CONSOLIDATED FINANCIAL REPORT

REAL SERVICES, INC. AND AFFILIATES

June 30, 2020 and 2019

CONTENTS

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CULLAR & ASSOCIATES, PC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
REAL Services, Inc. and Affiliates
South Bend, Indiana

We have audited the accompanying consolidated financial statements of REAL Services, Inc. and Affiliates, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of REAL Services, Inc. and Affiliates as of June 30, 2020 and 2019, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cullar & Associates, P.C.

South Bend, Indiana
February 17, 2021

REAL SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
Assets:		
Cash and cash equivalents	$ 5,881,876	$ 4,776,623
Grants and contracts receivable	2,749,193	2,817,539
Investments	3,406,159	2,597,067
Prepaid expenses	6,204	7,583
Beneficial interests in assets held by Community Foundation	1,151,174	1,126,274
Property and equipment	2,585,985	2,280,080
Cash held in escrow for employee benefits	577,209	371,197
Investments held for deferred compensation plan benefits	202,872	200,071
Assets held for others under guardianship	297,024	203,329
Total assets	$ 16,857,696	$ 14,379,763
Liabilities and Net Assets:		
Liabilities:		
Accounts payable and accrued liabilities	$ 1,104,490	$ 1,218,713
Refundable advances	40,436	44,317
Deferred revenues	99,850	53,700
Accrued employee benefits	577,209	371,197
Accrued deferred compensation plan benefits	217,372	219,071
Liability for assets held under guardianships	297,024	203,329
Note payable, bank, Paycheck Protection Program	830,000	-
Total liabilities	3,166,381	2,110,327
Net Assets:		
Without donor restrictions:		
Undesignated	6,779,871	7,180,359
Designated by Board for endowment	1,254,787	482,280
Invested in property and equipment	2,585,985	2,280,080
	10,620,643	9,942,719
With donor restrictions:		
Purpose restricted	2,570,672	1,826,717
Perpetual in nature	500,000	500,000
	3,070,672	2,326,717
Total net assets	13,691,315	12,269,436
Total liabilities and net assets	$ 16,857,696	$ 14,379,763

The accompanying notes are an integral part of these consolidated financial statements.

REAL SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue, Support, and Gains:						
Grants and contracts	$ 18,481,369	$ 220,793	$ 18,702,162	$ 17,605,942	$ 200,880	$ 17,806,822
Program service revenue	972,155	117,260	1,089,415	1,164,798	116,779	1,281,577
Contributions	629,448	924,680	1,554,128	544,471	415,063	959,534
Net investment return	218,028	32,067	250,095	161,213	31,368	192,581
Other	155,957	38,706	194,663	129,493	94,023	223,516
Change in value of beneficial interests in assets held by Community Foundation	10,151	14,749	24,900	65	(680)	(615)
Net assets released from restrictions	604,300	(604,300)	-	784,480	(784,480)	-
Total revenue, support, and gains	21,071,408	743,955	21,815,363	20,390,462	72,953	20,463,415
Expenses:						
Program services expenses:						
Alzheimer's and Dementia Services	166,743	-	166,743	279,624	-	279,624
Area Agency on Aging	509,159	-	509,159	744,040	-	744,040
Case Management	5,112,389	-	5,112,389	4,466,969	-	4,466,969
Community Services	817,135	-	817,135	716,904	-	716,904
COVID-19	1,453,650	-	1,453,650	-	-	-
Energy Assistance	6,586,946	-	6,586,946	6,683,601	-	6,683,601
Foster Grandparents	210,596	-	210,596	208,128	-	208,128
Guardianship	196,815	-	196,815	210,813	-	210,813
Home Health Care	1,720,433	-	1,720,433	1,832,655	-	1,832,655
Nutrition	1,754,615	-	1,754,615	2,282,977	-	2,282,977
Transportation	249,308	-	249,308	278,382	-	278,382
Weatherization	436,890	-	436,890	631,726	-	631,726
Total program services expenses	19,214,679	-	19,214,679	18,335,819	-	18,335,819
Supporting services expenses:						
Management and general	1,040,540	-	1,040,540	838,716	-	838,716
Development and fundraising	138,265	-	138,265	171,902	-	171,902
Total supporting services expenses	1,178,805	-	1,178,805	1,010,618	-	1,010,618
Total expenses	20,393,484	-	20,393,484	19,346,437	-	19,346,437
Change in net assets	677,924	743,955	1,421,879	1,044,025	72,953	1,116,978
Net assets, beginning of year	9,942,719	2,326,717	12,269,436	8,898,694	2,253,764	11,152,458
Net assets, end of year	$ 10,620,643	$ 3,070,672	$ 13,691,315	$ 9,942,719	$ 2,326,717	$ 12,269,436

