467
Copier costs	183	135	156	-	474
Client/Employee Assistance and Services	1,542	5,880	8,077	100	15,599
Dues, subscriptions, and entertainment	515	124	100	-	739
Public information & events	41	-	108	250	399
Insurance	198	693	1,188	-	2,079
Audit and tax preparation	94	1,082	570	-	1,746
Administration (Agency)	1,232	5,634	6,142	-	13,008
Allocated IT dept costs	1,128	852	357	-	2,337
	<u>\$ 129,609</u>	<u>\$ 125,458</u>	<u>\$ 104,783</u>	<u>\$ 23,242</u>	<u>\$ 383,092</u>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through Purdue University:

	Indiana AgrAbility Project 18/19 CFDA 10.500	AgVets 19/20 CFDA 10.334	Purdue University totals
Salaries and fringe	\$ 27,160	\$ 9,090	\$ 36,250
Mileage, per diem, lodging and travel	4,677	3,011	7,688
Training, registrations, and conferences	785	1,350	2,135
Info technology, computer & software costs	52	19	71
Program supplies & printing	174	1,115	1,289
Postage	2	1	3
Copier costs	94	35	129
Dues, subscriptions, and entertainment	45	-	45
Public information & events	-	453	453
Insurance	77	288	365
Administration (Agency)	-	4,000	4,000
	<u>\$ 33,066</u>	<u>\$ 19,362</u>	<u>\$ 52,428</u>

See independent auditor's report.

**Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source
Year Ending December 31, 2019**

Funded through Indiana Department of Insurance:

	State Health Insurance Assistance (SHIP) <u>CFDA 93.779</u>
Salaries and fringe	\$ 2,915
Mileage, per diem, lodging and travel	1,366
Program supplies & printing	19
Public information & events	<u>3,492</u>
	<u><u>\$ 7,792</u></u>

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded Directly through Indiana Criminal Justice Institute:

	Child Passenger Safety Program <u>CFDA N/A</u>
Vehicle operation expense	\$ 9
Program supplies & printing	<u>1,854</u>
	<u>\$ 1,863</u>

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source (Continued)
Year Ending December 31, 2019

Funded through the Indiana Tobacco Use Prevention and Cessation Prevention Initiatives Programs:

	Daviess County Tobacco Prevention 18/19 CFDA N/A	Daviess County Tobacco Prevention 19/20 CFDA N/A	Lawrence County Tobacco Prevention 18/19 CFDA N/A	Lawrence County Tobacco Prevention 19/20 CFDA N/A	Knox County Tobacco Prevention 18/19 CFDA N/A	Knox County Tobacco Prevention 19/20 CFDA N/A	Tobacco Prevention and Cessation totals
Salaries and fringe	\$ 19,911	\$ 21,059	\$ 18,816	\$ 19,201	\$ 21,938	\$ 12,673	\$ 113,598
Mileage, per diem, lodging and travel	540	752	952	486	677	457	3,864
Training, registrations, and conferences	-	-	335	135	125	25	620
Space costs, repairs, and maintenance	-	-	197	-	-	-	197
Vehicle operation expense	-	-	-	-	-	19	19
Furniture, equipment, vehicle purchases	-	-	-	-	-	1,110	1,110
Food and kitchen	-	66	-	-	-	-	66
Info technology, computer & software costs	32	40	36	27	36	35	206
Program supplies & printing	117	-	20	56	682	-	875
Telephone, cable, & internet	-	-	280	200	-	20	500
Postage	7	8	1	-	9	7	32
Copier costs	10	10	82	46	-	1	149
Dues, subscriptions, and entertainment	244	200	200	329	-	54	1,027
Public information & events	600	-	1,000	-	6,731	-	8,331
Insurance	44	244	44	244	45	244	865
Audit and tax preparation	252	252	252	252	252	252	1,512
Administration (Agency)	750	750	750	750	750	750	4,500
	<u>\$ 22,507</u>	<u>\$ 23,381</u>	<u>\$ 22,965</u>	<u>\$ 21,726</u>	<u>\$ 31,245</u>	<u>\$ 15,647</u>	<u>\$ 137,471</u>

See independent auditor's report.

