

Indiana Association for Community
Economic Development, Inc.
Db a Prosperity Indiana and Affiliate

Consolidated Financial Statements and
Independent Auditors' Report

December 31, 2022 and 2021

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Independent Auditors' Report

Board of Directors
Indiana Association for Community Economic
Development, Inc. dba Prosperity Indiana and Affiliate

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Indiana Association for Community Economic Development, Inc. dba Prosperity Indiana and its Affiliate, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Indiana Association for Community Economic Development, Inc. dba Prosperity Indiana and its Affiliate as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Indiana Association for Community Economic Development, Inc. dba Prosperity Indiana and its Affiliate, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 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 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 Indiana Association for Community Economic Development, Inc. dba Prosperity Indiana and its Affiliate's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the 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 auditor's 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 GAAS 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 GAAS, 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 Indiana Association for Community Economic Development, Inc. dba Prosperity Indiana and its Affiliate's 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 Indiana Association for Community Economic Development, Inc. dba Prosperity Indiana and its Affiliate's 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.

Estep Burkey Simmons, LLC

Muncie, Indiana
May 19, 2023

Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 618,720	\$ 662,422
Grants receivable	16,250	6,273
Accounts receivable	34,767	850
Prepaid expenses	9,923	12,202
Right of use asset, current portion	28,940	28,940
Total current assets	708,600	710,687
RIGHT OF USE ASSET , net of current portion	53,057	81,997
PROPERTY AND EQUIPMENT , net of depreciation	8,878	11,978
	\$ 770,535	\$ 804,662
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 6,533	\$ 11,139
Accrued liabilities	68,920	30,388
Deferred revenue - annual summit	16,101	50,803
Deferred revenue - member dues	48,300	37,800
Right of use liability, current portion	28,940	28,940
Total current liabilities	168,794	159,070
RIGHT OF USE LIABILITY , net of current portion	53,057	81,997
NET ASSETS		
Without donor restrictions	93,236	161,162
With donor restrictions	455,448	402,433
	548,684	563,595
	\$ 770,535	\$ 804,662

The accompanying notes are an integral part of these statements.

Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended December 31,

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating public support and revenue			
Public support			
Grants	\$ 175,000	\$ 320,993	\$ 495,993
Contributions	7,704		7,704
Total public support	<u>182,704</u>	<u>320,993</u>	<u>503,697</u>
Revenue			
Fees for service	147,088		147,088
Member dues	75,843		75,843
Sponsorships	86,777		86,777
Registrations	8,145		8,145
Interest income	7,702		7,702
Miscellaneous	<u>1,585</u>		<u>1,585</u>
Total operating public support and revenues	509,844	320,993	830,837
Net assets released from restrictions			
Satisfaction of purpose restrictions	267,978	(267,978)	
Operating expenses			
Program services	563,280		563,280
Supporting activities	<u>282,468</u>		<u>282,468</u>
Total expenses	<u>845,748</u>		<u>845,748</u>
INCREASE (DECREASE) IN NET ASSETS	(67,926)	53,015	(14,911)
Net assets at beginning of year	<u>161,162</u>	<u>402,433</u>	<u>563,595</u>
Net assets at end of year	<u>\$ 93,236</u>	<u>\$ 455,448</u>	<u>\$ 548,684</u>

The accompanying notes are an integral part of these statements.

2021		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 175,000	\$ 311,273	\$ 486,273
121,867		121,867
<u>296,867</u>	<u>311,273</u>	<u>608,140</u>
39,304		39,304
75,995		75,995
74,750		74,750
6,865		6,865
3,366		3,366
704		704
<u>497,851</u>	<u>311,273</u>	<u>809,124</u>
226,294	(226,294)	
421,654		421,654
248,110		248,110
<u>669,764</u>		<u>669,764</u>
54,381	84,979	139,360
<u>106,781</u>	<u>317,454</u>	<u>424,235</u>
<u>\$ 161,162</u>	<u>\$ 402,433</u>	<u>\$ 563,595</u>

Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Services				Supporting Activities			
	Engagement	Resources	Advocacy	Total Program	Admin & Organizational Development	Fundraising	Total Supporting	Total
Salaries and wages	\$ 101,301	\$ 128,633	\$ 143,891	\$ 373,825	\$ 150,166	\$ 9,926	\$ 160,092	\$ 533,917
Benefits and payroll taxes	20,410	17,962	18,554	56,926	17,944	1,705	19,649	76,575
Office expenses	38	216	3,324	3,578	3,403		3,403	6,981
Printing and publications	67	2,969	685	3,721	471		471	4,192
Occupancy					35,305		35,305	35,305
Telephone	814	10,600	9,579	20,993	6,840		6,840	27,833
Insurance					4,447		4,447	4,447
Speaker fees		2,000	4,000	6,000				6,000
Food & refreshments	1,010	3,055	4,895	8,960	812	5	817	9,777
Other conference expenses	300	255	6,238	6,793				6,793
Dues and subscriptions	3,230	59	1,570	4,859	1,307		1,307	6,166
Professional expenses	21,646	29,292	2,953	53,891	41,081	202	41,283	95,174
Development	137	55	105	297	3,637		3,637	3,934
Travel	7,942	2,600	6,737	17,279	3,080		3,080	20,359
Depreciation	1,230	2,012	614	3,856	1,621	112	1,733	5,589
Advertising		100	512	612	245		245	857
Miscellaneous expenses	36	272	1,382	1,690	159		159	1,849
	<u>\$ 158,161</u>	<u>\$ 200,080</u>	<u>\$ 205,039</u>	<u>\$ 563,280</u>	<u>\$ 270,518</u>	<u>\$ 11,950</u>	<u>\$ 282,468</u>	<u>\$ 845,748</u>

The accompanying notes are an integral part of these statements.

Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services				Supporting Activities			
	Engagement	Resources	Advocacy	Total Program	Admin & Organizational Development	Fundraising	Total Supporting	Total
Salaries and wages	\$ 89,153	\$ 82,902	\$ 107,563	\$ 279,618	\$ 125,575	\$ 12,486	\$ 138,061	\$ 417,679
Benefits and payroll taxes	24,883	19,004	18,664	62,551	25,497	2,940	28,437	90,988
Office expenses	38	193	2,162	2,393	1,793		1,793	4,186
Printing and publications			162	162	190		190	352
Occupancy					33,659		33,659	33,659
Telephone	1,193	10,771	11,628	23,592	7,179		7,179	30,771
Insurance					5,168		5,168	5,168
Pass through grants		1,000	10,250	11,250	98		98	11,348
Speaker fees			4,863	4,863	463		463	5,326
Food & refreshments			6,474	6,474				6,474
Dues and subscriptions	2,248	240	1,726	4,214	1,707		1,707	5,921
Professional expenses	8,024	6,969	3,608	18,601	26,848	250	27,098	45,699
Development	243		32	275	1,582		1,582	1,857
Travel	103	407	1,224	1,734	200		200	1,934
Depreciation	1,359	2,223	679	4,261	1,791	124	1,915	6,176
Advertising	500		311	811	204		204	1,015
Miscellaneous expenses	8	34	813	855	356		356	1,211
	<u>\$ 127,752</u>	<u>\$ 123,743</u>	<u>\$ 170,159</u>	<u>\$ 421,654</u>	<u>\$ 232,310</u>	<u>\$ 15,800</u>	<u>\$ 248,110</u>	<u>\$ 669,764</u>

The accompanying notes are an integral part of these statements.

Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (14,911)	\$ 139,360
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	5,589	6,176
(Increase) decrease in assets:		
Grants and accounts receivable	(43,894)	11,722
Prepaid expenses	2,279	6,146
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	33,926	12,685
Deferred revenue	(24,202)	6,527
Net cash provided by (used in) operating activities	(41,213)	182,616
Cash flows from investing activities:		
Purchases of furniture and equipment	(2,489)	(1,880)
Net cash used in investing activities	(2,489)	(1,880)
Net change in cash	(43,702)	180,736
Cash at beginning of year	662,422	481,686
Cash at end of year	\$ 618,720	\$ 662,422

The accompanying notes are an integral part of these statements.

Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Association

Indiana Association for Community Economic Development, Inc. ("IACED"), d/b/a Prosperity Indiana (the "Organization") builds a better future for our communities by providing advocacy, leveraging resources, and engaging an empowered network of members to create inclusive opportunities that build assets and improve lives.

In August 2017, the Organization formed a wholly-owned, single-member LLC entity called Prosperity Indiana Fund, LLC. The entity was formed to be a non-depository financial entity to primarily provide financial assistance to nonprofit entities in designated Investment Areas with the purpose of improving the economic capability of disinvested individuals and communities in the State of Indiana.

