

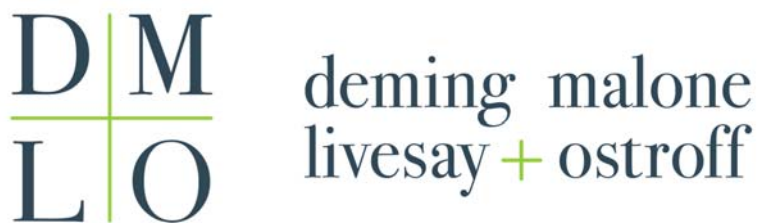
BLUE RIVER SERVICES, INC.

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended June 30, 2022 and 2021

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Independent Auditors' Report

To the Officers and Directors
Blue River Services, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Blue River Services, Inc. and its wholly-owned subsidiaries (not-for-profit organizations), which comprise the consolidated statement of financial position as of June 30, 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Blue River Services, Inc. and its wholly-owned subsidiaries as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blue River Services, Inc. and its wholly-owned subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue River Services, Inc. and its wholly owned subsidiaries' abilities to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Blue River Services, Inc. and its wholly-owned subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blue River Services, Inc. and its wholly-owned subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We previously audited Blue River Services, Inc. and its wholly-owned subsidiaries' consolidated financial statements as of June 30, 2021, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 November 29, 2022, on our consideration of Blue River Services, Inc. and its wholly-owned subsidiaries' 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 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 Blue River Services, Inc. and its wholly-owned subsidiaries' 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 Blue River Services, Inc. and its wholly-owned subsidiaries' internal control over financial reporting and compliance.

Deming, Malone, Linsay & Ostroff

New Albany, Indiana
November 29, 2022

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

Assets	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,644,001	\$ 2,003,180
Restricted cash	910,749	561,176
Certificates of deposit	32,018	31,901
Grants receivable	1,013,210	1,025,798
Government contracts receivable	461,956	569,235
Accounts receivable	196,210	224,420
Prepaid expenses	86,564	49,989
Inventory	40,102	59,566
Interest receivable		778,957
Notes receivable		1,724,975
Construction in progress	1,261,548	2,761,329
Property and equipment, net of accumulated depreciation	21,951,986	14,946,161
Goodwill, net of accumulated amortization	<u>6,750</u>	<u>6,750</u>
Total assets	<u><u>\$ 28,605,094</u></u>	<u><u>\$ 24,743,437</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 674,121	\$ 738,487
Accrued liabilities	671,469	652,946
Deposits and deferred revenue	154,177	56,339
Capital lease obligations	8,905	1,577
Loans	<u>3,497,725</u>	<u>2,236,564</u>
Total liabilities	<u>5,006,397</u>	<u>3,685,913</u>
 Net Assets		
Without donor restrictions	6,227,656	8,221,916
With donor restrictions	<u>17,371,041</u>	<u>12,835,608</u>
Total net assets	<u>23,598,697</u>	<u>21,057,524</u>
 Total liabilities and net assets	 <u><u>\$ 28,605,094</u></u>	 <u><u>\$ 24,743,437</u></u>

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30, 2022 and 2021

	2022	2021
Net Assets Without Donor Restrictions		
Revenue, Gains, and Support		
Government Financial Assistance and Service Fees	\$ 13,887,401	\$15,202,071
Rental Revenue	952,438	894,282
Sales/Contract Revenue	805,088	842,719
Contributions	764,365	429,421
Donated Vehicles, Building and Equipment	141,236	368,377
Investment Income	58,024	65,624
Other Revenue	20,719	50,819
Gain on Sale of Assets	5,958	451,260
Revenues, gains, and support without donor restrictions	16,635,229	18,304,573
Net assets released from restrictions	1,033,837	565,108
Total revenues, gains, and other support without donor restrictions	17,669,066	18,869,681
Expenses		
Blue River Services, Inc. Program Services		
First Steps SPOE	2,139,140	2,186,142
21st Century	1,264,972	1,151,850
Home/Community Services	935,037	809,048
First Steps ED Team	830,651	783,274
Child Care	689,724	600,180
Public Transportation	668,652	582,641
Summit View SGL	546,130	485,278
Klerner Ln Home	523,064	489,595
Wyandotte House	519,904	356,965
Hab Training	503,157	450,814
Oak Street Home	490,969	480,800
WIC	478,810	446,269
Industrial Services	470,953	378,618
Milltown Home	455,961	419,784
McGrain Home	454,428	424,585
Residential Core	417,836	398,982
Nichols Home	411,528	420,895
Pre-Vocational Services	369,179	410,582
Marvy Ln Home	359,642	440,301
Structured Family Caregiving	348,087	353,638
Department of Indiana Highways Janitorial	346,931	402,063
Employment Services	292,092	298,121
Student Learning	266,844	
Healthy Family	229,225	196,296
Screen Print	225,217	228,418
Pineview SGL	173,889	933
Jumpstart PreSchool	170,408	149,286
Day Service Transportation	168,825	136,053
Pineview Housing Project	125,117	18,271
Transition	118,916	104,691
Apple Orchard Phase 2	116,299	89,452
Jill's Hope	107,210	117,137
Oakview Apartments	107,089	129,198
First Steps LPCC	103,382	100,995
Maintenance Facility	96,617	30,871
Apple Orchard Apartments	89,482	117,992
Grandview Manor North	85,007	60,588
Stepping Stone Apts	62,860	105,440
Drivers Education	60,607	45,286
Harrison Center Apartments	56,499	66,242
Housing	52,093	72,094
City Transit	51,243	71,076
Grandview Manor So Mgmt	50,910	64,317
Country Trace L.P. Mgmt	50,394	34,010

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES, Continued
Years Ended June 30, 2022 and 2021

	2022	2021
Program Services (Continued)		
Non Fixed Route Transportation	43,228	29,042
BR Autumn Ridge II Mgmt	38,366	52,103
Autumn Ridge L.P. Mgmt	36,575	37,462
Children's Transportation	32,579	37,497
IDDD Home	27,500	301,118
CHDO - General	21,900	32,744
BR Country Trace II Mgmt	20,528	12,048
Therapy Services	18,090	25,328
BR Country Trace 3 Mgmt	16,531	10,596
Jackson Court Apartments Mgmt	15,814	10,937
Latchkey	12,597	3,970
Safe Place	6,825	7,819
Lawn Care/Landscape	3,986	6,078
Charter Transportation	3,405	3,646
Community Janitorial	3,220	2,590
Enterprise Pre-Dev	2,339	
Prevent Child Abuse	268	1
Urban Transit	32	
Enterprise	(14)	15,045
Blue River Services, Inc. program services	<u>16,388,749</u>	<u>15,297,095</u>
Blue River Services, Inc. Supporting Services		
Administration	211,218	6,091
Non BRS Rental	61,932	784,000
Disallowable	11,272	406
Outside Services	8,966	289,281
Fund Development	6,745	457
IT Support	3,730	77,860
RBR Alliance		2,325
Blue River Services, Inc. supporting services	<u>303,863</u>	<u>1,160,420</u>
Total Blue River Services, Inc. expenses	16,692,612	16,457,515
Subsidiaries program services		
Blue River Autumn Ridge II LLC	214,070	220,347
Grandview Manor South LLC	179,858	82,692
Jackson Court Apartments LLC	103,827	55,332
Blue River Country Trace II LLC	81,195	160,280
Autumn Ridge Apartments, LP	66,780	40,456
Apple Orchard LLC	64,123	102,571
Grandview Manor North LLC	62,439	
BR Country Trace 3 LLC	55,677	
Country Trace LP	41,345	
Total subsidiaries expenses	<u>869,314</u>	<u>661,678</u>
Total expenses	<u>17,561,926</u>	<u>17,119,193</u>
Change in net assets without donor restrictions	<u>107,140</u>	<u>1,750,488</u>
Net Assets With Donor Restrictions		
Government Financial Assistance and Service Fees	1,227,464	512,198
Contributions	2,239,178	2,774,302
Net assets released from restrictions	<u>(1,033,837)</u>	<u>(565,108)</u>
Change in net assets with donor restrictions	<u>2,432,805</u>	<u>2,721,392</u>
Change in total net assets before merging with Autumn Ridge Apartments LP and Country Trace LP	2,539,945	4,471,880
Excess of assets acquired over liabilities assumed with transfer of Autumn Ridge, Apartments, LP and Country Trace, LP	1,228	
Net assets at the beginning of the year	<u>21,057,524</u>	<u>16,585,644</u>
Net assets at the end of the year	<u>\$ 23,598,697</u>	<u>\$ 21,057,524</u>

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Blue River Services, Inc. Program Services						
	Child Care	21st Century	Student Learning	Latchkey	Jumpstart PreSchool	Prevent Child Abuse	Healthy Family
Salaries - staff	\$ 322,267	\$ 630,946	\$ 205,433	\$ 10,003	\$ 105,737		\$ 147,041
Salaries - client							
Employee benefits	25,919	58,114	22,934	149	12,838		15,888
Payroll taxes	26,574	49,357	14,182	765	7,625		10,840
Total salaries and related expenses	374,760	738,417	242,549	10,917	126,200		173,769
Professional fees	82,451	329,360	20,745	1,079	37,234	\$ 21	18,794
Contributions							
Occupancy	118,344	16,041	1,316		245		6,671
Supplies	79,937	117,449	33	560	5,035	97	2,891
Travel	2,774	5,633	35		439		12,764
Provider taxes							
Equipment	1,094	30,136	1,655		312		746
Telephone	2,278	1,384			265		4,856
Interest							1,023
Miscellaneous	2,295	3,934	291	41	343		557
Liability insurance	413	1,462			127		
Bad debt	2,140						
Postage and shipping		40					15
Conferences and meetings		14,542	220				864
Property tax							
Dues and memberships	30	625			60	150	3,465
Advertising							
Printing and publications							
Fund raising	654						
Special events							
Cash over/short							
Total expenses before depreciation	667,170	1,259,023	266,844	12,597	170,260	268	226,415
Depreciation	22,554	5,949			148		2,810
Total expenses	\$ 689,724	\$ 1,264,972	\$ 266,844	\$ 12,597	\$ 170,408	\$ 268	\$ 229,225
Expenses for the year ended June 30, 2021	<u><u>\$ 600,180</u></u>	<u><u>\$ 1,151,850</u></u>	<u><u>\$</u></u>	<u><u>\$ 3,970</u></u>	<u><u>\$ 149,286</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 196,296</u></u>

