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302 WEST WASHINGTON STREET  
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INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

October 1, 2021

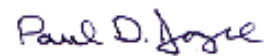
Board of Directors  
Edna Martin Christian Center  
2605 E. 25th Street  
Indianapolis, IN 46218

We have received the audit report of Edna Martin Christian Center which was opined upon by Greenwalt CPAs, Inc., Independent Public Accountants, 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 Edna Martin Christian Center 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.

We call your attention to the finding included in the report on page 31. Please see the Summary of Audit Results for complete details related to the finding. Management's Corrective Action Plan appears immediately after page 31.

In our opinion, Greenwalt CPAs, Inc., 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.

  
Paul D. Joyce, CPA  
State Examiner

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EDNA MARTIN CHRISTIAN CENTER, INC.  
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
DECEMBER 31, 2019 AND 2018

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GREENWALT<sup>CPAs</sup>

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**EDNA MARTIN CHRISTIAN CENTER, INC.**

TABLE OF CONTENTS

DECEMBER 31, 2019 AND 2018

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Independent Auditors' Report.....	1
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses .....	6
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	10
Independent Auditors' Report on Supplementary Information .....	23
Supplementary Information .....	24
Schedule of Expenditures of Federal Awards .....	26
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	27
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by Uniform Guidance .....	29
Schedule of Findings and Questioned Costs .....	31
Corrective Action Plan.....	32



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Edna Martin Christian Center, Inc. and Subsidiary:

We have audited the accompanying consolidated financial statements of Edna Martin Christian Center, Inc. and Subsidiary (EMCC), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of EMCC as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020 on our consideration of EMCC'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 EMCC'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 EMCC's internal control over financial reporting and compliance.

*Greenwald CPAs, Inc.*

September 22, 2020

EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash	\$ 147,494	\$ 834,990
Grants receivable	603,937	434,922
Accounts receivable	31,418	39,306
Pledges receivable	2,635	2,900
Prepaid expenses	13,670	14,091
Common Investment Fund	99,778	86,513
Restricted investments	5,173,711	4,345,621
Property and equipment, net	4,051,041	3,762,866
	<u>4,051,041</u>	<u>3,762,866</u>
<i>Total assets</i>	<u>\$ 10,123,684</u>	<u>\$ 9,521,209</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Line of credit	\$ -	\$ 220,050
Accounts payable	41,299	412,543
Accrued expenses	-	56,292
Funds held on behalf of others	40,503	42,054
	<u>40,503</u>	<u>42,054</u>
<i>Total liabilities</i>	<u>81,802</u>	<u>730,939</u>

COMMITMENTS (NOTE 7)

NET ASSETS

Without donor restrictions		
Undesignated	4,064,857	3,336,134
Board designated	99,778	86,513
<i>Total net assets without donor restrictions</i>	<u>4,164,635</u>	<u>3,422,647</u>
With donor restrictions	<u>5,877,247</u>	<u>5,367,623</u>
<i>Total net assets</i>	<u>10,041,882</u>	<u>8,790,270</u>
<i>Total liabilities and net assets</i>	<u>\$ 10,123,684</u>	<u>\$ 9,521,209</u>

**EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY**  
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>2019 TOTAL</u>	<u>2018 TOTAL</u>
<b>SUPPORT AND REVENUE</b>				
Public support and revenue				
Contributions	\$ 223,279	\$ -	\$ 223,279	\$ 211,521
Grants	1,418,902	1,272,045	2,690,947	1,736,755
In-kind donations	135,733	-	135,733	129,282
United Way designations and allocations	58,020	-	58,020	100,232
Program fees, subsidies and donations, net of childcare assistance	794,694	-	794,694	602,298
Fundraising events	29,230	-	29,230	24,762
<i>Total public support and revenue</i>	<u>2,659,858</u>	<u>1,272,045</u>	<u>3,931,903</u>	<u>2,804,850</u>
Other revenue				
Rent and other	3,395	-	3,395	392
Investment	84,668	-	84,668	58,477
<i>Total other revenue</i>	<u>88,063</u>	<u>-</u>	<u>88,063</u>	<u>58,869</u>
Net assets released from restriction (Note 6)	1,266,800	(1,266,800)	-	-
<i>Total support and revenue</i>	<u>4,014,721</u>	<u>5,245</u>	<u>4,019,966</u>	<u>2,863,719</u>
<b>EXPENSES</b>				
Program service expenses				
Community Services	1,395,966	-	1,395,966	1,073,761
Edna Martin Childcare Ministry	565,174	-	565,174	519,990
Keystone	-	-	-	32,898
Leadership and Legacy	1,364,963	-	1,364,963	880,120
<i>Total program service expenses</i>	<u>3,326,103</u>	<u>-</u>	<u>3,326,103</u>	<u>2,506,769</u>
Support service expenses				
Management and general	472,882	-	472,882	527,036
Fundraising	84,346	-	84,346	65,894
<i>Total supporting service expenses</i>	<u>557,228</u>	<u>-</u>	<u>557,228</u>	<u>592,930</u>
<i>Total expenses</i>	<u>3,883,331</u>	<u>-</u>	<u>3,883,331</u>	<u>3,099,699</u>
Change in net assets before other gains (losses)	131,390	5,245	136,635	(235,980)
Other gains (losses)				
Construction grants	-	350,000	350,000	2,650,000
Unrealized and realized gain (loss) on investments	610,598	154,379	764,977	(260,295)
Loss on disposal of property and equipment	-	-	-	(888)
<b>CHANGE IN NET ASSETS</b>	741,988	509,624	1,251,612	2,152,837
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>3,422,647</u>	<u>5,367,623</u>	<u>8,790,270</u>	<u>6,637,433</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,164,635</u>	<u>\$ 5,877,247</u>	<u>\$ 10,041,882</u>	<u>\$ 8,790,270</u>

**EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>SUPPORT AND REVENUE</b>			
Public support			
Contributions	\$ 211,521	\$ -	\$ 211,521
Grants	1,366,954	369,801	1,736,755
In-kind donations	129,282	-	129,282
United Way designations and allocations	100,232	-	100,232
Program fees, subsidies and donations, net of childcare assistance	602,298	-	602,298
Fundraising events	24,762	-	24,762
<i>Total public support</i>	<u>2,435,049</u>	<u>369,801</u>	<u>2,804,850</u>
Other revenue			
Rental and other	392	-	392
Investment	58,477	-	58,477
<i>Total other revenue</i>	<u>58,869</u>	<u>-</u>	<u>58,869</u>
Net assets released from restriction (Note 6)	462,655	(462,655)	-
<i>Total support and revenue</i>	<u>2,956,573</u>	<u>(92,854)</u>	<u>2,863,719</u>
<b>EXPENSES</b>			
Program service expenses			
Community Services	1,073,761	-	1,073,761
Edna Martin Childcare Ministry	519,990	-	519,990
Keystone	32,898	-	32,898
Leadership and Legacy	880,120	-	880,120
<i>Total program service expenses</i>	<u>2,506,769</u>	<u>-</u>	<u>2,506,769</u>
Supporting service expenses			
Management and general	527,036	-	527,036
Fundraising	65,894	-	65,894
<i>Total supporting service expenses</i>	<u>592,930</u>	<u>-</u>	<u>592,930</u>
<i>Total expenses</i>	<u>3,099,699</u>	<u>-</u>	<u>3,099,699</u>
Change in net assets before other gains (losses)	(143,126)	(92,854)	(235,980)
Other gains (losses)			
Construction grants	1,845,266	804,734	2,650,000
Unrealized and realized loss on investments	(105,916)	(154,379)	(260,295)
Loss on disposal of property and equipment	(888)	-	(888)
<b>CHANGE IN NET ASSETS</b>	1,595,336	557,501	2,152,837
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,827,311</u>	<u>4,810,122</u>	<u>6,637,433</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,422,647</u>	<u>\$ 5,367,623</u>	<u>\$ 8,790,270</u>

**EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services				Support Services		Total 2019	Total 2018
	Community Services	Edna Martin Childcare Ministry	Leadership and Legacy	Total Program	Management and General	Fundraising		
Direct program	\$ 304,594	\$ 55,313	\$ 121,195	\$ 481,102	\$ -	\$ -	\$ 481,102	\$ 299,568
Benevolence	127,723	150	559	128,432	1,051	-	129,483	88,399
Salary and wages	625,275	324,524	516,646	1,466,445	199,875	55,903	1,722,223	1,465,871
Payroll taxes and fees	54,822	28,934	45,685	129,441	18,273	4,568	152,282	127,921
Employee benefits	18,292	9,654	15,244	43,190	6,098	1,524	50,812	79,426
Occupancy	52,496	26,914	-	79,410	53,828	-	133,238	133,238
Professional fees	84,022	-	397,726	481,748	15,032	-	496,780	294,980
Depreciation	31,274	20,575	26,336	78,185	72,159	-	150,344	88,847
Office supplies and equipment	4,037	47	12,285	16,369	12,928	-	29,297	34,759
Staff support	35,451	6,223	19,124	60,798	17,814	-	78,612	54,354
Repairs and maintenance	-	-	83,885	83,885	19,047	-	102,932	63,742
Vehicle	516	2,159	26,150	28,825	51	-	28,876	18,822
Utilities and telephone	10,127	1,125	43,600	54,852	-	-	54,852	53,431
Insurance	16,772	13,924	15,498	46,194	20,556	-	66,750	75,702
Publicity	6,366	6,238	8,075	20,679	18,090	22,351	61,120	35,823
Staff travel	18,889	160	11,415	30,464	9,150	-	39,614	33,743
Food service	-	50,764	10,737	61,501	-	-	61,501	95,752
Interest and bank fees	5,310	5,310	64	10,684	-	-	10,684	13,753
Bad debt	-	13,160	-	13,160	-	-	13,160	25,896
Other	-	-	10,739	10,739	8,930	-	19,669	15,672
<i>Total expenses</i>	<u>\$ 1,395,966</u>	<u>\$ 565,174</u>	<u>\$ 1,364,963</u>	<u>\$ 3,326,103</u>	<u>\$ 472,882</u>	<u>\$ 84,346</u>	<u>\$ 3,883,331</u>	<u>\$ 3,099,699</u>

See accompanying notes to consolidated financial statements.

EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services					Support Services		
	Community Services	Edna Martin Childcare Ministry	Keystone	Leadership and Legacy	Total Program	Management and General	Fundraising	Total
Direct program	\$ 100,751	\$ 7,087	\$ 755	\$ 190,975	\$ 299,568	\$ -	\$ -	\$ 299,568
Benevolence	84,668	-	-	-	84,668	3,731	-	88,399
Salary and wages	517,643	321,321	5,474	309,292	1,153,730	265,320	46,821	1,465,871
Payroll taxes and fees	53,897	17,638	-	26,045	97,580	25,790	4,551	127,921
Employee benefits	8,418	5,403	522	14,215	28,558	50,868	-	79,426
Occupancy	135,049	-	-	-	135,049	(1,811)	-	133,238
Professional fees	37,496	7,914	9,042	147,680	202,132	92,848	-	294,980
Depreciation	18,860	19,455	-	40,244	78,559	10,288	-	88,847
Office supplies and equipment	22,485	778	(451)	(133)	22,679	12,080	-	34,759
Staff support	28,884	8,398	-	7,613	44,895	9,459	-	54,354
Repairs and maintenance	1,852	2,392	1,265	51,853	57,362	6,380	-	63,742
Vehicle	2,393	1,635	-	14,900	18,928	(106)	-	18,822
Utilities and telephone	3,331	108	160	47,507	51,106	2,325	-	53,431
Insurance	6,890	13,381	5,711	21,881	47,863	27,839	-	75,702
Publicity	8,922	2,706	-	2,450	14,078	7,223	14,522	35,823
Staff travel	27,099	(107)	-	1,308	28,300	5,443	-	33,743
Food service	204	85,129	10,291	128	95,752	-	-	95,752
Interest and bank fees	624	-	129	216	969	12,784	-	13,753
Bad debt	-	25,896	-	-	25,896	-	-	25,896
Other	14,295	856	-	3,946	19,097	(3,425)	-	15,672
<i>Total expenses</i>	<u>\$ 1,073,761</u>	<u>\$ 519,990</u>	<u>\$ 32,898</u>	<u>\$ 880,120</u>	<u>\$ 2,506,769</u>	<u>\$ 527,036</u>	<u>\$ 65,894</u>	<u>\$ 3,099,699</u>

See accompanying notes to consolidated financial statements.

