



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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February 8, 2023

Board of Directors
Human Services, Inc.
P.O. Box 119
Clifford, IN 47226

We have reviewed the audit report of Human Services, Inc., which was opined upon by Wipfli LLP, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Human Services, 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, Wipfli LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

Human Services, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2020 and 2019



Human Services, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Information
Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

Board of Directors
Human Services, Inc. and Subsidiaries
Columbus, Indiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Human Services, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the subsidiaries of Human Services, Inc. were not audited in accordance with *Government Auditing Standards* as they did not receive federal funding.

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 entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Human Services, Inc. and Subsidiaries as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Consolidating Statements of Financial Position, Consolidating Statements of Activities, Statements of Financial Position – Low-Income Housing Partnerships, and Statements of Activities – Low-Income Housing Partnerships are presented for the purposes of additional analysis, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. 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 January 25, 2022, on our consideration of Human Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Human Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Human Services, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

January 25, 2022
Madison, Wisconsin

Human Services, Inc. and Subsidiaries

Consolidated Statements of Financial Position

December 31, 2020 and 2019

<i>Assets</i>	2020	2019
Current assets:		
Cash and cash equivalents	\$ 1,382,946	\$ 464,245
Accounts receivable	51,110	6,770
Grants receivable	1,139,776	961,592
Investments	11,410	12,702
Prepaid expenses	36,326	34,769
Total current assets	2,621,568	1,480,078
Other assets:		
Restricted cash	604,980	549,610
Notes receivable	3,472	4,718
Total other assets	608,452	554,328
Property and equipment, net	6,762,662	7,075,071
TOTAL ASSETS	\$ 9,992,682	\$ 9,109,477

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Financial Position (Continued)

December 31, 2020 and 2019

<i>Liabilities and Net Assets</i>	2020	2019
Current liabilities:		
Accounts payable	\$ 677,937	\$ 576,907
Accounts payable - related parties	18,501	24,469
Accrued payroll and related	147,563	164,248
Accrued interest payable	5,366	6,109
Accrued real estate taxes	53,778	53,778
Security deposits	56,293	43,393
Prepaid rent	1,887	1,522
Current portion of notes payable	609,845	314,554
Total current liabilities	1,571,170	1,184,980
Long-term liabilities:		
Notes payable, net of debt issuance costs	2,489,684	1,927,092
Total long-term liabilities	2,489,684	1,927,092
Total liabilities	4,060,854	3,112,072
Net assets:		
Without donor restrictions	4,959,394	4,793,278
Without donor restrictions attributable to non-controlling interest	679,010	831,405
Total without donor restrictions	5,638,404	5,624,683
With donor restrictions	293,424	372,722
Total net assets	5,931,828	5,997,405
TOTAL LIABILITIES AND NET ASSETS	\$ 9,992,682	\$ 9,109,477

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Activities Years Ended December 31, 2020 and 2019

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Government grants	\$ 14,594,562	\$ 0	\$ 14,594,562
Contributions	459,886	32,883	492,769
Rental income	784,059	0	784,059
Investment income	2,865	0	2,865
In-kind contributions	357,869	0	357,869
Other income	43,457	0	43,457
Net assets released from restrictions	112,181	(112,181)	0
Total revenue	16,354,879	(79,298)	16,275,581
Expenses:			
Program activities:			
Community services	610,596	0	610,596
Energy assistance	3,351,491	0	3,351,491
Early childhood education	4,570,137	0	4,570,137
Food programs	215,487	0	215,487
Housing programs	6,012,249	0	6,012,249
Health services	309,632	0	309,632
Other programs	377,186	0	377,186
Total program activities	15,446,778	0	15,446,778
Support services:			
Management and general	829,880	0	829,880
Total supportive services	829,880	0	829,880
Total expenses	16,276,658	0	16,276,658
Change in net assets	78,221	(79,298)	(1,077)
Net assets at beginning of year	5,624,683	372,722	5,997,405
Return of capital	(64,500)	0	(64,500)
Net assets at end of year	\$ 5,638,404	\$ 293,424	\$ 5,931,828

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Activities (Continued)

Years Ended December 31, 2020 and 2019

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Government grants	\$ 11,633,324	\$ 18,499	\$ 11,651,823
Contributions	584,516	198,575	783,091
Rental income	715,415	0	715,415
Investment income	928	0	928
In-kind contributions	393,948	0	393,948
Forgiveness of debt	1,525,864	0	1,525,864
Other income	37,051	0	37,051
Net assets released from restrictions	2,541	(2,541)	0
Total revenue	14,893,587	214,533	15,108,120
Expenses:			
Program activities:			
Community services	461,236	0	461,236
Energy assistance	1,547,679	0	1,547,679
Early childhood education	4,006,142	0	4,006,142
Food programs	299,505	0	299,505
Housing programs	5,486,272	0	5,486,272
Health services	317,881	0	317,881
Other programs	115,265	0	115,265
Total program activities	12,233,980	0	12,233,980
Support services:			
Management and general	661,679	0	661,679
Total supportive services	661,679	0	661,679
Total expenses	12,895,659	0	12,895,659
Change in net assets	1,997,928	214,533	2,212,461
Net assets at beginning of year	3,626,755	158,189	3,784,944
Net assets at end of year	\$ 5,624,683	\$ 372,722	\$ 5,997,405

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

Years Ended December 31, 2020 and 2019

	2020									
	Community Services	Energy Assistance	Early Childhood Education	Food Programs	Housing Programs	Health Services	Other Programs	Total Program Services	Management and General	Total Expenses
Salaries and wages	\$ 194,061	\$ 156,258	\$ 2,368,097	\$ 34,782	\$ 314,541	\$ 205,638	\$ 181,665	\$ 3,455,042	\$ 424,058	\$ 3,879,100
Payroll taxes	14,418	12,384	188,149	3,007	24,227	15,885	3,661	261,731	31,774	293,505
Employee benefits	26,472	21,094	321,982	4,456	44,073	27,039	11,671	456,787	58,783	515,570
Employee related expenses	2,645	776	26,078	1,135	1,432	94	738	32,898	825	33,723
Professional fees	7,656	21,851	209,843	4,568	181,916	3,735	0	429,569	61,058	490,627
Supplies	111,388	15,441	639,284	98,920	42,096	8,629	883	916,641	102,156	1,018,797
Communications	7,356	5,507	43,716	2,040	13,459	7,492	3	79,573	4,194	83,767
Shipping	584	2,197	2,011	23	1,974	213	15	7,017	9,622	16,639
Occupancy cost	33,949	18,321	239,956	4,418	49,757	37,820	16,898	401,119	32,305	433,424
Equipment rental and maintenance	9,520	20,774	56,863	5,358	10,029	1,627	0	104,171	63,525	167,696
Printing and publications	1,629	2,360	2,829	70	324	412	0	7,624	7,853	15,477
Travel and transportation	4,113	704	109,507	1,004	3,057	361	265	119,011	391	119,402
Conferences and meetings	1,650	310	69,920	83	512	170	14	72,659	4,331	76,990
Specific assistance to individuals	213,666	3,083,191	1,218	55,494	4,601,852	0	36,519	7,991,940	0	7,991,940
Membership dues	292	259	3,681	43	341	155	2	4,773	7,245	12,018
Property maintenance	0	0	0	0	120,052	0	0	120,052	0	120,052
Utilities	0	0	0	0	72,126	0	0	72,126	0	72,126
Interest expense	0	0	0	0	185,504	0	0	185,504	0	185,504
Insurance and other expenses	586	431	9,476	118	131,802	492	21,705	164,610	21,760	186,370
In-kind expenses	0	0	311,364	0	46,505	0	0	357,869	0	357,869
Depreciation	0	0	0	0	287,908	0	113,734	401,642	0	401,642
Eliminations	(19,389)	(10,367)	(33,837)	(32)	(121,238)	(130)	(10,587)	(195,580)	0	(195,580)
Total expenses	\$ 610,596	\$ 3,351,491	\$ 4,570,137	\$ 215,487	\$ 6,012,249	\$ 309,632	\$ 377,186	\$ 15,446,778	\$ 829,880	\$ 16,276,658