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Blue River Services, Inc. Program Services						
	First Steps LPCC	First Steps SPOE	First Steps ED Team	Pre-Vocational Services	Industrial Services	Community Janitorial	Lawn Care/ Landscape
Salaries - staff	\$ 73,635	\$ 1,437,480	\$ 595,832	\$ 158,285	\$ 158,655	\$ 1,704	
Salaries - client				57,968	64,355		
Employee benefits	5,103	183,557	14,943	26,364	9,607	26	
Payroll taxes	5,543	106,569	45,328	16,641	16,564	129	
Total salaries and related expenses	84,281	1,727,606	656,103	259,258	249,181	1,859	
Professional fees	8,444	184,084	170,937	58,462	98,764	283	\$ 265
Contributions							
Occupancy	6,083	87,906		31,859	32,398		
Supplies	1,158	13,059		1,581	28,307	2	
Travel	424	70,335	2,779	2,334	17,990	11	2,815
Provider taxes							
Equipment	54	8,018		523	11,470		306
Telephone	1,243	31,476	650	2,004	2,603	620	
Interest		793					
Miscellaneous	1,036	1,176	162	62	4,650		23
Liability insurance							
Bad debt							
Postage and shipping		3,326			116		
Conferences and meetings	258	806	20		1,202		
Property tax							
Dues and memberships							
Advertising		47		62	1,476		
Printing and publications	58	1,680					
Fund raising							
Special events					48		
Cash over/short							
Total expenses before depreciation	103,039	2,130,312	830,651	356,145	448,205	2,775	3,409
Depreciation	343	8,828		13,034	22,748	445	577
Total expenses	\$ 103,382	\$ 2,139,140	\$ 830,651	\$ 369,179	\$ 470,953	\$ 3,220	\$ 3,986
Expenses for the year ended June 30, 2021	<u>\$ 100,995</u>	<u>\$ 2,186,142</u>	<u>\$ 783,274</u>	<u>\$ 410,582</u>	<u>\$ 378,618</u>	<u>\$ 2,590</u>	<u>\$ 6,078</u>

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Blue River Services, Inc. Program Services						
	Dept of Indiana Highways Janitorial	Screen Print	Therapy Services	Employment Services	Transition	Drivers Education	Safe Place
Salaries - staff	\$ 170,794	\$ 78,677	\$ 8,365	\$ 151,086	\$ 60,326	\$ 25,804	\$ 2,651
Salaries - client							
Employee benefits	23,250	19,189	280	38,588	22,526	373	36
Payroll taxes	12,626	5,750	654	10,482	4,200	1,934	171
Total salaries and related expenses	206,670	103,616	9,299	200,156	87,052	28,111	2,858
Professional fees	95,783	43,754	7,763	52,970	22,167	10,387	386
Contributions							
Occupancy	2,250	12,562	332	10,844	345	529	314
Supplies	31,863	56,568	11	1,202	2,469	5,348	498
Travel	2,256	18	130	8,784	4,511	7,746	15
Provider taxes							
Equipment	2,875	108	6	65	633	4	1,027
Telephone	2,058	3,076	265	9,277	621	970	1,219
Interest				1,754			
Miscellaneous	277	49		1,242	143	500	246
Liability insurance							
Bad debt							
Postage and shipping		349					
Conferences and meetings				375			
Property tax							
Dues and memberships							
Advertising		4,134				490	
Printing and publications							
Fund raising							
Special events							
Cash over/short		(17)					
Total expenses before depreciation	344,032	224,217	17,806	286,669	117,941	54,085	6,563
Depreciation	2,899	1,000	284	5,423	975	6,522	262
Total expenses	\$ 346,931	\$ 225,217	\$ 18,090	\$ 292,092	\$ 118,916	\$ 60,607	\$ 6,825
Expenses for the year ended June 30, 2021	<u><u>\$ 402,063</u></u>	<u><u>\$ 228,418</u></u>	<u><u>\$ 25,328</u></u>	<u><u>\$ 298,121</u></u>	<u><u>\$ 104,691</u></u>	<u><u>\$ 45,286</u></u>	<u><u>\$ 7,819</u></u>

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Blue River Services, Inc. Program Services						
	Hab Training	Structured Family Caregiving	Oak Street Home	Nichols Home	Pineview SGL	Summit View SGL	Milltown Home
Salaries - staff	\$ 292,709	\$ 68,863	\$ 190,915	\$ 171,769	\$ 65,952	\$ 215,836	\$ 162,035
Salaries - client							
Employee benefits	55,158	7,342	19,448	11,076	9,060	22,744	21,934
Payroll taxes	21,534	4,930	14,275	13,147	4,173	16,227	12,110
Total salaries and related expenses	369,401	81,135	224,638	195,992	79,185	254,807	196,079
Professional fees	52,239	255,907	163,252	124,167	45,996	171,702	150,866
Contributions							
Occupancy	22,483	1,137	12,698	10,204	8,641	16,417	14,016
Supplies	11,307	517	33,418	24,847	6,033	27,316	24,963
Travel	13,824	2,233	14,646	13,483	9,716	22,380	31,858
Provider taxes			31,691	31,385	10,889	27,054	29,428
Equipment	1,484	245	2,379	2,847	482	3,011	1,367
Telephone	5,018	3,268	2,851	2,328	674	3,174	3,485
Interest	5,141	764			2,122		
Miscellaneous	925	566	1,732	1,372	611	2,231	868
Liability insurance							
Bad debt			357	357		357	357
Postage and shipping		55	19	14	3	52	10
Conferences and meetings	134	67					
Property tax							
Dues and memberships							
Advertising							
Printing and publications				35			
Fund raising							
Special events	368						
Cash over/short							24
Total expenses before depreciation	482,324	345,894	487,681	407,031	164,352	528,501	453,321
Depreciation	20,833	2,193	3,288	4,497	9,537	17,629	2,640
Total expenses	\$ 503,157	\$ 348,087	\$ 490,969	\$ 411,528	\$ 173,889	\$ 546,130	\$ 455,961
Expenses for the year ended June 30, 2021	<u>\$ 450,814</u>	<u>\$ 353,638</u>	<u>\$ 480,800</u>	<u>\$ 420,895</u>	<u>\$ 933</u>	<u>\$ 485,278</u>	<u>\$ 419,784</u>

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Blue River Services, Inc. Program Services						
	Klerner Ln Home	Marvy Ln Home	McGrain Home	Residential Core	IDDD Home	Wyandotte House	Home/Community Services
Salaries - staff	\$ 256,389	\$ 158,622	\$ 156,559	\$ 289,240	\$ 2,550	\$ 341,830	\$ 624,442
Salaries - client							
Employee benefits	30,041	21,363	17,238	53,518	596	24,612	95,772
Payroll taxes	18,775	12,583	11,528	21,716	610	25,352	45,538
Total salaries and related expenses	305,205	192,568	185,325	364,474	3,756	391,794	765,752
Professional fees	123,113	100,016	176,484	32,944	6,637	44,777	95,632
Contributions							
Occupancy	12,015	6,314	11,091	2,892	4,691	16,195	4,062
Supplies	29,914	14,314	20,436	2,171	101	19,356	5,597
Travel	13,393	18,375	18,232	1,729	4,919	14,149	33,744
Provider taxes	29,769	21,843	29,798				
Equipment	1,758	1,422	4,198	151	235	1,880	446
Telephone	4,059	1,977	2,887	3,830	2,506	6,582	10,646
Interest							763
Miscellaneous	1,354	773	1,371	1,259	536	4,307	2,802
Liability insurance				107			
Bad debt	357	357	357				
Postage and shipping	8	8	26	74			121
Conferences and meetings				99			134
Property tax							
Dues and memberships				200	870	895	250
Advertising							48
Printing and publications							
Fund raising							
Special events							24
Cash over/short						(2)	
Total expenses before depreciation	520,945	357,967	450,205	409,930	24,251	499,933	920,021
Depreciation	2,119	1,675	4,223	7,906	3,249	19,971	15,016
Total expenses	\$ 523,064	\$ 359,642	\$ 454,428	\$ 417,836	\$ 27,500	\$ 519,904	\$ 935,037
Expenses for the year ended June 30, 2021	\$ 489,595	\$ 440,301	\$ 424,585	\$ 398,982	\$ 301,118	\$ 356,965	\$ 809,048

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Blue River Services, Inc. Program Services						
	Housing	Oakview Apartments	Autumn Ridge L.P. Mgmt	Country Trace L.P. Mgmt	BR Autumn Ridge II Mgmt	BR Country Trace II Mgmt	Stepping Stone Apts
Salaries - staff	\$ 21,040	\$ 13,817	\$ 24,773	\$ 20,734	\$ 28,677	\$ 15,699	\$ 10,294
Salaries - client							
Employee benefits	2,408	1,776	3,954	2,962	4,026	2,056	1,606
Payroll taxes	1,608	1,019	1,879	1,539	2,119	1,095	767
Total salaries and related expenses	25,056	16,612	30,606	25,235	34,822	18,850	12,667
Professional fees	12,047	11,333	3,382	4,138	3,237	1,642	3,622
Contributions							
Occupancy	3,407	25,540	450				14,968
Supplies	2,674	32	32		32	32	44
Travel	2,657	33	1,268	521	275	4	620
Provider taxes							
Equipment	591	1,183					
Telephone	3,122						1,748
Interest		1,834	803				
Miscellaneous	256	46	34	20,500			
Liability insurance							
Bad debt		2,125					295
Postage and shipping	82	58					58
Conferences and meetings	897						
Property tax							
Dues and memberships	422						
Advertising	744						
Printing and publications	112						
Fund raising							
Special events							
Cash over/short							
Total expenses before depreciation	52,067	58,796	36,575	50,394	38,366	20,528	34,022
Depreciation	26	48,293					28,838
Total expenses	\$ 52,093	\$ 107,089	\$ 36,575	\$ 50,394	\$ 38,366	\$ 20,528	\$ 62,860
Expenses for the year ended June 30, 2021	\$ 72,094	\$ 129,198	\$ 37,462	\$ 34,010	\$ 52,103	\$ 12,048	\$ 105,440

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Blue River Services, Inc. Program Services						
	BR Country Trace 3 Mgmt	Grandview Manor So Mgmt	Jill's Hope	Jackson Court Apartments Mgmt	Enterprise Enterprise	Enterprise Pre-Dev	Harrison Center Apartments
Salaries - staff	\$ 12,929	\$ 39,943	\$ 9,991	\$ 12,807		\$ 1,874	\$ 8,669
Salaries - client							
Employee benefits	1,456	3,108	1,021	783		219	979
Payroll taxes	884	3,019	685	899		93	637
Total salaries and related expenses	15,269	46,070	11,697	14,489		2,186	10,285
Professional fees	1,262	4,360	25,971	1,246	\$ (14)	149	7,658
Contributions							
Occupancy			27,829				12,531
Supplies		32	2,484	32			979
Travel		448	34	47		4	243
Provider taxes							
Equipment			1,802				342
Telephone			3,461				
Interest							
Miscellaneous							
Liability insurance							
Bad debt			5,004				
Postage and shipping							58
Conferences and meetings							
Property tax							
Dues and memberships							32
Advertising							
Printing and publications							
Fund raising							
Special events							
Cash over/short							
Total expenses before depreciation	16,531	50,910	78,282	15,814	(14)	2,339	32,128
Depreciation			28,928				24,371
Total expenses	\$ 16,531	\$ 50,910	\$ 107,210	\$ 15,814	\$ (14)	\$ 2,339	\$ 56,499
Expenses for the year ended June 30, 2021	\$ 10,596	\$ 64,317	\$ 117,137	\$ 10,937	\$ 15,045		\$ 66,242

