



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B57645

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](http://www.in.gov/sboa)

November 8, 2021

Board of Directors  
The Damien Center, Inc.  
26 N. Arsenal Ave.  
Indianapolis, IN 46201

We have reviewed the audit report of The Damien Center Inc., which was opined upon by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of The Damien Center Inc. 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, Blue & Co., 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.

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

Paul D. Joyce, CPA  
State Examiner



# DAMIEN CENTER

**CONSOLIDATED FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020 AND 2019**

*CPAs / ADVISORS*

 **blue**

**THE DAMIEN CENTER, INC.**

TABLE OF CONTENTS  
DECEMBER 31, 2020 AND 2019

---

|   | Page |
|---|------|
| <b>Report of Independent Auditors</b> .....   | 1    |
| <b>Consolidated Financial Statements</b>  |      |
| Consolidated Statements of Financial Position .....   | 3    |
| Consolidated Statements of Activities and Changes in Net Assets .....   | 4    |
| Consolidated Statements of Cash Flows .....   | 5    |
| Notes to Consolidated Financial Statements .....  | 6    |
| <b>Supplementary Information</b>  |      |
| Consolidating Statement of Financial Position – December 31, 2020.....  | 21   |
| Consolidating Statement of Activities and Changes in Net Assets – Year Ended December 31, 2020.....   | 22   |
| Consolidating Statement of Financial Position – December 31, 2019.....  | 23   |
| Consolidating Statement of Activities and Changes in Net Assets – Year Ended December 31, 2019.....   | 24   |
| Consolidated Schedule of Expenditures of Federal Awards – Year Ended December 31, 2020 .....  | 25   |
| Notes to Consolidated Schedule of Expenditures of Federal Awards.....   | 26   |
| <b>Reporting under <i>Government Auditing Standards</i> and the <i>Uniform Guidance</i></b>   |      |
| Report of Independent Auditors on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> ..... | 27   |
| Report of Independent Auditors on Compliance for Each Major Federal Program<br>and on Internal Control Over Compliance Required by <i>Uniform Guidance</i> .....  | 29   |
| Schedule of Findings and Questioned Costs – Year Ended December 31, 2020 .....  | 31   |

---



Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204  
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
The Damien Center, Inc.  
Indianapolis, Indiana

We have audited the accompanying consolidated financial statements of The Damien Center, Inc. (the Organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, 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.

### Auditor's 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audits 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 auditor's 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 Organization'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 Organization'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.

---

Board of Directors  
The Damien Center, Inc.  
Indianapolis, Indiana

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, and the results of its operations, 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.

### Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating financial information on pages 21 through 24 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and changes in net assets of the individual entities, and is not a required part of the consolidated financial statements. The accompanying consolidated schedule of expenditures of federal awards on pages 25 and 26 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 also 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 audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2021 on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

**Blue & Co., LLC**

Indianapolis, Indiana  
May 27, 2021

**THE DAMIEN CENTER, INC.**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

**ASSETS**

|                                   | 2020         | 2019         |
|-----------------------------------|--------------|--------------|
| <b>Current assets</b>             |              |              |
| Cash                              | \$ 1,613,438 | \$ 153,493   |
| Certificate of deposit            | 263,064      | 256,648      |
| Accounts receivable               | 990,432      | 366,054      |
| Grants receivable                 | 822,553      | 437,880      |
| 340B Program receivables          | 606,185      | 362,182      |
| Retail pharmacy receivables       | 174,893      | -0-          |
| Inventory                         | 184,454      | 23,986       |
| Prepaid expenses                  | 75,615       | 84,437       |
| Total current assets              | 4,730,634    | 1,684,680    |
| <b>Property and equipment</b>     |              |              |
| Land                              | 413,678      | 179,878      |
| Building and improvements         | 2,639,893    | 2,603,274    |
| Furnishings and equipment         | 589,992      | 486,058      |
| Technology                        | 424,499      | 303,326      |
| Automobiles                       | 27,852       | 27,852       |
| Construction in progress          | 94,483       | -0-          |
|                                   | 4,190,397    | 3,600,388    |
| Less accumulated depreciation     | 1,574,015    | 1,417,938    |
| Total property and equipment, net | 2,616,382    | 2,182,450    |
| Total assets                      | \$ 7,347,016 | \$ 3,867,130 |

**LIABILITIES AND NET ASSETS**

|  |              |              |
|--|--------------|--------------|
| <b>Current liabilities</b>             |              |              |
| Accounts payable                       | \$ 525,994   | \$ 418,769   |
| Accrued salaries and related expenses  | 285,112      | 141,689      |
| Other current liabilities              | 71,000       | 9,927        |
| Line of credit                         | -0-          | 49,875       |
| Notes payable                          | 984,119      | -0-          |
| Current portion of capital leases      | 12,317       | 14,193       |
| Total current liabilities              | 1,878,542    | 634,453      |
| <b>Long-term debt</b>                  |              |              |
| Capital leases, net of current portion | 30,923       | 40,167       |
| Total liabilities                      | 1,909,465    | 674,620      |
| <b>Net assets</b>                      |              |              |
| Without donor restrictions             |              |              |
| Undesignated                           | 4,912,877    | 2,600,366    |
| Board designated                       | 100,000      | 100,000      |
| Total unrestricted net assets          | 5,012,877    | 2,700,366    |
| With donor restrictions                | 424,674      | 492,144      |
| Total net assets                       | 5,437,551    | 3,192,510    |
| Total liabilities and net assets       | \$ 7,347,016 | \$ 3,867,130 |

See accompanying notes to the consolidated financial statements.

**THE DAMIEN CENTER, INC.**

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2020 AND 2019

|   | 2020         | 2019         |
|---|--------------|--------------|
| <b>Operating revenue and public support</b>       |              |              |
| Net client service revenue                        | \$ 352,177   | \$ 305,865   |
| Contract fees                                     | 2,796,304    | 1,903,284    |
| Grant service contracts                           | 3,325,285    | 2,947,802    |
| Private grants                                    | 304,575      | 103,801      |
| United Way of Central Indiana, Inc.               |              |              |
| Allocation and donor designated                   | 45,429       | 58,808       |
| General operations                                | 474,500      | 116,791      |
| 340B Program, net                                 | 3,492,530    | 356,454      |
| Retail pharmacy                                   | 522,336      | -0-          |
| Less cost of sales                                | (224,709)    | -0-          |
| Retail pharmacy, net                              | 297,627      | -0-          |
| Special events                                    | 156,815      | 368,623      |
| Less cost of direct benefits to donors            | -0-          | (63,251)     |
| Special events, net                               | 156,815      | 305,372      |
| Bequests and contributions                        | 310,056      | 203,306      |
| In-kind   | 17,237       | 54,365       |
| Other   | 9,534        | 33,057       |
| Net assets released from donor restriction        | 127,017      | 258,499      |
| Total operating revenue and public support        | 11,709,086   | 6,647,404    |
| <b>Operating expenses</b>                         |              |              |
| Salaries and fringe benefits                      | 5,126,899    | 3,561,435    |
| Emergency assistance                              | 2,189,929    | 1,395,093    |
| Contract labor                                    | 65,435       | 24,048       |
| Professional services and fees                    | 800,997      | 588,626      |
| Events  | 48,494       | 48,753       |
| Program materials and supplies                    | 478,643      | 209,978      |
| Travel and communication                          | 133,995      | 112,337      |
| Advertising and promotion                         | 130,123      | 219,255      |
| Printing and postage                              | 32,815       | 15,173       |
| Office supplies and expendables                   | 125,725      | 71,124       |
| Insurance   | 73,304       | 81,471       |
| Facility maintenance and utilities                | 116,533      | 131,942      |
| Depreciation                                      | 164,827      | 123,806      |
| In-kind   | 19,596       | 73,816       |
| Other   | 80,332       | 133,450      |
| Total operating expenses                          | 9,587,647    | 6,790,307    |
| Revenues and public support over (under) expenses | 2,121,439    | (142,903)    |
| <b>Nonoperating expense</b>                       |              |              |
| Net assets released for capital improvements      | 191,072      | 386,006      |
| Change in net assets without donor restrictions   | 2,312,511    | 243,103      |
| <b>Net assets with donor restrictions</b>         |              |              |
| Contributions and other support                   | 248,260      | 829,553      |
| In-kind contributions                             | 2,359        | 19,451       |
| Net assets released from donor restriction        | (318,089)    | (644,505)    |
| Change in net assets with donor restrictions      | (67,470)     | 204,499      |
| Change in net assets                              | 2,245,041    | 447,602      |
| <b>Net assets</b>                                 |              |              |
| Beginning of year                                 | 3,192,510    | 2,744,908    |
| End of year                                       | \$ 5,437,551 | \$ 3,192,510 |

See accompanying notes to the consolidated financial statements.