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses (Continued)

Years Ended December 31, 2020 and 2019

	2019									
	Community Services	Energy Assistance	Early Childhood Education	Food Programs	Housing Programs	Health Services	Other Programs	Total Program Services	Management and General	Total Expenses
Salaries and wages	\$ 226,378	\$ 186,885	\$ 2,252,085	\$ 42,636	\$ 316,977	\$ 204,227	\$ 10,825	\$ 3,240,013	\$ 387,659	\$ 3,627,672
Payroll taxes	19,015	16,076	192,011	3,928	26,639	17,464	975	276,108	33,264	309,372
Employee benefits	36,017	23,188	331,752	6,498	48,164	29,070	873	475,562	40,224	515,786
Employee related expenses	2,042	919	23,694	306	1,464	625	3,182	32,232	6,939	39,171
Professional fees	23,371	13,627	81,433	985	205,753	3,084	20,025	348,278	61,974	410,252
Supplies	5,624	13,447	358,063	215,114	15,787	11,026	3,492	622,553	21,348	643,901
Communications	6,730	6,175	39,765	1,357	11,215	7,422	24	72,688	7,330	80,018
Shipping	576	3,019	1,247	84	4,667	323	55	9,971	1,214	11,185
Occupancy cost	29,964	26,412	212,060	7,062	40,508	40,271	288	356,565	23,792	380,357
Equipment rental and maintenance	6,280	6,520	48,623	2,989	9,523	1,138	35	75,108	39,785	114,893
Printing and publications	1,477	1,993	2,609	35	694	93	3	6,904	6,834	13,738
Travel and transportation	7,934	2,694	88,911	1,133	9,223	1,582	262	111,739	1,614	113,353
Conferences and meetings	9,484	1,568	52,784	440	6,913	337	159	71,685	11,233	82,918
Specific assistance to individuals	106,707	1,253,376	88	16,262	4,007,668	0	2,443	5,386,544	0	5,386,544
Membership dues	291	227	2,648	103	221	144	2	3,636	4,368	8,004
Property maintenance	0	0	0	0	175,681	0	0	175,681	0	175,681
Utilities	0	0	0	0	73,368	0	0	73,368	0	73,368
Interest expense	0	0	0	0	182,539	0	0	182,539	0	182,539
Insurance and other expenses	1,446	3,370	22,277	610	221,616	1,223	4,738	255,280	14,101	269,381
In-kind expenses	0	0	334,661	0	59,287	0	0	393,948	0	393,948
Depreciation	0	0	0	0	282,160	0	79,951	362,111	0	362,111
Forgiveness of debt	0	0	0	0	1,262,907	0	0	1,262,907	0	1,262,907
Eliminations	(22,100)	(11,817)	(38,569)	(37)	(1,476,702)	(148)	(12,067)	(1,561,440)	0	(1,561,440)
Total expenses	\$ 461,236	\$ 1,547,679	\$ 4,006,142	\$ 299,505	\$ 5,486,272	\$ 317,881	\$ 115,265	\$ 12,233,980	\$ 661,679	\$ 12,895,659

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Increase (decrease) in cash and cash equivalents and restricted cash:		
Cash flows from operating activities:		
Changes in net assets	(\$ 1,077)	\$ 2,212,461
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	401,642	362,111
Amortized interest expense	1,216	1,216
Unrealized loss on investments	1,292	0
Donated property and equipment	0 (	400,024)
Donated investments	0 (	10,093)
Forgiveness of debt	0 (	1,525,864)
Changes in operating assets and liabilities:		
Accounts receivable	(44,340) (	3,404)
Grants receivable	(178,184) (	554,727)
Prepaid expenses	(1,557) (	2,476)
Accounts payable	240,665	130,882
Accounts payable - related parties	(5,968) (	26,250)
Accrued payroll and related	(16,685)	27,220
Accrued interest payable	(743) (	952)
Accrued real estate taxes	0 (	640)
Security deposits	12,900	850
Prepaid rent	365 (	277)
Bank overdraft	0 (	262)
Net cash provided by operating activities	409,526	209,771
Cash flows from investing activities:		
Capital expenditures	(228,868) (	58,962)
Return of capital	(64,500)	0
Collections on notes receivable	1,246	2,917
Net cash used in investing activities	(292,122) (	56,045)
Cash flows from financing activities:		
Proceeds from notes payable	1,205,300	0
Payments on notes payable	(348,633) (	93,857)
Net cash provided by (used in) financing activities	856,667 (	93,857)
Change in cash and cash equivalents and restricted cash	974,071	59,869
Cash and cash equivalents and restricted cash - Beginning of year	1,013,855	953,986
Cash and cash equivalents and restricted cash - End of year	\$ 1,987,926	\$ 1,013,855
Supplemental schedule of operating activities:		
Interest paid	\$ 90,528	\$ 91,335
Supplemental schedule of noncash operating and investing activities:		
Purchase of property and equipment included in accounts payable	\$ 49,402	\$ 189,037
Reconciliation of cash and cash equivalents and restricted cash to statement of financial position at December 31, 2020 and 2019		
Cash and cash equivalents	1,382,946	464,245
Restricted cash	604,980	549,610
Total cash and cash equivalents and restricted cash	\$ 1,987,926	\$ 1,013,855

See accompanying notes to consolidated financial statements.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Human Services, Inc. was incorporated and commenced operations as a not-for-profit organization on October 20, 1965, under the laws of the State of Indiana. The Organization is committed to helping families and children improve their quality of life in Bartholomew, Brown, Decatur, Jackson, Johnson and Shelby counties in Indiana.

On November 26, 1990, Human Services, Inc. formed HSI Properties, Inc. as a wholly owned subsidiary under the laws of the State of Indiana. HSI Properties, Inc. holds a general partner interest in four low-income housing tax credit projects (LIHTC).

HSI Solutions, Inc., is a wholly owned subsidiary of Human Services, Inc. and had no activity during the years ended December 31, 2020 and 2019.

Oak Hill Apartments, LP (Oak Hill) was formed in 1996 for the purpose of constructing 48 housing units in Seymour, Indiana. The units are rented to low-income individuals and, as a result, federal income tax credits were available to investors. The general partner is HSI Properties, Inc. and the limited partner is HSI Acquisitions-Oak Hill I, LLC, both of which are wholly owned subsidiaries of Human Services, Inc.

Oak Hill Apartments II, LP (Oak Hill II) was formed in 1999 for the purpose of constructing 24 housing units in Seymour, Indiana. The units are rented to low-income individuals and, as a result, federal income tax credits were available to investors. The general partner is HSI Properties, Inc. and the limited partner is HSI Acquisitions-Oak Hill II, LLC, both of which are wholly owned subsidiaries of Human Services, Inc.

Pearson Place, LP (Pearson Place) was formed in 2005 for the purpose of constructing 35 housing units in Shelbyville, Indiana. The units are rented to low-income individuals and, as a result, federal income tax credits were available to investors. The general partner is HSI Properties, Inc. and the limited partner is Enterprise Housing Partners XIII Limited Partnership. Pearson Place is consolidated in these financial statements since HSI Properties, Inc. has a controlling financial interest in Pearson Place.