The accompanying notes are an integral part of these consolidated financial statements.

REAL SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Alzheimer's and Dementia Services	Area Agency on Aging	Case Management	Community Services	COVID-19	Energy Assistance	Foster Grandparents	Guardian-ship	Home Health Care	Nutrition	Transpor-tation	Weather-ization	Management and General	Development and Fundraising	Totals
Personnel:															
Salaries and wages	$ 79,692	$ 306,319	$ 3,241,026	$ 299,264	$ 533,390	$ 210,201	$ 60,436	$ 109,952	$ -	$ 631,714	$ 127,099	$ 146,128	$ 606,239	$ 29,665	$ 6,381,125
Retirement	3,964	13,549	118,263	16,868	19,281	7,281	2,653	3,864	-	19,259	3,740	10,241	58,815	1,121	278,899
Other benefits	11,988	39,355	782,206	67,777	93,847	22,715	13,162	44,648	-	87,629	8,012	36,310	82,432	1,558	1,291,639
Payroll taxes	5,818	22,788	231,049	21,649	37,129	16,024	4,466	8,291	(5)	48,244	9,893	11,890	44,676	3,165	465,077
Total personnel	101,462	382,011	4,372,544	405,558	683,647	256,221	80,717	166,755	(5)	786,846	148,744	204,569	792,162	35,509	8,416,740
Contract services	-	-	-	-	-	-	-	-	-	-	-	-	66,143	654	66,797
IT services	1,893	1,738	81,895	8,800	3,598	17,821	750	1,181	-	5,340	532	1,753	11,177	1,607	138,085
Food	2,528	707	54,816	-	595,107	-	-	15	201,917	466,738	31	-	24,555	12	1,346,426
Program supplies	3,471	962	8,768	1,401	24,195	300	666	64	-	80,412	447	302	1,168	4,452	126,608
Office supplies	1,180	1,144	20,235	1,839	1,578	12,767	290	888	-	3,153	306	1,925	5,678	1,017	52,000
Duplicating	2,648	1,395	16,370	3,736	2,367	155	298	582	-	3,399	1,248	405	3,043	5,046	40,692
Recognition	-	-	1,812	-	-	424	1,652	-	-	-	-	-	4,646	163	8,697
Communications	2,953	1,727	33,318	1,483	8,842	4,756	1,210	2,222	-	13,876	3,034	3,561	3,686	816	81,484
Postage	2,777	1,418	16,275	879	3,007	11,231	1,101	895	-	2,408	429	1,181	32,645	5,543	79,789
Occupancy	20,880	10,315	261,537	30,614	24,906	102,991	3,351	10,003	-	187,765	3,332	10,126	11,010	19,077	695,907
Insurance	4,575	940	19,189	1,483	99	3,793	752	562	-	11,140	626	5,526	3,495	104	52,284
Printing and advertising	2,598	13,395	7,495	156	403	11,536	69	692	-	837	167	226	6,462	2,803	46,839
Vehicle expenses	-	168	281	32	16,014	-	4,475	-	-	46,380	32,256	5,964	-	-	105,570
Travel and conferences	3,447	7,519	57,518	5,698	1,632	1,497	890	2,908	-	15,787	-	587	2,150	891	100,524
Dues and subscriptions	2,773	16,516	18,124	13,280	2,881	20	158	189	-	2,033	10	-	780	3,474	60,238
Assistance to individuals	9,583	63,702	70,806	321,836	77,519	6,152,047	113,533	7,601	1,517,621	49,975	33	200,309	-	-	8,584,565
Training	150	1,264	8,060	14,927	24	-	-	-	-	-	-	456	4,833	-	29,714
Equipment expense	2,261	1,355	55,943	5,313	6,912	11,287	195	2,231	-	9,203	7,677	-	(10,652)	805	92,530
Equipment depreciation	-	-	-	-	-	-	-	-	-	44,334	37,471	-	31,477	-	113,282
Other	1,564	2,883	7,403	100	919	100	489	27	900	24,989	12,965	-	46,082	56,292	154,713
Totals	$ 166,743	$ 509,159	$ 5,112,389	$ 817,135	$ 1,453,650	$ 6,586,946	$ 210,596	$ 196,815	$1,720,433	$ 1,754,615	$ 249,308	$ 436,890	$ 1,040,540	$ 138,265	$ 20,393,484