**CHANGE IN CASH AND CASH EQUIVALENTS**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributors, grantors, and program services	\$ 3,985,229	\$ 5,106,867
Cash paid to suppliers and employees	(3,783,445)	(2,742,678)
Investment income	84,668	58,477
	<u>286,452</u>	<u>2,422,666</u>
<i>Net cash and cash equivalents provided by operating activities</i>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,785,817)	(6,156,916)
Sales of investments	1,709,439	1,699,149
Maturity of certificate of deposit	-	2,505,321
Purchases of property and equipment	(677,520)	(2,108,089)
	<u>(753,898)</u>	<u>(4,060,535)</u>
<i>Net cash and cash equivalents used in investing activities</i>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings (payments) on line of credit	<u>(220,050)</u>	<u>220,050</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(687,496)	(1,417,819)
<b>CASH, BEGINNING OF YEAR</b>	834,990	234,362
<b>RESTRICTED CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>	<u>2,018,447</u>
<b>CASH AND RESTRICTED CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 147,494</u>	<u>\$ 834,990</u>
<b>NON-CASH ACTIVITIES</b>		
Property and equipment included in accounts payable	<u>\$ 3,474</u>	<u>\$ 245,949</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH  
AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES**

	<u>2019</u>	<u>2018</u>
CHANGE IN NET ASSETS	\$ 1,251,612	\$ 2,152,837
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
Depreciation	150,344	88,847
Loss on disposal of property and equipment	-	888
Donated property and equipment	(3,474)	-
Unrealized (gain) loss on investments	(740,685)	294,139
Realized gain on investments	(24,292)	(33,844)
<i>(Increase) decrease in operating assets</i>		
Grants receivable	(169,015)	(201,030)
Accounts receivable	7,888	(37,923)
Pledges receivable	265	19,860
Prepaid expenses	421	4,255
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	(128,769)	98,966
Accrued expenses	(56,292)	(302)
Funds held on behalf of others	(1,551)	35,973
<i>Total adjustments</i>	<u>(965,160)</u>	<u>269,829</u>
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 286,452</u>	<u>\$ 2,422,666</u>

**EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DESCRIPTION OF THE ORGANIZATION

Edna Martin Christian Center, Inc. (EMCC), located in Indianapolis, Indiana, is a human service organization with the mission of working with people on the near-northeast side to bridge cultural, racial, and economic differences in order to support and nurture the people in the community by providing holistic programs that empower, encourage, and engender a vision of hope. EMCC uses a holistic approach to deliver services and programs at an individual, family and community level. It has three areas of focus:

1. Providing education and training programs for youth and families through a wide range of holistic programming and collaborations [EDUCATION]
2. Collaborating with human services agencies to break the generational poverty cycle through social service support and social service programs focused on self-sufficiency [INCOME]
3. Serving as a lead agency to engage residents in community building to improve the Martindale-Brightwood neighborhood [COMMUNITY HEALTH]

EMCC offers many programs to support its stated mission and address the three focus areas. For the year ended December 31, 2019, EMCC's outreach was as follows:

***Community Services:***

- Nearly 3,000 residents had basic needs met through services such as emergency food, congregate meals, clothing distribution, rent and utility assistance, and supportive services.

***Edna Martin Childcare Ministry (EMCM):***

- Over 100 families were served this year.
- 24 On my Way Pre K/Indy PSP students were enrolled for the 2019-'20 school year.
- 27 students received subsidies.
- 20 students received scholarships.
- 5 staff members earned or renewed their Child Development Associate Credential.
- 4 staff received scholarships to further their education.
- 100% of staff earned over the amount of training hours required by Paths to Quality.
- 100% of staff successfully completed training in coping methods for students with challenging behaviors.
- 100% were trained in interpersonal communication.
- 100% renewed/earned CPR & First Aid Certifications.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

DESCRIPTION OF THE ORGANIZATION, CONTINUED

*Leadership and Legacy:*

*Childcare Ministry, Leadership and Legacy:*

- Current Enrollment 13.
- Level 2 binder and casework was completed and has been approved by our Childcare Answers Coaches
- CCDF valid through 9/30/2020 and RM valid through 9/12/2020.
- Started the CACFP paperwork needed to start the program. Targeted start date by end of February 2020.
- Director has obtained her CYC-P and her CDA which now qualifies the site for level advancement on PTQ.
- Campus Leadership is working with FFSA Consultant and Childcare Answers Coaches to fast track from PTQ 1 to 3. Projecting the first quarter of 2020.
- Leadership & Legacy Academy opened 4/25/2019 with standard Registered Ministry state status. Received PTQ 1 status on 6/19/2019. During July 2019, EMCC was afforded the opportunity to build capacity by participating in UWCI's Child Care Quality Improvement Project. Through this opportunity, the LLA was able to purchase classroom furnishing reflective of PTQ level 3 requirements. United Way also assisted EMCC in obtaining a playground grant through Anthem. Multiple families were connected to wrap around service through Edna Martin's Great Families 2020 Program.

*Youth Program:*

- 365 students in grades K-12 were served through year-round Out-of-School Time opportunities.
- EMCC's Leadership and Legacy School-Aged programs serve students from 15 schools.
- 92% of 3rd-6th grade students will report that the afterschool program has helped them learn how they can help others in their community.
- 67% of regular 21st CCLC participants improved their math and reading grades from fall to spring for the 2018-19 school year.
- 58% of 3rd-6th graders will report that they have set goals for their future.
- 100% of families will state an increase in their understanding of being involved in their student's education.
- EMCC holds after-school programs at 6 sites, 2 sites also hold before-care.
- 23 students have participated in service and mentorship opportunities in the after-school program during homework help at a local school whereby EMCC shares facilities.
- Two staff have earned their Professional Child and Youth Care (CYC) Credentials.

*Senior Angels Program:*

- A total of 120 seniors were served through activities such as exercise, Bible study, excursions, commodities, bingo, and other community-based supports.
- 47 weekly participants.
- 51 seniors received Thanksgiving baskets: dozens more enjoyed Thanksgiving meals with EMCC.
- 47 seniors received assistance at Christmas.
- 90 receive Commodity Food Boxes monthly.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

DESCRIPTION OF THE ORGANIZATION, CONTINUED

*Center for Working Families (Financial, Income Support, Employment Coaching Membership):*

Center for Working Families (CWF) members have increased their level of self-sufficiency and decreased their level of dependence on governmental subsidized programs. This was accomplished by gaining additional soft and hard skills training, obtaining and/or retaining employment to increase their net income, paying down debt to increase their net worth, working with a financial coach and utilizing partner banking resources to improve their credit scores.

