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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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October 22, 2021

Board of Directors
Middle Way House, Inc.
338 S. Washington, P.O. Box 95
Bloomington, IN 47402

We have reviewed the audit report of Middle Way House, Inc., which was opined upon by Blue & Company, LLC, Independent Public Accountants, for the period January 1, 2019 to December 31, 2019. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Middle Way House, Inc. as of December 31, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue & 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

MIDDLE WAY HOUSE, INC.

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019 AND 2018

CPAS / ADVISORS

blue

MIDDLE WAY HOUSE, INC.

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DECEMBER 31, 2019 AND 2018

CPAs ADVISORS

blue

Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032
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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Middle Way House, Inc.
Bloomington, Indiana

We have audited the accompanying financial statements of Middle Way House, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 Controller 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 the Organization as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note 3 to the financial statements, effective January 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Our opinion is not modified with respect to these matters.

Blue & Co., LLC

Carmel, Indiana
March 30, 2021

MIDDLE WAY HOUSE, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
Cash	$ 778,216	$ 907,887
Certificates of deposit	261,089	254,919
Accounts receivable	24,849	10,554
Contributions receivable, net	417,112	477,487
Prepaid expenses and other assets	2,076	2,285
Investments	23,813	19,880
Land, buildings, and equipment, net	6,757,766	7,026,399
	$ 8,264,921	$ 8,699,411

LIABILITIES AND NET ASSETS

	2019	2018
Liabilities		
Accounts payable	$ -0-	$ 98
Accrued liabilities and other	121,170	84,242
Notes payable	437,613	456,326
Total liabilities	558,783	540,666
Net assets		
Without donor restrictions	7,273,562	7,719,241
With donor restrictions		
Purpose restricted	425,624	432,552
Time restricted for future periods	6,952	6,952
	432,576	439,504
Total net assets	7,706,138	8,158,745
	$ 8,264,921	$ 8,699,411

See accompanying notes to financial statements.

MIDDLE WAY HOUSE, INC.

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Support						
Contributions	$ 395,222	$ 29,943	$ 425,165	$ 256,430	$ 49,550	$ 305,980
Grants	961,090	-0-	961,090	1,133,936	-0-	1,133,936
United Way	33,325	6,952	40,277	35,886	6,952	42,838
Fundraising	114,403	-0-	114,403	142,834	-0-	142,834
Revenue						
Tenant revenue	241,584	-0-	241,584	209,471	-0-	209,471
Rental income	57,113	-0-	57,113	43,364	-0-	43,364
Investment return, net	12,453	-0-	12,453	3,864	-0-	3,864
Other income	28,506	-0-	28,506	29,743	-0-	29,743
Net assets released from restrictions	43,823	(43,823)	-0-	40,297	(40,297)	-0-
Total support and revenue	1,887,519	(6,928)	1,880,591	1,895,825	16,205	1,912,030
Expenses						
Program services						
Shelter/domestic violence	387,157	-0-	387,157	372,121	-0-	372,121
Crisis intervention	141,609	-0-	141,609	122,847	-0-	122,847
Legal	148,254	-0-	148,254	193,550	-0-	193,550
Education/outreach	245,042	-0-	245,042	284,159	-0-	284,159
Childcare, youth programs, and transitional housing	804,377	-0-	804,377	904,569	-0-	904,569
Total program services	1,726,439	-0-	1,726,439	1,877,246	-0-	1,877,246
Management and general	542,103	-0-	542,103	250,291	-0-	250,291
Fundraising	64,656	-0-	64,656	56,511	-0-	56,511
Total expenses	2,333,198	-0-	2,333,198	2,184,048	-0-	2,184,048
Change in net assets	(445,679)	(6,928)	(452,607)	(288,223)	16,205	(272,018)
Net assets, beginning of year	7,719,241	439,504	8,158,745	8,007,464	423,299	8,430,763
Net assets, end of year	$ 7,273,562	$ 432,576	$ 7,706,138	$ 7,719,241	$ 439,504	$ 8,158,745

See accompanying notes to financial statements.