REAL SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Alzheimer's and Dementia Services	Area Agency on Aging	Case Management	Community Services	Energy Assistance	Foster Grandparents	Guardian-ship	Home Health Care	Nutrition	Transpor-tation	Weather-ization	Management and General	Development and Fundraising	Totals
Personnel:														
Salaries and wages	$ 149,563	$ 411,643	$ 2,756,216	$ 268,404	$ 205,700	$ 58,318	$ 123,062	$ -	$ 786,709	$ 156,369	$ 165,688	$ 500,847	$ 70,870	$ 5,653,389
Retirement	5,607	16,103	114,551	20,282	7,515	2,577	6,063	-	24,633	4,323	7,787	23,078	3,388	235,907
Other benefits	26,406	39,472	680,532	65,892	22,228	16,008	50,879	-	121,218	10,643	25,555	81,825	786	1,141,444
Payroll taxes	11,002	29,726	199,597	19,279	15,628	4,291	7,997	-	59,909	12,210	12,692	37,526	5,386	415,243
Total personnel	192,578	496,944	3,750,896	373,857	251,071	81,194	188,001	-	992,469	183,545	211,722	643,276	80,430	7,445,983
Contract services	-	-	-	-	-	-	-	-	-	-	-	72,155	1,961	74,116
IT services	1,998	2,916	57,658	3,037	13,505	1,054	1,201	-	6,414	1,036	-	4,059	1,082	93,960
Food	113	112	24,051	99	-	42	8	7,303	728,786	-	-	278	111	760,903
Program supplies	10,086	8,560	11,892	229	-	1,547	78	-	91,812	669	379	582	2,691	128,525
Office supplies	933	1,816	23,494	1,869	13,239	467	681	-	4,320	581	2,430	6,145	867	56,842
Duplicating	2,110	2,055	13,925	3,736	649	269	424	-	3,439	1,392	489	3,129	7,099	38,716
Recognition	143	94	1,382	280	554	950	189	-	1,944	189	129	1,365	-	7,219
Communications	4,824	2,463	27,227	1,280	7,487	1,096	2,208	-	18,903	4,965	3,494	3,382	743	78,072
Postage	1,756	3,427	12,269	1,000	10,633	1,258	1,004	-	3,243	849	1,914	27,737	2,245	67,335
Occupancy	26,425	16,856	251,650	30,813	55,569	3,433	9,699	-	195,310	4,979	20,824	11,234	19,619	646,411
Insurance	5,003	1,787	18,169	1,741	3,431	844	675	-	11,223	798	6,606	2,421	154	52,852
Printing and advertising	4,272	12,588	5,611	1,080	7,954	114	348	-	2,136	131	357	4,646	3,985	43,222
Vehicle expenses	-	2,589	10	-	-	2,595	174	-	41,440	40,485	5,372	-	-	92,665
Travel and conferences	9,904	10,707	64,284	5,392	1,740	460	4,683	-	18,837	-	1,598	2,067	1,532	121,204
Dues and subscriptions	2,266	19,714	13,870	5,651	1	1,676	501	-	678	1	-	311	2,338	47,007
Assistance to individuals	14,472	150,989	142,187	283,122	6,288,542	110,957	302	1,823,403	57,208	685	376,733	-	-	9,248,600
Training	779	1,310	1,188	313	-	9	-	198	-	240	2,763	1,372	-	8,172
Equipment expense	293	3,402	44,983	4,366	17,569	68	614	-	21,417	62	(188)	2,870	483	95,939
Equipment depreciation	-	-	-	-	-	-	-	-	67,119	37,471	1,585	32,639	-	138,814
Other	1,669	5,711	2,223	(961)	11,657	95	23	1,751	16,279	304	(4,481)	19,048	46,562	99,880
Totals	$ 279,624	$ 744,040	$ 4,466,969	$ 716,904	$ 6,683,601	$ 208,128	$ 210,813	$ 1,832,655	$ 2,282,977	$ 278,382	$ 631,726	$ 838,716	$ 171,902	$ 19,346,437