Program C - Healthcare Division

Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source
Year Ending December 31, 2019

Healthcare Division:

	<u>Home Healthcare and Hospice</u>	<u>Serenity Now Psychiatric and Counseling Svcs</u>	<u>Medicaid Waiver Case Mgt and Svcs</u>	<u>Healthcare division totals</u>
Salaries and fringe	\$ 2,254,862	\$ 1,219,522	\$ 89,167	\$ 3,563,551
Mileage, per diem, lodging and travel	261,061	2,607	23,936	287,604
Training, registrations, and conferences	2,081	3,762	-	5,843
Space costs, repairs, and maintenance	40,131	61,533	340	102,004
Vehicle operation expense	491	-	19	510
Furniture, equipment, vehicle purchases	66,657	6,457	-	73,114
Bank fees and interest expense	-	11,305	-	11,305
Info technology, computer & software costs	55,577	96,579	135	152,291
Contracted services	28,872	-	-	28,872
Program supplies & printing	179,675	11,829	40	191,544
Telephone, cable, & internet	24,556	17,984	114	42,654
Postage	7,822	2,072	47	9,941
Copier costs	11,342	3,757	16	15,115
Client/Employee assistance and services	184,034	2,000	62,044	248,078
Dues, subscriptions, and entertainment	19,487	2,693	48	22,228
Public information & events	51,401	385	-	51,786
Insurance	36,902	10,034	94	47,030
Legal/Filing/Consulting fees	-	2,700	-	2,700
Audit and tax preparation	23,944	-	1,000	24,944
Administration (Agency)	189,996	-	59,399	249,395
Allocated case management	-	-	497,290	497,290
Allocated IT dept costs	12,915	-	768	13,683
	<u>\$ 3,451,806</u>	<u>\$ 1,455,219</u>	<u>\$ 734,457</u>	<u>\$ 5,641,482</u>

See independent auditor's report.

Program D - General

**Hoosier Uplands Economic Development Corporation
Statement of Functional Expenses by Funding Source
Year Ending December 31, 2019**

Funded through Local Agreements, Donations and Fundraisers

Salaries and fringe	\$ 1,039,729
Mileage, per diem, lodging and travel	46,964
Training, registrations, and conferences	6,476
Space costs, repairs, and maintenance	163,849
Vehicle operation expense	1,926
Furniture, equipment, vehicle purchases	(50,842)
Bank fees and interest expense	22,035
Food and kitchen	(983)
Management fees	4,755
Info technology, computer & software costs	37,232
Contracted services	960
Program supplies & printing	14,559
Property purchase and improvements	(898,362)
Telephone, cable, & internet	18,836
Postage	21,650
Copier costs	21,608
Client/Employee assistance and services	53,582
Donations, grants, and scholarships	361,016
Dues, subscriptions, and entertainment	16,410
Subcontracted services	50,064
Public information & events	78,232
Community development & improvement	140,882
Insurance	51,794
Legal/Filing/Consulting fees	10,724
Audit and tax preparation	8,818
Fines/Penalties	643
Loss on fixed asset disposals	338,636
Depreciation	180,522
Administration (Agency)	(740,712)
Allocated IT dept costs	(86,430)
Allocated common costs	(100,419)
	<hr/>
	\$ 814,154
	<hr/> <hr/>

See independent auditor's report.

Hoosier Uplands Economic Development Corporation and Affiliates
Schedule of Partnership Revenues and Expenses
Year Ended December 31, 2019

	Aspen Meadows, L.P.	Bedford Apartments, L.P.	Lost River Place, L.P.	Spring Town Apartments	Stonecutters Place Apartments, L.P.	Pioneer Creek Apartments, L.P.	New Horizon Apartments	Persimmon Park Apartments
Revenue								
Net rental income	\$ 245,511	\$ 344,201	\$ 110,207	\$ 80,913	\$ 143,267	\$ 167,285	\$ 266,103	\$ 216,850
Interest income	-	367	-	304	-	176	9	-
Other income	-	9,865	748	1,241	3,012	4,427	2,839	704,371
Total revenue	245,511	354,433	110,955	82,458	146,279	171,888	268,951	921,221
Expenses								
Administration expenses	24,149	68,693	33,537	20,555	82,654	20,950	88,219	65,129
Utilities	40,075	41,387	28,664	21,637	16,773	26,326	37,318	37,686
Operating and maintenance	92,623	67,750	24,197	20,114	42,489	60,012	64,013	88,672
Taxes and insurance	43,486	39,289	31,867	19,337	53,141	16,526	48,665	30,883
Interest expense	129,742	26,706	65,652	44,122	18,167	13,383	31,522	42,446
Impairment loss	-	-	1,044,244	802,502	1,985,648	-	-	-
Depreciation and amortization	87,007	94,960	87,980	88,810	233,230	53,553	64,739	81,887
Total expenses	417,082	338,785	1,316,141	1,017,077	2,432,102	190,750	334,476	346,703
Subtotal revenue over (under) expenses	(171,571)	15,648	(1,205,186)	(934,619)	(2,285,823)	(18,862)	(65,525)	574,518
Less elimination	128,066	26,706	71,286	40,782	25,494	12,032	33,020	25,636 *
Revenue over (under) expenses	\$ (43,505)	\$ 42,354	\$ (1,133,900)	\$ (893,837)	\$ (2,260,329)	\$ (6,830)	\$ (32,505)	\$ 600,154