Ridgecrest Limited, LP (Ridgecrest) was formed in 2005 for the purpose of constructed 20 housing units in Greensburg, Indiana. Nineteen of the units are rented to low-income individuals and, as a result federal income tax credits were available to investors. The general partner is HSI Properties, Inc. and the limited partner is HSI Acquisitions-Ridgecrest, LLC, both of which are wholly owned subsidiaries of Human Services, Inc.

Principles of Consolidation

These financial statements are consolidated and include the accounts of Human Services, Inc., HSI Properties, Inc., HSI Solutions, Inc., Oak Hill, Oak Hill II, Pearson Place, Ridgecrest, HSI Acquisitions-Oak Hill I, LLC, HSI Acquisitions-Oak Hill II, LLC, and HSI Acquisitions-Ridgecrest, LLC. All material inter-company transactions and accounts are eliminated in consolidation. Collectively, the entities are referred to as the "Organizations."

Basis of Presentation

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated a total of \$32,845 and \$16,335 of net assets without donor restrictions as reserves for future repairs of Head Start locations and permanent supportive houses at December 31, 2020 and 2019.

Net Assets Attributable to Noncontrolling Interest – Net assets attributable to noncontrolling interest represent the equity interests of outside owners in the consolidated LIHTC projects. These interests are reported as separate components of the Organization’s net assets.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or may not be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. If a restriction is satisfied in the year of contribution, the contribution is recorded as revenue without restrictions.

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor’s obligation to transfer assets promised, if the condition is not met

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Subtopic 958-605. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as a refundable advance liability.

B. Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 958-606. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Rental Income

Rental income is derived primarily from annual leases with tenants. Rental income is recognized when earned.

In-Kind Contributions

In accordance with accounting standards, Human Services, Inc. records in-kind contributions for space, supplies and professional services in the consolidated statements of activities and functional expenses. The accounting standard for in-kind requires that only contributions of service received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of this standard are different from the in-kind requirements of several of Human Services, Inc.'s grant awards. Human Services, Inc. received contributions of nonprofessional volunteers and consultants with a value of \$777,288 and \$951,805 during 2020 and 2019, respectively, primarily for its Head Start program, which are not recorded in the consolidated statements of activities and functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of money market investments with original maturities of 90 days or less.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts and Grants Receivable

The Organizations analyze accounts and grants receivables and record an allowance that management believes will reserve for possible losses on existing receivables that may become uncollectible. The evaluations take into consideration such factors as changes in the customer's creditworthiness, prior loss experience, and current economic conditions. An account is considered uncollectible when all collection efforts prove worthless. The Organizations consider accounts and grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded at December 31, 2020 or 2019.

Property and Equipment

Property and equipment purchased are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. Property and equipment are items with a cost of \$5,000 or more and have a useful life of more than one year. Leasehold improvements are recorded at cost and amortized using the straight-line method over the shorter of the useful life or lease term.

The Organizations report gifts of property and equipment at their estimated fair value as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and equipment purchased with grant funds are owned by Human Services, Inc. while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. The disposition of property and equipment, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of property and equipment purchased with grant funds is \$359,633 and \$365,520 at December 31, 2020 and 2019, respectively.

The Organizations review property and equipment periodically to determine potential impairment by comparing the carrying value of the property and equipment with the estimated future undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected cash flows be less than the carrying value, the Organizations would recognize an impairment loss at that time. No impairment loss was recognized in 2020 or 2019.

Debt Issuance Costs

Debt issuance costs represent costs associated with obtaining debt to finance the purchase of the housing projects. Unamortized debt issuance costs have been recorded as a reduction to the related debt obligation. The costs are being amortized to interest expense over the maximum term provided in the debt agreement using the straight-line method, which approximates the effective interest method.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

Human Services, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Indiana income tax.

HSI Properties, Inc. and HSI Solutions, Inc. are taxable corporations that file returns for federal and state income tax purposes. Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the assets and liabilities. Deferred tax balances are adjusted to reflect tax rates based on currently enacted tax laws that will be in effect in the years in which the temporary differences are expected to reverse. No material differences existed as of December 31, 2020 and 2019.

Oak Hill, Oak Hill II, Pearson Place, and Ridgecrest are treated as partnerships for income tax reporting.

HSI Acquisitions-Oak Hill I, LLC, HSI Acquisitions-Oak Hill II, LLC, and HSI Acquisitions-Ridgecrest, LLC are single member LLCs and are treated as disregarded entities for tax purposes. Human Services, Inc. is the sole member of these LLCs and the activity of these LLCs is included in Human Services, Inc.'s annual federal and state returns filed with the Internal Revenue Service and the State of Indiana, respectively.

The Organizations are required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Functional Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Occupancy and related costs are allocated based on square footage.

Notes Receivable from Limited Partnerships

Human Services, Inc. received HOME grant awards from the State of Indiana and Federal Home Loan Bank Affordable Housing Program (AHP) funds. These funds are loaned to limited partnerships, of which Human Services, Inc.'s subsidiaries are partners. The funds loaned to the limited partnerships are for the development of affordable housing projects. Since the funds have been provided to limited partners that are consolidated in this report, the notes receivable from the limited partnerships and related notes payable to Human Services, Inc. have been eliminated in consolidation.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncement

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces previous revenue recognition requirements and most industry-specific guidance. The Organizations have adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* as of January 1, 2020.

Management has adopted the guidance on a modified retrospective basis and analysis of various provisions of this standard resulted in no significant changes in the way the Organizations recognize revenue. There was no cumulative effect on beginning net assets of applying the new standard and its amendments for the year ended December 31, 2019.

Upcoming Accounting Pronouncement

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. On June 3, 2021, FASB issued ASU No. 2021-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including the Organizations, to annual periods beginning after December 15, 2021.

Note 2: Liquidity and Availability

The following reflects Organization's financial assets of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date. Amounts not available also include amounts set aside as reserves that could be drawn upon if the governing board approves that action. The calculation of available financial assets at December 31, 2020 and 2019 is as follows:

	2020	2019
Cash and cash equivalents	\$ 1,382,946	\$ 464,245
Accounts receivable	51,110	6,770
Grants receivable	1,139,776	961,592
Investments	11,410	12,702
Total financial assets at December 31	2,585,242	1,445,309
Less: Accounts payable and accrued liabilities	849,367	771,733
Less: Board designated reserves	32,845	16,335
Less: Net assets with donor restrictions included in financial assets	293,424	372,722
<u>Total available financial assets</u>	<u>\$ 1,409,606</u>	<u>\$ 284,519</u>

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2: Liquidity and Availability (Continued)

The Organizations have no formal liquidity policy and Human Services, Inc. relies on available grant funding that is requested and received shortly thereafter to ensure it has cash available to meet its current obligations. In addition to the financial assets available, Human Services, Inc. has grant commitments for future expenses as described in Note 13 and has access to draw on a line of credit in the amount of \$125,000, with the full amount available at December 31, 2020 and 2019.

Note 3: Concentration of Risk

The Organizations maintain their cash balances at several financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organizations' cash balances at times exceed insured limits as designated by FDIC. The Organizations have not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Financial awards from federal, state and local governmental entities make up 90% and 77% of total revenue for the years ended December 31, 2020 and 2019, respectively. A substantial reduction in the level of this support may have an adverse effect on Human Services, Inc.'s programs and activities.

Note 4: Grants Receivable

Grants receivable at December 31, 2020 and 2019, consisted of the following:

	2020	2019
State programs	\$ 369,043	\$ 298,662
Direct federal programs	770,733	660,091
Other programs	0	2,839
Totals	\$ 1,139,776	\$ 961,592

Note 5: Investments and Fair Value Measurements

Investments consist of 48 shares of corporate stock held by Human Services, Inc. that is carried at fair value.