MIDDLE WAY HOUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019
(With Comparative Total for the Year Ended December 31, 2018)

	2019									
	Program Services									
	Shelter/ Domestic Violence	Crisis Intervention	Legal	Education/ Outreach	Childcare, Youth Programs, and Transitional Housing	Total Program Services	Management and General	Fundraising	Total Expenses	2018 Total Expenses
Salaries and wages	$ 232,049	$ 97,705	$ 85,492	$ 146,557	$ 330,638	$ 892,441	$ 403,034	$ 12,212	$1,307,687	$1,253,886
Payroll taxes	20,037	8,436	7,382	12,655	27,538	76,048	34,800	1,055	111,903	103,317
Employee benefits	2,823	1,189	1,040	1,783	2,971	9,806	4,903	149	14,858	17,706
Workers' compensation	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	17,594
	254,909	107,330	93,914	160,995	361,147	978,295	442,737	13,416	1,434,448	1,392,503
Advertising	-0-	-0-	-0-	-0-	-0-		39	-0-	39	-0-
Bad debts	-0-	-0-	-0-	-0-	-0-	-0-	18,564	-0-	18,564	100
Bank charges	-0-	-0-	-0-	-0-	-0-	-0-	2,566	855	3,421	1,785
Conference and travel	2,467	2,467	617	2,467	2,543	10,561	1,237	617	12,415	10,584
Contract labor	-0-	-0-	-0-	-0-	-0-	-0-	3,162	-0-	3,162	23,546
Depreciation	33,073	12,185	19,147	27,851	153,233	245,489	20,888	3,481	269,858	271,491
Direct assistance	1,242	-0-	-0-	-0-	1,241	2,483	-0-	-0-	2,483	6,239
Dues and fees	1,732	217	108	108	1,741	3,906	1,679	108	5,693	4,430
Food	6,652	-0-	-0-	-0-	425	7,077	-0-	-0-	7,077	5,282
Fundraising - direct expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	22,613	22,613	5,469
Insurance	12,969	4,778	7,508	10,921	50,039	86,215	8,193	1,365	95,773	65,819
Interest	-0-	-0-	-0-	-0-	11,249	11,249	-0-	-0-	11,249	11,674
Miscellaneous	9,488	-0-	-0-	-0-	-0-	9,488	10,484	-0-	19,972	24,911
Postage	45	45	45	45	207	387	1,006	984	2,377	5,162
Printing	347	347	347	13,866	728	15,635	1,733	17,333	34,701	27,296
Professional fees	9,779	3,603	5,662	8,235	17,545	44,824	6,176	1,029	52,029	59,774
Rent	-0-	-0-	-0-	3,300	432	3,732	-0-	-0-	3,732	2,000
Repairs and maintenance	23,879	-0-	-0-	-0-	87,042	110,921	8,955	-0-	119,876	90,284
Subscriptions and publications	199	166	33	33	66	497	132	33	662	679
Supplies and other	14,870	4,758	11,896	4,163	19,854	55,541	4,758	1,190	61,489	51,369
Telephone	3,187	1,174	1,845	2,684	5,535	14,425	2,014	335	16,774	15,910
Utilities	12,319	4,539	7,132	10,374	91,350	125,714	7,780	1,297	134,791	107,741
	$ 387,157	$ 141,609	$ 148,254	$ 245,042	$ 804,377	$1,726,439	$ 542,103	$ 64,656	$2,333,198	$2,184,048

See accompanying notes to financial statements.