See independent auditor's report.

Hoosier Uplands Economic Development Corporation and Affiliates
Schedule of Partnership Revenues and Expenses (Continued)
Year Ended December 31, 2019

	Stalker Apartments, L.P.	Taylor Apartments	Hoosier Uplands Lost River II	Hoosier Uplands College Hill	Phoenix Project	Hoosier Uplands Phoenix, LLC	PD Leverage Loan Partnership, LLC	Total
Revenue								
Net rental income	\$ 87,140	\$ 81,513	\$ 87,240	\$ 119,026	\$ 87,741	\$ 40,691	\$ -	\$ 2,077,688
Interest income	-	-	-	-	-	-	114,992	115,848
Other income	1,947	250	-	-	-	5,725,174	6,709,313	13,163,187
Total revenue	89,087	81,763	87,240	119,026	87,741	5,765,865	6,824,305	15,356,723
Expenses								
Administration expenses	46,677	39,486	31,469	33,600	35,003	-	6,742,312	7,332,433
Utilities	10,317	8,549	18,918	28,445	11,770	-	-	327,865
Operating and maintenance	23,197	19,840	15,786	62,132	33,532	-	-	614,357
Taxes and insurance	27,489	7,383	22,012	20,342	18,205	-	-	378,625
Interest expense	13,600	4,159	-	-	-	40,691	91,236	521,426
Impairment loss	1,219,532	-	-	-	-	-	-	5,051,926
Depreciation and amortization	171,255	15,217	36,239	86,149	-	190,116	-	1,291,142
Total expenses	1,512,067	94,634	124,424	230,668	98,510	230,807	6,833,548	15,517,774
Subtotal revenue over (under) expenses	(1,422,980)	(12,871)	(37,184)	(111,642)	(10,769)	5,535,058	(9,243)	(161,051)
Less elimination	18,985	9,152	6,076	7,162	6,165	26,989	4,486,115	4,923,666 *
Revenue over (under) expenses	\$ (1,403,995)	\$ (3,719)	\$ (31,108)	\$ (104,480)	\$ (4,604)	\$ 5,562,047	\$ 4,476,872	\$ 4,762,615

* Represents management fee and interest expense charged by Hoosier Uplands Economic Development Corporation to the various partnerships. Additionally, includes forgiveness of notes between Hoosier Uplands Economic Development Corporation and PD Leverage Loan Partnership.

See independent auditor's report.

Hoosier Uplands Economic Development Corporation and Affiliates
Schedule of Expenditures of Federal Awards and Notes
Year Ended December 31, 2019