Generally accepted accounting principles require disclosure of the measurement of assets and liabilities at fair value. In general, the Organizations determine fair values determined by Level 1 inputs utilizing quoted market prices in active markets. Fair values determined by Level 2 inputs utilize market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves. Fair values determined by Level 3 inputs are based on valuation models or methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data.

Some assets and liabilities are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities are measured at fair value on a nonrecurring basis. The Organizations do not have any liabilities measured on a recurring basis or any assets or liabilities measured on a nonrecurring basis.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5: Investments and Fair Value Measurements (Continued)

The asset measured at fair value on a recurring basis is the investment in corporate stock, measured using quoted market prices, which is a level 1 input. The value of the stock was \$11,410 at December 31, 2020 and \$12,702 at December 31, 2019.

Note 6: Restricted Cash

The restricted cash balances at December 31, 2020 and 2019, consisted of the following:

	2020	2019
Security deposits	\$ 40,594	\$ 46,962
Replacement reserves	309,124	280,677
Operating reserves	54,277	54,246
Escrow deposits	200,985	167,725
Totals	\$ 604,980	\$ 549,610

Note 7: Property and Equipment

A summary of property and equipment at December 31, 2020 and 2019 is as follows:

	2020	2019
Land	\$ 165,400	\$ 165,400
Land - partnerships	245,537	245,537
Buildings	2,146,681	2,146,681
Building – partnerships	9,431,395	9,431,395
Building improvements	278,333	203,877
Leasehold improvements	248,000	248,000
Equipment	897,252	882,475
Equipment – partnerships	255,572	255,572
Site costs – partnerships	814,261	814,261
Subtotal	14,482,431	14,393,198
Accumulated depreciation	(7,719,769)	(7,318,127)
Property and equipment, net	\$ 6,762,662	\$ 7,075,071

Human Services, Inc. received contributions of property and equipment valued at \$400,024 during the year ended December 31, 2019. The contributed property and equipment is included in contributions revenue on the consolidated statements of activities.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8: Notes Payable

The balance at December 31, consists of the following:

	2020	2019
<u>Human Services, Inc.</u>		
Note payable to the Federal Home Loan Bank AHP dated December 1, 2005, with 1% interest rate and annual interest payments from the available cash flow of the affiliated housing project. The note matures December 31, 2035.	\$ 500,000	\$ 500,000
Note payable to the IHCDA HOME program dated December 1, 2005, with 5.79% interest rate and annual principal and interest payments from the available cash flow of the affiliated housing project. The note matured on June 22, 2019 and is in the process of being forgiven.	208,500	208,500
Note payable to the Indiana Housing and Community Development Authority for use in their Business Enterprise and Economic Development Program. The funds are to be loaned out to local businesses. Should the program become discontinued, the funds will need to be repaid or approval from IHCDA must be obtained to use funds for other uses.	57,500	57,500
Paycheck Protection Program (the "PPP") loan, administered by the Small Business Administration, with 1.00% interest rate and monthly payments of principal and interest in the amount of \$17,411 beginning July 7, 2021, and a final payment of all principal and accrued interest due August 7, 2025. All or a portion of the loan may be forgiven if Human Services, Inc. uses the proceeds of the loan for eligible payroll costs and other expenses in accordance with the PPP.	845,300	0
<u>HSI Properties, Inc.</u>		
Note payable to German American Bank dated August 3, 2019 with 5.16% interest rate and monthly payments of \$2,087, secured by real estate. Variable interest rate and payments beginning September 1, 2023. Final balloon payment due at maturity on August 1, 2033.	231,639	244,170
Note payable to First Financial Bank dated September 23, 2020 with 4.35% interest rate and monthly payments of \$2,248, secured by real estate. Variable interest rate beginning October 23, 2025. Final balloon payment due at maturity on September 23, 2030.	357,115	0

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8: Notes Payable (Continued)

	2020	2019
<u>Oak Hill</u>		
Note payable to First Financial Bank dated January 30, 2014 with interest at a rate of the Treasury Rate plus 2.86% and a floor of 4.25% (4.41% and 5.52% at December 31, 2020 and 2019, respectively) and monthly payments of \$3,963. The note is secured by a first mortgage and security interest on the property, as well as an assignment of leases and rents associated with the property. The note matures February 1, 2024.	138,123	179,890
<u>Oak Hill II</u>		
Note payable to First Financial Bank dated January 30, 2014 with interest at a rate of the Treasury Rate plus 2.86% and a floor of 4.25% (4.41% and 5.52% at December 31, 2020 and 2019, respectively) and monthly payments of \$2,563. The note is secured by a first mortgage and security interest on the property, as well as an assignment of leases and rents associated with the property. The note matures February 1, 2024.	90,171	117,197
<u>Pearson Place</u>		
Note payable to First Financial Bank with 7.2% interest and monthly payments of \$4,115. The note is secured by a mortgage on real estate. The note matures December 7, 2022.	479,104	492,875
Note payable to Enterprise Housing Partners XVII Limited Partnership (Enterprise), payable in full on June 30, 2021. The note is secured by a guaranty made by Leo Stenz.	62,794	62,794
Note payable to Enterprise payable in full on June 30, 2021. The note is secured by a guaranty made by Leo Stenz.	49,206	49,206
Note payable to Enterprise with 7.2% interest and monthly payments of \$679. The note is unsecured, and it matures December 31, 2021.	83,330	85,394
<u>Ridgecrest</u>		
Note payable to Bayview Loan Servicing with 5.79% interest and monthly payments of \$1,956. The note is secured by a mortgage on real estate. The note was repaid in 2020.	0	256,720
Subtotals	3,102,782	2,246,115
Unamortized debt issuance costs, net of accumulated amortization	(3,253)	(4,469)
Current maturities	(609,845)	(314,554)
<u>Long-term notes payable</u>	<u>\$ 2,489,684</u>	<u>\$ 1,927,092</u>

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 8: Notes Payable (Continued)

Future payments of notes payable are as follows:

2021	\$ 609,845
2022	762,011
2023	307,898
2024	246,004
2025	170,243
Thereafter	1,006,781
<hr/>	
Total	\$ 3,102,782

In prior years, Human Services, Inc. received two notes payable from the Federal Home Loan Bank AHP and two notes payable from the IHEDA HOME program totaling \$1,525,864. These notes payable were forgiven during the year ended December 31, 2019 and are reported as forgiveness of debt income on the consolidated statements of activities.

Human Services, Inc. also has a \$125,000 line of credit at a financial institution. The line of credit matures in October 2022. The line of credit has an interest rate of the prime rate plus .50% (5.25% and 5.75% at December 31, 2020 and 2019, respectively) and is collateralized by the assets of the Organization. There was no outstanding amount drawn on the line of credit at December 31, 2020 and 2019.

Note 9: Net Assets With Donor Restrictions

At December 31, 2020 and 2019, Human Services, Inc. had net assets with donor restrictions of \$293,424 and \$372,722, respectively. These net assets include contributions that have been restricted by donors or grantors for specific program use. Net assets of \$112,181 and \$2,541 during the years ended December 31, 2020 and 2019, respectively, were released from restrictions by incurring expenses satisfying the restricted purposes.

Note 10: Employee Retirement Plans

Human Services, Inc. had a 403(b) Plan (the "Plan") in which employees could participate upon their employment. Participants could contribute up to 20% of their pretax annual compensation to the Plan and Human Services, Inc. could make discretionary contributions to the Plan on behalf of the employees. The participant is 100% vested immediately for any discretionary contributions and participant contributions. Human Services, Inc. made no discretionary contributions to the Plan during the year ended December 31, 2019. This plan was closed in 2019 and the 401(k) plan below was implemented.