**THE DAMIEN CENTER, INC.**

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

|   | 2020         | 2019       |
|---|--------------|------------|
| <b>Operating activities</b>   |              |            |
| Change in net assets  | \$ 2,245,041 | \$ 447,602 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities |              |            |
| Depreciation  | 164,827      | 123,806    |
| Grants received for capital improvements  | -0-          | (600,000)  |
| In-kind contributions received  | (19,596)     | (73,816)   |
| Net unrealized gain on certificate of deposit   | (6,416)      | (3,149)    |
| Changes in operating assets and liabilities   |              |            |
| Accounts receivable   | (624,378)    | 395,339    |
| Grants receivable   | (556,149)    | 189,234    |
| 340 Program receivables   | (244,003)    | (218,865)  |
| Retail pharmacy receivables   | (174,893)    | -0-        |
| Inventory   | (160,468)    | (5,391)    |
| Prepaid expenses  | 8,822        | (36,434)   |
| Accounts payable  | 107,225      | 74,888     |
| Accrued salaries and related expenses   | 143,423      | 40,102     |
| Other current liabilities   | 61,073       | -0-        |
| Net cash flows from operating activities  | 944,508      | 333,316    |
| <b>Investing activities</b>   |              |            |
| Purchase of property and equipment  | (598,759)    | (410,490)  |
| <b>Financing activities</b>   |              |            |
| Proceeds from grants received for capital improvements                                    | 191,072      | 386,006    |
| Borrowings on line of credit  | 300,000      | 497,190    |
| Principal payments on line of credit  | (349,875)    | (738,161)  |
| Principal payments on capital leases  | (11,120)     | (23,707)   |
| Principal payments on notes payable   | (300,000)    | -0-        |
| Proceeds from issuance of notes payable   | 1,284,119    | -0-        |
| Net cash flows from financing activities  | 1,114,196    | 121,328    |
| Net change in cash  | 1,459,945    | 44,154     |
| <b>Cash</b>   |              |            |
| Beginning of year   | 153,493      | 109,339    |
| End of year   | \$ 1,613,438 | \$ 153,493 |
| <b>Supplemental disclosures of cash flows information</b>                                 |              |            |
| Cash paid for interest  | \$ 15,453    | \$ 19,177  |
| <b>Noncash investing and financing activities</b>   |              |            |
| Property acquired through capital leases  | \$ -0-       | \$ 62,725  |

See accompanying notes to the consolidated financial statements.

# THE DAMIEN CENTER, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

---

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Organization

The Damien Center, Inc. (the Center) is a non-profit entity incorporated on April 1, 1987, under the laws of the State of Indiana and commenced operations in June 1987. The Center provides and coordinates services for persons living with or affected by Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS) in the Indianapolis community and actively advocates for a just and compassionate response to their needs. In so doing, the Center serves as a comprehensive center for the education, counseling, and support of HIV and AIDS infected individuals (and their families and friends) within the Indianapolis community. The Center's revenue and support are from reimbursed cost and fee for service contracts with the U.S. Department of Health and Human Services, Indiana State Department of Health, Marion County Health Department, and the City of Indianapolis.

#### Principles of Consolidation

The accompanying consolidated financial statements of the Center include the financial statements of the Center and its affiliates, Damien Cares, Inc. (the Clinic), and 1416 East Washington, LLC (1416 East). These entities are collectively referred to as the "Organization". All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

The Center has control and economic interest in the Clinic and is the sole member of 1416 East. The Clinic is a not-for-profit entity formed in August 2015 whose mission is to provide medical services to HIV affected individuals, including those who are clients of the Center. 1416 East is a Limited Liability Company (LLC) founded in 2015 whose purpose is to acquire, hold, and lease real property. During 2020, articles of dissolution were filed for 1416 East, and in conjunction with dissolution the remaining net assets of 1416 East were contributed to the Center.

A description of the Organization's more significant program services is as follows:

*Care Coordination* – is comprehensive, specialized, free case management that connects individuals living with HIV to the resources they need to live long, fulfilling lives. Care coordinators help individuals access medical care, housing support, and other services and programs.

*Housing & Emergency Assistance* – helps clients have safe, stable, and affordable housing and incidental assistance such as utilities, transportation to medical appointments, medication copays, food, and other necessities.

*Clinic Services* – are funded by the Ryan White Parts A and C Services Grant. These include primary, infectious disease, and psychiatric outpatient care and treatment and HIV counseling and testing services. This program provides clients with financial assistance with medication copays. To ensure compliance with medication regimens, this program provides monthly assistance for clients who have no other financial resources to pay for medication copays. Clinic Services includes 340B Program and retail pharmacy revenues and expenses discussed in separate policies below.

## THE DAMIEN CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

---

*Prevention Services* – reaches out to local communities to provide education and assistance with accessing services, speaking in classrooms, or providing HIV 101 education to employers. Prevention services contributes to create a community that is more informed about how HIV affects everyone.

#### Basis of Accounting

The Organization's consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations. Accordingly, the Organization's accounts are stated on the accrual basis of accounting, whereby revenues are recorded as earned and expenses are recorded as incurred.

#### Use of Estimates

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash

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 and believes it is not exposed to any significant credit risk on cash.

#### Certificate of Deposit

Certificate of deposit is recorded at cost plus accrued interest and totaled approximately \$263,000 and \$257,000 at December 31, 2020 and 2019, respectively. The certificate of deposit at December 31, 2020 matures in March 2021 and earns interest at 1.00%.

#### Accounts Receivable

Accounts receivable are recorded at net contracted amounts. Net client service revenue and contract fee revenue are reported at the estimated net realizable amounts due from contracted third-party payors, including agencies, and includes estimated retroactive adjustments under reimbursement agreements with the third-party payors. Gross client service revenue for 2020 and 2019 was approximately \$929,000 and \$906,000, respectively, with contractual adjustments of approximately \$577,000 and \$600,000, respectively. Contract fee revenue for 2020 and 2019 approximated \$2,796,000 and \$1,903,000, respectively, with no contractual adjustments recognized. Accounts receivable are reduced by an allowance for uncollectible accounts based on the Organization's evaluation of the aging of the accounts, historical losses, current economic conditions, and other factors unique to its clients and service area. The allowance for uncollectible accounts receivable was approximately \$44,000 and \$26,000 as of December 31, 2020 and 2019, respectively. Accounts receivable and allowance for uncollectible accounts as of January 1, 2019 were approximately \$762,000 and \$44,000, respectively.

---

## THE DAMIEN CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

---

#### Client Service Revenue and Contract Fees

Client service revenue and contract fee revenue are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing client care. These amounts are due from clients, third-party payors, and others. Generally, the Organization bills the clients and third-party payors several days after the services are performed. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients receiving services in clinic centers. The Organization measures the performance obligation from the commencement of a clinic service, to the point when it is no longer required to provide services to that client, which is generally at the time of completion of the clinic services. The method of reimbursement for the Organization is fee for service. The timing of revenue and recognition for clinic services is transferred over time.

#### Grants Receivable and Public Support

The Organization derives a significant portion of its revenue from Federal and state funding programs. These revenues may be recognized as grant service contracts and private grants. The receipt of future revenues by the Organization is subject to among other factors, federal and state policies affecting the Organization's mission, economic conditions that may include an inability to control expenses in periods of inflation and other conditions which are impossible to predict. These revenues are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Receipt of these funds is subject to the fulfillment of certain obligations by the Organization as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. The Organization did not have refundable advances as of December 31, 2020 and 2019. The Organization did recognize receivables from these programs of approximately \$823,000 and \$438,000 as of December 31, 2020 and 2019, respectively, which is included in grants receivables on the consolidated statements of financial position.

#### 340B Program Receivables and Revenue

The Organization is a participant in the 340B Drug Discount Program (the 340B Program) which enables qualifying health care providers to purchase drugs from pharmaceutical suppliers at a substantial discount. The 340B Program is managed by the Health Resource and Services Administration Office of Pharmacy Affairs. The Organization earns revenue under the 340B Program by purchasing pharmaceuticals at a reduced cost to fill prescriptions to qualified patients. The Organization has a network of participating pharmacies that dispense the pharmaceuticals to its patients under a contractual arrangement with the Organization.

---

## THE DAMIEN CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

---

Revenue is recognized when the performance obligations are satisfied which is traditionally at the point of sale when the prescription is filled by the third-party contracted pharmacy. During 2020 and 2019, the Organization recognized net revenue related to the 340B Program of approximately \$3,493,000 and \$356,000, respectively, on the consolidated statements of activities and changes in net assets, which included related expenses of approximately \$5,093,000 and \$1,335,000, respectively. Net revenue increased in 2020 from 2019 due to increased prescriptions filled and further improvements made with contract pharmacies. As the Organization is considered an agent in the 340B Program, the expenses related to the 340B Program including drug costs, dispensing and other administrative fees are netted in revenue for financial reporting. The Organization recognized receivables from the 340B Program of approximately \$606,000 and \$362,000 as of December 31, 2020 and 2019, respectively, which is included in 340B Program receivables on the consolidated statements of financial position.