- 609 individuals served overall.
- 165 individuals were enrolled in CWF.
- 78 participants received high school education diploma or an industry-recognized credential.
- 103 moved from financial crisis to stability.
- 93 gained new employment or retained current employment.
- 158 improved their financial stability and increased their net worth.
- 127 improved their credit score.
- 100 families participated in the Colts Thanksgiving give-away.

*Edna Martin CC Holdings, LLC:*

Edna Martin CC Holdings, LLC (Holdings) is a wholly owned subsidiary of EMCC. Holdings maintains ownership of the land and building donated to EMCC during 2016 and the related building improvements since that time. This location houses the majority of the Leadership and Legacy programmatic areas.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Edna Martin Christian Center, Inc. and its wholly owned subsidiary, Edna Martin CC Holdings, LLC, collectively referred to as EMCC. All material inter-organizational accounts and transactions have been eliminated in consolidation.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The consolidated financial statements have been prepared on the accrual basis of accounting. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

EMCC considers all liquid investments, except restricted cash and certificates of deposits, with original maturities of three months or less to be cash equivalents. There were no unrestricted cash equivalents at December 31, 2019 or 2018. Bank accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2018, EMCC held cash in excess of FDIC limits by approximately \$514,000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GRANTS AND ACCOUNTS RECEIVABLE

Support funded by government grants is recognized as EMCC performs the contracted services under the grant agreements. Grant revenue is recognized as earned as the expense is incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as the result of such audit, adjustments could be required. All grants receivable are collectible in one year. Promises to give are recorded as assets and revenue in the period promised.

Accounts receivable are stated at the amount billed to the customer or at amounts determined by public statute. Generally, customer account balances with invoices dated over 30 days are considered delinquent.

Management individually reviews all accounts receivable balances that are past due and based on an assessment of current creditworthiness and other factors, estimates the portion, if any, of the balance that will not be collected. All grants and accounts receivable were deemed collectible at December 31, 2019 and 2018.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, if purchased. Donated property and equipment is recorded at fair value. EMCC's capitalization policy is \$1,000 for assets purchased or donated with an estimated useful life of one or more years. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 5 to 40 years.

NET ASSETS

EMCC maintains the following classifications of net assets:

Net Assets without Donor Restrictions

These include revenue and expenses from the regular operations, which are at the discretion of management and the Board of Directors.

Board Designated

The Board of Directors has designated EMCC's investment in the Common Investment Fund as a board designated endowment. Board designated net assets were \$99,778 and \$86,513 at December 31, 2019 and 2018, respectively. See Note 5.

Net Assets with Donor Restrictions

These include contributions with restrictions specified by the grantor or contributor. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions were \$5,877,247 and \$5,367,623 at December 31, 2019 and 2018, respectively. See Notes 5 and 6.

# EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### RECOGNITION OF SUPPORT AND REVENUE

Program fees consist primarily of childcare ministry fees and food program reimbursements. Such fees are billed weekly for services rendered in connection with the previous week. Services for the various childcare services include before- and after-school care, summer camps, field trips, and other various services. Revenue is earned upon the completion of services rendered.

The following table disaggregates EMCC's earned revenue based on the timing for satisfaction of performance obligations for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Point in time	<u>\$ 716,781</u>	<u>\$ 535,975</u>

Contributions include unconditional promises to give. Revenue is recognized in the period the promise is made. Amounts that are not restricted by the donor are reported as an increase in net assets without donor restrictions. All other donor-restricted support, or support where payment is expected in a future period, is reported as an increase in net assets with donor restrictions. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

#### FUNCTIONAL ALLOCATION OF EXPENSES

Expenses have been classified as program services, management and general, and fundraising based on the actual direct expenditures and cost allocation based on estimates of time and usage by EMCC's personnel and programs.

#### IN-KIND DONATIONS

Donated materials, food, and services are recorded at estimated fair market value and expensed according to their classification. EMCC received food and supplies donations totaling \$135,733 and \$129,282 for the years ended December 31, 2019 and 2018, respectively.

#### FAIR VALUE MEASUREMENTS AND INVESTMENTS

Accounting Standards for Fair Value Measurement define fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

Those standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS AND INVESTMENTS, CONTINUED

	<u>2019</u>	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Money market	\$ 276,971	\$ -	\$ 276,971	\$ -
Equity securities	3,340,102	3,340,102	-	-
Fixed income	1,556,638	1,556,638	-	-
Common Investment Fund	<u>99,778</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 5,273,489</u>	<u>\$ 4,896,740</u>	<u>\$ 276,971</u>	<u>\$ -</u>

	<u>2018</u>	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Money market	\$ 129,712	\$ -	\$ 129,712	\$ -
Equity securities	2,854,617	2,854,617	-	-
Fixed income	1,361,292	1,361,292	-	-
Common Investment Fund	<u>86,513</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 4,432,134</u>	<u>\$ 4,215,909</u>	<u>\$ 129,712</u>	<u>\$ -</u>

Fair values of money market, equity securities, and fixed income investments are determined by reference to readily available quoted market prices and other relevant information generated by market transactions.

The Common Investment Fund, managed by the American Baptist Home Mission Societies (ABHMS), is recorded at its net asset value as reported by ABHMS. This valuation method has not changed from the prior period. Redemptions require 5 days written notice. The fund has a long-term optimal target allocation of 66% stocks, 23% bonds and 11% alternatives; however, the allocation may vary in each category.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS AND INVESTMENTS, CONTINUED

Accounting Standards Update 2015-07, *Disclosures for Certain Investments that Calculate Net Assets Value Per Share*, removed the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset per share practical expedient. As such, the Common Investment Fund has not been classified in the fair value hierarchy table.

TAX STATUS

EMCC is a non-profit corporation, exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Holdings is a single-member LLC of EMCC, and as such, is treated as a disregarded entity for income tax purposes.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through September 22, 2020, which is the date the consolidated financial statements were available to be issued. See Note 10.

NEW ACCOUNTING PRONOUNCEMENT

EMCC has adopted Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as of January 1, 2019. The ASU provided clarified guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. EMCC applied the update on a modified prospective basis to agreements that were either not completed as of the effective date or entered into as of the effective date. The application of the update had no impact on net assets as of January 1, 2019.

EMCC has also adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) as of and for the year ended December 31, 2019. The ASU and all subsequently issued clarifying ASU's replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The update provides organizations with a single revenue recognition model for recognizing revenue with customers; specifically requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The provisions of Topic 606 were adopted for the year ended December 31, 2019 utilizing the modified retrospective method. There was no cumulative effect adjustment recorded to the opening balance of net assets as of January 1, 2019 and there was no change in how EMCC currently recognizes and records revenue. EMCC does not expect the adoption of the new revenue standard to have a significant impact to the change in net assets on an ongoing basis.

## EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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#### 2. AVAILABILITY OF RESOURCES AND LIQUIDITY

EMCC considers investment income, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

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

	<u>2019</u>	<u>2018</u>
Financial assets at year-end		
Cash	\$ 147,494	\$ 834,990
Grants receivable	603,937	434,922
Accounts receivable	31,418	39,306
Pledges receivable	2,635	2,900
Common Investment Fund	99,778	86,513
Restricted investments	<u>5,173,711</u>	<u>4,345,621</u>
Total financial assets	6,058,973	5,744,252
Financial assets not available for use within one year		
Net assets with donor-imposed restrictions	(5,877,247)	(5,367,623)
Net assets with Board designations	<u>(99,778)</u>	<u>(86,513)</u>
Total financial assets not available for use within one year	<u>(5,977,025)</u>	<u>(5,454,136)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 81,948</u>	<u>\$ 290,116</u>

EMCC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. To achieve these goals, EMCC forecasts its future cash flows and monitors its liquidity monthly.

Because a significant portion of its revenues are cost-reimbursement, EMCC maintains a line of credit with total borrowing capacity of \$385,000 (Note 4) to meet short-term liquidity needs. In the event the need arises EMCC may also utilize board designated net assets for liquidity purposes. The reserves could be drawn upon through board resolution.

EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 2019 AND 2018

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3. PROPERTY AND EQUIPMENT

Property and equipment at December 31 was as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 141,600	\$ 141,600
Building and building improvements	3,313,154	2,874,634
Furniture and fixtures	74,784	74,784
Office and other equipment	161,943	161,943
Vehicles	184,467	184,467
Leasehold improvements	<u>926,449</u>	<u>926,449</u>
Total property and equipment	4,802,397	4,363,877
Less accumulated depreciation	<u>(751,356)</u>	<u>(601,011)</u>
Net property and equipment	<u>\$ 4,051,041</u>	<u>\$ 3,762,866</u>

4. LINE OF CREDIT

EMCC has a \$385,000 line of credit with a financial institution, which expires February 2021. Interest is payable at the daily LIBOR rate plus 2%, which was 3.54% at December 31, 2019. There was no amount outstanding on the line of credit at December 31, 2019. The balance on the line of credit was \$220,050 at December 31, 2018.

5. ENDOWMENT FUNDS

*Fund 1:* EMCC's investment in the Common Investment Fund is held as a board designated endowment fund, the income of which is to be used to fund the operations of EMCC.

Changes in the Board Designated Endowment Fund for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Endowment net assets, beginning of year	\$ 86,513	\$ 199,326
Investment return		
Appropriated for expenditure	-	(100,000)
Net appreciation (depreciation)	<u>13,265</u>	<u>(12,813)</u>
Endowment net assets, end of year	<u>\$ 99,778</u>	<u>\$ 86,513</u>

RETURN OBJECTIVES AND RISK PARAMETERS

The Common Investment Fund has adopted investment policies that attempt to provide a predictable return while seeking to maintain the purchasing power of the assets.

## EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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#### 5. ENDOWMENT FUNDS, CONTINUED

##### STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its objectives, the Common Investment Fund relies on a total return strategy by earning a total rate of return over full market cycles of 3 to 5 years which will support the spending policy below.

##### SPENDING POLICY

The Common Investment Fund has a 5% payout over a 20 quarter rolling average for the fund.

***Fund 2:*** In 2016, EMCC was awarded a donor endowment fund to be held in perpetuity to support a variety of charitable purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

##### APPLICATION OF UPMIFA

Management has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, EMCC classifies as the perpetual endowment fund (a) the original value of gifts donated to the perpetual endowment fund, (b) the original value of subsequent gifts to the permanent endowment fund, and (c) accumulation to the perpetual endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund.

In accordance with UPMIFA, EMCC considers the following factors in making a determination to appropriate or accumulated endowment funds held in perpetuity:

- (1) The duration and preservation of the fund
- (2) The purposes of EMCC and the perpetual endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of EMCC
- (7) The investment policies of EMCC

##### RETURN OBJECTIVES AND RISK PARAMETERS

EMCC has adopted investment and spending policies for assets held for endowment that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. EMCC will evaluate its investments by comparing actual investment performance to various applicable benchmarks. EMCC expects its endowment investments to meet or exceed these benchmarks over time. Actual returns in any given year may vary from these benchmarks.

# EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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### 5. ENDOWMENT FUNDS, CONTINUED

#### SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

There will be no spending on the initial \$4,500,000 perpetual endowment fund for the first two years following the gift. In 2020, a spending rate up to 3.5% can be distributed. It is management's intention to make a distribution in 2020.

The spending policy states that EMCC will not draw more than 2% of the perpetual endowment fund when the balance is below the Historic Dollar Value of the original gift. When the endowment fund balance is higher than the Historic Dollar Value of the original gift, EMCC may spend any percentage or amount of the perpetual endowment fund.

This is consistent with EMCC's objective to maintain the fair value of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

#### UNDERWATER ENDOWMENT FUNDS

From time to time, certain perpetual endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). EMCC has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Changes in the Endowment Fund for the years ended December 31:

	<u>2019</u>	<u>2018</u>
<b>Without Donor Restrictions</b>		
Perpetual Endowment net assets, beginning of year	\$ -	\$ 23,698
Investments gains (losses)	<u>673,711</u>	<u>(23,698)</u>
Perpetual Endowment net assets, end of year	<u>673,711</u>	<u>-</u>
<b>With Donor Restrictions</b>		
Perpetual Endowment net assets, beginning of year	4,345,621	4,500,000
Investments gains (losses)	<u>154,379</u>	<u>(154,379)</u>
Perpetual Endowment net assets, end of year	<u>4,500,000</u>	<u>4,345,621</u>
<b>Total Perpetual Endowment net assets, end of year</b>	<b><u>\$ 5,173,711</u></b>	<b><u>\$ 4,345,621</u></b>

**EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**6. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were restricted for the following purposes at December 31 were as follows:

	<u>2019</u>	<u>2018</u>
Social Services	\$ 314,065	\$ 19,800
Family Stability Project	606,910	921,235
Program Development	193,772	80,967
Time Restricted	262,500	-
Endowment	<u>4,500,000</u>	<u>4,345,621</u>
Total net assets with donor restrictions	<u>\$ 5,877,247</u>	<u>\$ 5,367,623</u>

Net assets with donor restriction released from restriction for the years ended December 31 were as follows:

	<u>2019</u>	<u>2018</u>
Benevolence Fund	\$ -	\$ 8,454
Social Services	95,735	59,203
Family Stability Project	996,293	312,053
Program Development	<u>174,772</u>	<u>82,945</u>
Total net assets released from restrictions	<u>\$ 1,266,800</u>	<u>\$ 462,655</u>

**7. COMMITMENTS AND OPERATING LEASES**

EMCC leases its space under operating leases that had varying expiration dates through April 2018. Current monthly lease payments are \$11,103. Rent expense was \$133,238 during 2019 and 2018. As part of its lease agreement, EMCC has also agreed to pay a portion of the operating expenses of the building, not to exceed \$40,000 annually. At the date the consolidated financial statements were available to be issued, the lease was continuing on a month-to-month basis.