The Organization seeks ways to fund members and their work, build and retain relationships, and address local to national issues impacting the capacity of members and their potential to deliver services and lead change in their communities. The Organization has two classes of membership-voting membership for nonprofit organizations and associate membership for governmental organizations, private enterprises, quasi-governmental organizations, and individuals. The organization impacts: communities, by promoting Comprehensive Community Development efforts across the state, which includes addressing social determinants of health and encouraging inclusive growth; organizations, by improving member capacity to impact communities and individuals and track the progress of their efforts; and individuals, by fostering innovation in financial capability and asset building strategies and increasing opportunities to access resources. Driven by values of empowerment, integrity, impact, collaboration, and social justice, Prosperity Indiana seeks to REAP prosperity to strengthen communities (people and places). REAP stands for Resources, Engagement, Advocacy and signature Programs.

Resources: Prosperity Prosperity Indiana is dedicated to providing members with helpful tools to advance their work. Resources include consulting services, trainings, a resource library, and funding. Training and technical assistance are aligned services to build the capacity of community economic development practitioners and the organizations employing them. The Organization delivers a robust program of training for member organization staff and others in the community development field. Training topics address the diversity of technical and adaptive knowledge necessary to manage organizations, exercise leadership, and deliver outcomes. Technical assistance is long-term, one-on-one consulting support. Staff provide a depth of experience and knowledge. The Organization provides technical assistance in the following categorical areas: board governance, financial management, planning, program/project development and delivery, resource development, staff development, and staff management services. The Organization's role of funder primarily includes securing pass-through grants to support member projects, including leveraging state and national partner resources available for this purpose. The Organization also serves as the fiscal agent and program manager for member initiatives to help launch innovation.

Engagement: Prosperity Indiana utilizes a number of strategies to accomplish community building and connecting to network and unite members. This includes the Organization's blog and social networks, the monthly Piece of the PI newsletter, peer-to-peer convenings, a mobile app and membership directory, an annual summit and leadership awards, and regional member meetings. The organization also accomplishes connectivity and advocacy goals through coalition building efforts.

**Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

1. Nature of Association - Continued

Advocacy: Advocacy and policy engagement are important parts of a successful community economic development framework. The Organization's advocacy work strengthens members by building relationships. It enhances members' skills and capacity to understand their own policy environments, large and small, and to communicate their values and priorities to their elected officials and program administrators. It enables front-line practitioners to have their voices heard in policy debates. The advocacy function organizes members and supporters around a policy agenda, builds and maintains strategic partnerships with allies to advance this agenda, and monitors and explains trends in policymaking to members.

Programs: Prosperity Indiana leads or co-leads a variety of signature programs to meet its mission around providing advocacy, engagement and resources to members. Current initiatives include:

Community Loan Center: The Community Loan Center Affordable Small-Dollar Loan Program (CLC) is an alternative to expensive payday loans. Prosperity Indiana is the Indiana statewide coordinator for the CLC program. Support includes helping these organizations raise lending capital. All ninety-two (92) counties in Indiana are currently served by a CLC lender.

Empower Indiana: In partnership with CareSource Foundation, Prosperity Indiana conducted the Empower Indiana Grant challenge in 2019 that awarded nearly \$100,000 to nonprofit organizations actively addressing social determinants of health. All projects, but one, were closed out in 2020. The one remaining project, which met all program goals in 2020 but worked to expand program outcomes beyond what was proposed with the same level of resources, was closed in 2021. While the original grant challenge has been completed, the Empower Indiana framework remains in place for future pass-through funding opportunities.

Envision Collaborative: Envision Collaborative combines training, coaching, and technical assistance to expand the impact of comprehensive community development. This holistic approach engages residents, nonprofits, government, and other stakeholders in developing and implementing strategies that affect quality of life.

Hoosier Housing Needs Coalition (HHNC): The Hoosier Housing Needs Coalition was formed by members of Indiana's housing security advocacy community in April 2020, to support advocacy and education related to housing and homelessness prevention in response to the COVID-19 pandemic. Staffed by Prosperity Indiana and funded through grants from the National Low Income Housing Coalition, including ERASE funding to End Rental Arrears to Stop Evictions, HHNC continues to convene partners from across Indiana to advocate for immediate, medium- and long-term housing stability policy solutions and conduct education and research to achieve federal, state, and local policies for an equitable response and recovery to the pandemic and beyond.

Hoosiers for Responsible Lending: Publicly launched as Hoosiers for Responsible Lending (HRL) in September 2021, this consumer protection coalition advocates for solutions that address predatory lending at the state and federal levels. This group is Indiana's advocacy driver for 36% rate cap bills for payday loans and financial education policy.