#### Retail Pharmacy Receivables and Revenue

The Organization recognizes revenue, net of taxes and expected returns, at the time it sells merchandise or dispenses prescription drugs to the customer. The Organization estimates revenue based on expected reimbursements from third-party payers (e.g., pharmacy benefit managers, insurance companies and governmental agencies) for dispensing prescription drugs. The estimates are based on all available information including historical experience and are updated to actual reimbursement amounts.

Cost of sales includes the purchase price of goods and cost of services rendered, store and stocking inventory loss, inventory obsolescence and supplier rebates. In addition to product costs, cost of sales includes stocking costs for retail operations, purchasing costs, freight costs, cash discounts and vendor allowances. Vendor allowances are principally received as a result of purchases, sales or promotion of vendors' products. Allowances are generally recorded as a reduction of inventory and are recognized as a reduction of cost of sales when the related merchandise is sold. Allowances received for promoting vendors' products are offset against advertising expense and result in a reduction of selling, general and administrative expenses to the extent of advertising costs incurred, with the excess treated as a reduction of inventory costs. Rebates or refunds received by the Organization from its suppliers, mostly in cash, are considered as an adjustment of the prices of the supplier's products purchased by the Organization.

Revenue is recognized when the performance obligations are satisfied which is traditionally at the point of sale when the prescription is filled by the Organization's pharmacy. During 2020 and 2019, the Organization recognized gross revenue related to retail pharmacy of approximately \$522,000 and \$-0-, respectively, on the consolidated statements of activities and changes in net assets. During 2020 and 2019, the Organization recognized cost of sales related to retail pharmacy of approximately \$225,000 and \$-0-, respectively, on the consolidated statements of activities and changes in net assets. As the Organization is considered a principal, the cost of sales related to the retail pharmacy revenues including drug costs, dispensing and other administrative fees are shown as a reduction to gross revenues for financial reporting. The Organization recognized receivables from retail pharmacy of approximately \$175,000 and \$-0- as of December 31, 2020 and 2019, respectively, which is included in retail pharmacy receivables on the consolidated statements of financial position.

## THE DAMIEN CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

---

#### Inventory

Inventories, which consist mainly of retail pharmaceuticals and vaccines. The Organization values inventories on a lower of cost or net realizable value. Inventories include product costs, inbound freight, direct labor, stocking costs for retail pharmacy operations and distribution of products and vendor allowances not classified as a reduction of advertising expense. The Organization's inventory is accounted for using the first-in-first out (FIFO) method. The total carrying value of inventory accounted for under the FIFO method was approximately \$184,000 and \$24,000 at December 31, 2020 and 2019, respectively.

#### Prepaid Expenses

Prepaid expenses primarily consist of prepaid insurance, dues, memberships, and subscriptions. These assets are classified as current as they are expected to be utilized during 2021.

#### Property and Equipment and Depreciation

Assets are recorded at historical cost or, if contributed, at the estimated fair value at the date of the gift. The Organization capitalizes additions of fixed assets in excess of \$1,000 cost or fair value, if contributed. Depreciation of property and equipment is computed using the straight-line method and based upon the estimated useful lives of the assets.

Expenditures for property and equipment and for renewals or improvements which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense when incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the consolidated statements of activities and changes in net assets.

The following table summarizes the estimated useful lives of property and equipment

|                           | <u>Years</u> |
|---------------------------|--------------|
| Building and improvements | 7-40         |
| Furnishings and equipment | 3-15         |
| Technology                | 3-7          |
| Automobiles               | 5            |

#### Net Assets

The accompanying consolidated financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions.

*Net assets without donor restrictions* – represent the net assets of the Organization that do not have donor-imposed stipulations, and are comprised of undesignated and designated net assets. Undesignated net assets are not subject to donor-imposed stipulations or Board of Director imposed restrictions.

## THE DAMIEN CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

---

Designated net assets are subject to stipulations and designations imposed by the Board of Directors and determined to be unavailable for general use. The Organization reported board designated net assets of \$100,000 as of December 31, 2020 and 2019 for the Client Assurance Fund, which provides financial assistance and support to the Organization's clients.

*Net assets with donor restrictions* – represent the net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or by actions of the Organization.

#### Special Events

The Organization conducts special events to raise funds for its exempt purposes in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component), and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct benefits to donors in the consolidated statements of activities and changes in net assets. The performance obligation is delivery of the event, which is usually accompanied by a presentation. Special event receipts are reported net of direct benefits received by the donor in the consolidated statements of activities and changes in net assets.

#### Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. The Organization recognizes all contributions as income in the period received. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions that are received and whose restrictions are satisfied within the same reporting period are reported as net assets without donor restrictions. The Organization also evaluates whether a contribution is unconditional or conditional based on the absence or presence of barriers and any right of return provisions.

#### In-Kind Contributions

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributions of assets are recognized at fair value when received. The amounts reflected in the accompanying consolidated financial statements as in-kind contributions (with and without restriction) are offset by like amounts included in expenses or additions to property and equipment.

---

**THE DAMIEN CENTER, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

---

The Organization received donated materials and services as follows for 2020 and 2019:

|                          | <u>2020</u>      | <u>2019</u>      |
|--------------------------|------------------|------------------|
| Charitable auction items | \$ 17,237        | \$ 53,365        |
| Printing services        | -0-              | 1,000            |
| Food pantry              | <u>2,359</u>     | <u>19,451</u>    |
|                          | <u>\$ 19,596</u> | <u>\$ 73,816</u> |

Volunteers provide program and fund-raising services throughout the year that are not recognized as contributions in the consolidated financial statements since they do not meet the criteria for recognition. These services include volunteering at events, picking up donations and various clerical work.

Advertising and Promotion

The Organization incurred approximately \$130,000 and \$219,000 in advertising and promotion expense for 2020 and 2019, respectively. These costs were expensed as incurred.

Income Taxes

The Center and the Clinic are not-for-profit organizations exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been reflected in the related consolidated financial statements. Both are required to file Federal Form 990 – Return of Organization Exempt from Income Tax, which is an informational return only.

1416 East is organized as a LLC, whereby net taxable income is taxed directly to the Center and not 1416 East. Since the Center is the sole member of 1416 East, it is treated as a disregarded entity under the appropriate code of the IRC. As such, the financial activity of 1416 East is included in the Center's Federal Form 990 Return of Organization Exempt from Income Tax.

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, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Organization has filed its federal and state income tax returns through December 31, 2019. 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).

## THE DAMIEN CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

---

#### Reclassifications

Certain amounts in the prior-year consolidated financial statements have been reclassified in order to conform with the current year presentation. The reclassifications have no impact on previously reported net assets or change in net assets.

#### Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the Organization's ability to continue as a going concern for a period of one year from the date the consolidated financial statements were available to be issued.

#### Subsequent Events

The Organization evaluated events or transactions occurring subsequent to the consolidated statement of financial position date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements were available to be issued which is May 27, 2021.

#### Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This 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.

In September 2020, the FASB issued ASU No. 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This new standard is intended to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit (NFP) organizations, including information on how those assets are used and how they are valued. This new standard requires that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets. In addition, there are expanded disclosure requirements. The Organization will be required to adopt this new standard in its year ending December 31, 2022.

The Organization is presently evaluating the effects that these ASUs will have on its future consolidated financial statements, including related disclosures.

## THE DAMIEN CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

---

#### 2. LINE OF CREDIT

The Organization maintains a \$450,000 line of credit with a local financial institution to support short-term working capital needs. The line of credit matures in September 2021 and calls for monthly interest based Wall Street Journal prime rate, which was 3.25% as of December 31, 2020. Borrowings against the line of credit are secured by substantially all assets of the Organization. As of December 31, 2020 and 2019, there was an outstanding balance on the line of credit in the approximate amount of \$-0- and \$50,000, respectively.

Interest expense associated with the line of credit for 2020 and 2019 was approximately \$1,000 and \$12,000, respectively, and recorded within other operating expenses in the consolidated statements of activities and changes in net assets.