The accompanying notes are an integral part of these consolidated financial statements.

REAL SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
Change in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash received from grants and contracts, program services, contributions, and others	$ 15,794,110	$ 14,098,700
Investment income received	153,911	125,720
Payments for salaries, benefits, and payroll taxes	(8,386,658)	(7,378,037)
Payments to vendors	(6,090,748)	(5,716,479)
Payments of income taxes	(2,265)	(2,906)
Net cash provided by operating activities	1,468,350	1,126,998
Cash Flows from Investing Activities:		
Purchase of property and equipment	(492,817)	(140,619)
Purchase of investments	(742,362)	(2,653,004)
Proceeds from sale of investments	42,082	130,278
Net cash (used in) investing activities	(1,193,097)	(2,663,345)
Cash Flows from Financing Activities:		
Proceeds from Paycheck Protection Loan	830,000	-
Net change in cash and cash equivalents	1,105,253	(1,536,347)
Cash and cash equivalents, beginning of year	4,776,623	6,312,970
Cash and cash equivalents, end of year	$ 5,881,876	$ 4,776,623

	2020	2019
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in net assets	$ 1,421,879	$ 1,116,978
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	186,912	203,330
Investment (gains)	(108,812)	(74,341)
Changes in assets and liabilities:		
Grants and contracts receivable	68,346	(78,957)
Prepaid expenses	1,379	(676)
Beneficial interests in assets held by Community Foundation	(24,900)	615
Accounts payable and accrued liabilities	(118,723)	15,801
Refundable advances	(3,881)	(14,205)
Deferred revenues	46,150	(41,547)
Net cash provided by operating activities	$ 1,468,350	$ 1,126,998

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements include the accounts of REAL Services, Inc. and its controlled affiliates, REAL Services Foundation, Inc. and REAL Services Housing, Inc. (collectively, the Organization, we, us, our). Our operations are supported primarily by grants and contracts from governmental agencies and contributions from the public.

REAL Services, Inc. is a tax-exempt, Indiana nonprofit corporation formed to assist in establishing a community in which older adults can maintain their independence to the maximum extent possible and find meaning and satisfaction throughout their lives. We also administer programs assisting low-income persons. REAL Services Foundation, Inc. is a tax-exempt, Indiana nonprofit corporation formed to solicit and administer contributions received for the benefit of REAL Services, Inc. REAL Services Housing, Inc. is a tax-exempt, Indiana nonprofit corporation formed to hold property for, and lease it to, REAL Services, Inc. We fulfill our mission by focusing our efforts in the following primary service areas:

- *Alzheimer's and Dementia Services* – Alzheimer's and Dementia Services program provides families with support and education throughout the region.
- *Area Agency on Aging* – Designated as an Area Agency on Aging, we conduct needs assessments and contract for services that assist older adults in the region.
- *Case Management* – Care Managers assess older adults throughout the region to determine what the older adults need to remain safely living at home.
- *Community Services* – Our Community Services programs assists low-income families in the region to become financially self-sufficient.
- *COVID*-19 – We provide multiple programs to support individuals and families during the economic contraction and social restrictions caused by the COVID-19 pandemic.
- *Energy Assistance* – The Energy Assistance program helps low-income households in the region with their heating expenses during the winter months and cooling during the summer months.
- *Foster Grandparents* – Our Foster Grandparents program provides an opportunity for low-income seniors to support children in day care, and schools in Elkhart and St. Joseph Counties.
- *Guardianship* – REAL Services becomes legal guardian for incapacitated older adults in the region who have no other appropriate advocate to assist them.
- *Home Health Care* – The Area Agency on Aging subcontracts with home care agencies to help older adults throughout the region live at home for as long as possible.
- *Nutrition* - Our Nutrition program provides older adults with nutritious meals and activities at approximately thirty centers in the region.
- *Transportation* – Our Transportation program assists older adults by providing rides to the doctor, grocery, or bank in St. Joseph County
- *Weatherization* – The Weatherization program helps low-income households in the region to reduce fuel consumption.

