



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B57497

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

October 22, 2021

Board of Directors
Bethany Evangelical Lutheran Church of Indianapolis, Inc.
4702 S. East St.
Indianapolis, IN 46227

We have reviewed the audit report of Bethany Evangelical Lutheran Church of Indianapolis, Inc. d/b/a Bethany Early Learning Ministry, which was opined upon by Pettit & Company, LLC, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Bethany Evangelical Lutheran Church of Indianapolis, Inc. d/b/a Bethany Early Learning Ministry as of December 31, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Pettit & Company, LLC 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
Paul D. Joyce, CPA
State Examiner



BETHANY EARLY LEARNING MINISTRY
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(With Single Audit Section)

BETHANY EARLY LEARNING MINISTRY

TABLE OF CONTENTS

Independent auditor's report	1-2
Financial statements	
Statements of financial position	3
Statements of activities	4-5
Statements of functional expenses	6-7
Statements of cash flows	8
Notes to financial statements	9-13
Single audit section	
Schedule of expenditures of federal awards	15
Summary schedule of prior audit findings	16
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>	17-18
Report on compliance for each major program and on internal control over compliance required by the Uniform Guidance	19-20
Schedule of findings and questioned costs	21



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bethany Early Learning Ministry
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Bethany Early Learning Ministry, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Bethany Early Learning Ministry as of December 31, 2020 and 2019, 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 Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the 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, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, on our consideration of Bethany Early Learning Ministry'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 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 Bethany Early Learning Ministry's internal control over financial reporting and compliance.

Pettit & Company, LLC

Indianapolis, Indiana
September 28, 2021

BETHANY EARLY LEARNING MINISTRY

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2020 AND 2019

	Assets	
	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 304,706	\$ 220,976
Grants receivable	42,114	106,388
Accounts receivable - child care	25,960	32,013
Total current assets	<u>372,780</u>	<u>359,377</u>
Property and equipment		
Furniture and fixtures	30,202	-
Total property and equipment	30,202	-
Accumulated depreciation	(1,387)	-
Net property and equipment	<u>28,815</u>	<u>-</u>
Total assets	<u>\$ 401,595</u>	<u>\$ 359,377</u>
 Liabilities and net assets 		
Current liabilities		
Accounts payable - providers	\$ 41,885	\$ 89,145
Accounts payable - operations	10,536	11,417
Accrued wages payable	14,199	12,974
Total current liabilities	<u>66,620</u>	<u>113,536</u>
Total liabilities	<u>66,620</u>	<u>113,536</u>
Net assets		
Net assets without restrictions	325,369	245,841
Net assets with restrictions	9,606	-
Total net assets	<u>334,975</u>	<u>245,841</u>
Total liabilities and net assets	<u>\$ 401,595</u>	<u>\$ 359,377</u>

The accompanying notes are an integral part of these financial statements

BETHANY EARLY LEARNING MINISTRY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Grant income	\$ 894,917	\$ 9,606	\$ 904,523
Service fees	415,036	-	415,036
Other income	1,499	-	1,499
Total revenue and support	<u>1,311,452</u>	<u>9,606</u>	<u>1,321,058</u>
Expenses			
Child care	318,876	-	318,876
Child care food program	754,425	-	754,425
Management and general	158,623	-	158,623
Total cost of operations	<u>1,231,924</u>	<u>-</u>	<u>1,231,924</u>
Change in net assets (deficit)	<u>79,528</u>	<u>9,606</u>	<u>89,134</u>
Net assets - beginning of year	<u>245,841</u>	<u>-</u>	<u>245,841</u>
Net assets - end of year	<u>\$ 325,369</u>	<u>\$ 9,606</u>	<u>\$ 334,975</u>

The accompanying notes are an integral part of these financial statements

BETHANY EARLY LEARNING MINISTRY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Grant income	\$ 915,634	\$ -	\$ 915,634
Service fees	477,929	-	477,929
Other income	3,153	-	3,153
Total revenue and support	1,396,716	-	1,396,716
Expenses			
Child care	340,574	-	340,574
Child care food program	865,287	-	865,287
Management and general	142,003	-	142,003
Total cost of operations	1,347,864	-	1,347,864
Change in net assets (deficit)	48,852	-	48,852
Net assets - beginning of year	196,989	-	196,989
Net assets - end of year	\$ 245,841	\$ -	\$ 245,841