#### 3. NOTES PAYABLE

A summary of notes payable as of December 31, 2020 and 2019 is as follows:

|   | 2020       | 2019   |
|---|------------|--------|
| Loans payable to Small Business Administration, maturing April 2022, fixed interest rate of 1.00%, monthly principal and interest payments totaling approximately \$38,000. | \$ 683,500 | \$ -0- |
| Loan payable to McKesson Corporation, maturing September 2021, fixed interest rate of 0.00%, monthly principal payments of approximately \$50,000.                          | 300,619    | -0-    |
|   | 984,119    | -0-    |
| Current portion   | 984,119    | -0-    |
| Long-term notes payable   | \$ -0-     | \$ -0- |

In April 2020, the Organization received low interest loans for the Clinic and the Center in the approximate amounts of \$174,000 and \$509,000, respectively, under the Paycheck Protection Program (PPP) administered by the Small Business Administrator (SBA). The PPP loans are unsecured, bear interest at 1% and funds advanced under the program are subject to forgiveness, if certain criteria is met, with the remaining balance repayable within two years of disbursement. The PPP loans may be forgivable to the extent that Organization incurs 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, the Organization must maintain specific employment and wage levels during the pandemic and submit adequate documentation of such expenditures to qualify for loan forgiveness. If the loans are not forgiven, monthly principal and interest payments totaling approximately \$38,000 were subject to begin November 2020, with a maturity date in April 2022.

The Organization elected to account for the funds under the PPP as debt and will recognize any forgiveness when the loans have been legally forgiven by the SBA. In April 2021, the Organization received notice of full forgiveness from the SBA.

## THE DAMIEN CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

---

In October 2020, the Organization received an interest free loan from McKesson Corporation in the amount of approximately \$301,000. The note is unsecured. Monthly payments of approximately \$50,000 were subject to begin March 2021, with a maturity date of August 2021.

In June 2020, the Organization received an interest free loan from the Indianapolis Neighborhood Housing Partnership, Inc. in the amount of approximately \$300,000. The note was unsecured. One lump-sum payment of approximately \$300,000 was to be made at maturity, in June 2021. The Organization paid off the loan in 2020.

The future maturities of notes payable for the years subsequent to December 31, 2020 is as follows: approximately \$301,000 in 2021. This excludes the PPP loans as they were fully forgiven in April 2021 and will not be paid back.

#### 4. CAPITAL LEASES

The Organization leases equipment under agreements, which require monthly payments through February 2024. The assets are depreciated over their estimated useful lives of five years. The cost and accumulated depreciation of the equipment under the capital leases as of December 31, 2020 and 2019 are as follows:

|                               | 2020             | 2019             |
|-------------------------------|------------------|------------------|
| Cost                          | \$ 62,725        | \$ 62,725        |
| Less accumulated depreciation | 21,954           | 9,409            |
|                               | <u>\$ 40,771</u> | <u>\$ 53,316</u> |

The required minimum capital lease payments for the years following December 31, 2020 are as follows:

| <u>Year Ending December 31,</u>     |                  |
|-------------------------------------|------------------|
| 2021                                | \$ 16,649        |
| 2022                                | 16,648           |
| 2023                                | 16,648           |
| 2024                                | <u>1,387</u>     |
| Total future minimum lease payments | 51,332           |
| Less interest                       | <u>8,092</u>     |
|                                     | 43,240           |
| Less current portion                | <u>12,317</u>    |
| Long-term portion                   | <u>\$ 30,923</u> |

Interest expense associated with capital lease obligations for 2020 and 2019 was approximately \$6,000 and \$7,00, respectively, and recorded within other operating expenses in the consolidated statements of activities and changes in net assets.

---

## THE DAMIEN CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

---

#### 5. RETIREMENT PLAN

The Organization has a 403(b) plan for employees who meet certain eligibility requirements. The plan permits eligible employees, through payroll deductions, to contribute up to maximum allowable under the IRC (for 2020 - \$19,500 annually with a catch-up contribution of \$6,000 for employees age 50 and over). Matching contributions to the plan are at the discretion of the Organization's Board of Directors. Matching contributions to the plan by the Organization were approximately \$17,000 and \$-0- during 2020 and 2019, respectively. Matching contributions were limited to 2% of eligible compensation during 2020.

#### 6. RELATED PARTY TRANSACTIONS

Donations of goods, services, or cash from board members and/or their respective employers totaled approximately \$32,000 and \$35,000 for 2020 and 2019, respectively.

#### 7. COMMITMENTS AND CONTINGENCIES

The Organization is involved in litigation arising in the normal course of business. After consultation with legal counsel, it is management's opinion that these matters will be resolved without a material adverse effect on the Organization's consolidated financial position, results of operations, changes in net assets, and cash flows.

Under the terms of the Federal grants, periodic audits are required and certain costs may be challenged as to allowability under the terms of the grants. Such audits could lead to reimbursements to the Department of Health and Human Services, Department of Housing and Urban Development, and the Corporation for National and Community Service.

At December 31, 2020, the Organization did not have any significant construction commitments related to property and equipment.

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 results is dependent on the breadth and duration of the pandemic and could be affected by other factors the Organization is not currently able to predict. These impacts have included and may continue to include, but are not limited to, additional costs for responding to COVID-19, potential shortages of healthcare personnel, potential shortages of clinical supplies, and loss of, or reduction to, revenue. 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 consolidated financial statements were available to be issued.

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

*Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts, requires Indiana not-for-profit entities to disclose federal, state and local awards expended during the entities' annual reporting period. Federal awards for 2020 are disclosed in the Consolidated Schedule of Expenditures of Federal Awards as supplementary information to the consolidated financial statements.

---

**THE DAMIEN CENTER, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

During 2020 and 2019, the Organization expended the following state awards:

| Program and grantor                | 2020              | 2019              |
|------------------------------------|-------------------|-------------------|
| Indiana State Department of Health |                   |                   |
| State AIDS Special Projects        | \$ 252,475        | \$ 66,531         |
| Linkage to Care                    | 260,061           | 273,135           |
| HIV Prevention                     | 184,460           | 145,579           |
|                                    | <u>\$ 696,996</u> | <u>\$ 485,245</u> |

State expenditures along with Federal grants are reported in the consolidated statements of activities and changes in net assets under grant service contracts, private grants, contributions with donor restrictions, and other support, and contract fees. The following is a summary of federal and state awards for 2020 and 2019:

|   | 2020                | 2019                |
|---|---------------------|---------------------|
| From consolidated statement of activities and changes in net assets                       |                     |                     |
| Grant service contracts   | \$ 3,325,285        | \$ 2,947,802        |
| Private grants  | 304,575             | 18,117              |
| Contributions and other support (with donor restrictions)                                 | 145,041             | 549,959             |
| Contract fees   | 2,796,304           | 1,903,284           |
|   | <u>\$ 6,571,205</u> | <u>\$ 5,419,162</u> |
| Amounts reported in   |                     |                     |
| Schedule of expenditures of federal awards  | \$ 6,019,250        | \$ 4,937,064        |
| Less: federal expenditures recognized in current year, recorded as revenues in prior year | (145,041)           | (3,147)             |
| State awards  | 696,996             | 485,245             |
|   | <u>\$ 6,571,205</u> | <u>\$ 5,419,162</u> |

**9. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2020 and 2019:

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| Subject to expenditure for specific purpose |                   |                   |
| Client services                             | \$ 150,000        | \$ 288,636        |
| Food pantry                                 | 58,642            | 50,924            |
| Other programs                              |                   |                   |
| Legal services                              | 29,520            | 34,003            |
| Children's benefits                         | 148,208           | 81,000            |
| Client education                            | 375               | 3,085             |
| Prevention outreach and testing             | 13,650            | -0-               |
| Care coordination                           | 1,133             | 1,856             |
| Housing                                     | 23,146            | 32,640            |
| Total other programs                        | <u>216,032</u>    | <u>152,584</u>    |
|   | <u>\$ 424,674</u> | <u>\$ 492,144</u> |

## THE DAMIEN CENTER, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

---

#### 10. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

|  | 2020                | 2019              |
|--|---------------------|-------------------|
| Financial assets                         |                     |                   |
| Cash                                     | \$ 1,613,438        | \$ 153,493        |
| Accounts receivable                      | 990,432             | 366,054           |
| Grants receivable                        | 822,553             | 437,880           |
| 340B Program receivables                 | 606,185             | 362,182           |
| Retail pharmacy receivables              | 174,893             | -0-               |
| Less: net assets with donor restrictions | (424,674)           | (492,144)         |
| Total financial assets                   | <u>\$ 3,782,827</u> | <u>\$ 827,465</u> |

Accounts, grants, 340B Program, and retail pharmacy receivables are subject to implied time restrictions but are expected to be collected within one year. As a part of the Organization's liquidity management, it has a policy to structure financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of December 31, 2020 and 2019, the Organization had a certificate of deposit of approximately \$163,000 and \$157,000, respectively, (total of \$263,000 and \$257,000, respectively, less \$100,000 board-designated net assets) that was not restricted by donors or designated for any other purpose. While there is no intent to liquidate the certificate of deposit, these assets are available to the Organization upon maturity, if needed. In the event of an unanticipated liquidity need, the Organization could also draw upon of available lines of credit (as further discussed in Note 2).