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Blue River Services, Inc. Program Services						
	Apple Orchard Apartments	Grandview Manor North	Apple Orchard Phase 2	Pineview Housing Project	CHDO - General	WIC	Day Service Transportation
Salaries - staff	\$ 18,807	\$ 30,064	\$ 26,463	\$ 6,622	\$ 15,623	\$ 281,069	\$ 77,243
Salaries - client							
Employee benefits	2,935	2,847	4,852	911	2,729	49,023	1,261
Payroll taxes	1,484	2,312	1,990	633	1,347	20,420	5,569
Total salaries and related expenses	23,226	35,223	33,305	8,166	19,699	350,512	84,073
Professional fees	62,716	49,362	78,085	116,913	2,201	42,104	11,717
Contributions							
Occupancy						40,053	1,298
Supplies	256	110	256			17,805	385
Travel	97	312	8			1,673	42,199
Provider taxes							
Equipment	1,344					924	43
Telephone						10,657	2,737
Interest	1,843		4,645			2,715	
Miscellaneous						226	1,050
Liability insurance						262	
Bad debt							
Postage and shipping						1,024	
Conferences and meetings						5,044	
Property tax				38			
Dues and memberships						50	
Advertising							
Printing and publications						935	
Fund raising							
Special events							
Cash over/short							
Total expenses before depreciation	89,482	85,007	116,299	125,117	21,900	473,984	143,502
Depreciation						4,826	25,323
Total expenses	\$ 89,482	\$ 85,007	\$ 116,299	\$ 125,117	\$ 21,900	\$ 478,810	\$ 168,825
Expenses for the year ended June 30, 2021	\$ 117,992	\$ 60,588	\$ 89,452	\$ 18,271	\$ 32,744	\$ 446,269	\$ 136,053

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Blue River Services, Inc. Program Services						
	Non Fixed Route Transportation	Children's Transportation	Charter Transportation	Public Transportation	City Transit	Urban Transit	Maintenance Facility
Salaries - staff	\$ 606	\$ 13,629	\$ 295	\$ 267,571	\$ 18,547	\$ 32	\$ 27,466
Salaries - client							
Employee benefits		801	7	21,802	797		4,597
Payroll taxes	48	951	31	19,718	1,393		1,890
Total salaries and related expenses	654	15,381	333	309,091	20,737	32	33,953
Professional fees	3,131	2,722	325	61,185	3,062		6,751
Contributions							
Occupancy		235		7,462	5,086		8,828
Supplies		59		5,337	1,389		33,210
Travel	30,290	12,917	2,747	132,945	7,016		644
Provider taxes							
Equipment		5		19,705	258		937
Telephone		1,024		3,911	1,208		982
Interest							
Miscellaneous	10	100		9,342	44		301
Liability insurance							
Bad debt							
Postage and shipping				60			
Conferences and meetings				17			
Property tax							
Dues and memberships							
Advertising	2,370			2,307			
Printing and publications				1,489	302		
Fund raising							
Special events							
Cash over/short							
Total expenses before depreciation	36,455	32,443	3,405	552,851	39,102	32	85,606
Depreciation	6,773	136		115,801	12,141		11,011
Total expenses	\$ 43,228	\$ 32,579	\$ 3,405	\$ 668,652	\$ 51,243	\$ 32	\$ 96,617
Expenses for the year ended June 30, 2021	<u>\$ 29,042</u>	<u>\$ 37,497</u>	<u>\$ 3,646</u>	<u>\$ 582,641</u>	<u>\$ 71,076</u>	<u>\$</u>	<u>\$ 30,871</u>

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Blue River	Blue River Services, Inc. Supporting Services					
	Program Svcs	Fund	RBR	Outside	Administration	IT Support	Non BRS
	Subtotal	Development	Alliance	Services			Rental
Salaries - staff	\$ 8,347,716			\$ 8,272			
Salaries - client	122,323						
Employee benefits	988,502			102			
Payroll taxes	632,461			592			
Total salaries and related expenses	10,091,002			8,966			
Professional fees	3,308,172				\$ 43,818		\$ 3,280
Contributions							
Occupancy	618,582				70,059	\$ 959	24,148
Supplies	633,538				5,262	34	807
Travel	591,476				8,422		
Provider taxes	211,857						
Equipment	108,071				3,370	292	92
Telephone	147,000	\$ 776			10,568	939	802
Interest	24,200						
Miscellaneous	69,643				14,909	5	41
Liability insurance	2,371				20,505		
Bad debt	12,063						
Postage and shipping	5,576	1,576			392		
Conferences and meetings	24,679				4,973		
Property tax	38						8,228
Dues and memberships	7,049				2,175		
Advertising	11,678	1,239			4,832		
Printing and publications	4,611				951		
Fund raising	654	3,154					
Special events	440				508		
Cash over/short	5						
Total expenses before depreciation	15,872,705	6,745		8,966	190,744	2,229	37,398
Depreciation	516,044				20,474	1,501	24,534
Total expenses	\$ 16,388,749	\$ 6,745	\$	\$ 8,966	\$ 211,218	\$ 3,730	\$ 61,932
Expenses for the year ended June 30, 2021	<u>\$ 15,297,095</u>	<u>\$ 6,091</u>	<u>\$ 784,000</u>	<u>\$ 406</u>	<u>\$ 289,281</u>	<u>\$ 457</u>	<u>\$ 77,860</u>

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Disallowable Costs	Blue River Supporting Svcs Subtotal	Total Blue River Services	Subsidiaries Program Services			
				Blue River Autumn Ridge II LLC	Blue River Country Trace II LLC	BR Country Trace 3 LLC	Grandview Manor South LLC
Salaries - staff		\$ 8,272	\$ 8,355,988				
Salaries - client			122,323				
Employee benefits		102	988,604				
Payroll taxes		592	633,053				
Total salaries and related expenses		8,966	10,099,968				
Professional fees	\$ 8,796	55,894	3,364,066	\$ 6,292	\$ 2,482	\$ 2,621	\$ 12,413
Contributions							
Occupancy		95,166	713,748	41,122	18,888	13,831	49,229
Supplies		6,103	639,641	598	623	140	2,943
Travel		8,422	599,898	1,954			4,111
Provider taxes			211,857				
Equipment		3,754	111,825	10,537	962	908	1,839
Telephone		13,085	160,085	1,189			4,722
Interest			24,200	22,823	5,181		21,642
Miscellaneous	2,476	17,431	87,074	262	(2)	(13)	138
Liability insurance		20,505	22,876				
Bad debt			12,063				
Postage and shipping		1,968	7,544	113	113	113	116
Conferences and meetings		4,973	29,652	1,052			268
Property tax		8,228	8,266				
Dues and memberships		2,175	9,224	370			
Advertising		6,071	17,749				80
Printing and publications		951	5,562				
Fund raising		3,154	3,808				
Special events		508	948				
Cash over/short			5				
Total expenses before depreciation	11,272	257,354	16,130,059	86,312	28,247	17,600	97,501
Depreciation		46,509	562,553	127,758	52,948	38,077	82,357
Total expenses	\$ 11,272	\$ 303,863	\$ 16,692,612	\$ 214,070	\$ 81,195	\$ 55,677	\$ 179,858
Expenses for the year ended June 30, 2021	<u>\$ 2,325</u>	<u>\$ 1,160,420</u>	<u>\$ 16,457,515</u>	<u>\$ 220,347</u>	<u>\$ 82,692</u>	<u>\$ 55,332</u>	<u>\$ 160,280</u>

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

With Comparative Totals for 2021

	Subsidiaries Program Services					June 30, 2021	
	Grandview Manor North LLC	Jackson Court Apartments LLC	Apple Orchard LLC	Autumn Ridge Apartments, LP	Country Trace LP	Total Expenses	Total All Funds (Memorandum Only)
Salaries - staff						\$ 8,355,988	\$ 8,016,064
Salaries - client						122,323	125,694
Employee benefits						988,604	934,013
Payroll taxes						633,053	605,117
Total salaries and related expenses						10,099,968	9,680,888
Professional fees	\$ (1,556)	\$ 2,899	\$ 2,529	\$ 1,758	\$ 6,837	3,400,341	3,036,488
Contributions							784,000
Occupancy	32,356	19,106	11,083	12,260	8,324	919,947	759,234
Supplies	685	137	372	81	(32)	645,188	580,174
Travel						605,963	430,065
Provider taxes						211,857	221,158
Equipment		370	230	265	126	127,062	202,809
Telephone	78	1,405	506	480	284	168,749	187,104
Interest	3,868	2,800	900	17,930	10,593	109,937	99,155
Miscellaneous	28	178	109	100		87,874	66,713
Liability insurance					306	23,182	22,856
Bad debt	14				14	12,091	16,181
Postage and shipping	58	55	34	58	37	8,241	14,930
Conferences and meetings						30,972	14,289
Property tax	2,744			(1,584)	(1,352)	8,074	12,555
Dues and memberships						9,594	9,894
Advertising		61				17,890	7,044
Printing and publications						5,562	4,056
Fund raising						3,808	3,045
Special events						948	219
Cash over/short						5	(97)
Total expenses before depreciation	38,275	27,011	15,763	31,348	25,137	16,497,253	16,152,760
Depreciation	24,164	76,816	48,360	35,432	16,208	1,064,673	966,433
Total expenses	\$ 62,439	\$ 103,827	\$ 64,123	\$ 66,780	\$ 41,345	\$ 17,561,926	\$ 17,119,193
Expenses for the year ended June 30, 2021	\$ 40,456	\$ 102,571	\$	\$	\$	\$ 17,119,193	

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ 2,539,945	\$ 4,471,880
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,064,673	966,433
Contribution of vehicles and property, net	(141,236)	484,000
Interest expense - bond and loan costs	17,954	19,385
Gain on sale of assets	(5,958)	(451,260)
Forgiveness of loan	(152,498)	(152,498)
Decrease (increase) in assets:		
Grants receivable	12,588	(342,971)
Government contracts receivable	107,279	(85,536)
Accounts receivable	28,210	93,462
Prepaid expense	(36,575)	(4,048)
Inventory	19,464	(38,871)
Increase (decrease) in liabilities:		
Accounts payable	(64,366)	412,504
Accrued liabilities	18,523	60,642
Deposits and deferred revenue	97,838	4,370
Net cash flows from operating activities	<u>3,505,841</u>	<u>5,437,492</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(3,678,117)	(3,664,832)
Cash proceeds from disposals of property and equipment	7,070	18,850
Purchase of certificates of deposit	(117)	(359)
Acquisitions, net of cash acquired	248,471	
Payments received on note receivable	6,997	6,927
Accrual of interest on note receivable	(426)	(55,393)
Payment of interest on note receivable	803	872
Net cash flows from investing activities	<u>(3,415,319)</u>	<u>(3,693,935)</u>
Cash Flows From Financing Activities		
Principal payments on loans	(98,404)	(277,162)
Proceeds of loans		88,496
Principal payments on capital leases	(2,886)	(3,204)
Forgiveness of Paycheck Protection Loan		(1,944,577)
Proceeds from line of credit/construction loans	1,001,162	441,043
Net cash flows from financing activities	<u>899,872</u>	<u>(1,695,404)</u>
Net change in cash, restricted cash and cash equivalents	990,394	48,153
Cash, restricted cash and cash equivalents at the beginning of the year	<u>2,564,356</u>	<u>2,516,203</u>
Cash, restricted cash and cash equivalents at the end of the year	<u>\$ 3,554,750</u>	<u>\$ 2,564,356</u>
Cash Reconciliation as Reported on the Consolidated Statements of Financial Position		
Cash and cash equivalents	\$ 2,644,001	\$ 2,003,180
Restricted cash	910,749	561,176
	<u>\$ 3,554,750</u>	<u>\$ 2,564,356</u>

See Notes to Consolidated Financial Statements.