Significant Accounting Policies:

Use of Estimates:

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts. Significant estimates used in the accompanying consolidated financial statements include-

- Revenue earned from government-funded awards. The majority of our revenue is earned on such awards that are governed by cost principles and other administrative and programmatic regulations and are subject to audit by regulatory authorities. It is at least reasonably possible that revenue earned under such awards will be adjusted upon audit.
- The valuation of beneficial interests in assets held by Community Foundation, which is based on the value of the underlying assets, as provided by the community foundation that holds the assets and which approximates the present value of expected future distributions.
- The valuation of contributed facilities, which is based on rents for comparable facilities.
- The allocation of expenses among functions. Expenses that are directly identifiable with functions are charged to those functions. Expenses related to more than one function are allocated to functions based on estimates of employee time spent on functions, space used by function, and other factors driving costs.

Consolidation:

The affiliates are organized and operated exclusively to carry out the purposes of REAL Services, Inc., and the Board of Directors of REAL Services, Inc. elects all members of the affiliates' Boards. All material transactions and balances between the Organizations have been eliminated in these consolidated financial statements.

Net Asset Classes:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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. The governing board has designated, from net assets without donor restrictions, net assets for a 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.

Cash and Cash Equivalents:

We consider highly liquid financial instruments with original maturities of three months or less and that are neither held for nor restricted by donors for long-term purposes to be cash and cash equivalents. However, cash and cash equivalents held in escrow for employee benefits and held for others under guardianships are not included in cash and cash equivalents but are reported separately.

Grants and Contracts Receivable:

Unconditional grants and contracts and other promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value, using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written-off when deemed uncollectable.

Investments:

Investment purchases are recorded at cost, or if donated, at fair value on the date donated. Thereafter, investments are reported at fair value in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income and realized and unrealized gains and losses, less external and direct internal investment expenses.

Beneficial Interests in Assets Held by Community Foundation:

We have established two endowments funds that are perpetual in nature (the funds) with Community Foundation of St. Joseph County, Inc. (Community Foundation) to which both we and others have contributed and named ourselves as beneficiary, and we are the beneficiary of a third fund that was established solely by other donors. We and the other donors granted variance power to Community Foundation, which allows Community Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in its sole judgment, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The funds are held and invested by Community Foundation for our benefit. The portions of the funds that are attributable to our contributions are reported at fair value in the statements of financial position based on the value of the underlying assets, as provided by Community Foundation that holds the assets and which approximates the present value of expected future distributions. Distributions and changes in fair value of those portions of the funds are recognized in the statements of activities. The portions of the funds attributable to contributions from others are not reported as an asset in the statements of financial positions, and distributions from those portions are included in contributions revenue in the statements of activities.

Property and Equipment:

Property and equipment is stated at cost, if acquired, or at fair value at the date of receipt, if donated, less accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Buildings	40 years
Leasehold improvements	Lesser of lease term or 10 years
Program equipment	10 years
Vehicles	8 years
Office equipment	5 to 8 years

Most of our program equipment and vehicles have been purchased with governmental grant funds. Disposition of these assets, as well as the ownership of any sale proceeds, is subject to funding source and other regulatory directives. Because management expects such assets to be used in accordance with the funding source directives, the cost of such items has been recorded as assets when they were acquired.

Revenue and Revenue Recognition:

As discussed later in this note, effective July 1, 2019, we adopted new revenue recognition guidance for contracts with customers using the modified retrospective transition method, applying the guidance to contracts with customers that were not substantially complete at that date.