#### 11. FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Operating expenses that are allocated include: depreciation, which is allocated based on square footage; salaries and fringe benefits, which are allocated based on estimates of time and effort; and emergency assistance and contract labor, which are allocated based on revenues derived from the funding source. The remaining operating expenses below were allocated based on program staffing (employed and contracted). Grant funding requirements may cap the amount of operating expenses charged to a program, and in these cases, the expense is classified as management and general activity. Supporting activity expenses include those expenses that are indirectly identifiable with other specific functions but provide for the overall support and direction of the Organization. Management periodically evaluates its allocation method and revises it when necessary. During 2020, a shift from supporting activities to program services occurred as additional program grants were recognized requiring a specific focus on the underlying initiatives. Although the methods used were appropriate, alternative methods may provide different results. The costs of providing various services and other activities for the year ended December 31, 2020 and 2019 were as follows:

---

**THE DAMIEN CENTER, INC.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

|   | December 31, 2020    |                                      |                     |                   |                              |                              |                   |                                   |                     |
|---|----------------------|--------------------------------------|---------------------|-------------------|------------------------------|------------------------------|-------------------|-----------------------------------|---------------------|
|   | Program Services     |                                      |                     |                   | Supporting Activities        |                              |                   |                                   |                     |
|   | Care<br>Coordination | Housing &<br>Emergency<br>Assistance | Clinic<br>Services  | Prevention        | Total<br>Program<br>Services | Management<br>and<br>General | Fundraising       | Total<br>Supporting<br>Activities | Total<br>Expenses   |
| Operating expenses by function  |                      |                                      |                     |                   |                              |                              |                   |                                   |                     |
| Salaries and fringe benefits  | \$ 509,061           | \$ 928,428                           | \$ 2,648,251        | \$ 432,811        | \$ 4,518,551                 | \$ 478,228                   | \$ 128,284        | \$ 606,512                        | \$ 5,125,063        |
| Emergency assistance  | -0-                  | 2,023,710                            | 5,483,585           | 1,350             | 7,508,645                    | -0-                          | -0-               | -0-                               | 7,508,645           |
| Contract labor  | 1,163                | 2,675                                | 39,003              | 842               | 43,683                       | -0-                          | 21,750            | 21,750                            | 65,433              |
| Professional services and fees  | 27,144               | 71,951                               | 630,956             | 15,365            | 745,416                      | -0-                          | 33,096            | 33,096                            | 778,512             |
| Events  | -0-                  | -0-                                  | -0-                 | -0-               | -0-                          | -0-                          | 20,303            | 20,303                            | 20,303              |
| Program materials and supplies  | -0-                  | 135,903                              | 313,057             | 29,919            | 478,879                      | 22,485                       | 4,658             | 27,143                            | 506,022             |
| Travel and communication  | 7,064                | 16,995                               | 96,359              | 15,551            | 135,969                      | -0-                          | 928               | 928                               | 136,897             |
| Advertising and promotion   | -0-                  | 49,240                               | 39,310              | 18,892            | 107,442                      | -0-                          | 22,682            | 22,682                            | 130,124             |
| Printing and postage  | 893                  | 1,505                                | 9,529               | 1,243             | 13,170                       | 7,035                        | 12,611            | 19,646                            | 32,816              |
| Office supplies and expendables   | 7,335                | 17,209                               | 54,032              | 4,441             | 83,017                       | 18,667                       | 23,853            | 42,520                            | 125,537             |
| Insurance   | 4,655                | 10,316                               | 56,041              | 2,292             | 73,304                       | -0-                          | -0-               | -0-                               | 73,304              |
| Facility maintenance and utilities  | 12,902               | 36,472                               | 60,404              | 6,462             | 116,240                      | 292                          | -0-               | 292                               | 116,532             |
| Depreciation  | 11,455               | 51,069                               | 16,269              | 17,090            | 95,883                       | 68,944                       | -0-               | 68,944                            | 164,827             |
| In-kind   | -0-                  | 2,359                                | -0-                 | -0-               | 2,359                        | -0-                          | 17,237            | 17,237                            | 19,596              |
| Other   | 2,870                | 19,814                               | 70,582              | 4,947             | 98,213                       | -0-                          | 3,304             | 3,304                             | 101,517             |
| Total operating expenses by function  | 584,542              | 3,367,646                            | 9,517,378           | 551,205           | 14,020,771                   | 595,651                      | 288,706           | 884,357                           | 14,905,128          |
| Less expense included with revenues on<br>the consolidated statement of activities:             |                      |                                      |                     |                   |                              |                              |                   |                                   |                     |
| 340B Program costs  | -0-                  | -0-                                  | (5,092,772)         | -0-               | (5,092,772)                  | -0-                          | -0-               | -0-                               | (5,092,772)         |
| Cost of sales   | -0-                  | -0-                                  | (224,709)           | -0-               | (224,709)                    | -0-                          | -0-               | -0-                               | (224,709)           |
| Total expenses included in operating<br>expenses on the consolidated<br>statement of activities | <u>\$ 584,542</u>    | <u>\$ 3,367,646</u>                  | <u>\$ 4,199,897</u> | <u>\$ 551,205</u> | <u>\$ 8,703,290</u>          | <u>\$ 595,651</u>            | <u>\$ 288,706</u> | <u>\$ 884,357</u>                 | <u>\$ 9,587,647</u> |

**THE DAMIEN CENTER, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

|   | December 31, 2019    |                                      |                     |                   |                              |                              |                   |                                   |                     |
|---|----------------------|--------------------------------------|---------------------|-------------------|------------------------------|------------------------------|-------------------|-----------------------------------|---------------------|
|   | Program Services     |                                      |                     |                   | Total<br>Program<br>Services | Supporting Activities        |                   |                                   | Total<br>Expenses   |
|   | Care<br>Coordination | Housing &<br>Emergency<br>Assistance | Clinic<br>Services  | Prevention        |                              | Management<br>and<br>General | Fundraising       | Total<br>Supporting<br>Activities |                     |
| Operating expenses by function  |                      |                                      |                     |                   |                              |                              |                   |                                   |                     |
| Salaries and fringe benefits  | \$ 592,675           | \$ 545,872                           | \$ 1,390,301        | \$ 309,397        | \$ 2,838,245                 | \$ 458,459                   | \$ 264,731        | \$ 723,190                        | \$ 3,561,435        |
| Emergency assistance  | -0-                  | 1,296,684                            | 1,399,409           | 290               | 2,696,383                    | (492)                        | -0-               | (492)                             | 2,695,891           |
| Contract labor  | 1,457                | 745                                  | 15,000              | 1,020             | 18,222                       | 2,926                        | 2,900             | 5,826                             | 24,048              |
| Professional services and fees  | 45,149               | 46,856                               | 166,644             | 13,949            | 272,598                      | 305,148                      | 24,690            | 329,838                           | 602,436             |
| Events  | -0-                  | 300                                  | -0-                 | -0-               | 300                          | 2,836                        | 108,868           | 111,704                           | 112,004             |
| Program materials and supplies  | -0-                  | 30,429                               | 170,181             | 3,159             | 203,769                      | 1,568                        | 6,749             | 8,317                             | 212,086             |
| Travel and communication  | 8,004                | 7,065                                | 35,328              | 29,462            | 79,859                       | 44,145                       | 2,439             | 46,584                            | 126,443             |
| Advertising and promotion   | -0-                  | -0-                                  | 92,210              | 69,948            | 162,158                      | 39,807                       | 17,290            | 57,097                            | 219,255             |
| Printing and postage  | 995                  | 800                                  | 2,388               | 2,245             | 6,428                        | 2,930                        | 5,815             | 8,745                             | 15,173              |
| Office supplies and expendables   | 7,837                | 5,168                                | 10,838              | 2,492             | 26,335                       | 35,952                       | 8,857             | 44,809                            | 71,144              |
| Insurance   | 6,881                | 3,883                                | 47,025              | 2,097             | 59,886                       | 21,585                       | -0-               | 21,585                            | 81,471              |
| Facility maintenance and utilities  | 18,670               | 10,481                               | 13,157              | 5,573             | 47,881                       | 83,941                       | 120               | 84,061                            | 131,942             |
| Depreciation  | 8,839                | 39,406                               | 9,174               | 13,187            | 70,606                       | 47,221                       | 5,979             | 53,200                            | 123,806             |
| In-kind   | -0-                  | 19,451                               | -0-                 | -0-               | 19,451                       | -0-                          | 54,365            | 54,365                            | 73,816              |
| Other   | 6,534                | 6,107                                | 74,447              | 7,368             | 94,456                       | 38,389                       | 4,657             | 43,046                            | 137,502             |
| Total operating expenses by function  | 697,041              | 2,013,247                            | 3,426,102           | 460,187           | 6,596,577                    | 1,084,415                    | 507,460           | 1,591,875                         | 8,188,452           |
| Less expense included with revenues on<br>the consolidated statement of activities:             |                      |                                      |                     |                   |                              |                              |                   |                                   |                     |
| 340B Program costs  | -0-                  | -0-                                  | (1,334,894)         | -0-               | (1,334,894)                  | -0-                          | -0-               | -0-                               | (1,334,894)         |
| Cost of direct benefits to donors   | -0-                  | -0-                                  | -0-                 | -0-               | -0-                          | -0-                          | (63,251)          | (63,251)                          | (63,251)            |
| Total expenses included in operating<br>expenses on the consolidated<br>statement of activities | <u>\$ 697,041</u>    | <u>\$ 2,013,247</u>                  | <u>\$ 2,091,208</u> | <u>\$ 460,187</u> | <u>\$ 5,261,683</u>          | <u>\$ 1,084,415</u>          | <u>\$ 444,209</u> | <u>\$ 1,528,624</u>               | <u>\$ 6,790,307</u> |