The accompanying notes are an integral part of these financial statements

BETHANY EARLY LEARNING MINISTRY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Child care</u>	<u>Child care food program</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 219,353	\$ 76,672	\$ 296,025	\$ 113,359	\$ 409,384
Payroll taxes	17,078	5,730	22,808	8,672	31,480
Program costs - provider payments	-	653,304	653,304	-	653,304
Rent - office	2,820	-	2,820	180	3,000
Office supplies	349	90	439	166	605
Postage	44	-	44	-	44
Communication	4,644	8,507	13,151	2,211	15,362
Consulting	1,086	-	1,086	18,488	19,574
Occupancy - utilities	13,056	-	13,056	6,217	19,273
Occupany - routine upkeep	14,317	-	14,317	4,330	18,647
Playground equipment	-	-	-	-	-
Leased equipment	2,992	327	3,319	1,424	4,743
Professional fees	4,781	6,000	10,781	-	10,781
Travel	-	-	-	-	-
Classroom supplies & equipment	3,258	-	3,258	-	3,258
Printing & reproduction	165	-	165	-	165
Advertising	356	-	356	-	356
Food	15,203	-	15,203	-	15,203
Other expense	11,649	3,395	15,044	445	15,489
Insurance	3,918	400	4,318	1,979	6,297
Facility cleaning	2,420	-	2,420	1,152	3,572
Depreciation	1,387	-	1,387	-	1,387
Total expenses	\$ 318,876	\$ 754,425	\$ 1,073,301	\$ 158,623	\$ 1,231,924

The accompanying notes are an integral part of these financial statements

BETHANY EARLY LEARNING MINISTRY

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Child care</u>	<u>Child care food program</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 225,315	\$ 69,811	\$ 295,126	\$ 105,007	\$ 400,133
Payroll taxes	18,151	5,595	23,746	6,290	30,036
Program costs - provider payments	-	774,935	774,935	-	774,935
Rent - office	3,283	-	3,283	-	3,283
Office supplies	-	220	220	1,407	1,627
Postage	33	-	33	-	33
Communication	6,367	6,784	13,151	2,729	15,880
Consulting	-	-	-	10,686	10,686
Occupancy - utilities	13,259	-	13,259	5,682	18,941
Occupany - routine upkeep	15,860	2,829	18,689	4,983	23,672
Playground equipment	1,146	-	1,146	-	1,146
Leased equipment	3,862	-	3,862	-	3,862
Professional fees	492	-	492	-	492
Travel	387	3,105	3,492	115	3,607
Classroom supplies & equipment	9,993	-	9,993	-	9,993
Printing & reproduction	203	96	299	87	386
Advertising	1,327	-	1,327	-	1,327
Food	22,808	-	22,808	-	22,808
Other expense	8,652	1,519	10,171	948	11,119
Insurance	4,779	393	5,172	2,073	7,245
Facility cleaning	4,657	-	4,657	1,996	6,653
Depreciation	-	-	-	-	-
Total expenses	\$ 340,574	\$ 865,287	\$ 1,205,861	\$ 142,003	\$ 1,347,864

The accompanying notes are an integral part of these financial statements

BETHANY EARLY LEARNING MINISTRY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 89,134	\$ 48,852
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,387	-
(Increase) decrease in assets		
Accounts receivable - CACFP	64,274	(37,140)
Accounts receivable - service fees	6,053	(32,013)
Increase (decrease) in liabilities		
Accounts payable - providers	(47,260)	44,402
Accrued wages payable	(881)	(47)
Accrued expenses	1,225	5,504
Net cash provided by (used in) operating activities	<u>113,932</u>	<u>29,558</u>
Cash from investing activities		
Purchase of property and equipment	(30,202)	-
Net cash used in investing activities	<u>(30,202)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	83,730	29,558
Cash and cash equivalents, beginning of year	<u>220,976</u>	<u>191,418</u>
Cash and cash equivalents, end of year	<u>\$ 304,706</u>	<u>\$ 220,976</u>

The accompanying notes are an integral part of these financial statements

BETHANY EARLY LEARNING MINISTRY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Bethany Early Learning Ministry is a nonprofit Organization operating in Indianapolis, Indiana. The Organization's mission; is an expression of Bethany Lutheran Church's purpose: Living Christ's love within a changing world. We support parents and families by offering children, ages 6 weeks to 5 years, early education experiences nurturing the whole child – physically, intellectually, emotionally and spiritually.

The Organization also assists family day care homes that participate in the Federal Child and Adult Care Food Program of the U.S. Department of Agriculture. Funds are passed through the Indiana Department of Education for eligible children under agreement 1490206.

Basis of preparation of the financial statements

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958. Under ASC 958 and the recently released ASU 2016-14 Presentation of Financial Statements of Not-for-Profit Entities, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions – net assets that are not subject to donor - imposed stipulations.
- Net assets with donor restrictions – net assets subject to donor-imposed stipulations that may be met by actions of the Organization and/or the passage of time and net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Estimates

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

Cash and cash equivalents

For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents.