In 2019, Human Services, Inc. began a 401(K) retirement plan that covers all employees who are at least 21 years old and have been employed for over one year. Human Services, Inc. may make discretionary matching contributions to the plan, which vest with the plan participant according to a vesting period schedule that is dependent on years of service. Employer contributions to the plan were \$61,331 and \$18,354 for the years ended December 31, 2020 and 2019, respectively.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 11: Operating Lease Agreements

Human Services, Inc. leases various facilities and equipment for the operation of its programs. Lease expense for the years ended December 31, 2020 and 2019, was \$244,226 and \$224,651, respectively. The future minimum lease obligations for Human Services, Inc. are as follows:

2021	\$	155,067
2022		103,011
2023		104,595
2024		102,845
2025		101,645
Thereafter		227,076
<u>Total lease obligations</u>		<u>\$ 794,239</u>

Note 12: Rental Income

Rental income for the years ended December 31, 2020 and 2019 was \$784,059 and \$715,415, respectively, and is primarily from annual leases at the affordable housing projects. HSI Properties, Inc. leases the property it owns to Human Services, Inc and Pearson Place leases space to Human Services, Inc. The revenues and expenses related to these leases were \$110,971 for the years ended December 31, 2020 and 2019, respectively, and are eliminated in consolidation.

The carrying value of the property leased to others is as follows:

	2020	2019
Land - partnerships	\$ 245,537	\$ 245,537
Buildings	325,000	325,000
Building improvements	24,875	0
Building – partnerships	9,431,395	9,431,395
Equipment – partnerships	255,572	255,572
Site costs – partnerships	814,261	814,261
Subtotal	11,096,640	11,071,765
Accumulated depreciation	(6,028,386)	(5,740,697)
<u>Totals</u>	<u>\$ 5,068,254</u>	<u>\$ 5,331,068</u>

Note 13: Commitments and Contingencies

At December 31, 2020, Human Services, Inc. had commitments under various grants of approximately \$4,250,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

These grant programs operated by Human Services, Inc. are subject to audit by agents of grant authorities, the purpose of which is to ensure compliance with grant conditions. Any potential liability for reimbursement, which may arise as a result of such audits, is not believed, by Human Services, Inc.'s management, to be material.

Human Services, Inc. and HSI Properties, Inc. entered into contracts for improvements that were ongoing at December 31, 2020. The total commitment for these contracts was \$245,145 at December 31, 2020.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 13: Commitments and Contingencies (Continued)

Human Services, Inc. is listed as a co-borrower on an Oak Hill note payable to First financial Bank with an initial loan amount of \$245,676. The outstanding balances on the note at December 31, 2020 and 2019 were \$138,123 and \$179,890, respectively. Human Services, Inc. is also listed as a co-borrower on an Oak Hill II note payable to First Financial Bank with an initial loan amount of \$245,676. The outstanding balances on the note at December 31, 2020 and 2019 were \$90,171 and \$117,197, respectively. Payments by Oak Hill and Oak Hill II on the notes are current and Human Services, Inc. does not expect to have to make any payments as co-borrower.

The operating agreement for Pearson Place contains guarantees on the part of Human Services, Inc.'s subsidiaries.

If at any time after the completion date an operating deficit exists, HSI Properties, Inc. is required to contribute funds as a contribution of capital in an amount equal to Pearson Place's operating deficit. HSI Properties, Inc.'s obligation shall be unlimited through the stabilization date, as defined. HSI Properties, Inc.'s obligation to make operating deficit contributions after the stabilization date is limited to \$95,000. HSI Properties, Inc.'s obligation to make contributions shall terminate when Pearson Place has operated at break-even for at least three consecutive calendar years following the stabilization date and the balance in the operating reserve equals or exceeds \$45,000. The operating deficit contributions made by HSI Properties, Inc. after the stabilization date shall be repayable, without interest. A total of \$25,000 had been advanced as of December 31, 2020 and 2019.

HSI Properties, Inc. and the owner of the general contractor for Pearson Place have executed a guaranty agreement under which they guarantee to purchase the interest of the limited partner.

Note 14: Acquisition of Partnership Interest

On December 31, 2019, HSI Acquisitions-Oak Hill I, LLC, HSI Acquisitions-Oak Hill II, LLC, and HSI Acquisitions-Ridgecrest, LLC acquired the 99.9% limited member interests in Oak Hill, Oak Hill II, and Ridgecrest, respectively. The three acquiring LLCs are wholly owned subsidiaries of Human Services, Inc. and HSI Properties, Inc., a wholly owned subsidiary of Human Services, Inc., remains as the general partner in these partnerships. Net assets attributable to noncontrolling interest totaling \$640,730 for Oak Hill, \$384,850 for Oak Hill II, and \$76,045 for Ridgecrest were acquired and are reported as net assets without donor restrictions at December 31, 2019 on the consolidating statements of financial position.

Note 15: Risks and Uncertainties

The COVID-19 pandemic, whose effects first became known in January 2020, is having an impact on commerce and financial markets around the world. The Organizations are closely monitoring its liquidity and is actively working to minimize the impact of COVID-19. The extent of the impact of COVID-19 on the Organizations operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organizations customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organizations' future consolidated financial position and consolidated changes in net assets and consolidated cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the future effects of this pandemic.

Human Services, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 16: Subsequent Event

Subsequent events have been evaluated through January 25, 2022, which is the date the consolidated financial statements were available to be issued.

Effective January 1, 2022, the newly formed HSI Acquisitions-Pearson Place, LLC acquired the 99.9% limited member interests in Pearson Place. HSI Acquisitions-Pearson Place, LLC is a wholly owned subsidiary of Human Services, Inc. and HSI Properties, Inc., a wholly owned subsidiary of Human Services Inc., will remain the general partner in the partnership.

Supplementary Information

Human Services, Inc.

Schedule A

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)			
Passed-Through the Indiana Housing and Community Development Authority			
Low-Income Home Energy Assistance	93.568	LI-020-013	2,365,357
Low-Income Home Energy Assistance	93.568	LI-021-013	1,043,578
COVID-19 Low-Income Home Energy Assistance	93.568	LI-CV-020-013	1,735
Subtotal 93.568			3,410,670
Passed-Through the Indiana Housing and Community Development Authority			
Community Services Block Grant	93.569	CS-019-013	99,993
Community Services Block Grant	93.569	CS-020-013	257,958
COVID-19 Community Services Block Grant	93.569	CS-CV-020-013	195,083
Subtotal 93.569			553,034
Direct Funding			
Head Start Cluster:			
Head Start/Early Head Start Program	93.600	05CH010278-05	4,700,576
COVID-19 Head Start/Early Head Start Program	93.600	05CH010278-05	343,614
Subtotal 93.600 Head Start Cluster			5,044,190
SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			9,062,478
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed-Through the United Way			
Emergency Food and Shelter Program	97.024	262600-008 Phase 37	5,315
COVID-19 Emergency Food and Shelter Program	97.024	CARES-262600-008	9,132
Subtotal 97.024			14,447
TOTAL FEDERAL EXPENDITURES			\$ 14,500,890
STATE AWARDS			
Passed-Through the Indiana Housing and Community Development Authority			
Housing First Grant	N/A	HFP-20-004	\$ 142,943
Coronavirus-19 Emergency Relief Funding	N/A	GF-COVID11	25,000
TOTAL STATE EXPENDITURES			\$ 167,943

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal and State Awards.

Human Services, Inc.

Notes to the Schedule of Expenditures of Federal and State Awards

December 31, 2020

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal and State Awards (the "Schedule") includes the federal and state grant activity of Human Services, Inc. under programs of the federal and state governments for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Human Services, Inc., it is not intended to and does not present the financial position, or the changes in net assets or cash flows of Human Services, Inc.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Allocation

Human Services, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Subrecipients

Human Services, Inc. does not have subrecipients or subrecipient expenditures.