BLUE RIVER SERVICES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of Organization and Summary of Significant Accounting Policies

Description of Organization:

The summary of significant accounting policies of Blue River Services, Inc. and its wholly-owned subsidiaries, Blue River Autumn Ridge II, LLC, Blue River Country Trace II, LLC, BR Country Trace 3, LLC, Grandview Manor South, LLC, Grandview Manor North, LLC, Jackson Court Apartments, LLC, Apple Orchard, LLC, Autumn Ridge Apartments, L.P., and Country Trace, L.P., hereafter referred to as the “Organizations,” is presented to assist in understanding the Organizations’ consolidated financial statements.

Blue River Services, Inc. and its wholly-owned subsidiaries acts as the provider in the administration of government programs. The Organizations’ mission is to assist people with disabilities in realizing maximum personal growth and development in home, work and the community by providing a continuum of individualized services and support in settings least restrictive for the needs of the individual. As an adjunct to these services, whenever possible, the Organizations will serve the similar needs of the general community by providing services in non-segregated, community based settings which emphasize the integrated inclusion of people with disabilities into all areas of life which are enjoyed by members of the community. The Organizations provide the following services:

- **Family and children’s services** such as childcare, PreSchool, Healthy Families home visitation, First Steps, WIC nutrition programs, and 21st Century.
- **Employment services** in the areas of vocational evaluation, work services, driver’s training, placement, and supported employment.
- **Residential services** such as supervised group living, structured family care giving, and in-home services.
- **Transportation services** in the areas of deviated routes to access services and public transit for the general public.
- **Other services** include housing development, youth residential shelters, pre-vocational, and therapy services.

Blue River Services, Inc. is primarily supported through fees to individuals, often paid through programs such as Medicaid and other government programs.

Blue River Autumn Ridge II, LLC is a single member Limited Liability Company established in 2009 and owned by Blue River Services, Inc. Blue River Autumn Ridge II, LLC owns, develops and rents real estate.

Blue River Country Trace II, LLC is a single member Limited Liability Company established in 2012 and owned by Blue River Services, Inc. Blue River Country Trace II, LLC owns, develops and rents real estate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BR Country Trace 3, LLC is a single member Limited Liability Company established in 2014 and owned by Blue River Services, Inc. BR Country Trace 3, LLC owns, develops and rents real estate.

Grandview Manor South, LLC is a single member Limited Liability Company established in 2016 and owned by Blue River Services, Inc. Grandview Manor South, LLC owns, develops and rents real estate.

Grandview Manor North, LLC is a single member Limited Liability Company established in 2020 and owned by Blue River Services, Inc. Grandview Manor North, LLC owns, develops and rents real estate.

Jackson Court Apartments, LLC is a single member Limited Liability Company established in 2016 and owned by Blue River Services, Inc. Jackson Court Apartments, LLC owns, develops and rents real estate.

Apple Orchard, LLC is a single member Limited Liability Company established in 2019 and owned by Blue River Services, Inc. Apple Orchard, LLC owns, develops and rents real estate.

Autumn Ridge Apartments, L.P. is a Limited Partnership established in 2005 and owned 99.99% by Blue River Services, Inc. and .01% by Blue River Housing Development. Autumn Ridge, L.P. owns, develops and rents real estate.

Country Trace, L.P. is a Limited Partnership established in 2007 and owned 99.99% by Blue River Services, Inc. and .01% by Blue River Housing Development. Country Trace, L.P. owns, develops and rents real estate.

The Organizations follow the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations as described in the American Institute of Certified Public Accountants' "Audit and Accounting Guide for Not-for-Profit Entities". Accordingly, the consolidated financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Summary of significant accounting policies:

This summary of significant accounting policies of the Organizations is presented to assist in understanding the Organizations' consolidated financial statements. The consolidated financial statements and notes are representations of the Organizations' management who is responsible for the integrity and objectivity of the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements:

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiaries, Blue River Autumn Ridge II, LLC, Blue River Country Trace II, LLC, Blue River Country Trace 3, LLC, Grandview Manor South, LLC, Grandview Manor North LLC, Jackson Court Apartments, LLC, Apple Orchard, LLC, Autumn Ridge Apartments, L.P., and Country Trace, L.P. All inter-organizational accounts and transactions have been eliminated in the consolidation.

Net assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets 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 restrictions. Net assets without donor restrictions include assets designated by the board for particular purposes.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. The Organizations' donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition:

Contract revenue, as defined under Accounting Standards Codification 606, is derived primarily from providing health and human, management, and consulting services to individuals seeking the services. Revenue is recognized at a point in time or over time as the services are rendered satisfying the performance obligations.

Revenue recognized over time:

The Organizations recognize revenue from certain contracts over time as services are rendered under the contracts. Revenue is primarily derived from contracts that generally span one year or less. Revenue is recognized using the input method as time has elapsed.

Transaction prices vary according to the terms of the contracts and is the amount of consideration the Organizations expect to be entitled in exchange for services rendered. The consideration promised in a contract may include both fixed and variable amounts. The Organizations consider their historical experience in meeting contract specifications and performance indicators to estimate the amount of variable consideration to which it may be entitled or liable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revenue recognized at a point in time:

The Organizations recognize revenue from certain contracts at a point in time when the service is rendered. Revenues are reported at the estimated net realizable amounts for services rendered. Transaction prices vary according to the type, level, and volume of services rendered. Amounts are generally billed as services are rendered.

The Organizations have determined that the nature, amount, timing and uncertainty of contract revenues and cash flows are affected by the economy and stability of the government. In this industry, laws and regulations are extremely complex and subject to interpretation and can also be subject to future government review and revision. The current level of the Organizations' operations and program services may be impacted if program funding is significantly decreased. Refer to Note 14 for additional information.

Estimates:

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

Cash and cash equivalents:

Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Restricted cash:

Restricted cash consists of cash required to be used or held for specific purposes, such as escrow balances and required reserves.

Certificates of deposit:

Certificates of deposit consist of certificates held at financial institutions which have a maturity date greater than ninety (90) days, and are stated at cost, which approximates fair value.

Grants, government contracts and accounts receivable:

Grants, government contracts and accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. As a result, management does not believe an allowance is necessary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unconditional promises to give:

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Contributions which are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Inventory:

Generally, supplies inventory purchased for use in program and supporting services are carried at the lower of cost or net realizable value, using the first in first out method.

Donated services, building and equipment:

During the years ended June 30, 2022 and 2021, the value of contributed services meeting the requirement for recognition in the consolidated financial statements was not material and has not been recorded. Many individuals volunteer their time and perform a variety of tasks that assist the Organizations in their various programs; however these services do not meet the criteria for recognition in the consolidated financial statements as contributed services. Certain contributed property is recorded as support and expensed at fair value when determinable, otherwise at values indicated by the donor.

For the years ended June 30, 2022 and 2021, the Organizations received donated vehicles, building and equipment valued at \$141,236 and \$368,377, respectively. The amount recorded for June 30, 2021 includes \$300,000 for the Spring Street building received from Rauch, Inc.

In-kind contributions are reported as contributions at their estimated fair value on the date of receipt and reported as assets or expenses when utilized. Estimated fair value is determined based on information provided by the donor regarding the value of goods and services received. In-kind contributions were used to support general programming during the years ended June 30, 2022 and 2021. There were no donor restrictions on in-kind contributions for the years ended June 30, 2022 and 2021.

Intangible assets:

Bond issue costs and loan fees are amortized using the effective interest method over the life of the loan or bond issue and recorded as interest expense. In accordance with accounting principles generally accepted in the United States of America, goodwill is no longer amortized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property and equipment:

Property and equipment is stated at cost less accumulated depreciation. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation is provided over the estimated useful lives of the assets on the straight-line basis. The range of estimated useful lives for assets is 5-39 years. The Organizations' general policy for the years ended June 30, 2022 and 2021 was to expense assets costing \$2,500 or less. Donations of property and equipment valued at greater than \$5,000 are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Advertising:

Advertising costs are expensed as incurred. Advertising expense was \$17,890 and \$7,044 for the years ended June 30, 2022 and 2021, respectively.

Functional allocation of expenses:

The consolidated statement of functional expenses presents expenses by both natural and functional classification. Costs are allocated under their respective functional department based on a variety of factors, such as time analysis, usage logs, and square footage of space utilized.

The June 30, 2022 statement of functional expenses presents summarized comparative information from the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations' consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Income taxes:

Blue River Services, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization evaluates its uncertain tax positions in accordance with applicable standards. It has evaluated its tax positions, and believes that it has none that are uncertain. Blue River Autumn Ridge II, LLC, Blue River Country Trace II, LLC, BR Country Trace 3, LLC, Grandview Manor South, LLC, Grandview Manor North LLC, Jackson Court Apartments, LLC, and Apple Orchard, LLC are Indiana limited liability companies. Autumn Ridge Apartments L.P. and Country Trace L.P. are Indiana limited partnerships.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A consolidated exempt organization return is filed for Blue River Services, Inc., Blue River Autumn Ridge II, LLC, Blue River Country Trace II, LLC, BR Country Trace 3, LLC, Grandview Manor South, LLC, Grandview Manor North LLC, Jackson Court Apartments, LLC, Apple Orchard, LLC, Autumn Ridge Apartments, L.P. and Country Trace, L.P.

Newly issued standards not yet effective:

The Financial Accounting Standards Board issued the following accounting standards, which will be effective in subsequent years: 1) ASU No. 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2021; and 2) ASU No. 2016-13, *Financial Instruments-Credit Losses*, effective for fiscal years beginning after December 15, 2022.

The Organizations are evaluating the impact of these standards on future financial statements.

Accounting change:

The FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard modifies the presentation and disclosure requirements for in-kind contributions. The Organization has implemented the provisions of ASU No. 2020-07 retrospectively to all periods presented.

Date of management's review:

Management has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2022 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through the date of the report, which is the date these consolidated financial statements were available to be issued.