Contributions and grants:

Contributions and grants are recognized as revenue when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are not recognized as revenue until the conditions on which they depend have been substantially met. Amounts received from conditional contributions are reported as refundable grant advances in the statements of financial position until the conditions are satisfied. Revenue from cost-reimbursable and fee-for-service awards are recognized as revenue when allowable expenditures are incurred or allowable services are performed. Amounts received in advance of incurring allowable costs or performing allowable services are reported as refundable advances in the statements of financial position.

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation. Our policy is to sell donated securities as soon as practical after receipt. Contributions of property and equipment are recorded at fair value at the date of contribution, and are reported as increases in net assets without donor restrictions unless the donor has restricted the contributed asset to a specific purpose. Assets contributed with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as net assets with donor restrictions. Absent donor stipulations regarding how long such donated assets must be maintained, we report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. We reclassify net assets with donor restrictions to net assets without donor restrictions at that time.

We consider all contributions to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions.

We use certain facilities for our Nutrition program without charge or at reduced charge, and the difference between the fair value for the use of these facilities and the cost is recorded as revenue and expense. For both of the years ended June 30, 2020 and 2019, we recognized $145,048 for use of such facilities.

Indiana Housing and Community Development Authority (IHCDA) makes energy assistance payments for participants in the Low Income Home Energy Assistance Program directly to the energy providers on behalf of all entities administering the program. Because we perform all intake functions and are liable for errors made in determining participant eligibility, such payments made by IHCDA to the providers are recorded as both grants revenue and financial assistance expense in the accompanying consolidated financial statements. We recognized $5,711,825 and $5,892,995 of revenue and expense for the years ended June 30, 2020 and 2019, respectively, for such payments made by IHCDA.

Contributions of goods and property are recorded at fair value at the date contributed. Contributions of the use of facilities at no charge or at below-market charge are recorded at fair value, less any charges. Contributions of services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated, are recorded at their fair value in the period received. No contributed services are recognized in the accompanying consolidated financial statements because the criteria for recognition were not met. However, a substantial number of volunteers donate significant amounts of time to us.

Contracts with customers:

We earn revenue from customers by providing social services, primarily for elder care. Fees for such services are recognized as revenue at the point in time when the services are substantially performed and billed. For the years ended June 30, 2020 and 2019, we earned $666,083 and $826,186, respectively, for such services, which are reported as program service revenue in the accompanying consolidated statements of activities.

A performance obligation is a promise in a contract with a customer to transfer a distinct good or service. All of our contracts with customers are considered to have a single performance obligation, whereby we provide a service to our customers.

Paycheck Protection Program Loan:

As discussed in Note 8, we borrowed $830,000 under the Paycheck Protection Program of the Small Business Administration (SBA). Although we expect to apply for forgiveness of this loan within the next year and believe that most of it will be forgiven, we have elected to treat the loan as a financial liability and not as a grant that is expected to be forgiven. Consequently, we will not recognize any income from the forgiveness of this loan unless and until it is forgiven by the SBA.

Functional Allocation of Expenses:

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function and report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, insurance, communications, office supplies, equipment maintenance, and others, which are allocated on the basis of estimates of time and effort or other factors driving expenses.

Income Taxes:

All three entities are exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code, except for tax on unrelated business income. Consequently, the accompanying financial statements do not include any provision for income taxes except for tax on unrelated business income. The Internal Revenue Service classifies all three entities as other than private foundations under Internal Revenue Code Section 509(a)(1).

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include our tax-exempt status and positions related to the potential sources of unrelated business taxable income. We have not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying financial statements. We classify interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense, and there was no accrued interest or any penalties related to unrecognized tax benefits at either June 30, 2020 or 2019, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. We are no longer subject to examination by the Internal Revenue Service or the State of Indiana for years prior to June 30, 2017.

Advertising:

Advertising costs are expensed when incurred. Advertising expense was $3,247 and $3,450 for the years ended June 30, 2020 and 2019.

Financial Instruments and Credit Risk:

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with grants and contracts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, local individuals, and others supportive of our mission. Investments are made by investment managers whose performance is monitored by us and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the Board believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Recent Accounting Pronouncements and Accounting Changes:

Effective July 1, 2019, we adopted the provisions of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which superseded most revenue recognition guidance as well as certain cost recognition guidance. That update, together with other clarifying updates, requires that the recognition of revenue for the transfer of goods or services to customers reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. The update also requires additional qualitative and quantitative disclosures about the nature, amount, timing, and uncertainty of revenues and cash flows arising from customer contracts, including significant judgments and changes in judgments and information about contract balances and performance obligations.