Note 5 - Energy Assistance Payments

The Energy Assistance Payments expenditures under CFDA Number 93.568 include \$3,083,191 of energy assistance payments that were disbursed by the Indiana Housing and Community Development Authority on behalf of Human Services, Inc. during the year ended December 31, 2020.

Note 6 - Balance of Outstanding Loan

The loan program listed subsequently is administered directly by Human Services, Inc., and balances and transactions relating to this program is included in Human Services, Inc.'s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule. The balance of the loan outstanding at December 31, 2020, consists of:

<u>Program Name</u>	<u>AL Number</u>	<u>Outstanding Balance at December 31, 2020</u>
HOME Loan Funds - Ridgecrest Limited, L.P.	14.239	\$ 208,500

Human Services, Inc. and Subsidiaries

Schedule B

Consolidating Statement of Financial Position

December 31, 2020

<i>Assets</i>	Human Services, Inc. *	HSI Properties, Inc.	HSI Solutions, Inc.
Current assets:			
Cash	\$ 1,102,276	\$ 185,163	\$ 2,446
Accounts receivable	38,692	120,297	0
Grants receivable	1,139,776	0	0
Investments	11,410	0	0
Interest receivable	1,026,718	26,759	0
Prepaid expenses	25,895	0	0
Total current assets	3,344,767	332,219	2,446
Other assets:			
Investments - subsidiaries	1,401,620	64,250	0
Restricted cash	0	0	0
Notes receivable	1,212,072	273,930	0
Total other assets	2,613,692	338,180	0
Property and equipment, net	1,694,408	329,761	0
TOTAL ASSETS	\$ 7,652,867	\$ 1,000,160	\$ 2,446
<i>Liabilities and Net Assets</i>			
Current liabilities:			
Accounts payable	\$ 641,186	\$ 1,039	\$ 0
Accounts payable - related parties	0	26,375	0
Accrued payroll and related	147,563	0	0
Accrued interest payable	0	0	0
Accrued real estate taxes	0	0	0
Security deposits	0	15,000	0
Prepaid rent	0	0	0
Current portion of notes payable	243,323	25,106	0
Total current liabilities	1,032,072	67,520	0
Long-term liabilities:			
Notes payable, net of debt issuance costs	1,367,977	563,648	0
Total long-term liabilities	1,367,977	563,648	0
Total liabilities	2,400,049	631,168	0
Net assets:			
Without donor restrictions	4,959,394	368,992	2,446
Without donor restrictions attributable to non-controlling interest	0	0	0
Total without donor restrictions	4,959,394	368,992	2,446
With donor restrictions	293,424	0	0
Total net assets	5,252,818	368,992	2,446
TOTAL LIABILITIES AND NET ASSETS	\$ 7,652,867	\$ 1,000,160	\$ 2,446

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, and HSI Acquisitions-Ridgecrest LLC.

** Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule B

Consolidating Statement of Financial Position (Continued)

December 31, 2020

<i>Assets</i>	Low-Income Housing Partnerships **	Subtotal	Eliminations	Consolidated
Current assets:				
Cash	\$ 93,061	\$ 1,382,946	\$ 0	\$ 1,382,946
Accounts receivable	35,496	194,485	(143,375)	51,110
Grants receivable	0	1,139,776	0	1,139,776
Investments	0	11,410	0	11,410
Interest receivable	0	1,053,477	(1,053,477)	0
Prepaid expenses	10,431	36,326	0	36,326
Total current assets	138,988	3,818,420	(1,196,852)	2,621,568
Other assets:				
Investments - subsidiaries	0	1,465,870	(1,465,870)	0
Restricted cash	604,980	604,980	0	604,980
Notes receivable	0	1,486,002	(1,482,530)	3,472
Total other assets	604,980	3,556,852	(2,948,400)	608,452
Property and equipment, net	4,738,493	6,762,662	0	6,762,662
TOTAL ASSETS	\$ 5,482,461	\$ 14,137,934	(\$ 4,145,252)	\$ 9,992,682
<i>Liabilities and Net Assets</i>				
Current liabilities:				
Accounts payable	\$ 35,712	\$ 677,937	\$ 0	\$ 677,937
Accounts payable - related parties	135,501	161,876	(143,375)	18,501
Accrued payroll and related	0	147,563	0	147,563
Accrued interest payable	1,058,843	1,058,843	(1,053,477)	5,366
Accrued real estate taxes	53,778	53,778	0	53,778
Security deposits	41,293	56,293	0	56,293
Prepaid rent	1,887	1,887	0	1,887
Current portion of notes payable	499,683	768,112	(158,267)	609,845
Total current liabilities	1,826,697	2,926,289	(1,355,119)	1,571,170
Long-term liabilities:				
Notes payable, net of debt issuance costs	1,882,322	3,813,947	(1,324,263)	2,489,684
Total long-term liabilities	1,882,322	3,813,947	(1,324,263)	2,489,684
Total liabilities	3,709,019	6,740,236	(2,679,382)	4,060,854
Net assets:				
Without donor restrictions	1,094,432	6,425,264	(1,465,870)	4,959,394
Without donor restrictions attributable to non-controlling interes	679,010	679,010	0	679,010
Total without donor restrictions	1,773,442	7,104,274	(1,465,870)	5,638,404
With donor restrictions	0	293,424	0	293,424
Total net assets	1,773,442	7,397,698	(1,465,870)	5,931,828
TOTAL LIABILITIES AND NET ASSETS	\$ 5,482,461	\$ 14,137,934	(\$ 4,145,252)	\$ 9,992,682

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, and HSI Acquisitions-Ridgecrest LLC.

** Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule B

Consolidating Statement of Financial Position (Continued)

December 31, 2019

<i>Assets</i>	Human Services, Inc. *	HSI Properties, Inc.	HSI Solutions, Inc.
Current assets:			
Cash	\$ 309,570	\$ 109,830	\$ 2,446
Accounts receivable	11,650	120,297	0
Grants receivable	961,592	0	0
Investments	12,702	0	0
Interest receivable	941,172	27,707	0
Prepaid expenses	39,338	0	0
Total current assets	2,276,024	257,834	2,446
Other assets:			
Investments - subsidiaries	1,423,652	(235)	0
Restricted cash	0	0	0
Notes receivable	1,213,318	20,389	0
Total other assets	2,636,970	20,154	0
Property and equipment, net	1,743,784	313,219	0
TOTAL ASSETS	\$ 6,656,778	\$ 591,207	\$ 2,446
<i>Liabilities and Net Assets</i>			
Current liabilities:			
Accounts payable	\$ 560,530	\$ 13,558	\$ 0
Accounts payable - related parties	0	0	0
Accrued payroll and related	164,248	0	0
Accrued interest payable	0	0	0
Accrued real estate taxes	0	0	0
Security deposits	0	15,000	0
Prepaid rent	0	0	0
Current portion of notes payable	208,500	12,756	0
Total current liabilities	933,278	41,314	0
Long-term liabilities:			
Notes payable, net of debt issuance costs	557,500	231,414	0
Total long-term liabilities	557,500	231,414	0
Total liabilities	1,490,778	272,728	0
Net assets:			
Without donor restrictions	4,793,278	318,479	2,446
Without donor restrictions attributable to non-controlling interest	0	0	0
Total without donor restrictions	4,793,278	318,479	2,446
With donor restrictions	372,722	0	0
Total net assets	5,166,000	318,479	2,446
TOTAL LIABILITIES AND NET ASSETS	\$ 6,656,778	\$ 591,207	\$ 2,446

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, and HSI Acquisitions-Ridgecrest LLC.

** Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule B

Consolidating Statement of Financial Position (Continued)

December 31, 2019

<i>Assets</i>	Low-Income Housing Partnerships **	Subtotal	Eliminations	Consolidated
Current assets:				
Cash	\$ 42,399	\$ 464,245	\$ 0	\$ 464,245
Accounts receivable	31,511	163,458	(156,688)	6,770
Grants receivable	0	961,592	0	961,592
Investments	0	12,702	0	12,702
Interest receivable	0	968,879	(968,879)	0
Prepaid expenses	10,431	49,769	(15,000)	34,769
Total current assets	84,341	2,620,645	(1,140,567)	1,480,078
Other assets:				
Investments - subsidiaries	0	1,423,417	(1,423,417)	0
Restricted cash	549,610	549,610	0	549,610
Notes receivable	0	1,233,707	(1,228,989)	4,718
Total other assets	549,610	3,206,734	(2,652,406)	554,328
Property and equipment, net	5,018,068	7,075,071	0	7,075,071
TOTAL ASSETS	\$ 5,652,019	\$ 12,902,450	(\$ 3,792,973)	\$ 9,109,477
<i>Liabilities and Net Assets</i>				
Current liabilities:				
Accounts payable	\$ 42,507	\$ 616,595	(\$ 39,688)	\$ 576,907
Accounts payable - related parties	141,469	141,469	(117,000)	24,469
Accrued payroll and related	0	164,248	0	164,248
Accrued interest payable	974,988	974,988	(968,879)	6,109
Accrued real estate taxes	53,778	53,778	0	53,778
Security deposits	43,393	58,393	(15,000)	43,393
Prepaid rent	1,522	1,522	0	1,522
Current portion of notes payable	93,298	314,554	0	314,554
Total current liabilities	1,350,955	2,325,547	(1,140,567)	1,184,980
Long-term liabilities:				
Notes payable, net of debt issuance costs	2,367,167	3,156,081	(1,228,989)	1,927,092
Total long-term liabilities	2,367,167	3,156,081	(1,228,989)	1,927,092
Total liabilities	3,718,122	5,481,628	(2,369,556)	3,112,072
Net assets:				
Without donor restrictions	1,102,492	6,216,695	(1,423,417)	4,793,278
Without donor restrictions attributable to non-controlling interes	831,405	831,405	0	831,405
Total without donor restrictions	1,933,897	7,048,100	(1,423,417)	5,624,683
With donor restrictions	0	372,722	0	372,722
Total net assets	1,933,897	7,420,822	(1,423,417)	5,997,405
TOTAL LIABILITIES AND NET ASSETS	\$ 5,652,019	\$ 12,902,450	(\$ 3,792,973)	\$ 9,109,477

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, and HSI Acquisitions-Ridgecrest LLC.

** Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule C

Consolidating Statement of Activities

Year Ended December 31, 2020

	Human Services, Inc. *	HSI Properties, Inc.	HSI Solutions, Inc.	Low-Income Housing Partnerships **	Eliminations	Consolidated
Revenue:						
Government grants	\$ 14,594,562	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,594,562
Contributions	492,769	0	0	0	0	492,769
Rental income	66,323	97,356	0	731,351	(110,971)	784,059
Investment income	86,243	928	0	303	(84,609)	2,865
Earnings (loss) from subsidiary	(22,032)	64,485	0	0	(42,453)	0
In-kind contributions	357,869	0	0	0	0	357,869
Other income	27,560	0	0	15,897	0	43,457
Total revenue	15,603,294	162,769	0	747,551	(238,033)	16,275,581
Expenses:						
Community services	629,985	0	0	0	(19,389)	610,596
Energy assistance	3,361,858	0	0	0	(10,367)	3,351,491
Early childhood education	4,603,974	0	0	0	(33,837)	4,570,137
Food programs	215,519	0	0	0	(32)	215,487
Housing programs	5,177,725	47,756	0	908,006	(121,238)	6,012,249
Health services	309,762	0	0	0	(130)	309,632
Other programs	387,773	0	0	0	(10,587)	377,186
Management and general	829,880	0	0	0	0	829,880
Total expenses	15,516,476	47,756	0	908,006	(195,580)	16,276,658
Change in net assets	86,818	115,013	0	(160,455)	(42,453)	(1,077)
Net assets at beginning of year	5,166,000	318,479	2,446	1,933,897	(1,423,417)	5,997,405
Return of capital	0	(64,500)	0	0	0	(64,500)
Net assets at end of year	\$ 5,252,818	\$ 368,992	\$ 2,446	\$ 1,773,442	(\$ 1,465,870)	\$ 5,931,828

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, and HSI Acquisitions-Ridgecrest LLC.

** Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule C

Consolidating Statement of Activities (Continued)

Year Ended December 31, 2019

	Human Services, Inc. *	HSI Properties, Inc.	HSI Solutions, Inc.	Low-Income Housing Partnerships **	Eliminations	Consolidated
Revenue:						
Government grants	\$ 11,651,823	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,651,823
Contributions	783,091	0	0	0	0	783,091
Rental income	0	97,356	0	729,030	(110,971)	715,415
Investment income	77,799	3,708	0	292	(80,871)	928
Earnings (loss) from subsidiary	1,070,023	(154,800)	0	0	(915,223)	0
In-kind contributions	393,948	0	0	0	0	393,948
Forgiveness of debt	1,525,864	0	0	1,264,324	(1,264,324)	1,525,864
Other income	34,474	92,000	0	15,851	(105,274)	37,051
Total revenue	15,537,022	38,264	0	2,009,497	(2,476,663)	15,108,120
Expenses:						
Community services	483,336	0	0	0	(22,100)	461,236
Energy assistance	1,559,496	0	0	0	(11,817)	1,547,679
Early childhood education	4,044,711	0	0	0	(38,569)	4,006,142
Food programs	299,542	0	0	0	(37)	299,505
Housing programs	5,844,321	70,968	0	1,047,685	(1,476,702)	5,486,272
Health services	318,029	0	0	0	(148)	317,881
Other programs	127,332	0	0	0	(12,067)	115,265
Management and general	661,679	0	0	0	0	661,679
Total expenses	13,338,446	70,968	0	1,047,685	(1,561,440)	12,895,659
Change in net assets	2,198,576	(32,704)	0	961,812	(915,223)	2,212,461
Net assets at beginning of year	2,967,424	351,183	2,446	972,085	(508,194)	3,784,944
Net assets at end of year	\$ 5,166,000	\$ 318,479	\$ 2,446	\$ 1,933,897	(\$ 1,423,417)	\$ 5,997,405

* Includes activity for HSI Acquisitions-Oak Hill I LLC, HSI Acquisitions-Oak Hill II LLC, and HSI Acquisitions-Ridgecrest LLC.

* Includes activity for Oak Hill Apartments LP, Oak Hill Apartments II LP, Pearson Place LP, and Ridgecrest Limited LP.