**SUPPLEMENTARY INFORMATION**

**THE DAMIEN CENTER, INC.**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020**

| <b>ASSETS</b>                               | The Center   | The Clinic   | 1416 East | Eliminations | Total        |
|---|--------------|--------------|-----------|--------------|--------------|
| <b>Current assets</b>                       |              |              |           |              |              |
| Cash  | \$ 883,525   | \$ 729,913   | \$ -0-    | \$ -0-       | \$ 1,613,438 |
| Certificate of deposit                      | 263,064      | -0-          | -0-       | -0-          | 263,064      |
| Accounts receivable                         | 493,687      | 496,745      | -0-       | -0-          | 990,432      |
| Grants receivable                           | 822,553      | -0-          | -0-       | -0-          | 822,553      |
| 340B Program receivables                    | 185,787      | 420,398      | -0-       | -0-          | 606,185      |
| Retail pharmacy receivables                 | -0-          | 174,893      | -0-       | -0-          | 174,893      |
| Due from related party                      | 468,140      | -0-          | -0-       | (468,140)    | -0-          |
| Inventory                                   | -0-          | 184,454      | -0-       | -0-          | 184,454      |
| Prepaid expenses                            | 43,001       | 32,614       | -0-       | -0-          | 75,615       |
| Total current assets                        | 3,159,757    | 2,039,017    | -0-       | (468,140)    | 4,730,634    |
| <b>Property and equipment</b>               |              |              |           |              |              |
| Land  | 413,678      | -0-          | -0-       | -0-          | 413,678      |
| Building and improvements                   | 2,639,893    | -0-          | -0-       | -0-          | 2,639,893    |
| Furnishings and equipment                   | 472,638      | 117,354      | -0-       | -0-          | 589,992      |
| Technology                                  | 424,499      | -0-          | -0-       | -0-          | 424,499      |
| Automobiles                                 | 27,852       | -0-          | -0-       | -0-          | 27,852       |
| Construction in progress                    | 94,483       | -0-          | -0-       | -0-          | 94,483       |
|   | 4,073,043    | 117,354      | -0-       | -0-          | 4,190,397    |
| Less: accumulated depreciation              | 1,541,978    | 32,037       | -0-       | -0-          | 1,574,015    |
| Total property and equipment, net           | 2,531,065    | 85,317       | -0-       | -0-          | 2,616,382    |
| Total assets                                | \$ 5,690,822 | \$ 2,124,334 | \$ -0-    | \$ (468,140) | \$ 7,347,016 |
| <b>LIABILITIES AND NET ASSETS</b>           |              |              |           |              |              |
| <b>Current liabilities</b>                  |              |              |           |              |              |
| Accounts payable                            | \$ 214,282   | \$ 311,712   | \$ -0-    | \$ -0-       | \$ 525,994   |
| Accrued salaries and related expenses       | 197,835      | 87,277       | -0-       | -0-          | 285,112      |
| Other current liabilities                   | 71,000       | -0-          | -0-       | -0-          | 71,000       |
| Due to related party                        | -0-          | 468,140      | -0-       | (468,140)    | -0-          |
| Notes payable                               | 509,200      | 474,919      | -0-       | -0-          | 984,119      |
| Current portion of capital leases           | 12,317       | -0-          | -0-       | -0-          | 12,317       |
| Total current liabilities                   | 1,004,634    | 1,342,048    | -0-       | (468,140)    | 1,878,542    |
| <b>Long-term debt</b>                       |              |              |           |              |              |
| Capital leases, net of current portion      | 30,923       | -0-          | -0-       | -0-          | 30,923       |
| Total liabilities                           | 1,035,557    | 1,342,048    | -0-       | (468,140)    | 1,909,465    |
| <b>Net assets</b>                           |              |              |           |              |              |
| Without donor restrictions                  |              |              |           |              |              |
| Undesignated                                | 4,130,591    | 782,286      | -0-       | -0-          | 4,912,877    |
| Board designated                            | 100,000      | -0-          | -0-       | -0-          | 100,000      |
| Total net assets without donor restrictions | 4,230,591    | 782,286      | -0-       | -0-          | 5,012,877    |
| With donor restrictions                     |              |              |           |              |              |
|   | 424,674      | -0-          | -0-       | -0-          | 424,674      |
| Total net assets                            | 4,655,265    | 782,286      | -0-       | -0-          | 5,437,551    |
| Total liabilities and net assets            | \$ 5,690,822 | \$ 2,124,334 | \$ -0-    | \$ (468,140) | \$ 7,347,016 |

See Report of Independent Auditors on pages 1 and 2.

**THE DAMIEN CENTER, INC.**

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2020**

|   | The Center   | The Clinic | 1416 East | Eliminations | Total        |
|---|--------------|------------|-----------|--------------|--------------|
| <b>Operating revenue and public support</b>       |              |            |           |              |              |
| Net client service revenue                        | \$ -0-       | \$ 352,177 | \$ -0-    | \$ -0-       | \$ 352,177   |
| Contract fees                                     | 2,693,885    | 102,419    | -0-       | -0-          | 2,796,304    |
| Grant service contracts                           | 1,589,286    | 1,735,999  | -0-       | -0-          | 3,325,285    |
| Private grants                                    | 304,575      | -0-        | -0-       | -0-          | 304,575      |
| United Way of Central Indiana, Inc.:              |              |            |           |              |              |
| Allocation and donor designated                   | 45,429       | -0-        | -0-       | -0-          | 45,429       |
| General operations                                | 474,500      | -0-        | -0-       | -0-          | 474,500      |
| 340B Program, net                                 | 2,032,343    | 1,460,187  | -0-       | -0-          | 3,492,530    |
| Retail pharmacy                                   | -0-          | 522,336    | -0-       | -0-          | 522,336      |
| Less cost of sales                                | -0-          | (224,709)  | -0-       | -0-          | (224,709)    |
| Retail pharmacy, net                              | -0-          | 297,627    | -0-       | -0-          | 297,627      |
| Special events                                    | 156,815      | -0-        | -0-       | -0-          | 156,815      |
| Bequests and contributions                        | 310,056      | -0-        | -0-       | -0-          | 310,056      |
| In-kind   | 17,237       | -0-        | -0-       | -0-          | 17,237       |
| Other   | 50,367       | 2,772      | -0-       | (43,605)     | 9,534        |
| Monthly services agreement                        | 837,201      | -0-        | -0-       | (837,201)    | -0-          |
| Net assets released from donor restriction        | 130,029      | (3,012)    | -0-       | -0-          | 127,017      |
| Total operating revenue and public support        | 8,641,723    | 3,948,169  | -0-       | (880,806)    | 11,709,086   |
| <b>Operating expenses</b>                         |              |            |           |              |              |
| Salaries and fringe benefits                      | 3,548,413    | 1,578,486  | -0-       | -0-          | 5,126,899    |
| Emergency assistance                              | 2,059,177    | 130,752    | -0-       | -0-          | 2,189,929    |
| Contract labor                                    | 45,728       | 19,707     | -0-       | -0-          | 65,435       |
| Professional services and fees                    | 426,757      | 374,240    | -0-       | -0-          | 800,997      |
| Events  | 48,494       | -0-        | -0-       | -0-          | 48,494       |
| Program materials and supplies                    | 311,450      | 167,193    | -0-       | -0-          | 478,643      |
| Travel and communication                          | 103,180      | 30,815     | -0-       | -0-          | 133,995      |
| Advertising and promotion                         | 130,123      | -0-        | -0-       | -0-          | 130,123      |
| Printing and postage                              | 28,848       | 3,967      | -0-       | -0-          | 32,815       |
| Office supplies and expendables                   | 109,433      | 16,292     | -0-       | -0-          | 125,725      |
| Insurance   | 33,828       | 39,476     | -0-       | -0-          | 73,304       |
| Facility maintenance and utilities                | 107,801      | 8,732      | -0-       | -0-          | 116,533      |
| Depreciation                                      | 148,558      | 16,269     | -0-       | -0-          | 164,827      |
| In-kind   | 19,596       | -0-        | -0-       | -0-          | 19,596       |
| Other   | 67,262       | 893,876    | 167,910   | (1,048,716)  | 80,332       |
| Total operating expenses                          | 7,188,648    | 3,279,805  | 167,910   | (1,048,716)  | 9,587,647    |
| Revenues and public support over (under) expenses | 1,453,075    | 668,364    | (167,910) | 167,910      | 2,121,439    |
| <b>Nonoperating revenue (expense)</b>             |              |            |           |              |              |
| Net assets released for capital improvements      | 49,424       | 141,648    | -0-       | -0-          | 191,072      |
| Change in net assets without donor restrictions   | 1,502,499    | 810,012    | (167,910) | 167,910      | 2,312,511    |
| <b>Net assets with donor restrictions</b>         |              |            |           |              |              |
| Contributions and other support                   | 248,260      | -0-        | -0-       | -0-          | 248,260      |
| In-kind contributions                             | 2,359        | -0-        | -0-       | -0-          | 2,359        |
| Net assets released from donor restriction        | (179,453)    | (138,636)  | -0-       | -0-          | (318,089)    |
| Change in net assets with donor restrictions      | 71,166       | (138,636)  | -0-       | -0-          | (67,470)     |
| Change in net assets                              | 1,573,665    | 671,376    | (167,910) | 167,910      | 2,245,041    |
| <b>Net assets</b>                                 |              |            |           |              |              |
| Beginning of year                                 | 3,081,600    | 110,910    | 167,910   | (167,910)    | 3,192,510    |
| End of year                                       | \$ 4,655,265 | \$ 782,286 | \$ -0-    | \$ -0-       | \$ 5,437,551 |