We adopted the new revenue recognition guidance using the modified retrospective method for contracts not substantially complete at July 1, 2019. However, we determined that there was no material difference between revenue previously reported from such contracts and revenue determined under the new guidance, and so no cumulative adjustment has been made to net assets at July 1, 2019. The effect on the 2020 financial statements of adopting the new guidance was not material.

Effective July 1, 2019, we also adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance for distinguishing between contributions and exchange transactions and between conditional and unconditional contributions. Under that standard, any changes are applied only to that portion of revenue not yet recognized at July 1, 2019 and no prior period results are restated and no cumulative-effect adjustment is made to net assets at July 1, 2019. We determined that there was no material difference between revenue previously reported from contributions and revenue determined under the new guidance.

Certain revenue and support in the 2019 statement of activities have been reclassified to conform to their presentation in the 2020 statement. The reclassifications had no effect on total revenue, support, and gains or on the change in net assets.

Subsequent Events:

The date through which events occurring subsequent to June 30, 2020 have been evaluated for possible adjustment to the financial statements or disclosure is February 17, 2021, the date on which the financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure (that is, without donor or other restrictions limiting their use) within one year of June 30, 2020 and 2019 are as follows:

	2020	2019
Cash and cash equivalents	$ 3,311,204	$ 2,949,906
Grants and contracts receivable	2,749,193	2,817,539
Investments	2,643,803	2,597,067
Distributions from-		
Endowment investments	-	-
Beneficial interests in assets held by Community Foundation	26,047	25,051
Total financial assets available for general expenditure	$ 8,730,247	$ 8,389,563

We also maintain a $500,000 line of credit (see Note 8) to supplement our operating needs if necessary.

We are partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, we must maintain sufficient resources to meet those responsibilities to our donors. Thus, financial assets may not be available for general expenditure within one year, and these have been excluded from the above amounts. As part of our liquidity management, we have a policy to structure our financial assets to be available as our general expenditures, liabilities, and other obligations come due. In addition, we may invest cash in excess of daily requirements in short-term investments.

Our investments include endowment funds, which are donor-restricted endowments and funds designated by the Board as endowments. Income from our endowment is without restriction and available for general use. These investments are subject to our spending policy discussed in Note 10. Although we don't intend to spend from the board-designated portion of the investment endowments of $997,937 (other than amounts appropriated for general expenditure as part of our Board's annual budget), this amount could be made available if necessary. Distributions from the beneficial interests in assets held by Community Foundation are under the control of the Community Foundation and reflect expected distributions based on the historical 4%-5% distribution rate.

NOTE 3. GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of reimbursements due under government cost-reimbursable and fee-for-service awards and unconditional promises to give to the Organization. All amounts are due in the next year, and no allowance for uncollectables is considered necessary.

At June 30, 2020, we received approximately $3,755,000 in conditional promises to give in excess of allowable costs incurred under cost-reimbursable and fee-for-service awards, which will be recognized as revenue if and when allowable costs are incurred or services rendered.

NOTE 4. INVESTMENTS INFORMATION

Investments consist of the following at June 30, 2020 and 2019, respectively:

	2020	2019
Mutual income funds	$ 1,127,838	$ 879,535
Mutual equity funds	2,171,595	1,626,388
Mutual alternative investment funds	106,726	91,144
Total investments	$ 3,406,159	$ 2,597,067

Net investment return consists of the following for the years ended June 30, 2020 and 2019, respectively:

	2020	2019
Interest on cash and cash equivalents	$ 23,519	$ 18,476
Interest and dividends on investments	74,196	52,791
Realized investment gains	42,082	35,423
Unrealized investment gains	66,730	38,918
Investment fees	(12,628)	(7,480)
Distributions from beneficial interest in assets held by Community Foundation	56,196	54,453
Net investment return	$ 250,095	$ 192,581

NOTE 5. BENEFICIAL INTERESTS IN ASSETS HELD BY COMMUNITY FOUNDATION

We are the beneficiary of two funds held by Community Foundation of St. Joseph County, Inc. (Community Foundation), to which both we and others have contributed. One of the funds was established using funds that were permanently restricted by the donor (see Note 9). We are also the beneficiary of a third fund that was established solely by contributions by other donors. We and the other donors have granted Community Foundation variance power in the determination of annual distributions and transfer of the accounts to other community organizations in certain circumstances. Distributions to us are under the control of Community Foundation.