Human Services, Inc. and Subsidiaries

Schedule D

Statement of Financial Position - Low-Income Housing Partnerships

December 31, 2020

<i>Assets</i>	Oak Hill Apartments, LP	Oak Hill Apartments II, LP	Pearson Place, LP	Ridgecrest Limited, LP	Low-Income Housing Partnerships Subtotal
Current assets:					
Cash	\$ 29,848	\$ 17,616	\$ 16,458	\$ 29,139	\$ 93,061
Accounts receivable	30,379	1,290	1,582	2,245	35,496
Prepaid expenses	0	5,760	0	4,671	10,431
Total current assets	60,227	24,666	18,040	36,055	138,988
Other assets:					
Restricted cash	300,559	107,036	59,143	138,242	604,980
Total other assets	300,559	107,036	59,143	138,242	604,980
Property and equipment, net	473,128	422,166	3,216,063	627,136	4,738,493
TOTAL ASSETS	\$ 833,914	\$ 553,868	\$ 3,293,246	\$ 801,433	\$ 5,482,461
<i>Liabilities and Net Assets</i>					
Current liabilities:					
Accounts payable	\$ 5,299	\$ 1,502	\$ 27,136	\$ 1,775	\$ 35,712
Accounts payable - related parties	10,001	6,000	117,000	2,500	135,501
Accrued interest payable	552	27,183	767,727	263,381	1,058,843
Accrued real estate taxes	17,284	9,299	18,005	9,190	53,778
Security deposits	14,800	8,400	10,948	7,145	41,293
Prepaid rent	1,671	180	36	0	1,887
Current portion of notes payable	42,099	27,181	213,614	216,789	499,683
Total current liabilities	91,706	79,745	1,154,466	500,780	1,826,697
Long-term liabilities:					
Notes payable, net of debt issuance costs	94,800	82,250	1,460,020	245,252	1,882,322
Total long-term liabilities	94,800	82,250	1,460,020	245,252	1,882,322
Total liabilities	186,506	161,995	2,614,486	746,032	3,709,019
Net assets (deficit):					
Without donor restrictions	647,408	391,873	(250)	55,401	1,094,432
Without donor restrictions attributable to non-controlling interest	0	0	679,010	0	679,010
Total without donor restrictions	647,408	391,873	678,760	55,401	1,773,442
TOTAL LIABILITIES AND NET ASSETS	\$ 833,914	\$ 553,868	\$ 3,293,246	\$ 801,433	\$ 5,482,461

Human Services, Inc. and Subsidiaries

Schedule D

Statement of Financial Position - Low-Income Housing Partnerships (Continued)

December 31, 2019

<i>Assets</i>	Oak Hill Apartments, LP	Oak Hill Apartments II, LP	Pearson Place, LP	Ridgecrest Limited, LP	Low-Income Housing Partnerships Subtotal
Current assets:					
Cash	\$ 16,905	\$ 13,417	\$ 1,980	\$ 10,097	\$ 42,399
Accounts receivable	29,157	732	547	1,075	31,511
Prepaid expenses	0	5,760	0	4,671	10,431
Total current assets	46,062	19,909	2,527	15,843	84,341
Other assets:					
Restricted cash	277,715	95,694	46,481	129,720	549,610
Total other assets	277,715	95,694	46,481	129,720	549,610
Property and equipment, net	550,954	463,525	3,344,601	658,988	5,018,068
TOTAL ASSETS	\$ 874,731	\$ 579,128	\$ 3,393,609	\$ 804,551	\$ 5,652,019
<i>Liabilities and Net Assets</i>					
Current liabilities:					
Accounts payable	\$ 6,627	\$ 5,292	\$ 28,053	\$ 2,535	\$ 42,507
Accounts payable - related parties	13,497	7,827	117,000	3,145	141,469
Accrued interest payable	716	27,307	698,339	248,626	974,988
Accrued real estate taxes	17,284	9,299	18,005	9,190	53,778
Security deposits	16,200	8,050	11,298	7,845	43,393
Prepaid rent	776	71	675	0	1,522
Current portion of notes payable	40,222	25,969	19,034	8,073	93,298
Total current liabilities	95,322	83,815	892,404	279,414	1,350,955
Long-term liabilities:					
Notes payable, net of debt issuance costs	138,038	110,078	1,670,035	449,016	2,367,167
Total long-term liabilities	138,038	110,078	1,670,035	449,016	2,367,167
Total liabilities	233,360	193,893	2,562,439	728,430	3,718,122
Net assets (deficit):					
Without donor restrictions	641,371	385,235	(235)	76,121	1,102,492
Without donor restrictions attributable to non-controlling interest	0	0	831,405	0	831,405
Total without donor restrictions	641,371	385,235	831,170	76,121	1,933,897
TOTAL LIABILITIES AND NET ASSETS	\$ 874,731	\$ 579,128	\$ 3,393,609	\$ 804,551	\$ 5,652,019

Human Services, Inc. and Subsidiaries

Schedule E

Statement of Activities - Low-Income Housing Partnerships

Year Ended December 31, 2020

	Oak Hill Apartments, LP	Oak Hill Apartments II, LP	Pearson Place, LP	Ridgecrest Limited, LP	Low-Income Housing Partnerships Subtotal
Revenue:					
Rental income	\$ 253,536	\$ 137,404	\$ 218,238	\$ 122,173	\$ 731,351
Investment income	159	52	26	66	303
Other income	3,056	2,881	7,705	2,255	15,897
Total revenue	256,751	140,337	225,969	124,494	747,551
Expenses:					
Housing programs	250,714	133,699	378,379	145,214	908,006
Total expenses	250,714	133,699	378,379	145,214	908,006
Change in net assets	6,037	6,638	(152,410)	(20,720)	(160,455)
Net assets at beginning of year	641,371	385,235	831,170	76,121	1,933,897
Net assets at end of year	\$ 647,408	\$ 391,873	\$ 678,760	\$ 55,401	\$ 1,773,442

Human Services, Inc. and Subsidiaries

Schedule E

Statement of Activities - Low-Income Housing Partnerships (Continued)

Year Ended December 31, 2019

	Oak Hill Apartments, LP	Oak Hill Apartments II, LP	Pearson Place, LP	Ridgecrest Limited, LP	Low-Income Housing Partnerships Subtotal
Revenue:					
Rental income	\$ 254,028	\$ 137,135	\$ 216,528	\$ 121,339	\$ 729,030
Investment income	169	45	20	58	292
Forgiveness of debt	900,475	363,849	0	0	1,264,324
Other income	5,816	1,671	8,074	290	15,851
Total revenue	1,160,488	502,700	224,622	121,687	2,009,497
Expenses:					
Housing programs	280,745	153,979	476,487	136,474	1,047,685
Total expenses	280,745	153,979	476,487	136,474	1,047,685
Change in net assets	879,743	348,721	(251,865)	(14,787)	961,812
Net assets (deficit) at beginning of year	(238,372)	36,514	1,083,035	90,908	972,085
Net assets at end of year	\$ 641,371	\$ 385,235	\$ 831,170	\$ 76,121	\$ 1,933,897

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Directors
Human Services, Inc.
Columbus, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States 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 Human Services, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 25, 2022. The financial statements of the subsidiaries were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the subsidiaries.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Human Services, Inc.'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Human Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Human Services, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Wipfli LLP

Wipfli LLP

January 25, 2022
Madison, Wisconsin

Independent Auditor’s Report on Compliance for Each Major Federal Program and Internal Control Over Compliance

Board of Directors
Human Services, Inc.
Columbus, Indiana

Report on Compliance for Each Major Federal Program

We have audited Human Services, Inc.’s (a nonprofit organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020. Human Services, Inc.’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 for Compliance

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

Auditor’s Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Human Services, Inc.’s complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Human Services, Inc. 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, we considered Human Services, Inc.'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 Human Services, Inc.'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

January 25, 2022
Madison, Wisconsin

Human Services, Inc.

Schedule of Findings and Questioned Costs Year Ended December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]	No

Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Home Investment Partnership Program	14.239
Community Services Block Grant	93.569
Head Start	93.600
Dollar threshold used to distinguish between Type A and Type B programs: Federal	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Human Services, Inc.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section IV - Summary Schedule of Prior Year Findings

Finding 2019-001: Material Adjusting Journal Entries

Current Status: The prior year corrective action plan was implemented, and this finding was not repeated for the December 31, 2020 audit.