Reclassifications:

Certain accounts in the prior-year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Liquidity and Availability

Funds available for general expenditures within one year of the June 30, 2022 and 2021 consolidated statements of financial position date include the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$2,644,001	\$2,003,180
Certificates of deposit	32,018	31,901
Receivables	<u>1,471,643</u>	<u>1,429,052</u>
	<u>\$4,147,662</u>	<u>\$3,464,133</u>
Available line of credit	<u>\$1,500,000</u>	<u>\$1,500,000</u>

Blue River Services, Inc. and its wholly-owned subsidiaries are supported by contributions through various government programs. The revenues for these contracts are either cost reimbursement or rate based programs. As disclosed above, the consolidated companies of Blue River Services, Inc. have cash and cash equivalents, certificates of deposit, and receivables available to be used within one year of the statement of financial position date to meet cash needs for general expenditures. As of June 30, 2022 and 2021, the line of credit had an available balance of \$1,500,000 to meet any short term financial needs. Blue River Services, Inc. and its wholly-owned subsidiaries have a goal to maintain financial reserves or a line of credit equal to three months' operating expense.

Note 3. Cash on Deposit in Excess of Federal Deposit Insurance Limits

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organizations have never experienced any losses related to these balances.

Note 4. Grants, Government Contracts and Accounts Receivable

Grants, government contracts and accounts receivable consist of the following at June 30:

Grants Receivable	<u>2022</u>	<u>2021</u>
First Steps	\$ 413,749	\$ 345,562
INDOT - Public Transportation	211,690	123,200
IN Housing Finance Authority	196,732	415,701
Women, Infant, Children Program	77,776	67,848
IN Department of Education - 21st Century	77,438	37,122
Healthy Families IN	32,654	29,558
Other Grants	<u>3,171</u>	<u>6,807</u>
Total grants receivable	<u>\$1,013,210</u>	<u>\$1,025,798</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Government Contracts Receivable	<u>2022</u>	<u>2021</u>
EDS - Medicaid	\$234,487	\$257,982
School Contract	77,962	110,806
DFC	64,653	92,908
IN Department of Education	38,980	
FSSA- SACC	25,557	27,668
Affordable Housing Program	10,695	
Subsidized Child Care	9,022	8,691
Choice	378	372
State Line Item	222	370
E. Washington 21st Century	<u> </u>	<u>70,438</u>
Total government contracts receivable	<u>\$461,956</u>	<u>\$569,235</u>
Accounts Receivable	<u>2022</u>	<u>2021</u>
Workshop Contract Sales	\$ 47,334	\$ 71,225
Miscellaneous	43,168	42,424
Treasurer of Harrison Co. - Local Match Public Trans.	25,000	25,000
Shared IT Technician	23,708	
Metro United Way	16,110	15,203
Rescare	10,605	11,550
Screen Print Sales	9,158	8,112
Maintenance Facility Vehicle Repairs (sales)	5,616	
Public School	3,200	100
Autumn Ridge LP (rent)	3,175	
Loans	1,833	1,289
Apple Orchard (rent)	1,490	
Grandview North Accounts Receivable (rent)	1,285	
Autumn Ridge II Accounts Receivable (rent)	1,187	1,905
Country Trace LP (rent)	1,172	
Client Fees	862	239
Country Trace II (rent)	806	
Grandview South Accounts Receivable (rent)	501	11
Housing Management Fees		36,552
Harrison Co. Community Foundation		5,464
Public Support	<u> </u>	<u>5,346</u>
Total accounts receivable	<u>\$196,210</u>	<u>\$224,420</u>

Note 5. Notes Receivable

Blue River Services, Inc. had notes and interest receivable from Autumn Ridge Apartment, L.P. and Country Trace, L.P. During fiscal year 2022, the remaining 99.99% ownership of Autumn Ridge Apartments, L.P. and Country Trace, L.P. was transferred to Blue River Services, Inc. The majority of the notes receivable and accrued interest due from the two entities, totaling \$2,454,046, was forgiven by Blue River Services, Inc. This amount was eliminated in the consolidated financial statements. One note remains from Blue River Services, Inc. to Autumn Ridge Apartments, L.P. with a total of \$73,740 at June 30, 2022, including \$73,315 of principal and \$425 of accrued interest. This intercompany loan and interest receivable were eliminated in the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes receivable consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Note receivable from Autumn Ridge Apartments, LP, due December 31, 2035, to be received in one lump sum including interest at 4.79%		\$ 254,663
Note receivable from Autumn Ridge Apartments, LP, due December 31, 2035, to be received in one lump sum including interest at 4.79%		500,000
Note receivable from Autumn Ridge Apartments, LP due December 31, 2035, to be received in one lump sum including interest at 4.79%		40,000
Note receivable from Autumn Ridge Apartments, LP due November 15, 2022, including interest at 1.00%		80,312
Note receivable from Country Trace, LP, due December 10, 2037, to be received in one lump sum, including interest at 1.00%		500,000
Note receivable from Country Trace, LP, due August 1, 2037, to be received in one lump sum, including interest at 1.00%		50,000
Note receivable from Country Trace, LP, due October 1, 2037, to be received in one lump sum, including interest at 5.00%		200,000
Note receivable from Country Trace, LP, due March 1, 2039, to be received in one lump sum, including interest at 1.00%	<u> </u>	<u>100,000</u>
Total notes receivable	<u>\$ </u>	<u>\$1,724,975</u>
Accrued interest receivable on the above notes	<u>\$ </u>	<u>\$ 778,957</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Fixed Assets and Intangibles

Fixed assets and intangibles consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Property and equipment		
Land	\$ 1,610,930	\$ 1,382,134
Buildings and improvements	32,022,908	21,374,350
Vehicles	2,070,920	2,170,241
Furniture and equipment	<u>1,885,827</u>	<u>1,417,055</u>
	37,590,585	26,343,780
Accumulated depreciation	<u>(15,638,599)</u>	<u>(11,397,619)</u>
Property and equipment, net	<u>\$21,951,986</u>	<u>\$14,946,161</u>
Construction in progress	<u>\$ 1,261,548</u>	<u>\$ 2,761,329</u>
Goodwill	\$ 10,000	\$ 10,000
Accumulated amortization	<u>(3,250)</u>	<u>(3,250)</u>
Goodwill, net	<u>\$ 6,750</u>	<u>\$ 6,750</u>

Note 7. Line of Credit

Blue River Services, Inc. has a \$1,500,000 line of credit with First Harrison Bank. The line of credit is secured by various real estate assets of Blue River Services, Inc. The line of credit matures in October 2023. At June 30, 2022 and 2021 the interest rate charged on the line of credit was 4.75% and 3.25%, respectively. At June 30, 2022 and 2021, the balance on the line of credit was \$0.

Note 8. Loan Covenant Requirements

The Organization had a loan payable to Regions Bank that included, as a part of the loan agreement, covenants that required Blue River Services, Inc. to maintain financial ratios as follows:

Minimum Debt Service Coverage of not less than 1.25:1
Minimum Debt to Net Worth not to exceed 1.25:1

For the year ended June 30, 2021 Blue River Services, Inc. was not aware of any covenant violations with the required ratios. The loan was paid off during the year ended June 30, 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Loans

Loans consist of the following at June 30:

<u>Lender</u>	<u>Interest Rate</u>		<u>Maturity Date</u>	<u>Security</u>	<u>2022</u>	<u>2021</u>
	<u>Type</u>	<u>Current</u>				
IHCDA	*	*	*	Autumn Ridge II	\$ 609,990	\$ 762,488
Old National Bank	Fixed	5.90%	7/12/2031	Grandview Manor South	326,641	349,853
USDA Rural Dev	Fixed	4.125%	8/15/2051	Reid Avenue	311,783	317,041
Old National Bank	Fixed	4.00%	5/30/2032	Grandview Manor North	698,682	214,757
First Harrison Bank	Fixed	3.750%	11/20/2026	Autumn Ridge II	123,523	139,662
Old National Bank	Variable	3.650%	12/8/2026	Apple Orchard Ph2	147,292	124,846
First Savings Bank	Fixed	4.250%	6/5/2036	Pine View	97,478	100,000
First Harrison Bank	Fixed	5.50%	1/20/2029	Country Trace II	80,863	90,844
IHCDA	Fixed	3.00%	10/1/2033	Jackson Court	85,804	87,756
IHCDA	Fixed	1.00%	12/25/2027	Autumn Ridge	73,315	80,311
First Harrison Bank	Fixed	3.75%	12/15/2025	Oakview Apartments	42,165	53,244
Old National Bank	Fixed	3.00%	5/14/2026	Vehicle	13,961	19,365
IHCDA	Fixed	1.250%	6/30/2037	Apple Orchard Ph1	350,000	
First Harrison Bank	Fixed	3.750%	7/5/2025	Autumn Ridge LP	130,010	
Merchants Capital	Fixed	4.90%	10/1/2049	Country Trace LP	501,636	
IHCDA	N/A	**	7/1/2023	Carefree Meadows	<u>5,537</u>	
					\$3,598,680	\$2,340,167
Less unamortized loan and compliance fees					<u>(100,955)</u>	<u>(103,603)</u>
Total installment loans and mortgage loans					<u>\$3,497,725</u>	<u>\$2,236,564</u>

* On November 18, 2009, Blue River Autumn Ridge II, LLC obtained a loan, in the form of a forgivable grant, through the Indiana Housing and Community Development Authority, as the administrator of the American Recovery and Reinvestment of 2009 Section 1602 Tax Credit Exchange Program. Pursuant to the loan agreement, the loan is guaranteed by the borrower and is secured by a mortgage. The loan is subject to a fifteen-year compliance period to assure that the building will remain available for qualified low-income housing. There are no scheduled payments of principal and interest. Since the loan is in essence a forgivable grant as long as compliance is met annually over the fifteen-year period, as such, no interest has been imputed. Commencing on the first anniversary of the conversion date, and continuing each year on the anniversary date thereof, IHCDA shall cause the outstanding principal balance of the loan to be reduced by an amount equal to one-fifteenth (1/15th), equaling \$152,498, of the original principal balance of the loan. For each of the years ended June 30, 2022 and 2021, one-fifteenth of the outstanding principal balance of the loan was reduced and recorded as grant revenue on the statement of activities.

** This loan is at 0.00% interest rate. The interest either has been forgiven or will be forgiven in the future at maturity date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of the maturity of long-term debt is presented below, of which \$152,498 will be forgiven each year.