Housing4Hoosiers: Housing4Hoosiers, a program of Prosperity Indiana, is an affordable housing resource to promote educational information about housing options and tenant and landlord rights and responsibilities in Indiana. Funded by a grant from the Herb Simon Family Foundation, the goal of the program is to ensure Hoosiers have safe, affordable, and stable homes they can count on in their community. "Renting in Indiana: A Handbook for Tenants and Landlords" is housed on the Housing4Hoosiers site. Prosperity Indiana acquired this program from former member South Central Indiana Housing Opportunities with the vision to expand its role from Monroe County-focused to a statewide resource.

**Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

1. Nature of Association - Continued

Indiana Assets and Opportunity Network (“A&O”): Co-led by Prosperity Indiana and the Indiana Community Action Poverty Institute, the A&O Network strives to increase asset acquisition for low-wealth Hoosiers and strengthen local economies through policy advocacy and capacity building. A&O advocates for economic security issues, such as housing, child care, food, transportation, and health care.

Opportunity Investment Consortium: Prosperity Indiana is a training and resource partner for the Opportunity Investment Consortium. The purpose of the Consortium is to encourage the transformation of Opportunity Zone neighborhoods into vibrant places that are sustainable for both residents and businesses.

Opportunity Starts at Home: The goal of the Opportunity Starts at Home - Indiana Coalition (OSAH-IN) is to achieve ambitious increases in affordable housing – through existing and new housing infrastructure; and direct support to organizations that assist those who are unstably housed or homeless. The Indiana coalition works in conjunction with NLIHC’s national campaign to expand voucher supports that fund deeply targeted housing assistance for extremely low-income households, including vulnerable populations, such as youth, seniors and those with disabilities. The coalition will also seek to implement policy change to reduce federal and state barriers to housing stability.

Outcomes Platform: Prosperity Indiana acts as the statewide reseller of licenses for InsightVision, a cloud-based strategy management system that hosts the Organization’s Outcomes Platform. It addresses two critical areas of outcome analysis for Prosperity Indiana members: 1) Organizational performance and 2) Collective impact strategy.

2. Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting.

Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. While most gift instruments give the Organization’s Board of Directors the right to vary the terms of the gift, this only allows for a limited right of modification and does not relieve the restrictions imposed by the donor. Accordingly, the net assets of the Organization 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. The board of directors has designated, from net assets without donor restrictions, net assets for an operating reserve, capital reserve, and board-designated endowment.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

3. Cash and Cash Equivalents

The Organization's cash consists of checking, savings and money market accounts with three financial institutions. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. To date, there have been no losses on such accounts.

**Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Accounts Receivable

The Organization's policy for determining when receivables are past due is on a case-by-case basis. Amounts are considered uncollectible at the time management believes that satisfactory payment arrangements cannot be made. For the years ended December 31, 2022 and 2021, an allowance for uncollectible accounts is not deemed necessary.

5. Grants Receivable

Grants receivable includes reimbursements and unconditional promises to give, and is reported at net realizable value. All amounts are expected to be collected within one year, and none are considered uncollectible as of the years ended December 31, 2022 and 2021.

6. Property and Equipment

Property and equipment are stated at cost. Donated property and equipment is reflected as a contribution in the consolidated financial statements at its estimated fair market value. It is the Organization's policy to consider a donor restriction of or for long-lived assets satisfied when the asset is purchased and put into service. The Organization's capitalization policy is \$500 for assets purchased with an estimated useful life of 3 years or more. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years.

Expenditures for property and equipment and for renewals or betterments which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the Consolidated Statements of Activities. Projects in progress are not depreciated until the asset is placed into service.

7. Concentration of Risk

The Organization receives a significant portion of its support and revenue from various sources. The percentage of support and revenue received from those sources is as follows:

	<u>2022</u>	<u>2021</u>
Funding sources:		
Lilly Endowment, Inc.	21%	22%
First Financial Bank	5%	6%
Flagstar Bank		5%
Indiana Housing & Community Development Authority	12%	
Central Indiana Community Foundation, Inc.		8%
National Low Income Housing Coalition	16%	16%

8. Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain indirect costs have been allocated among programs and other activities based on percentages of staff time spent.

Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Support and Revenue

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

Support funded by government grants is recognized as the Organization performs contracted services under grant agreements. Government grant revenue is recognized as earned when eligible expenses are incurred. Government grant expenditures are subject to audit and acceptance by the granting agency. Adjustments would be required for any disallowed expenditures.

Funding is primarily provided through government agencies, foundation grants, contributions and membership dues. The Organization also receives fees for consulting services, such as strategic planning, community engagement, research, board training, and program design and management assistance. Revenue from fees for services is recognized when earned.