BETHANY EARLY LEARNING MINISTRY

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants receivable

Grants receivable consists of grant revenue expected to be received shortly after year-end. Management considers grants receivable at December 31, 2020 and 2019, to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Accounts receivable – child care

Accounts receivable – child care is recorded at the amount the Organization expects to collect on balances outstanding at year-end. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not material to the financial statements for the years ended December 31, 2020 and 2019. Bad debts expensed for the years ended December 31, 2020 totaled \$1,212 and \$1,762, respectively.

Property and equipment

Furniture and fixtures are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts will be reduced by the related costs and accumulated depreciation.

The Organization is subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB Accounting Standards Codification (ASC) 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Organization's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment losses were recognized during either of the years ended December 31, 2020 and 2019.

Revenue and support

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. Revenue funded by contracts, which represents revenue from exchange transactions, is recognized as the Organization performs the contracted services. Support funded by grants is recognized when the contributions are made. Grant expenditures are subject to audit and acceptance by the granting agency, and adjustments could be required as a result of such audit. Support and revenue with donor-imposed restrictions which are met in the same reporting period are reported as net assets without donor restrictions in the statement of activities.

BETHANY EARLY LEARNING MINISTRY

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional expenses

Expenses are reported when incurred. In the statements of functional expenses, costs not specifically related to program services are allocated in accordance with management's estimates of program support requirements. Salaries and related expenses are charged to program services based upon estimated time spent by personnel on the related programs. Direct expenses are charged to the various programs. Occupancy expenses are allocated based upon actual utilization of space.

Income taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Organization has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. The Organization recognized no interest or penalties in the statements of activities for either of the years ended December 31, 2020 and 2019. If the situation arose in which the Organization would have interest to recognize it, it would recognize this as interest expense and penalties would be recognized in other expenses. Currently, the prior three years are open under federal and state statutes of limitations and remain subject to review and change. The Organization is not currently under audit nor has the Organization been contacted by these jurisdictions.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for either the years ended December 31, 2020 and 2019.

Management's review of subsequent events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2020, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2020. Management has performed their analysis of subsequent events through September 28, 2021, the date the financial statements were available to be issued.

Advertising

Advertising cost are charged to operations as incurred. Advertising costs totaled \$356 and \$1,327 during the years ended December 31, 2020 and 2019, respectively.

Recently adopted accounting pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). The standard requires an entity to recognize revenue in a manner that depicts the transfer of goods or services (performance obligations) to customers at an amount that reflects the consideration to which the entity expects to be entitled to receive. The Organization adopted this standard on January 1, 2019 using the modified retrospective method of adoption applied to all contracts at that date. Adoption of the ASU did not require an adjustment to the opening balance of net assets. The standard did not have a significant effect on its results of operations or financial position in 2019.

BETHANY EARLY LEARNING MINISTRY

NOTE 2 – ECONOMIC DEPENDENCY

Bethany Early Learning Ministry received approximately 60% and 66% in 2020 and 2019 of its revenue from the Indiana Department of Education (IDE) who, in turn, receives funding from the U.S. Department of Agriculture. As of December 31, 2020 and 2019, \$42,114 and \$106,388, respectively, were due from the IDOE.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions and board designation within one year of the date of the statement of financial position. Amounts with board designations not available include amounts set aside for program related activity that could be drawn upon if the governing board approves that action. Amounts appropriated from either donor-restricted or board designation categories for general expenditures within one year of the date of the statement of financial position are available.

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 304,706	\$ 220,976
Accounts receivable - CACFP	42,114	106,388
Accounts receivable – service fees	<u>25,960</u>	<u>32,013</u>
Total financial assets	<u>\$ 372,780</u>	<u>\$ 359,377</u>

There is no cash restricted. The total financial assets are available for operations within the next year.

NOTE 4 – MEMO OF UNDERSTANDING

Bethany Early Learning Ministry entered into a memo of understanding with Bethany Lutheran Church. The memo requires Bethany Early Learning Ministry to pay Bethany Lutheran Church \$250 per month for use of office space. The memo of understanding is open-ended.

NOTE 5 – COVID-19 PANDEMIC & PAYCHECK PROTECTION PROGRAM LOAN

COVID-19 Pandemic

During fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its fiscal year 2020 and 2021 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2020.

BETHANY EARLY LEARNING MINISTRY

NOTE 5 – COVID-19 PANDEMIC & PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

Paycheck protection program loan

In March 2020, Congress established the Paycheck Protection Program (“PPP”) to provide relief to small businesses during the coronavirus pandemic (“COVID-19”) as part of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The legislation authorized the Treasury to use the Small Business Administration’s (“SBA’s”) 7(a) small business lending program to fund forgivable loans that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities during the “Covered Period” defined as the 8-week period starting on the date the PPP loan proceeds are received. Upon meeting certain criteria as specified in the PPP program, the loans are eligible for partial or total forgiveness. On June 5, 2020, the PPP Flexibility Act of 2020 (the “Act”) was signed into law, giving borrowers flexibility with certain criteria under the PPP program including extension of the Covered Period to 24 weeks from 8 weeks, reduction to 60% of the payroll costs requirements (previously 75%), extension of the payment deferral period, extension of the full-time equivalent (“FTE”) restoration deadline to December 31, 2020, and safe harbor provisions to remove the FTE reduction in forgiveness under limited circumstances.