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures	Total Federal Expenditures
<u>U.S. Department of Health and Human Services</u>				
<u>Directly from Department of Health and Human Services:</u>				
Head Start	93.600	05CH8438-05	\$ 3,358,716	<u>3,358,716</u>
Total directly received from the Department of Health and Human Service				<u>3,358,716</u>
<u>Passed through Indiana Department of Workforce Development:</u>				
HCET/SERVE	93.558	n/a	39,270	<u>39,270</u>
Total passed through the Indiana Department of Workforce Development				<u>39,270</u>
<u>Passed through Indiana State Department of Health:</u>				
ACA Abstinence Education	93.235	#40534 / #22445	75,400	
HCET/ECHO	93.297	n/a	12,836	
STAR	93.060	n/a	93,061	
Tuberculosis Control Program	93.116	#17614 / #17616	167,215	
Total passed through the Indiana State Department of Health				<u>348,512</u>
<u>Passed through Indiana State Department of Insurance:</u>				
State Health Insurance Assistance (SHIP)	93.779	#17896	7,792	
Total passed through the Indiana State Department of Insurance				<u>7,792</u>
<u>Passed through Indiana Housing and Community Dev. Authority:</u>				
Community Services Block Grant	93.569	CS-019-012	235,173	
Community Services Block Grant (carryover)	93.569	CS-018-CO-012	40,654	
Community Services Block Grant Innovative Grant	93.569	CS-018-012-D	124,458	
				<u>400,285</u>
Low-Income Home Energy Assistance	93.568	LI-020-012 / LI-019-012	2,790,661	
Low-Income Home Energy Assistance Weatherization	93.568	WL-020-012 / WL-019-012	196,620	
				<u>2,987,281</u>
Total passed through the Indiana Housing and Community Development Authority				<u>3,387,566</u>
<u>Passed through Indiana Family and Social Services Administration:</u>				
Cluster: IIIA Aging - Administration	93.044	#38373 / #21701	72,933	
IIIB Aging - ATTC	93.044	#38373 / #21701	9,760	
IIIB Aging - Case Management	93.044	#38373 / #21701	73,416	
IIIB Aging - Home Health Aide	93.044	#38373 / #21701	115	
IIIB Aging - Home Health Supplies	93.044	#38373 / #21701	339	
IIIB Aging - In Home Homemaker	93.044	#38373 / #21701	23,361	
IIIB Aging - Legal	93.044	#38373 / #21701	2,685	
IIIB Aging - Nutritional Supplement	93.044	#38373 / #21701	1,533	
IIIB Aging - PRSM	93.044	#38373 / #21701	3,550	
IIIB Aging - Ombudsman	93.044	#38373 / #21701	4,285	
				<u>191,977</u>
				<u>191,977</u>
IIIC Aging - Home Delivered Meals	93.045	#38373 / #21701	66,679	
IIIC Aging - Congregate Meals	93.045	#38373 / #21701	159,726	
Elderly Nutrition - Nutrition Services Incentive Program (NSIP)	93.053	#38373 / #21701	37,575	
				<u>263,980</u>
				<u>263,980</u>

See independent auditor's report.

**Hoosier Uplands Economic Development Corporation and Affiliates
Schedule of Expenditures of Federal Awards and Notes (Continued)
Year Ended December 31, 2019**

III Aging - Preventative Health	93.043	#38373 / #21701	12,023	
IIINational Family Caregiver Support	93.052	#38373 / #21701	53,471	
VII Aging - Ombudsman	93.042	#38373 / #21701	2,422	
S.S.B.G.	93.667	#38373 / #21701	127,670	
				195,586
Total passed through the Indiana Family and Social Services Administration				651,543
<u>Passed through Indiana University:</u>				
AHEC (Fed)	93.107	U77HP23068-08/09	128,025	
Total passed through Indiana University				128,025
TOTAL RECEIVED FROM THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				7,921,424
<u>U.S. Department of Agriculture</u>				
<u>Passed through Indiana State Department of Health:</u>				
WIC Martin County / Peer Counselor Grant	10.557	#38115 / #28831	98,111	
Total passed through the Indiana State Department of Health				98,111
<u>Passed through Indiana State Department of Education:</u>				
Child and Adult Food and Nutrition Program	10.558	47-1470092	186,575	
Total passed through the Indiana State Department of Education				186,575
<u>Passed through Purdue University:</u>				
Indiana AgrAbility Project	10.500	F9000067402004	33,066	
AgVets	10.334	2019-77028-29971	19,362	
Total passed through Purdue University				52,428
TOTAL RECEIVED FROM THE U.S. DEPARTMENT OF AGRICULTURE				337,114
<u>U.S. Department of Housing and Urban Development</u>				
<u>Directly from Department of Housing and Urban Development:</u>				
HUD Housing Counseling	14.169	HC190421004	26,198	
HOME-CHDO	14.239	CO-016-005	9,265	
Total directly received from the U.S. Department of Housing and Urban Development				35,463
<u>Passed through Indiana Housing and Community Dev. Authority:</u>				
ARRA Section 1602 Tax Credit Exchange Program (see Note 3)	14.258		779,562	
Section 8 Housing Choice Vouchers	14.871	HCV-019-009	1,835,478	
Total passed through the Indiana Housing and Community Development Authority				2,615,040
TOTAL RECEIVED FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				2,650,503
<u>U.S. Department of Energy</u>				
<u>Passed through Indiana Housing and Community Dev. Authority:</u>				
Weatherization Assistance for Low-Income Persons	81.042	WX-019-012	359,976	
Total passed through the Indiana Housing and Community Development Authority				359,976
TOTAL RECEIVED FROM THE U.S. DEPARTMENT OF ENERGY				359,976
<u>U.S. Department of Education</u>				
<u>Passed through Indiana State Department of Education:</u>				
21st Century Learning Center Program	84.287	S287C170014	461,405	
Total passed through the Indiana State Department of Education				461,405
TOTAL RECEIVED FROM THE U.S. DEPARTMENT OF EDUCATION				461,405
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS				\$ 11,730,422