MIDDLE WAY HOUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services								
	Shelter/ Domestic Violence	Crisis Intervention	Legal	Education/ Outreach	Childcare, Youth Programs, and Transitional Housing	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	$ 224,567	$ 82,735	$ 130,013	$ 189,109	$ 461,991	$ 1,088,415	$ 141,832	$ 23,639	$1,253,886
Payroll taxes	18,750	6,908	10,855	15,789	37,199	89,501	11,842	1,974	103,317
Employee benefits	3,364	1,239	1,948	2,833	5,843	15,227	2,125	354	17,706
Workers' compensation	3,343	1,232	1,935	2,815	5,806	15,131	2,111	352	17,594
	250,024	92,114	144,751	210,546	510,839	1,208,274	157,910	26,319	1,392,503
Bad debts	-0-	-0-	-0-	-0-	-0-	-0-	89	11	100
Bank charges	-0-	-0-	-0-	-0-	-0-	-0-	1,339	446	1,785
Conference and travel	1,992	1,992	498	1,992	2,613	9,087	999	498	10,584
Contract labor	-0-	-0-	-0-	-0-	-0-	-0-	23,546	-0-	23,546
Depreciation	32,196	11,862	18,640	27,113	157,957	247,768	20,334	3,389	271,491
Direct assistance	3,120	-0-	-0-	-0-	3,119	6,239	-0-	-0-	6,239
Dues and fees	1,048	131	66	66	2,037	3,348	1,016	66	4,430
Food	4,965	-0-	-0-	-0-	317	5,282	-0-	-0-	5,282
Fundraising - direct expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-	5,469	5,469
Insurance	9,508	3,503	5,505	8,007	32,288	58,811	6,007	1,001	65,819
Interest	-0-	-0-	-0-	-0-	11,674	11,674	-0-	-0-	11,674
Miscellaneous	15,043	-0-	-0-	-0-	-0-	15,043	9,868	-0-	24,911
Postage	97	97	97	97	439	827	2,192	2,143	5,162
Printing	273	273	273	10,918	546	12,283	1,365	13,648	27,296
Professional fees	11,308	4,166	6,547	9,522	19,899	51,442	7,142	1,190	59,774
Rent	-0-	-0-	-0-	2,000	-0-	2,000	-0-	-0-	2,000
Repairs and maintenance	17,522	-0-	-0-	-0-	66,191	83,713	6,571	-0-	90,284
Subscriptions and publications	203	170	34	34	68	509	136	34	679
Supplies and other	12,521	4,007	10,017	3,506	16,309	46,360	4,007	1,002	51,369
Telephone	3,023	1,114	1,750	2,545	5,250	13,682	1,910	318	15,910
Utilities	9,278	3,418	5,372	7,813	75,023	100,904	5,860	977	107,741
	$ 372,121	$ 122,847	$ 193,550	$ 284,159	$ 904,569	$ 1,877,246	$ 250,291	$ 56,511	$2,184,048

See accompanying notes to financial statements.

MIDDLE WAY HOUSE, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Operating activities		
Change in net assets	$ (452,607)	$ (272,018)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	269,858	271,491
Realized and unrealized (gains) losses on investments	(3,933)	1,054
Bad debts	18,564	100
Changes in assets and liabilities:		
Accounts receivable	(14,295)	(1,001)
Contributions receivable	41,811	58,336
Prepaid expenses and other assets	209	11,381
Accounts payable	(98)	(8,793)
Accrued liabilities and other	36,928	16,633
Net cash flows from operating activities	(103,563)	77,183
Investing activities		
Payments received on note receivable	-0-	98,045
Purchases of property and equipment	(1,225)	(42,110)
Maturities of certificates of deposits	563,000	502,035
Purchases of certificates of deposits	(569,170)	(557,000)
Net cash flows from investing activities	(7,395)	970
Financing activities		
Repayments on notes payable	(18,713)	(15,543)
Net change in cash	(129,671)	62,610
Cash, beginning of year	907,887	845,277
Cash, end of year	$ 778,216	$ 907,887
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 11,249	$ 11,674

See accompanying notes to financial statements.

1. NATURE OF ACTIVITIES

Middle Way House, Inc. (the Organization) was incorporated and commenced operations as a not-for-profit organization in 1971 under the laws of the State of Indiana. The purpose of the Organization is to end incidents of domestic and sexual violence in the lives of all people. The Organization provides various services to survivors of domestic and sexual violence and their children including crisis intervention, emergency and other housing, supportive services, legal advocacy, public education and prevention programming.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Net assets, support, revenue, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of such net assets are the broad limits resulting from the nature of Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions - Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions 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 support, revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Certificates of Deposit

Certificates of deposit are recorded at cost plus accrued interest and total $261,089 and $254,919 at December 31, 2019 and 2018, respectively. These certificates of deposit mature at varying dates through June 2020 and earn interest at rates ranging from 1.65% to 2.05%.

Accounts Receivable

Accounts receivable primarily consist of uncollected rent from affordable housing units operated by the Organization, plus other performance-based services provided. Accounts receivable are recorded at the amount billed to customers and all amounts are due within one year. Management estimates an allowance for doubtful accounts receivable based on current economic conditions, historical trends, and past experience with their clients.