See Report of Independent Auditors on pages 1 and 2.

**THE DAMIEN CENTER, INC.**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019**

| <b>ASSETS</b>                               | The Center          | The Clinic        | 1416 East         | Eliminations        | Total               |
|---|---------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Current assets</b>                       |                     |                   |                   |                     |                     |
| Cash  | \$ 148,237          | \$ 5,224          | \$ 32             | \$ -0-              | \$ 153,493          |
| Certificate of deposit                      | 256,648             | -0-               | -0-               | -0-                 | 256,648             |
| Accounts receivable                         | 182,066             | 183,988           | -0-               | -0-                 | 366,054             |
| Grants receivable                           | 437,880             | -0-               | -0-               | -0-                 | 437,880             |
| 340B Program receivables                    | -0-                 | 362,182           | -0-               | -0-                 | 362,182             |
| Due from related party                      | 202,099             | -0-               | 1,000             | (203,099)           | -0-                 |
| Inventory                                   | -0-                 | 23,986            | -0-               | -0-                 | 23,986              |
| Prepaid expenses                            | 39,971              | 44,466            | -0-               | -0-                 | 84,437              |
| Total current assets                        | 1,266,901           | 619,846           | 1,032             | (203,099)           | 908,485             |
| <b>Property and equipment</b>               |                     |                   |                   |                     |                     |
| Land  | 13,000              | -0-               | 166,878           | -0-                 | 179,878             |
| Building and improvements                   | 2,603,274           | -0-               | -0-               | -0-                 | 2,603,274           |
| Furnishings and equipment                   | 422,700             | 63,358            | -0-               | -0-                 | 486,058             |
| Technology                                  | 303,326             | -0-               | -0-               | -0-                 | 303,326             |
| Automobiles                                 | 27,852              | -0-               | -0-               | -0-                 | 27,852              |
|   | 3,370,152           | 63,358            | 166,878           | -0-                 | 3,600,388           |
| Less: accumulated depreciation              | 1,402,170           | 15,768            | -0-               | -0-                 | 1,417,938           |
| Total property and equipment, net           | 1,967,982           | 47,590            | 166,878           | -0-                 | 2,182,450           |
| <b>Investment in subsidiary</b>             |                     |                   |                   |                     |                     |
|   | 167,910             | -0-               | -0-               | (167,910)           | -0-                 |
| Total assets                                | <u>\$ 3,402,793</u> | <u>\$ 667,436</u> | <u>\$ 167,910</u> | <u>\$ (371,009)</u> | <u>\$ 3,867,130</u> |
| <b>LIABILITIES AND NET ASSETS</b>           |                     |                   |                   |                     |                     |
| <b>Current liabilities</b>                  |                     |                   |                   |                     |                     |
| Accounts payable                            | \$ 106,752          | \$ 312,017        | \$ -0-            | \$ -0-              | \$ 418,769          |
| Accrued salaries and related expenses       | 99,279              | 42,410            | -0-               | -0-                 | 141,689             |
| Other current liabilities                   | 9,927               | -0-               | -0-               | -0-                 | 9,927               |
| Due to related party                        | 1,000               | 202,099           | -0-               | (203,099)           | -0-                 |
| Line of credit                              | 49,875              | -0-               | -0-               | -0-                 | 49,875              |
| Current portion of capital leases           | 14,193              | -0-               | -0-               | -0-                 | 14,193              |
| Total current liabilities                   | 281,026             | 556,526           | -0-               | (203,099)           | 634,453             |
| <b>Long-term debt</b>                       |                     |                   |                   |                     |                     |
| Capital leases, net of current portion      | 40,167              | -0-               | -0-               | -0-                 | 40,167              |
| Total liabilities                           | 321,193             | 556,526           | -0-               | (203,099)           | 674,620             |
| <b>Net assets</b>                           |                     |                   |                   |                     |                     |
| Without donor restrictions                  |                     |                   |                   |                     |                     |
| Undesignated                                | 2,628,092           | (27,726)          | 167,910           | (167,910)           | 2,600,366           |
| Board designated                            | 100,000             | -0-               | -0-               | -0-                 | 100,000             |
| Total net assets without donor restrictions | 2,728,092           | (27,726)          | 167,910           | (167,910)           | 2,700,366           |
| With donor restrictions                     |                     |                   |                   |                     |                     |
|   | 353,508             | 138,636           | -0-               | -0-                 | 492,144             |
| Total net assets                            | 3,081,600           | 110,910           | 167,910           | (167,910)           | 3,192,510           |
| Total liabilities and net assets            | <u>\$ 3,402,793</u> | <u>\$ 667,436</u> | <u>\$ 167,910</u> | <u>\$ (371,009)</u> | <u>\$ 3,867,130</u> |

See Report of Independent Auditors on pages 1 and 2.