Beginning in 2019, EMCC shares a parking lot, athletic fields, and high school facilities with a local school. EMCC pays common area expenses for the use of these common spaces. The amount paid related to shared costs was approximately \$77,000 in 2019. Future consideration will be determined on an annual basis.

# EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

### 8. FEDERAL, LOCAL, AND STATE FUNDING

In accordance with guidelines established by the Indiana State Board of Accounts, this federal, state, and local grant information was included to aid in the verification of Indiana financial assistance on the Entity Annual Report (E-1).

Program Name	Grantor Name	CFDA	Revenue	Expense	Funding Type
21 <sup>st</sup> Century Community Learning Centers	Indiana Department of Education	84.287	\$529,299	\$529,299	Federal grant passed through state or local government
Low Income Home Energy Assistance Program	John H. Boner Community Center, Inc. d/b/a John Boner Neighborhood Centers	93.568	\$32,585	\$32,585	Federal grant passed through state or local government
Social Innovation Fund - Bridges to Career Opportunities	Local Initiative Support Corporation	94.019	\$49,620	\$49,620	Federal grant passed through state or local government
Social Innovation Fund - Great Families 2020	Social Innovation Fund	94.019	\$320,542	\$320,542	Federal grant passed through state or local government
Emergency Food and Shelter National Board Program	United Way Federal Emergency Management Agency	97.024	\$20,752	\$20,752	Federal grant passed through state or local government
Total funding			\$952,798	\$952,798	

### 9. EMPLOYEE BENEFIT PLANS

Full-time employees are eligible for pension contributions to American Baptist Church (ABC) Ministers and Missionaries Benefit Board (MMBB) upon completion of one year of employment. For the Executive Director this will be accomplished through a contribution of 16% of compensation. EMCC contributed \$50,812 and \$79,426 to these plans during 2019 and 2018, respectively.

### 10. SUBSEQUENT EVENTS

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which includes a Small Business Paycheck Protection Program ("PPP") under the auspices of the federal Small Business Administration ("SBA"). These funds can be used for costs related to payroll, employee health care, rent, and utilities. In April 2020, EMCC borrowed \$385,100 from a financial institution under the PPP. The interest rate is 1%, the loan term is two years and the principal and interest payments are due monthly. To the extent the funds are used for qualifying expense under the program, EMCC may apply for loan forgiveness and expects to receive 100% forgiveness.



Greenwalt CPAs, Inc.  
5342 W. Vermont Street  
Indianapolis, IN 46224  
www.greenwaltcpas.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
Edna Martin Christian Center, Inc. and Subsidiary:

We have audited the consolidated financial statements of Edna Martin Christian Center, Inc. and Subsidiary (EMCC) as of and for the years ended December 31, 2019 and 2018, and our report thereon dated September 22, 2020, which contained an unmodified opinion on those consolidated financial statements appears on page 1. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Exhibits I and II are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Greenwalt CPAs, Inc.*

September 22, 2020

EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

Exhibit I

	2019				2018			
	Edna Martin Christian Center	EMCC Holdings	Eliminations	Consolidated Total	Edna Martin Christian Center	EMCC Holdings	Eliminations	Consolidated Total
<b>ASSETS</b>								
Cash	\$ 116,105	\$ 31,389	\$ -	\$ 147,494	\$ 116,060	\$ 718,930	\$ -	\$ 834,990
Grants receivable	603,937	-	-	603,937	434,922	-	-	434,922
Accounts receivable	31,418	-	-	31,418	39,306	-	-	39,306
Pledges receivables	2,635	-	-	2,635	2,900	-	-	2,900
Prepaid expenses	13,670	-	-	13,670	14,091	-	-	14,091
Investment in EMCC Holdings	3,357,691	-	(3,357,691)	-	3,387,407	-	(3,387,407)	-
Common Investment Fund	99,778	-	-	99,778	86,513	-	-	86,513
Restricted investments	5,173,711	-	-	5,173,711	4,345,621	-	-	4,345,621
Property and equipment, net	706,900	3,344,141	-	4,051,041	789,404	2,973,462	-	3,762,866
<i>Total assets</i>	<u>\$ 10,105,845</u>	<u>\$ 3,375,530</u>	<u>\$ (3,357,691)</u>	<u>\$ 10,123,684</u>	<u>\$ 9,216,224</u>	<u>\$ 3,692,392</u>	<u>\$ (3,387,407)</u>	<u>\$ 9,521,209</u>
<b>LIABILITIES AND NET ASSETS</b>								
<b>LIABILITIES</b>								
Line of credit	\$ -	\$ -	\$ -	\$ -	\$ 220,050	\$ -	\$ -	\$ 220,050
Accounts payable	23,460	17,839	-	41,299	107,558	304,985	-	412,543
Accrued expenses	-	-	-	-	56,292	-	-	56,292
Funds held on behalf of others	40,503	-	-	40,503	42,054	-	-	42,054
<i>Total liabilities</i>	<u>63,963</u>	<u>17,839</u>	<u>-</u>	<u>81,802</u>	<u>425,954</u>	<u>304,985</u>	<u>-</u>	<u>730,939</u>
<b>NET ASSETS AND MEMBER'S EQUITY</b>								
Without donor restrictions								
Undesignated	4,064,857	-	-	4,064,857	3,336,134	-	-	3,336,134
Board designated	99,778	-	-	99,778	86,513	-	-	86,513
Additional paid in capital	-	3,739,034	(3,739,034)	-	-	3,640,376	(3,640,376)	-
Retained losses	-	(381,343)	381,343	-	-	(252,969)	252,969	-
<i>Total net assets without donor restrictions</i>	<u>4,164,635</u>	<u>3,357,691</u>	<u>(3,357,691)</u>	<u>4,164,635</u>	<u>3,422,647</u>	<u>3,387,407</u>	<u>(3,387,407)</u>	<u>3,422,647</u>
With donor restrictions	<u>5,877,247</u>	<u>-</u>	<u>-</u>	<u>5,877,247</u>	<u>5,367,623</u>	<u>-</u>	<u>-</u>	<u>5,367,623</u>
<i>Total net assets</i>	<u>10,041,882</u>	<u>3,357,691</u>	<u>(3,357,691)</u>	<u>10,041,882</u>	<u>8,790,270</u>	<u>3,387,407</u>	<u>(3,387,407)</u>	<u>8,790,270</u>
<i>Total liabilities and net assets</i>	<u>\$ 10,105,845</u>	<u>\$ 3,375,530</u>	<u>\$ (3,357,691)</u>	<u>\$ 10,123,684</u>	<u>\$ 9,216,224</u>	<u>\$ 3,692,392</u>	<u>\$ (3,387,407)</u>	<u>\$ 9,521,209</u>

EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Exhibit II

	2019				2018			
	Edna Martin Christian Center	EMCC Holdings	Eliminations	Consolidated Total	Edna Martin Christian Center	EMCC Holdings	Eliminations	Consolidated Total
<b>SUPPORT AND REVENUE</b>								
Public support and revenue								
Contributions	\$ 223,279	\$ -	\$ -	\$ 223,279	\$ 211,521	\$ -	\$ -	\$ 211,521
Grants	2,690,947	-	-	2,690,947	1,736,755	-	-	1,736,755
In-kind donations	135,733	-	-	135,733	129,282	-	-	129,282
United Way designations and allocations	58,020	-	-	58,020	100,232	-	-	100,232
Program fees, subsidies, and donations, net of childcare assistance	794,694	-	-	794,694	602,298	-	-	602,298
Fundraising events	29,230	-	-	29,230	24,762	-	-	24,762
<i>Total public support and revenue</i>	<u>3,931,903</u>	<u>-</u>	<u>-</u>	<u>3,931,903</u>	<u>2,804,850</u>	<u>-</u>	<u>-</u>	<u>2,804,850</u>
Other revenue								
Rental and other	3,395	156,002	(156,002)	3,395	392	80,004	(80,004)	392
Interest	84,668	-	-	84,668	58,477	-	-	58,477
<i>Total other revenue</i>	<u>88,063</u>	<u>156,002</u>	<u>(156,002)</u>	<u>88,063</u>	<u>58,869</u>	<u>80,004</u>	<u>(80,004)</u>	<u>58,869</u>
<i>Total support and revenue without donor restrictions</i>	<u>4,019,966</u>	<u>156,002</u>	<u>(156,002)</u>	<u>4,019,966</u>	<u>2,863,719</u>	<u>80,004</u>	<u>(80,004)</u>	<u>2,863,719</u>
<b>EXPENSES</b>								
Program service expenses								
Community Services	1,395,966	-	-	1,395,966	1,073,761	-	-	1,073,761
Edna Martin Childcare Ministry	565,174	-	-	565,174	519,990	-	-	519,990
Keystone	-	-	-	-	32,898	-	-	32,898
Leadership and Legacy	1,236,589	284,376	(156,002)	1,364,963	805,010	155,114	(80,004)	880,120
<i>Total program service expenses</i>	<u>3,197,729</u>	<u>284,376</u>	<u>(156,002)</u>	<u>3,326,103</u>	<u>2,431,659</u>	<u>155,114</u>	<u>(80,004)</u>	<u>2,506,769</u>
Support service expenses								
Management and general	472,882	-	-	472,882	527,036	-	-	527,036
Fundraising	84,346	-	-	84,346	65,894	-	-	65,894
<i>Total supporting service expenses</i>	<u>557,228</u>	<u>-</u>	<u>-</u>	<u>557,228</u>	<u>592,930</u>	<u>-</u>	<u>-</u>	<u>592,930</u>
<i>Total expenses</i>	<u>3,754,957</u>	<u>284,376</u>	<u>(156,002)</u>	<u>3,883,331</u>	<u>3,024,589</u>	<u>155,114</u>	<u>(80,004)</u>	<u>3,099,699</u>
Change in net assets before other gains (losses)	265,009	(128,374)	-	136,635	(160,870)	(75,110)	-	(235,980)
Other gains (losses)								
Construction grants	350,000	-	-	350,000	2,650,000	-	-	2,650,000
Unrealized and realized gain (loss) on investments	764,977	-	-	764,977	(260,295)	-	-	(260,295)
Loss on disposal of property and equipment	-	-	-	-	(888)	-	-	(888)
Change in investment in subsidiary	(128,374)	-	128,374	-	(75,110)	-	75,110	-
<b>CHANGE IN NET ASSETS</b>	<u>1,251,612</u>	<u>(128,374)</u>	<u>128,374</u>	<u>1,251,612</u>	<u>2,152,837</u>	<u>(75,110)</u>	<u>75,110</u>	<u>2,152,837</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>-</u>	<u>98,658</u>	<u>(98,658)</u>	<u>-</u>	<u>-</u>	<u>2,787,045</u>	<u>(2,787,045)</u>	<u>-</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>8,790,270</u>	<u>3,387,407</u>	<u>(3,387,407)</u>	<u>8,790,270</u>	<u>6,637,433</u>	<u>675,472</u>	<u>(675,472)</u>	<u>6,637,433</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 10,041,882</u>	<u>\$ 3,357,691</u>	<u>\$ (3,357,691)</u>	<u>\$ 10,041,882</u>	<u>\$ 8,790,270</u>	<u>\$ 3,387,407</u>	<u>\$ (3,387,407)</u>	<u>\$ 8,790,270</u>

See independent auditors' report on supplementary information.

**EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</b>	<b>Federal CFDA Number</b>	<b>Agency or Pass-Through Number</b>	<b>Federal Expenditures</b>	<b>Subrecipient Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Indiana Department of Education				
21st Century Community Learning Centers	84.287	21131	\$ 322,048	\$ 48,644
21st Century Community Learning Centers	84.287	25518	<u>207,251</u>	<u>46,871</u>
Total U.S. Department of Education Programs			<u>529,299</u>	<u>95,515</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
United Way of Central Indiana, Inc.				
Low Income Home Energy Assistance Program	93.568	LI-018-027/LI-019-027	<u>32,585</u>	<u>-</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				
United Way of Central Indiana, Inc.				
Social Innovation Fund - Great Families 2020	94.019	16SIHIN001	<u>320,542</u>	<u>-</u>
Local Initiative Support Corporation				
Social Innovation Fund - Bridges to Career Opportunities	94.019	46278-0008	5,247	-
Social Innovation Fund - Bridges to Career Opportunities	94.019	46278-0010	<u>44,373</u>	<u>-</u>
			<u>49,620</u>	<u>-</u>
Total Corporation For National and Community Service			<u>370,162</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
United Way Federal Emergency Management Agency				
Emergency Food and Shelter National Board Program	97.024	N/A	<u>20,752</u>	<u>-</u>
Total federal awards expended			<u>\$ 952,798</u>	<u>\$ 95,515</u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of EMCC 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 Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of EMCC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of EMCC.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. INDIRECT COST RATE**

EMCC has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance except from federal awards by the U.S. Department of Education. The U.S. Department of Education requires a de minimis cost rate of 8-percent.



Greenwalt CPAs, Inc.  
5342 W. Vermont Street  
Indianapolis, IN 46224  
[www.greenwaltcpas.com](http://www.greenwaltcpas.com)

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*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Edna Martin Christian Center, Inc. and Subsidiary:

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 of America, the consolidated financial statements of Edna Martin Christian Center, Inc and Subsidiary (EMCC), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated September 22, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered EMCC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of EMCC's internal control. Accordingly, we do not express an opinion on the effectiveness of EMCC'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 EMCC's consolidated 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal controls, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether EMCC's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

## EMCC's Response to Findings

EMCC's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. EMCC's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and accordingly, we don't express an opinion on it.

## 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 EMCC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EMCC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Greenwald CPAs, Inc.*

September 22, 2020



Greenwalt CPAs, Inc.  
5342 W. Vermont Street  
Indianapolis, IN 46224  
www.greenwaltcpas.com

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Edna Martin Christian Center, Inc. and Subsidiary:

**Report on Compliance for Each Major Federal Program**

We have audited Edna Martin Christian Center, Inc and Subsidiary's (EMCC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of EMCC's major federal programs for the year ended December 31, 2019. EMCC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of EMCC'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 of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about EMCC'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 EMCC's compliance.

**Opinion on Each Major Federal Program**

In our opinion, EMCC 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 EMCC 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 EMCC'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 EMCC'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.

*Greenwald CPAs, Inc.*

September 22, 2020

**EDNA MARTIN CHRISTIAN CENTER, INC. AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**A. SUMMARY OF AUDIT RESULTS**

**Financial Statements**

- 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified
  
- 2. Internal control over financial reporting:
  - Material weakness(es) identified? yes no
  - Significant deficiency(ies) identified? yes none reported
  
- 3. Noncompliance material to financial statements noted? yes no

**Federal Awards**

- 4. Internal control over major federal programs:
  - Material weakness(es) identified? yes no
  - Significant deficiency(ies) identified? yes none reported
  
- 5. Type of auditors' report issued on compliance for major federal programs: Unmodified
  
- 6. Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a) yes no
  
- 7. Identification of major program: CFDA Number Name of Federal Program or Cluster  
84.287 21st Century Community Learning Centers
  
- 8. The threshold for distinguishing between Type A and B programs: \$ 750,000
  
- 9. Auditee qualified as low-risk auditee? yes no

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

FINDING 2019-001:

Criteria: The beginning balance of net assets should agree to the previous year's ending balance of net asset. All contributions or grants should be recorded as revenue in the year promised and treated as donor restricted until received or spent in accordance with the donor's restricted purpose.

Condition: During the audit, significant adjustments were made to agree beginning balance net assets at January 1, 2019 to the prior year audited financial statements and to properly state revenue during the year ended December 31, 2019.

Context: Accounting for grants and contributions were treated inconsistently with generally accepted accounting principles (GAAP). There were also accounts that were not properly mapped to the statement of activities.

Cause: Adjustments for grants and contributions received but restricted as well as grants and contributions promised but not yet received were recorded directly to net assets with donor restrictions and not as revenue in 2019. In addition, unrealized investment gains, loss in subsidiary, and loss on disposal of property and equipment were included as a net asset account rather than activity within the statement of activities for the year ended December 31, 2019.

Effect: This resulted in audit adjustments to decrease the beginning balance of net assets and increase 2019 revenue by approximately \$1,500,000.

Recommendation: We recommend that management consider establishing a restricted fund in Sage Abilia whereby restricted contributions and grants can be tracked separately and shown separately within the monthly financial statements. We recommend that all grants and contributions be recognized as revenue in accordance with GAAP and not recorded directly to net assets. We also recommend that management reviews the trial balance for proper mapping of general ledger accounts to assets, liabilities, net assets, revenue, and expenses.

Views of responsible officials: See attached corrective action plan.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None



Illustrated Corrective Action Plan  
CORRECTIVE ACTION PLAN

September 22, 2020

To: Cognizant or Oversight Agency

Edna Martin Christian Center respectfully submits the following corrective action plan for the year ending 2019.

Name and address of independent public accounting firm:

Greenwalt CPAs, Inc.

5342 W Vermont St

Indianapolis, IN 46224

Audit period: January 1, 2019 – December 31, 2019

The findings from the 2019 schedule of finding and questioned costs are discussed below.

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2019-001

Recommendation: We recommend that management consider establishing a restricted fund in Sage Abila whereby restricted contributions and grants can be tracked separately and shown separately within the monthly financial statements. We recommend that all grants and contributions be

recognized as revenue in accordance with GAAP and not recorded directly to net assets. We also recommend that management reviews the trial balance for proper mapping of general ledger accounts to assets, liabilities, net assets, revenue, and expenses.

Point of Contact: Amy Greene, Vice President of Finance

Concur/Non-Concur: Concur

Corrective Action Plan:

In response to the above recommendation, the Edna Martin Christian Center will conduct a comprehensive review of the existing chart of accounts and related posting logic to demonstrate and document:

1. The proper mapping of general ledger accounts to the related financial statements
2. Restricted funds are properly accounted for and reported
3. Adjusting entries are properly reflected in the financial statements

Estimated completion date: 12/31/2020

If the Cognizant or Oversight Agency has questions regarding this plan, please call Amy Greene at (317) 637-3776 x211.

Sincerely yours,



Barato Britt

President/CEO