10. Advertising

Advertising costs are expensed as incurred and included in functional expenses. Advertising expenses totaled \$857 and \$1,015 for 2022 and 2021, respectively.

11. Tax Status

The Organization recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. The Organization has examined this issue and has determined there are no material contingent tax liabilities.

The Organization's federal and state exempt organization tax returns for 2019, 2020, and 2021 are subject to examination by the Internal Revenue Service and the Indiana Department of Revenue. Returns are generally subject to examination for three years after they are filed.

12. Use of Estimates

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

NOTE B - OPERATING LEASES

In May 2018, the Organization entered into a lease agreement for office space expiring in November 2025. Minimum office space lease payments are \$19.60 per square foot per year until May 2019 and increase by \$.040 per square foot per year every 12 months thereafter. Total rent expense for the years ended December 31, 2022 and 2021 was \$35,115 and \$32,961, respectively.

**Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE B - OPERATING LEASES - Continued

The following table discloses the undiscounted cash flows due related to operating leases, as of December 31, 2022, along with a reconciliation to the discounted amount recorded on the Consolidated Statements of Financial Position.

Year ending December 31, 2023	\$	33,983
2024	\$	34,618
2025	\$	29,325
2026	\$	-0-
2027	\$	-0-
		97,926
Leases payable within one year		28,940
Present value discount		15,929
		\$ 53,057

NOTE C - PAYROLL PROTECTION PROGRAM

Promissory notes were obtained as part of the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Funds from the promissory notes may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. Under the terms of the PPP, certain amounts of the promissory note may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization received \$75,000 through PPP during the year ending December 31, 2021. The note was fully forgiven and included in support and revenue for the year ended December 31, 2021.

NOTE D - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	2022	2021
Subject to expenditure for specific purpose:		
Resources		
Community Development Financial Institution Certification		\$ 8,000
Indiana Assets & Opportunities Network building and training	\$ 21,126	
Community Impacts program	25,136	40,000
Community Loan Center expansion	151,646	152,982
Housing4Hoosiers	56,987	60,686
A&O Network	710	8,791
Advocacy		
Opportunity Starts at Home	86,862	63,844
Medical debt	6,507	4,230
Ending Rental Arrears to Stop Evictions project	94,842	60,903
Consumer Protections Campaign	11,632	2,997
	\$ 455,448	\$ 402,433

**Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE E - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the year ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purpose restrictions accomplished:		
Resources		
Community Loan Center expansion	\$ 101,474	\$ 3,201
Opportunity Starts at Home		36,126
Community Development Financial Institution Certification	8,000	
Community Development Capacity Building Initiative		72,154
Empower Indiana grants		1,273
Community Impacts program	14,864	
Indiana Assets & Opportunities Network building and training	23,874	
Housing4Hoosiers	3,699	4,314
A&O Network	8,081	34,393
Advocacy		
Opportunity Starts at Home	27,482	29,976
Homelessness due to COVID		1,238
Medical debt	15,228	20
Consumer protections campaign	17,615	24,502
Ending Rental Arrears to Stop Evictions project	47,661	19,097
	<u>\$ 267,978</u>	<u>\$ 226,294</u>

NOTE F - DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Organization's revenue from contracts with customers based on the type of revenue for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Fees for service	\$ 147,088	\$ 39,304
Member dues	75,843	75,995
Registrations	8,145	6,865
	<u>\$ 231,076</u>	<u>\$ 122,164</u>

**Indiana Association for Community Economic Development, Inc.
dba Prosperity Indiana and Affiliate**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE G - LIQUIDITY

The Organization has financial assets available within one year of the Consolidated Statements of Financial Position date consisting of the following:

	2022	2021
Cash	\$ 618,720	\$ 662,422
Accounts receivable	34,767	850
	\$ 653,487	\$ 663,272

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Consolidated Statements of Financial Position date. The Organization has a goal to maintain cash on hand to meet 180 days of its normal operating budget, approximately \$536,000.

NOTE H - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 19, 2023, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2022, have been incorporated into these consolidated financial statements herein.

NOTE I - ADOPTION OF NEW ACCOUNTING PRINCIPLE

Effective for its 2022 annual financial statements, the Organization adopted new accounting standards issued by FASB that require significant changes in accounting for operating leases under which the Organization is lessee, and in the method and timing of recognition of certain nonlease contract revenues and certain incremental expenses such as sales commissions. Upon adoption, among other effects, the Organization is required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes entail certain retrospective adjustments.