<u>Years ending June 30,</u>	
2023	\$ 307,393
2024	311,840
2025	323,810
2026	322,674
2027	281,549
Thereafter	<u>2,051,414</u>
	3,598,680
Less unamortized loan and compliance fees	<u>(100,955)</u>
Total	<u>\$3,497,725</u>

Note 10. Capital Lease Liability

The Organizations lease office equipment under various capital leases, with remaining balances as follows at June 30:

<u>Assets</u>	<u>Lessor</u>	<u>Maturity Date</u>	<u>2022</u>	<u>2021</u>
Taskalfa 5501i Copier	M&M Office Products	3/12/2024	\$ 880	\$1,360
Ricoh IM5000 Copier	Duplicator Sales & Service, Inc.	9/1/2024	4,088	
Ricoh IM5000 Copier	Duplicator Sales & Service, Inc.	8/1/2024	3,937	
Taskalfa 5002i DP-7100	GreatAmerica Financial Services	7/17/2021		149
Taskalfa 5500i Copier	M&M Office Products	7/7/2021		<u>68</u>
			<u>\$8,905</u>	<u>\$1,577</u>

The following is a schedule by years of future minimum rental payments required under the capital leases:

<u>Years ending June 30,</u>	
2023	\$4,114
2024	4,034
2025	<u>757</u>
	<u>\$8,905</u>

Following is a summary of property held under capital lease at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Copiers	\$12,342	\$ 9,240
Less accumulated depreciation	<u>(3,540)</u>	<u>(4,492)</u>
Net book value	<u>\$ 8,802</u>	<u>\$ 4,748</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Significant Third-Party Reimbursements

The Organizations receive significant fees from the Medicaid program for the services provided to group home residents and waiver clients. During the years ended June 30, 2022 and 2021, the Organizations received 24 and 20 percent, respectively, of total revenue and support from Medicaid under these programs.

Note 12. Net Assets with Donor Restrictions

The net assets with donor restrictions are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Subject to the passage of time:		
Apple Orchard LLC	\$ 3,522,180	\$ 1,975,767
Jackson Court Apartments LLC	1,641,237	1,711,213
Grandview Manor South LLC	1,344,304	1,386,981
Grandview Manor North LLC	1,259,374	569,637
Autumn Ridge Apartments LP	1,249,610	
Blue River Country Trace II LLC	963,098	1,005,744
Blue River Autumn Ridge II LLC	922,781	887,070
Country Trace LP	853,016	
BR Country Trace 3 LLC	802,383	840,273
Harrison Center	744,668	773,242
Pine View Home	706,032	358,738
Oakview Apartments	596,297	633,511
Stepping Stones	573,442	602,280
Miscellaneous Designated Contributions	452,792	188,097
Wyandotte House	422,007	441,711
Jill's House	319,657	337,322
Reid Avenue	318,878	329,751
Summit View SGL	312,926	328,961
Local County Funds	199,000	187,820
Hope Manor	100,059	108,521
United Way Funds	17,300	18,395
Blue River - Apple Orchard	<u>100,574</u>	<u>100,574</u>
	17,321,041	12,785,608
Subject to the satisfaction of purpose restrictions:		
Local County Funds	<u>50,000</u>	<u>50,000</u>
Total net assets with donor restrictions	<u>\$17,371,041</u>	<u>\$12,835,608</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Blue River Country Trace II LLC, BR Country Trace 3 LLC, Oakview Apartments, Stepping Stones, Blue River Autumn Ridge II LLC, Wyandotte House, Jill's House, Summit View SGL, Grandview Manor South, LLC, Grandview Manor North, LLC, Hope Manor, Reid Avenue, Jackson Court Apartments LLC, Pine View Home, Apple Orchard LLC, Autumn Ridge Apartments, L.P. and Country Trace, L.P. were restricted due to funding requirements. The funding requirements are for the Organizations to provide specific services in these buildings for a specific period of time. Once the restrictions are met, the buildings will be released to the Organizations.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Expiration of time restrictions:		
Apple Orchard LLC	\$ 98,235	\$ (250)
Blue River Autumn Ridge II LLC	35,711	32,904
Pine View Home	(8,052)	
Hope Manor	(8,462)	(11,238)
Reid Avenue	(10,873)	(10,018)
Summit View SGL	(16,035)	(13,453)
Jill's House	(17,666)	(17,599)
United Way Funds	(18,395)	(20,541)
Wyandotte House	(19,705)	(20,114)
Harrison Center	(28,574)	
Stepping Stones	(28,838)	(28,838)
Oakview Apartments	(37,214)	(59,648)
BR Country Trace 3 LLC	(37,890)	(38,305)
Blue River Country Trace II LLC	(42,646)	(45,238)
Grandview Manor South LLC	(42,677)	(36,259)
Jackson Court Apartments LLC	(69,976)	(29,960)
Grandview Manor North LLC	(73,781)	(17,901)
Blue River - Apple Orchard	(100,574)	
Local County Funds	(187,820)	(188,000)
Miscellaneous Designated Contributions	<u>(368,605)</u>	<u>(10,650)</u>
Expiration of time restrictions	<u>(983,837)</u>	<u>(515,108)</u>
Satisfaction of purpose restrictions:		
Local County Funds	<u>(50,000)</u>	<u>(50,000)</u>
Satisfaction of purpose restrictions	<u>(50,000)</u>	<u>(50,000)</u>
Net assets released from donor restrictions	<u><u>\$(1,033,837)</u></u>	<u><u>\$(565,108)</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Supplemental Disclosures of Cash Flow Statement

Cash payments for interest expense were as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Interest paid	<u>\$ 87,956</u>	<u>\$ 79,739</u>

Noncash investing and financing transactions were as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Contribution of vehicles and property	\$141,236	\$300,000
Issuance of interest receivable	426	55,393

Blue River Autumn Ridge II, LLC obtained a loan in the form of a forgivable grant through IHCD. As long as the compliance requirements are met, 1/15 th of the original loan balance is forgiven annually.	152,498	152,498
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Note 14. Revenue from Contracts with Customers

Revenue from contracts with customers for the years ended June 30, 2022 and 2021 include the following:

	<u>2022</u>	<u>2021</u>
SGL Group Home Fees	\$3,332,188	\$2,969,462
Medicaid Waiver	1,481,954	1,394,168
First Steps Ed Team	862,695	788,947
SGL Client Service Fees	441,438	447,663
Childcare Fees	753,303	560,273
21st Century Fees	481,130	629,240
DFC Fees	439,042	596,993
Dept. of Hwy Contracts	381,399	422,693
Healthy Families	216,411	200,213
Industrial Contract Revenue	211,324	253,798
Vocational Rehab	205,922	147,853
Screen Print Sales	172,551	157,574
Other Program Service Fees	94,808	86,170
Other Client Service Fees	59,027	39,383
Driver's Ed	58,889	73,540
Housing Management Fees	53,251	90,079
Maintenance Sales	39,814	8,654
Food Program Revenue	37,850	45,633
Public Transportation Fees	34,796	25,497
Therapy Services	24,909	38,126
Rescare	18,060	18,060
	<u>\$9,382,701</u>	<u>\$8,994,019</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A description of the Organizations' revenue streams follows:

SGL Group Home Fees - This revenue consists of fees for individuals to live in and receive care in group homes. The performance obligations are satisfied at a point in time on a daily basis for each individual. Transaction prices are determined each month and payment is made monthly.

Medicaid Waiver - The Organizations earn revenue by providing home and community based services to individuals. This consists of several different performance obligations, depending on the type of service. Performance obligations are satisfied at a point in time when the services are provided.

First Steps Ed Team - The Organizations earn revenue by providing services to customers through the First Steps program. Performance obligations are satisfied at the point in time when the services are provided.

DFC Fees - Revenue is earned by providing services to children and families, specifically for mental health resources. Performance obligations are satisfied at a point in time when the services are provided.

Childcare Fees - The Organizations provide childcare services on a daily basis. Fees are collected weekly and are recognized over time as the services are provided. Transaction prices are set by the Organizations' standard childcare rates.

SGL Client Service Fees - The Organizations earn revenue based on participation of individuals in various other programs. Performance obligations are satisfied at a point in time when the service is provided. Transaction prices are set by each program.

Dept. of Hwy Contracts - The Organizations operate highway rest areas through contracts with the Department of Highways. Performance obligations are satisfied over time as services are provided under the contracts. Payment terms and prices are set in the contracts.

21st Century Fees - Services are provided for local school systems as the Organizations provide after-school care for children. Performance obligations are satisfied over time as services are provided. Payment terms and prices are set by the contracts with the local school systems.

Industrial Contract Revenue - The Organizations sell goods under contracts with customers. Performance obligations are satisfied at a point in time when the goods are sold.

Healthy Families - Revenue is recognized for services provided to children and families, including child development, health care, and parent education. Performance obligations are satisfied at a point in time when the services are provided.

Vocational Rehab - Performance obligations are satisfied at a point in time when vocational rehabilitation services are provided.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other Program Service Fees - The Organizations earn revenue through various other program services. Performance obligations are satisfied at a point in time as the services are provided.

Screen Print Sales - The Organizations sell screen print inventory under contracts with customers. Performance obligations are satisfied at a point in time when the inventory is sold.

Housing Management Fees - Revenues from housing management fees are recognized over time as management services are provided.

Other Client Service Fees - The Organizations earn revenue through various other client services. Performance obligations are satisfied at a point in time as the services are provided.

Driver's Ed - Revenue from Driver's Ed is earned by providing Driver's Ed training to clients. Performance obligations are satisfied over time.

Rescare - The Organizations recognize revenue through Rescare at a point in time as the services are provided.

Maintenance Sales - The Organizations recognize revenue from maintenance sales through performing repair and maintenance services. Performance obligations are satisfied at a point in time when the services are provided.

Food Program Revenue - Food services are provided in conjunction with various other services, such as childcare services. Performance obligations are satisfied at a point in time when the services are provided.

Public Transportation Fees - Clients use transportation provided by the Organizations. Performance obligations are satisfied at a point in time when services are used. The Organizations follow set transaction prices for each ride provided to a client.

Therapy Services - Performance obligations are satisfied at a point in time when therapy services are provided.

The following table disaggregates the Organizations' contract revenue based on the timing of satisfaction of performance obligations for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Performance obligation satisfied at a point in time	83%	80%
Performance obligations satisfied over time	17%	20%

The opening balances of all accounts receivables for the years ended June 30, 2022 and 2021 were \$4,323,385 and \$3,940,746.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Operating Leases

The Organizations lease various vehicles and buildings in the program services and administrative functions. The schedule below summarizes lease payments for the fiscal year ended June 30, 2022.

Vehicle Lease - Milltown	\$ 23,551
Vehicle Lease - Summit View SGL	16,862
Vehicle Lease - Marvy Lane	15,701
Vehicle Lease - McGrain	10,155
Vehicle Lease - Oak St.	9,069
Vehicle Lease - Klerner Lane	9,252
Vehicle Lease - Nichols	9,252
Vehicle Lease – Pine View	7,850
Vehicle Lease - Wyandotte	<u>7,819</u>
Total vehicle lease payments	<u>109,511</u>
Building Lease - SPOE	36,138
Building Lease - SPOE-Vigo	28,152
Building Lease - Screen Print	9,000
Building Lease - WIC	9,000
Building Lease - Employment Services	5,470
Building Lease - Sys D.	2,838
Building Lease - Sys D.-Vigo	2,684
Building Lease - Perry Co	2,550
Building Lease – Pine View - Harrison	840
Building Lease - Housing Management	<u>1,844</u>
Total building lease payments	<u>98,516</u>
Total operating lease payments	<u>\$208,027</u>

The following schedule represents future minimum operating lease payments over the next five fiscal years:

Years ending June 30,	
2023	\$114,507
2024	86,592
2025	36,741
2026	27,172
2027	<u>2,265</u>
	<u>\$267,277</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16. Retirement Plan

Blue River Services, Inc. maintains a 401(k) plan that was established July 1, 2014. The Plan allows all employees to make elective deferrals upon commencement of employment. The Organizations' contributions to the Plan totaled \$130,943 and \$131,187 for the years ended June 30, 2022 and 2021, respectively.