In June 2020, the AICPA issued Technical Question and Answer (“TQA”) 3200.18, Borrower Accounting for a Forgivable Loan Received under the Small Business Administration Paycheck Protection Program. The TQA addresses accounting for nongovernmental entities that are not Not-For-Profits, i.e. business entities, that believe the PPP loan represents, in substance, a grant that is expected to be forgiven, it may account for the loan as a deferred income liability. The TQA further states that if such an entity expects to meet the PPP’s eligibility criteria and concludes that the PPP loan represents in substance, a grant that is expected to be forgiven, it may account for such PPP loans in accordance with FASB ASC 958-605 as a conditional contribution.

The Organization applied for and received proceeds of \$81,022 through the PPP program on May 1, 2020, prior to the enactment of the Act. The Organization has determined both through internal calculations and those provided by the AICPA’s forgiveness model, that all criteria for forgiveness based on both the CARES Act and the Act have been met as of December 31, 2020 and that the PPP loan will be 100% forgiven. The Organization considers the PPP loan a grant that is expected to be forgiven and as such, has recorded the proceeds as a grant as of December 31, 2020.

For the period May 1, 2020 through December 31, 2020, the Organization incurred the following costs related to and compensated through the PPP proceeds and which have been forgiven in its entirety:

Salaries and wages	<u>\$ 81,022</u>
--------------------	------------------

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2020, consist of the following:

Early Learning Indiana	\$ 8,736
Indiana Association for the Education of Young Children	<u>870</u>
	<u>\$ 9,606</u>

The Organization did not have any net assets with donor restrictions at December 31, 2019.

SINGLE AUDIT SECTION

BETHANY EARLY LEARNING MINISTRY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Pass-Through <u>Grantor/ Program Title</u>	Federal CFDA <u>Number</u>	Pass- through Grantor's <u>Number</u>	Passed Through to <u>Subrecipients</u>	Federal <u>Expenditures</u>
U.S. Department of Agriculture: <i>Passed Through the State of Indiana Department of Education</i>				
Child and Adult Care Food Program	10.558	1490206	<u>\$ 653,304</u>	<u>\$ 904,523</u>
Total Expenditures of Federal Awards			<u>\$ 653,304</u>	<u>\$ 904,523</u>

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Bethany Early Learning Ministry and is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

NOTE 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Per the major program requirements, Bethany Early Learning Ministry is awarded a 15% administration fee on centers served and a per meal served fee on homes served.

NOTE 3 – SUB-RECIPIENTS

The Organization provided grants to approximately 145 licensed home day care providers and registered day care ministries for carrying out the federal program.

NOTE 4 – INDIRECT COST RATE

Bethany Early Learning Ministry has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

BETHANY EARLY LEARNING MINISTRY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

Section II - Financial Statement Findings

There were no financial statement findings for the year ended December 31, 2019.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs for the year ended December 31, 2019.



**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 AUDITOR'S REPORT

To the Board of Directors of
Bethany Early Learning Ministry
Indianapolis, Indiana

We have audited 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, the financial statements of Bethany Early Learning Ministry, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bethany Early Learning Ministry'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 Bethany Early Learning Ministry's internal control. Accordingly, we do not express an opinion on the effectiveness of September 28, 2021's internal control.

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

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

Compliance and Other Matters

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

Pettit & Company, LLC

Indianapolis, Indiana
September 28, 2021



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bethany Early Learning Ministry
Indianapolis Indiana

Report on Compliance for Each Major Federal Program

We have audited Bethany Early Learning Ministry'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 Bethany Early Learning Ministry's major federal programs for the year ended December 31, 2020. Bethany Early Learning Ministry'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bethany Early Learning Ministry's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bethany Early Learning Ministry'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 Bethany Early Learning Ministry's compliance.

Opinion on Each Major Federal Program

In our opinion, Bethany Early Learning Ministry 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, 2020.

Report on Internal Control Over Compliance

Management of Bethany Early Learning Ministry 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 audits of compliance, we considered Bethany Early Learning Ministry'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 Bethany Early Learning Ministry'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.

Pettit & Company, LLC

Indianapolis, Indiana
September 28, 2021

BETHANY EARLY LEARNING MINISTRY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Going concern paragraph included?	No
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• <i>Significant deficiency(ies) identified that are not considered to be material weaknesses?</i>	None Reported
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of OMB Uniform Guidance?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child Care Food Program

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

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

There were no financial statement findings for the year ended December 31, 2020.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings and question costs for the year ended December 31, 2020.