Management's policy for determining when receivables are delinquent is based on the number of days the balance is outstanding. Typically, after 120 days, delinquent accounts are written off. Due to the nature of the receivables, the balances are unsecured, interest is not charged, and the accounts are not turned over to collection. Management has determined that an allowance for doubtful accounts receivable is not required at December 31, 2019 and 2018.

Contributions Receivable

Contributions receivable represent amounts that have been unconditionally promised to the Organization. Unconditional promises to give are recorded at their net realizable value and are due within one year. These include promises to give from foundations, corporations, and individuals, as well as amounts due from cost reimbursement grants and performance based service contracts where allowable costs have been incurred or the services have been performed.

Management estimates an allowance for doubtful contributions receivable based on an evaluation of historical losses, current economic conditions, and other factors unique to its funding sources. The allowance for uncollectible contributions receivable is $8,445 at December 31, 2019 and 2018.

Investments and Investment Return

Investments consist of a large blend equity mutual fund reported at fair value for financial reporting purposes. Using the provisions within the Financial Accounting Standards Board standard entitled Fair Value Measurements and Disclosures, the Organization has characterized the fair value of its investments using the three-level hierarchy. The fair value of the equity mutual fund is based on Level 1 inputs defined as unadjusted quoted prices for identical assets in active markets.

The equity mutual fund is valued at the daily closing price as reported by the fund that is open-ended and registered with the Securities and Exchange Commission. This fund is required to publish its daily net asset value (NAV) and to transact at that price. The equity mutual fund held by the Organization is deemed to be actively traded. There have been no changes in asset valuation methodologies at December 31, 2019 and 2018.

Changes in unrealized appreciation or depreciation of investments are reflected in the statement of activities in the period such changes occur. Realized gains and losses are recorded based on the cost of the specific securities sold. Interest and dividend income is recorded when earned. Total investment return (including interest income from cash accounts and certificates of deposit) amounted to $12,453 and $3,864 for the years ended December 31, 2019 and 2018, respectively.

Land, Buildings, and Equipment

Land, buildings and equipment are recorded at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

When grants include amounts for the acquisition of land, buildings and equipment, the granting agency may retain legal title to the assets or the right to determine their disposition at the end of the grant period. In such cases, if it is probable that the Organization will be permitted to keep and use the assets over their entire useful lives, the Organization capitalizes and depreciates the assets in the normal manner for financial statement presentation (even though the acquisition of the assets may be reported as an expenditure of the entire amount in the reports to the granting agency).

Gifts of land, buildings, and equipment are reported as net assets with donor restrictions until the specified asset is placed in service unless the donor provides more specific directions about the period of its use.

Accounting for Contributions and Revenue Recognition

The Organization recognizes contributions (support) when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Service levels and grant expenditures are subject to audit and acceptance by the granting agency and as a result of such audit, adjustments could be required.

Consequently, at December 31, 2019, contributions approximating $1,477,000 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met.

All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. When a donor 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. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

All other revenue, including rental revenue, is recognized when earned and reported as an increase in net assets without donor restrictions.

Donated Services

Contributions of services are recognized as support at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. A significant number of volunteer hours are donated to the Organization to man the crisis hotlines, serve as legal advocates, assist at the transitional housing facility, and provide administrative assistance. While these individuals require significant training, testing and regular supervision and are critical to the ongoing viability of the Organization, they do not meet the definition of "specialized skill" under applicable accounting standards. Total volunteer hours were 8,675 and 10,034 and were valued by the Organization at $109,305 and $126,454 for the years ended December 31, 2019 and 2018, respectively, but not reflected in the statement of activities.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Certain costs have been allocated among the program services, management and general and fundraising categories based on the actual direct expenditures and cost allocations based upon estimates of time spent by Organization personnel. Expenses allocated include salaries and benefits, utilities, conference and travel, and office overhead. Although the method used was appropriate, other methods could produce different results.

Income Taxes

The Organization is organized as a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code and similar state law. However, the Organization is subject to federal and state income tax on any unrelated business taxable income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the

Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

The Organization has filed its federal and state income tax returns for the period through December 31, 2019 and is subject to routine audits by taxing jurisdictions. However, as of the date the financial statements were available to be issued, there were no audits for any tax periods in progress. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard, which the Organization is not required to adopt until its year ending December 31, 2022, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

The Organization is presently evaluating the effects this ASU will have on its future financial statements, including related disclosures.