Note 17. Related Party Transactions

On July 1, 2019 the Organizations entered into a management services agreement and a lease agreement with RBR Alliance, Inc. The Organizations contract with RBR Alliance, Inc. to provide management services to each entity, and the Organizations rent office space to RBR Alliance, Inc. Blue River Services, Inc. revised its by-laws to allow RBR to become the corporate member of Blue River Services, Inc. For the year ended June 30, 2022, the Organizations reported the following transactions with RBR Alliance, Inc.: contract revenue of \$4,281, lease revenue of \$30,000, miscellaneous revenue of \$1,552, contract management expense of \$1,704,935, shared marketing services of \$31,904, a receivable from RBR Alliance, Inc. for \$117, and a payable to RBR Alliance, Inc. for \$71,614. For the year ended June 30, 2021, the Organizations reported the following transactions with RBR Alliance, Inc.: contract revenue of \$37,905, lease revenue of \$144,000, miscellaneous revenue of \$2,748, contract management expense of \$1,638,000, shared marketing services of \$21,613, in-kind donation expense of \$750,000 related to the building traded for the Spring St. property, in-kind donation expense of \$34,000 for a vehicle, and a receivable from RBR Alliance, Inc. for \$2,157.

Through its relationship with RBR Alliance, Inc., the Organizations also engage in transactions with Rauch, Inc. For the year ended June 30, 2022, the Organizations reported the following transactions with Rauch, Inc.: contract revenue of \$57,164, Screen Print revenue of \$2,745, day service expense of \$58,984, miscellaneous expense of \$750, a receivable from Rauch, Inc. for \$5,674, and a payable to Rauch, Inc. for \$5,140. For the year ended June 30, 2021, the Organizations reported the following transactions with Rauch, Inc.: in-kind building donation revenue of \$300,000 from Rauch for the Spring St. building, Screen Print revenue of \$4,727, First Steps lease revenue of \$7, day service expense of \$53,820, and a receivable from Rauch, Inc. for \$2,707.

The Organizations have business relationships with First Harrison Bank including maintaining checking accounts and loans. The President of the Bank's holding company, First Capital, Inc., and Chief Executive Officer of First Harrison Bank, is a board member of Blue River Services, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Small Business Administration Funding

During fiscal year 2020 the Organizations qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender for an aggregate principal amount of \$1,944,577 (PPP Loan). The PPP Loan incurred interest at a fixed rate of 1.0% per annum. Interest was deferred during the deferral period, which ended on the date that the loan forgiveness amount was remitted by the U.S. Small Business Administration to the lender. The loan was unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Organizations' request to the extent that the loan proceeds were used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organizations. The Organizations applied for forgiveness the PPP Loan with respect to these covered expenses, and the loan was forgiven in March 2021. The loan proceeds were recorded as revenue on the date of forgiveness and are included in government financial assistance and service fees on the consolidated statements of activities.

Note 19. Assumption of Limited Partnerships

Blue River Services, Inc. assumed the assets and liabilities of Autumn Ridge, L.P., on February 28, 2022, and Country Trace, L.P., on May 17, 2022. Autumn Ridge, L.P., total assets as of February 28, 2022 were approximately \$1,670,000 and total liabilities were approximately \$1,690,000. Country Trace, L.P., total assets as of May 17, 2022 were approximately \$1,625,000 and total liabilities were approximately \$1,605,000. The fair value of the difference between the assets and liabilities assumed of the limited partnerships are reflected on the consolidated statement of activities for year ending June 30, 2022, as a change in net assets.

Note 20. Subsequent Events

In August 2022 the Organizations were awarded a \$200,000 matching grant from Harrison County Community Foundation. Also subsequent to year end, the Organizations were awarded funds from IHCD for the Autumn Ridge duplexes, in the amount of \$888,000 for the project and \$50,000 for CHDO.

In October 2022 the Organizations sold the Marvy Lane property for \$173,000 and the 1st Federal Administrative Building for \$625,000. In addition, the Organizations opened two new certificates of deposit in October 2022, in the amounts of \$300,000 and \$500,000.

BLUE RIVER SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation:			
Passed through Indiana Department of Transportation:			
COVID-19: Bus and Bus Facilities Formula Program	20.513	Y20-19	\$ 70,618
COVID-19: Formula Grants for Rural Areas/Bus and Bus Facilities Formula Program	20.509	1803930O	2,269
Formula Grants for Rural Areas/Bus and Bus Facilities Formula Program	20.509	1804030O	23,056
COVID-19: Bus and Bus Facilities Formula Program	20.526	59283	633,626
COVID-19: Bus and Bus Facilities Formula Program	20.526	59283	37,608
COVID-19: Enhanced Mobility of Seniors and Individuals with Disabilities	20.526	3400730C	<u>70,618</u>
Subtotal - U.S. Department of Transportation			<u>837,795</u>
U.S. Department of Agriculture:			
Passed through Indiana Department of Education:			
Child and Adult Care Food Program	10.558	K090	37,236
Passed through Indiana Department of Health:			
Special Supplemental Nutrition Program for Women, Infant and Children	10.557	#00046264	127,422
Special Supplemental Nutrition Program for Women, Infant and Children	10.557	#00058057	312,985
Special Supplemental Nutrition Program for Women, Infant and Children	10.557	#00046264	7,899
Special Supplemental Nutrition Program for Women, Infant and Children	10.557	#00058057	<u>22,991</u>
Subtotal - U.S. Department of Agriculture			<u>508,533</u>
U.S. Department of Education:			
Passed through Indiana Department of Education:			
Twenty-First Century Community Learning Centers	84.287	#00025661	48,894
Twenty-First Century Community Learning Centers	84.287	#00052001	290,676
Twenty-First Century Community Learning Centers	84.287	#00020821	150,915
Twenty-First Century Community Learning Centers	84.287	#00051222	224,613
Special Education - Grants for Infants and Families	84.181	#00053285	2,137,788
Special Education - Grants for Infants and Families	84.181	#00053285	<u>103,379</u>
Subtotal - U.S. Department of Education			<u>2,956,265</u>

BLUE RIVER SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Passed through Indiana Family and Social Services Administration:			
COVID-19: Bureau of Developmental Disabilities Services Relief Funds	None		121,783
COVID-19: Provider Relief Fund and American Rescue Plan Rural Distribution	93.498		<u>61,295</u>
Subtotal - U.S. Department of Health and Human Services			<u>183,078</u>
U.S. Department of Housing and Urban Development:			
Passed through Indiana Housing Community Development Authority			
Supportive Housing for the Elderly (Section 202)	14.157	IN360048040	109,810
Supportive Housing for the Elderly (Section 202)	14.157	IN360011001	40,823
Home Investment Partnerships Program	14.239	CO-018-001	19,950
Home Investment Partnerships Program	14.239	CH-018-003	418,374
Home Investment Partnerships Program	14.239	CO-019-001	14,442
Home Investment Partnerships Program	14.239	CH-019-002	341,943
Home Investment Partnerships Program	14.239	CH-019-003	500,241
Home Investment Partnerships Program	14.239	CH-019-001	310,032
Home Investment Partnerships Program	14.239	CH-016-008	4,139
Home Investment Partnerships Program	14.239	CH-018-001	5,000
Home Investment Partnerships Program	14.239	CO-019-008	19,368
Pre-development loan	None	PD-020-007	5,537
Section 1602 - Tax Credit Exchange Program	None	1602 Loan #IN-0906-800	<u>762,488</u>
Subtotal - U.S. Department of Housing and Urban Development			<u>2,552,147</u>
Total expenditures of federal awards			<u><u>\$ 7,037,818</u></u>

The accompanying notes are an integral part of this schedule.

BLUE RIVER SERVICES, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Note A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Blue River Services, Inc. and Subsidiaries under programs of the federal government for the year ended June 30, 2022. 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 Blue River Services, Inc. and Subsidiaries, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organizations.

Note B. 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 and OMB Circular A0122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Blue River Services, Inc. and Subsidiaries have adopted the procurement requirements specified in the Uniform Guidance.

Note C. Indirect Cost Rate

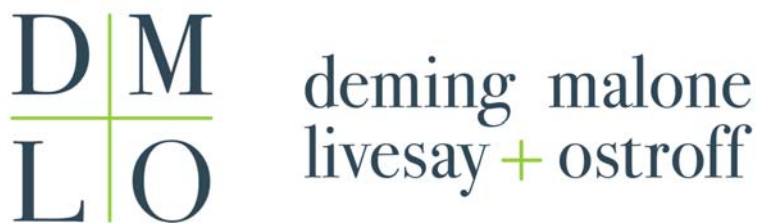
Blue River Services, Inc. and Subsidiaries have elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D. Loan Balances

The federal loan program listed below is administered directly by the Organizations, and balances and transactions relating to the program are included in the Organizations' consolidated financial statements. Loan amount outstanding at the beginning of the year and any loan made during the year are included in the federal expenditures presented in the Schedule. The balance of loan amount outstanding as of June 30, 2022 consists of:

<u>Assistance Listing Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2022</u>
None	ARRA Section 1602 Tax Credit Exchange Program	\$609,990
	IHCDA Pre-Development Loan	<u>5,537</u>
		<u>\$615,527</u>

SUPPLEMENTARY INFORMATION



**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Consolidated Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Officers and Directors
Blue River Services, Inc.

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 Blue River Services, Inc. and its wholly-owned subsidiaries (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 29, 2022.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

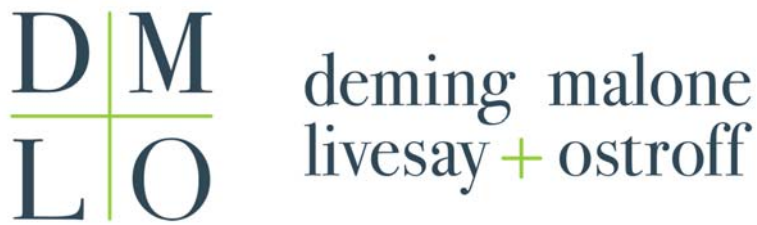
As part of obtaining reasonable assurance about whether Blue River Services, Inc. and its wholly-owned subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Deming, Malone, Lussary & Ostroff". The signature is written in a cursive, flowing style.

New Albany, Indiana
November 29, 2022



**Independent Auditors' Report on Compliance for Each Major Program and Report
on Internal Control Over Compliance Required by the Uniform Guidance**

To the Officers and Directors
Blue River Services, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Blue River Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Blue River Services, Inc.'s major federal programs for the year ended June 30, 2022. Blue River Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Blue River Services, Inc. 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 June 30, 2022.