See independent auditor's report.

**Hoosier Uplands Economic Development Corporation and Affiliates
Schedule of Expenditures of Federal Awards and Notes (Continued)
Year Ended December 31, 2019**

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of HUEDC under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") 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 HUEDC, it is not intended to and does not present the financial position, changes in net assets or cash flows of HUEDC.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein some types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. HUEDC does not use the 10% de minimis indirect rate allowed in the Uniform Guidance, Section 414.

Note C - Noncash Items

In accordance with requirements specified by the Uniform Guidance, the beginning balance of a loan of federal funds (CFDA 14.258) received in a prior period is presented totaling \$779,562. There were no additional proceeds received or other activity related to this balance apart from forgiveness of a portion of the balance during 2019.



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
Hoosier Uplands Economic Development Corporation and Affiliates

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 combined financial statements of Hoosier Uplands Economic Development Corporation and Affiliates, which comprise the combined statement of financial position as of December 31, 2019, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated August 24, 2020. Our report includes a reference to other auditors who audited the financial statements of various partnerships, as described in our report on Hoosier Uplands Economic Development Corporation and Affiliates' combined financial statements. The financial statements of these various partnerships were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hoosier Uplands Economic Development Corporation'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hoosier Uplands Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Hoosier Uplands Economic Development Corporation'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.

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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards* (Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hoosier Uplands Economic Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Hoosier Uplands Economic Development Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hoosier Uplands Economic Development Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeffersonville, Indiana
August 24, 2020

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Directors
Hoosier Uplands Economic Development Corporation and Affiliates

Report on Compliance for Each Major Federal Program

We have audited Hoosier Uplands Economic Development Corporation'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 Hoosier Uplands Economic Development Corporation's major federal programs for the year ended December 31, 2019. Hoosier Uplands Economic Development Corporation's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hoosier Uplands Economic Development Corporation'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 (CFR) 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 Hoosier Uplands Economic Development Corporation'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 Hoosier Uplands Economic Development Corporation's compliance.

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**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance in Accordance with the Uniform Guidance (Continued)**

Opinion on Each Major Federal Program

In our opinion, Hoosier Uplands Economic Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Hoosier Uplands Economic Development Corporation 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 Hoosier Uplands Economic Development Corporation'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 Hoosier Uplands Economic Development Corporation'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.



Jeffersonville, Indiana
August 24, 2020

**Hoosier Uplands Economic Development Corporation and Affiliates
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified not considered to be
material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified not considered to be
material weaknesses? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with the Uniform Guidance? _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
14.258	ARRA Section 1602 Tax Credit Exchange Program	\$ 779,562
93.568	Low-income Home Energy Assistance	\$2,987,279

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

Auditee qualified as a low risk auditee? X yes _____ no

Section II - Financial Statement Findings
None

Section III - Major Federal Award Programs Audit Findings
None

**Hoosier Uplands Economic Development Corporation and Affiliates
Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2019**

None.

**Hoosier Uplands Economic Development Corporation and Affiliates
Exit Conference
Year Ended December 31, 2019**

Mitchell, Indiana

Subsequent to the conclusion of the audit, an exit conference was held.

Those in attendance, along with those associated with the audit report are as follows:

Representatives of the Agency:

David Miller, Chief Executive Officer

Eric Zink, Chief Financial Officer

Representative of MCM CPAs & Advisors LLP

John Hill, Partner

Lee Ann Watters, Principal

The following matters were discussed at the exit conference:

- A. The format and content of the audit report draft.
- B. Hoosier Uplands Economic Development Corporation's review and approval of the audit report.