Reclassifications

Certain reclassifications have been made to the 2018 financial statements herein to conform to the 2019 presentation. These reclassifications had no effect on the total net assets or the total change in net assets for 2018.

Subsequent Events

The Organization evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 30, 2021, which is the date the financial statements were available to be issued.

3. CHANGE IN ACCOUNTING PRINCIPLES

ASU 2014-09

Effective January 1, 2019, the Organization adopted FASB ASU No. 2014-09, *Revenue from Contracts with Customers* (ASC 606). The core principle of this new guidance is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." In accordance with ASC 606, the Organization has adopted the requirements using the modified retrospective approach. Adoption of the new guidance resulted in expanded disclosures regarding the Organization's revenue recognition policies. Under the modified retrospective approach, any cumulative effects of initial application are to be presented as an adjustment to the opening balance of net assets in the year of adoption. No adjustments to the opening net asset balances were necessary upon adoption by the Organization.

ASU 2018-08

Effective January 1, 2019, the Organization adopted FASB ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (ASC 958). ASU 2018-08 clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

The adoption of ASU 2018-08 reclassified certain cost reimbursement grants from earned revenue to purpose restricted contributions. Amounts received under these grants are recorded as purpose restricted contributions and released from restriction in the year in which the funds are expended. Activity related to these grants in the 2018 financial statements have been reclassified as contributions to be comparable to the 2019 financial statements as part of the implementation of this standard. There was no effect on beginning net assets as a result of implementing ASU 2018-08.

4. NOTE RECEIVABLE

The Organization obtained a note receivable from the sale of real property in December 2012. The note receivable was secured by a second mortgage on the property and bore interest at 6% through maturity. Under the terms of the note, monthly principal and interest payments of $630 were required until a final balloon payment was due on December 1, 2018. The note receivable was repaid in full during the year ended December 31, 2018.

5. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment are comprised of the following at December 31:

	2019	2018
Land	$ 795,735	$ 795,735
Buildings and improvements	9,202,472	9,202,472
Furniture and equipment	957,495	956,270
Vehicles	42,205	42,205
	10,997,907	10,996,682
Less accumulated depreciation	(4,240,141)	(3,970,283)
	$ 6,757,766	$ 7,026,399

6. NOTES PAYABLE

The Organization has a note payable to the Department of Housing and Neighborhood Development at December 31, 2019 and 2018 in the amount of $81,377. This note was given to secure the acquisition and rehabilitation of property located in Bloomington, Indiana. The mortgage continues until the note is repaid or forgiven according to the terms of the agreement, including provisions requiring the Organization to provide emergency shelter, crisis intervention and supportive services for abused women and their children or other Community Development Block Grant (CDBG)-qualified uses of the underlying property until at least five years after the close-out of the CDBG grant from which the assistance was provided, currently projected to occur in the year 2021. If one or more events of default occur during the term of the note, the principal amount becomes due and payable in full upon demand. The note is secured with a first position on real estate with a net book value of $204,535 and $212,835 at December 31, 2019 and 2018, respectively.

The Organization has a note payable with a governmental entity in the amount of $356,236 and $374,949 at December 31, 2019 and 2018, respectively. The note bears interest at 3% through October 2029 and is payable in monthly installments of principal and interest of $2,474. The note is secured by real estate with a net book value of $1,830,745 and $1,910,877 at December 31, 2019 and 2018, respectively. Prepayment of this note is permitted.

Annual maturities of notes payable are as follows at December 31, 2019:

Year Ending December 31,	
2020	$ 19,234
2021	19,819
2022	20,422
2023	21,043
2024	21,683
Thereafter	254,035
	356,236
Deferred note subject to forgiveness provisions (projected to be 2021)	81,377
	$ 437,613

7. NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2019	2018
Purpose restricted:		
New Wings facility renovations	$ 186,114	$ 219,447
Education and infrastructure programs	24,590	15,000
VOICES programs	197,361	197,105
Other	17,559	1,000
	425,624	432,552
Time restricted for future periods:		
Future operations	6,952	6,952
	$ 432,576	$ 439,504

At December 31, 2019 and 2018, net assets with donor restrictions of $186,114 and $219,447, respectively, relate to a grant from the Federal Home Loan Bank of Indianapolis (FHLBI) for development of affordable housing pursuant to the Organization's New Wings project. The underlying rental property must meet affordability requirements, as defined in the grant agreement, for fifteen years beginning after project completion. If the Organization does not fulfill the fifteen-year operating requirement, it is liable to return a proportionate share of the funding. Accordingly, net assets will be released from restriction ratably over the fifteen-year operating period beginning July 31, 2010, the date the property commenced operations.