Basis for Opinion on Each major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Blue River Services, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Blue River Services, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Blue River Services, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Blue River Services, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Blue River Services, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Blue River Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Blue River Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Blue River Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Deming, Malone, Linsay & Ostroff

New Albany, Indiana
November 29, 2022

BLUE RIVER SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Consolidated Financial Statements

Type of report the auditors issued on whether the consolidated financial statements audited were prepared in accordance with GAAP: *unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditors' report issued on compliance for major federal programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? ☐ yes ☒ no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
20.509	Federal Transit Cluster
None	1602 Loan #IN-0906-800

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

BLUE RIVER SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

BLUE RIVER SERVICES, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2022

Assets	Blue River Services, Inc.	Blue River Autumn Ridge II, LLC	Blue River Country Trace II, LLC	BR Country Trace 3, LLC	Grandview Manor South, LLC	Grandview Manor North, LLC	Jackson Court Apartments, LLC	Apple Orchard, LLC	Autumn Ridge Apartments LP	Country Trace LP	Eliminating Entries	Consolidated Total
Cash and cash equivalents	\$ 2,281,815	\$ 102,730	\$ 31,463	\$ 27,987	\$ 17,406	\$ 11,084	\$ 52,708	\$ 28,365	\$ 41,757	\$ 48,686		\$ 2,644,001
Restricted cash	154,621	203,735	45,097	25,407	96,326	57,899	42,532	75,887	101,150	108,095		910,749
Certificates of deposit	32,018											32,018
Grants receivable	1,013,210											1,013,210
Government contracts receivable	461,956											461,956
Accounts receivable	803,300	1,187	806		501	177,771		24,737	24,885	26,842	\$ (863,819)	196,210
Prepaid expenses	33,016	7,112	4,546	4,389	7,075	6,809	2,444	5,502	6,255	9,416		86,564
Inventory	40,102											40,102
Notes and interest receivable	73,740										(73,740)	
Construction in progress						1,261,548						1,261,548
Property and equipment, net of accumulated depreciation	7,440,428	1,635,534	1,046,858	804,112	1,693,919	686,741	1,727,935	4,108,447	1,453,360	1,354,652		21,951,986
Goodwill, net of accumulated amortization	6,750											6,750
Total assets	\$ 12,340,956	\$ 1,950,298	\$ 1,128,770	\$ 861,895	\$ 1,815,227	\$ 2,201,852	\$ 1,825,619	\$ 4,242,938	\$ 1,627,407	\$ 1,547,691	\$ (937,559)	\$28,605,094
Liabilities and Net Assets												
Liabilities												
Accounts payable	\$ 693,981	\$ 12,690	\$ 8,888	\$ 7,360	\$ 17,006	\$ 206,083	\$ 6,644	\$ 45,501	\$ 15,722	\$ 26,773	\$ (366,527)	\$ 674,121
Accrued liabilities	608,744	9,300	4,900	2,000	6,850	4,053	5,172	8,950	9,100	12,400		671,469
Line of credit												
Deposits and deferred revenue	141,353	2,790	20	395	826	316		254	8,113	110		154,177
Capital lease obligations	8,905											8,905
Loans	1,027,570	680,973	78,482		334,165	683,910	83,666	490,203	203,371	486,417	(571,032)	3,497,725
Total liabilities	2,480,553	705,753	92,290	9,755	358,847	894,362	95,482	544,908	236,306	525,700	(937,559)	5,006,397
Net Assets												
Without donor restrictions	5,047,345	321,764	73,382	49,757	112,076	48,116	88,900	175,850	141,491	168,975		6,227,656
With donor restrictions	4,813,058	922,781	963,098	802,383	1,344,304	1,259,374	1,641,237	3,522,180	1,249,610	853,016		17,371,041
Total net assets	9,860,403	1,244,545	1,036,480	852,140	1,456,380	1,307,490	1,730,137	3,698,030	1,391,101	1,021,991		23,598,697
Total liabilities and net assets	\$ 12,340,956	\$ 1,950,298	\$ 1,128,770	\$ 861,895	\$ 1,815,227	\$ 2,201,852	\$ 1,825,619	\$ 4,242,938	\$ 1,627,407	\$ 1,547,691	\$ (937,559)	\$28,605,094

BLUE RIVER SERVICES, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Blue River Services, Inc.	Blue River Autumn Ridge II, LLC	Blue River Country Trace II, LLC	BR Country Trace 3, LLC	Grandview Manor South, LLC	Grandview Manor North, LLC	Jackson Court Apartments, LLC	Apple Orchard, LLC	Autumn Ridge Apartments LP	Country Trace LP	Eliminating Entries	Consolidated Total
Net Assets Without Donor Restrictions												
Revenue, Gains, and Support												
Government Financial Assistance and Service Fees	\$ 16,179,631	\$ 152,498									\$ (2,444,728)	\$ 13,887,401
Rental Revenue	234,528	166,834	\$ 67,231	\$ 38,044	\$ 203,639	\$ 71,131	\$ 59,330	\$ 40,822	\$ 48,487	\$ 22,392		952,438
Sales/Contract Revenue	805,088											805,088
Contributions	764,365											764,365
Donated Vehicles, Building and Equipment	141,236											141,236
Investment Income	64,294	139	23	17	12	1	7	2	14	3	(6,488)	58,024
Other Revenue	9,460	1,075	150	25	2,082	391	5,856	1,100	1,408,221	1,066,905	(2,474,546)	20,719
Gain on Sale of Assets	5,958											5,958
Revenues, gains, and support without donor restrictions	<u>18,204,560</u>	<u>320,546</u>	<u>67,404</u>	<u>38,086</u>	<u>205,733</u>	<u>71,523</u>	<u>65,193</u>	<u>41,924</u>	<u>1,456,722</u>	<u>1,089,300</u>	<u>(4,925,762)</u>	<u>16,635,229</u>
Net assets released from (transferred to) restrictions	900,813	(35,711)	42,646	37,890	42,677	73,781	69,976	(98,235)				1,033,837
Total revenues, gains, and other support without donor restrictions	<u>19,105,373</u>	<u>284,835</u>	<u>110,050</u>	<u>75,976</u>	<u>248,410</u>	<u>145,304</u>	<u>135,169</u>	<u>(56,311)</u>	<u>1,456,722</u>	<u>1,089,300</u>	<u>(4,925,762)</u>	<u>17,669,066</u>
Expenses												
Salaries - staff	8,355,988											8,355,988
Professional fees	3,364,066	52,906	25,976	20,588	65,887	40,565	21,542	7,215	21,297	13,331	(233,032)	3,400,341
Depreciation	562,553	127,758	52,948	38,077	82,357	24,164	76,816	48,360	35,432	16,208		1,064,673
Employee benefits	988,604											988,604
Occupancy	713,748	41,122	18,888	13,831	49,229	32,356	19,106	15,728	12,260	8,324	(4,645)	919,947
Supplies	639,641	598	623	140	2,943	685	137	372	81	(32)		645,188
Payroll taxes	633,053											633,053
Travel	599,898	1,954			4,111							605,963
Provider taxes	211,857											211,857
Telephone	160,085	1,189			4,722	78	1,405	506	480	284		168,749
Equipment	111,825	10,537	962	908	1,839		370	230	265	126		127,062
Salaries - client	122,323											122,323
Interest	24,200	22,823	5,181		21,642	3,868	2,800	2,743	17,930	10,593	(1,843)	109,937
Miscellaneous	2,541,120	262	(2)	(13)	138	28	178	109	100		(2,454,046)	87,874
Conferences and meetings	29,652	1,052			268							30,972
Liability insurance	22,876											23,182
Advertising	17,749				80		61			306		17,890
Bad debt	12,063					14				14		12,091
Dues and memberships	9,224	370										9,594
Postage and shipping	7,544	113	113	113	116	58	55	34	58	37		8,241
Property tax	8,266					2,744			(1,584)	(1,352)		8,074
Printing and publications	5,562											5,562
Fund raising	3,808											3,808
Special events	948											948
Cash over/short	5											5
Contributions	2,232,196										(2,232,196)	
Total expenses	<u>21,378,854</u>	<u>260,684</u>	<u>104,689</u>	<u>73,644</u>	<u>233,332</u>	<u>104,560</u>	<u>122,470</u>	<u>75,297</u>	<u>86,319</u>	<u>47,839</u>	<u>(4,925,762)</u>	<u>17,561,926</u>
Change in net assets without donor restrictions	<u>(2,273,481)</u>	<u>24,151</u>	<u>5,361</u>	<u>2,332</u>	<u>15,078</u>	<u>40,744</u>	<u>12,699</u>	<u>(131,608)</u>	<u>1,370,403</u>	<u>1,041,461</u>		<u>107,140</u>

BLUE RIVER SERVICES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Blue River Services, Inc.	Blue River Autumn Ridge II, LLC	Blue River Country Trace II, LLC	BR Country Trace 3, LLC	Grandview Manor South, LLC	Grandview Manor North, LLC	Jackson Court Apartments, LLC	Apple Orchard, LLC	Autumn Ridge Apartments LP	Country Trace LP	Eliminating Entries	Consolidated Total
Net Assets With Donor Restrictions												
Government Financial Assistance and Service Fees	1,227,464											1,227,464
Contributions	27,482					763,518		1,448,178				2,239,178
Net assets transferred to (released from) restrictions	<u>(900,813)</u>	<u>35,711</u>	<u>(42,646)</u>	<u>(37,890)</u>	<u>(42,677)</u>	<u>(73,781)</u>	<u>(69,976)</u>	<u>98,235</u>				<u>(1,033,837)</u>
Change in net assets with donor restrictions	<u>354,133</u>	<u>35,711</u>	<u>(42,646)</u>	<u>(37,890)</u>	<u>(42,677)</u>	<u>689,737</u>	<u>(69,976)</u>	<u>1,546,413</u>				<u>2,432,805</u>
Change in total net assets before transfer Autumn Ridge LP and Country Trace LP	<u>(1,919,348)</u>	<u>59,862</u>	<u>(37,285)</u>	<u>(35,558)</u>	<u>(27,599)</u>	<u>730,481</u>	<u>(57,277)</u>	<u>1,414,805</u>	<u>1,370,403</u>	<u>1,041,461</u>		<u>2,539,945</u>
Excess (deficit) of assets acquired over liabilities assumed with transfer of Autumn Ridge Apartments, LP and Country Trace, LP									20,698	(19,470)		1,228
Net assets at the beginning of the year	<u>11,779,751</u>	<u>1,184,683</u>	<u>1,073,765</u>	<u>887,698</u>	<u>1,483,979</u>	<u>577,009</u>	<u>1,787,414</u>	<u>2,283,225</u>				<u>21,057,524</u>
Net assets at the end of the year	<u>\$ 9,860,403</u>	<u>\$ 1,244,545</u>	<u>\$ 1,036,480</u>	<u>\$ 852,140</u>	<u>\$ 1,456,380</u>	<u>\$ 1,307,490</u>	<u>\$ 1,730,137</u>	<u>\$ 3,698,030</u>	<u>\$ 1,391,101</u>	<u>\$ 1,021,991</u>	<u>\$</u>	<u>\$ 23,598,697</u>