**THE DAMIEN CENTER, INC.**

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2019**

|   | The Center   | The Clinic | 1416 East  | Eliminations | Total        |
|---|--------------|------------|------------|--------------|--------------|
| <b>Operating revenue and public support</b>       |              |            |            |              |              |
| Net client service revenue                        | \$ -0-       | \$ 305,865 | \$ -0-     | \$ -0-       | \$ 305,865   |
| Contract fees                                     | 1,710,882    | 192,402    | -0-        | -0-          | 1,903,284    |
| Grant service contracts                           | 1,297,027    | 1,650,775  | -0-        | -0-          | 2,947,802    |
| Private grants                                    | 103,801      | -0-        | -0-        | -0-          | 103,801      |
| United Way of Central Indiana, Inc.:              |              |            |            |              |              |
| Allocation and donor designated                   | 58,808       | -0-        | -0-        | -0-          | 58,808       |
| General operations                                | 116,791      | -0-        | -0-        | -0-          | 116,791      |
| 340B Program, net                                 | -0-          | 356,454    | -0-        | -0-          | 356,454      |
| Special events                                    | 368,623      | -0-        | -0-        | -0-          | 368,623      |
| Less cost of direct benefits to donors            | (63,251)     | -0-        | -0-        | -0-          | (63,251)     |
| Special events, net                               | 305,372      | -0-        | -0-        | -0-          | 305,372      |
| Bequests and contributions                        | 203,306      | -0-        | -0-        | -0-          | 203,306      |
| In-kind   | 54,365       | -0-        | -0-        | -0-          | 54,365       |
| Other   | 55,938       | 2,102      | -0-        | (24,983)     | 33,057       |
| Monthly services agreement                        | 675,961      | -0-        | -0-        | (675,961)    | -0-          |
| Net assets released from donor restrictions       | 238,783      | 19,716     | -0-        | -0-          | 258,499      |
| Total operating revenue and public support        | 4,821,034    | 2,527,314  | -0-        | (700,944)    | 6,647,404    |
| <b>Operating expenses</b>                         |              |            |            |              |              |
| Salaries and fringe benefits                      | 2,568,273    | 993,162    | -0-        | -0-          | 3,561,435    |
| Emergency assistance                              | 1,296,482    | 98,611     | -0-        | -0-          | 1,395,093    |
| Contract labor                                    | 9,048        | 15,000     | -0-        | -0-          | 24,048       |
| Professional services and fees                    | 435,791      | 152,835    | -0-        | -0-          | 588,626      |
| Events  | 48,753       | -0-        | -0-        | -0-          | 48,753       |
| Program materials and supplies                    | 41,905       | 168,073    | -0-        | -0-          | 209,978      |
| Travel and communication                          | 91,116       | 21,221     | -0-        | -0-          | 112,337      |
| Advertising and promotion                         | 127,045      | 92,210     | -0-        | -0-          | 219,255      |
| Printing and postage                              | 12,785       | 2,388      | -0-        | -0-          | 15,173       |
| Office supplies and expendables                   | 60,306       | 10,818     | -0-        | -0-          | 71,124       |
| Insurance   | 34,446       | 47,025     | -0-        | -0-          | 81,471       |
| Facility maintenance and utilities                | 118,785      | 13,157     | -0-        | -0-          | 131,942      |
| Depreciation                                      | 114,632      | 9,174      | -0-        | -0-          | 123,806      |
| In-kind   | 73,816       | -0-        | -0-        | -0-          | 73,816       |
| Other   | 63,058       | 771,336    | 61         | (701,005)    | 133,450      |
| Total operating expenses                          | 5,096,241    | 2,395,010  | 61         | (701,005)    | 6,790,307    |
| Revenues and public support over (under) expenses | (275,207)    | 132,304    | (61)       | 61           | (142,903)    |
| <b>Nonoperating revenue (expense)</b>             |              |            |            |              |              |
| Net assets released for capital improvements      | 244,358      | 141,648    | -0-        | -0-          | 386,006      |
| Change in net assets without donor restrictions   | (30,849)     | 273,952    | (61)       | 61           | 243,103      |
| <b>Net assets with donor restrictions</b>         |              |            |            |              |              |
| Contributions and other support                   | 529,553      | 300,000    | -0-        | -0-          | 829,553      |
| In-kind contributions                             | 19,451       | -0-        | -0-        | -0-          | 19,451       |
| Net assets released from donor restrictions       | (483,141)    | (161,364)  | -0-        | -0-          | (644,505)    |
| Change in net assets with donor restrictions      | 65,863       | 138,636    | -0-        | -0-          | 204,499      |
| Change in net assets                              | 35,014       | 412,588    | (61)       | 61           | 447,602      |
| <b>Net assets</b>                                 |              |            |            |              |              |
| Beginning of year                                 | 3,046,586    | (301,678)  | 167,971    | (167,971)    | 2,744,908    |
| End of year                                       | \$ 3,081,600 | \$ 110,910 | \$ 167,910 | \$ (167,910) | \$ 3,192,510 |

See Report of Independent Auditors on pages 1 and 2.

**THE DAMIEN CENTER, INC.**

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

| Federal Grantor/Pass-through Grantor/Program Title   | Federal<br>CFDA<br>Number | Pass-through<br>Grantor<br>Number(s) | Federal<br>Expenditures |
|--|---------------------------|--------------------------------------|-------------------------|
| <b>Major program</b>   |                           |                                      |                         |
| Department of Health and Human Services (DHHS) -   |                           |                                      |                         |
| Pass through the Indiana State Department of Health (ISDH) -   |                           |                                      |                         |
| HIV Care Coordination  | 93.917                    | 20184                                | \$ 611,542              |
| Ryan White Part B Supplemental Grant   | 93.917                    | 24544, 46889, 24965, 47913           | 2,218,813               |
| Ryan White Part B Supplemental Grant - COVID-19  | 93.917                    | 24544                                | 100,016                 |
| Pass through ISDH and Indiana Aids Funds, Inc. -   |                           |                                      |                         |
| Capacity Building  | 93.917                    | 19-1296, 19-1340, 19-1345, 19-1924   | 6,405                   |
| HIV Care Formula Grant   | 93.917                    | 20-1397                              | 75,000                  |
| HIV Care Formula Grant   | 93.917                    | 21-1448-1                            | 15,000                  |
| HIV Care Formula Grant   | 93.917                    | 20-1381                              | 15,000                  |
| HIV Care Formula Grant   | 93.917                    | 20-1406                              | 29,794                  |
| Pass through ISDH and The Health Foundation of Greater Indianapolis -  |                           |                                      |                         |
| Capacity Building  | 93.917                    | 19-1295                              | 138,636                 |
| Total major program  |                           |                                      | 3,210,206               |
| <b>Non-major programs</b>  |                           |                                      |                         |
| Department of Housing and Urban Development (DHUD) - Pass through<br>the City of Indianapolis Department of Metropolitan Development (CIDMD) - |                           |                                      |                         |
| Emergency Solutions Grant Program  | 14.231                    | N/A                                  | 136,021                 |
| DHUD - Pass through CIDMD -  |                           |                                      |                         |
| Housing Opportunities for Persons with AIDS  | 14.241                    | 4483, 5033                           | 962,328                 |
| Housing Opportunities for Persons with AIDS - COVID-19   | 14.241                    | 5105                                 | 102,609                 |
| Total for 14.241   |                           |                                      | 1,064,937               |
| DHUD - Pass through CIDMD -  |                           |                                      |                         |
| Shelter Plus Care (Continuum of Care)  | 14.267                    | 13FG-N035000019, IN0152L5H031904     | 391,241                 |
| DHHS - Pass through - Indiana Family and Social and Social Services Administration   |                           |                                      |                         |
| Indy Outreach Navigation Program   | 93.243                    | 1H79SP082141-01                      | 31,723                  |
| DHHS - Pass through the Marion County Health Department (MCHD) -   |                           |                                      |                         |
| HIV Emergency Relief Project Grants - Ryan White Part A Emergency Relief   | 93.914                    | H89HA11463, 9AHA36959                | 735,741                 |
| DHHS - Pass through MCHD -   |                           |                                      |                         |
| Grants to Provide Outpatient Early Intervention Services with<br>Respect to HIV Disease  | 93.918                    | H76HA00112                           | 184,306                 |
| DHHS - Pass through ISDH -   |                           |                                      |                         |
| HIV Prevention Activities - Health Department Based  | 93.940                    | 39908                                | 259,659                 |
| DHHS - Pass through Health and Hospital Corporation of Marion County   |                           |                                      |                         |
| Sexually Transmitted Diseases (STD) Prevention Program   | 93.977                    | 5H25S004337                          | 5,416                   |
| Total non-major programs   |                           |                                      | 2,809,044               |
| Total federal expenditures   |                           |                                      | \$ 6,019,250            |

See Report of Independent Auditors on pages 1 and 2.  
See accompanying notes to consolidated schedule of expenditures of federal awards.

# THE DAMIEN CENTER, INC.

## NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2020

---

### **1. BASIS OF PRESENTATION FOR SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying consolidated schedule of expenditures of federal awards (SEFA) includes the federal award activity of The Damien Center, Inc. and its affiliate, Damien Cares, Inc., collectively referred to as the "Organization", under programs of the federal government for the year ended December 31, 2020. The information in the consolidated SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Because the consolidated SEFA presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the consolidated SEFA 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. The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the *Uniform Guidance*.

### **3. PASS THROUGH TO SUBRECIPIENTS**

No entities received pass-through federal awards from the Organization during 2020.



Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204  
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
The Damien Center, Inc.  
Indianapolis, Indiana

Report on the Consolidated Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Damien Center, Inc. (the Organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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 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.

Board of Directors  
The Damien Center, Inc.  
Indianapolis, Indiana

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 consolidated financial statements. 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 Organization'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 Organizations internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Blue & Co., LLC**

Indianapolis, Indiana  
May 27, 2021



Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204  
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

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

Board of Directors  
The Damien Center, Inc.  
Indianapolis, Indiana

### Report on Compliance for Each Major Federal Program

We have audited The Damien Center, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2020. The Organization'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 federal statutes, regulations, and the terms and conditions of federal awards.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 *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 the Organization'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 the Organization's compliance.

### Opinion on Each Major Federal Program

In our opinion, the Organization 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.

---

Board of Directors  
The Damien Center, Inc.  
Indianapolis, Indiana

### Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

**Blue & Co., LLC**

Indianapolis, Indiana  
May 27, 2021

**THE DAMIEN CENTER, INC.**

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

---

**Section I – Summary of audit results:**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  none reported

Significant deficiency(s) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal controls over major programs:

Material weakness(es) identified?  yes  none reported

Significant deficiency(s) identified that are not considered to be material weakness(es)?  yes  none reported

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

Any audit findings disclosed that are required to be reported as defined by Uniform Guidance [2 CFR 200.516(a)]?  yes  no

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 93.917             | HIV Care Formula Grant                    |

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

Auditee qualified as low-risk auditee?  yes  no

**Section II:**

**Findings related to financial statements reported in accordance with Government Auditing Standards:**

No matters reported

**Section III:**

**Findings and questioned costs relating to Federal awards:**

No matters reported

**Section IV:**

**Summary schedule of prior audit findings**

No matters reported

---