Net Assets Released from Restrictions

Net assets were released from donor restrictions related to the following during the years ended December 31:

	2019	2018
New Wings facility renovations	$ 33,333	$ 33,333
Future operations	6,952	6,964
Other	3,538	-0-
	$ 43,823	$ 40,297

8. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Organization's financial assets, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date; that is, amounts that are without donor restrictions limiting their use at December 31:

	2019	2018
Cash	$ 778,216	$ 907,887
Certificates of deposit	261,089	254,919
Accounts receivable	24,849	10,554
Contributions receivable, net	417,112	477,487
Investments	23,813	19,880
Total financial assets	1,505,079	1,670,727
Net assets with donor restrictions		
Purpose restricted	(239,510)	(213,105)
Time restricted for future periods	(6,952)	(6,952)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,258,617	$ 1,450,670

9. CONCENTRATIONS

The Organization maintains its cash in bank deposit accounts which, at times, may exceed Federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

The majority of the Organization's contributions and grants are received from corporations, foundations, and individuals located in the greater Bloomington area including the counties of Monroe, Martin, Owen and Greene and from agencies of the state of Indiana. As such, the Organization's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of Indiana. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Organization's services.

At December 31, 2019, amounts due under cost reimbursement grants from two funding agencies amounted to 94% of total contributions receivable. Grant revenue from the same two funding agencies amounted to 87% of total grant support for the year ended December 31, 2019.

At December 31, 2018, amounts due under cost reimbursement grants from two funding agencies amounted to 80% of total contributions receivable. Grant revenue from the same two funding agencies amounted to 82% of total grant support for the year ended December 31, 2018.

For the year ended December 31, 2019, the Organization received 15% of total non-grant support from one donor. There were no such concentrations of contributions for the year ended December 31, 2018.

10. COMMITMENTS AND CONTINGENCIES

The Organization has made various commitments to funding sources which require the Organization to operate the transitional housing facility for periods ranging from 15 to 40 years. Should the Organization cease to operate the facility, a portion of those original funds may be required to be repaid to the funding sources.

The Organization is substantially funded by grants and contracts awarded directly and indirectly by the Federal government, the State of Indiana, and local governmental units. The majority of the agreements contain provisions that permit the arrangements to be terminated or the funds provided to be reduced if the unit of government does not appropriate adequate funds to maintain the current funding levels.

11. FEDERAL, STATE, COUNTY AND LOCAL FUNDING

In compliance with the Indiana State Board of Accounts' Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources, federal, state, local and county funding must be disclosed for the current year. For the year ended December 31, 2019, the Organization received the following:

Federal:	
United States Department of Justice	$ 602,034
United States Department of Health and Human Services	54,525
United States Department of Housing and Urban Development	2,396
Federal Emergency Management Agency	3,388
	662,343
State:	
Indiana Criminal Justice Institute	230,900
Indiana Department of Child Services	18,781
	249,681
County/Local:	
Monroe County Community School Corporation	34,650
Community Foundation Bloomington Center	1,160
Other	13,256
	49,066
	$ 961,090

12. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Organization's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, shortages of personnel, shortages of supplies, delays, loss of, or reduction to, revenue, contributions and funding, and investment portfolio declines. Management believes the Organization is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

On April 21, 2020, the Organization received a low interest loan in the amount of $271,700 under the Paycheck Protection Program (PPP) administered by the Small Business Administration. The PPP loan is unsecured, bears interest at 1% and funds advanced under the program are subject to forgiveness, if certain criteria is met, with the remaining balance repayable two years after disbursement. The PPP loan may be forgivable to the extent that employers incur and spend the funds on qualified expenditures, which include payroll, employee health insurance, rent, utilities and interest costs during the covered period as defined by the PPP guidance. In addition, employers must maintain specified employment and wage levels during the pandemic, and submit adequate documentation of such expenditures to qualify for loan forgiveness.