The value of the portions of the funds attributable to our contributions was $1,151,174 and $1,126,274 at June 30, 2020 and 2019, respectively, which is reported as an asset in the accompanying consolidated statements of financial position. The change in value of those portions, net of distributions, for the years ended June 30, 2020 and 2019 was $24,900 and ($615), respectively, which is included in revenue in the accompanying consolidated statements of activities. We received distributions from those portions of the funds of $56,196 and $54,453 during the years ended June 30, 2020 and 2019, respectively, which are included in net investment return.

The portions of the funds attributable to contributions by other donors are not recognized as assets since other donors established them and granted variance power to Community Foundation. We periodically receive distributions in the form of grants from those portions of the funds. The total value of those portions of the funds at June 30, 2020 and 2019 was $4,316,977 and $4,214,315, respectively. We received distributions from those portions of the funds of $201,413 and $176,736 during the years ended June 30, 2020 and 2019, respectively, which are included in contributions revenue.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2020 and 2019, respectively:

	2020	2019
Land	$ 207,630	$ 182,930
Buildings	3,684,315	3,216,199
Leasehold improvements	48,411	48,411
Program equipment	235,257	235,257
Vehicles	981,294	981,294
Office equipment	238,801	238,801
	5,395,708	4,902,892
Less accumulated depreciation	(2,809,723)	(2,622,812)
Net property and equipment	$ 2,585,985	$ 2,280,080

NOTE 7. FAIR VALUE MEASUREMENTS

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

The fair value of assets measured on a recurring basis at June 30, 2020 and 2019, respectively, is as follows:

	Fair Value	Level 1	Level 2	Level 3
June 30, 2020:				
Investments	$ 3,406,159	$3,406,159	$ -	$ -
Beneficial interests in assets held by Community Foundation	1,151,174	-	-	1,151,174
Totals	$ 4,557,333	$3,406,159	$ -	$ 1,151,174
June 30, 2019:				
Investments	$ 2,597,067	$2,597,067	$ -	$ -
Beneficial interests in assets held by Community Foundation	1,126,274	-	-	1,126,274
Totals	$ 3,723,341	$2,597,067	$ -	$ 1,126,274

Fair values for investments that are readily marketable are determined by reference to quoted market prices. Fair value for the beneficial interests in assets held by Community Foundation is based on the fair value of the underlying assets, as provided by the community foundation that holds the assets and which approximates the present value of expected future distributions.

The following is a reconciliation of beginning and ending balances of the beneficial interests in assets held by Community Foundation that is measured by Level 3 inputs for the years ended June 30, 2020 and 2019, respectively:

	2020	2019
Beginning fair value	$ 1,126,274	$ 1,126,889
Distributions	(56,196)	(54,453)
Change in value	81,096	53,838
Ending fair value	$ 1,151,174	$ 1,126,274

The change in value of the beneficial interests in assets held by Community Foundation is included in revenue in the accompanying consolidated statements of activities. All the above Level 3 changes in value are attributable to changes in the value of assets held by Community Foundation at June 30, 2020 and 2019, respectively.

NOTE 8. DEBT INFORMATION

In April 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act, which includes the Paycheck Protection Program (PPP), was enacted into law. PPP is a loan program through U.S. Small Business Administration (SBA) and its participating banks in which loans can be forgiven for expenditures of loan proceeds incurred in the eight or twenty-four weeks following the origination date of the loan for certain payroll costs, rents, mortgage interest, and utilities. The amount forgiven is reduced proportionally by any reduction in employees retained or in payroll reduced. In May 2020 we received a PPP loan for $830,000. The loan has no collateral or guarantees, is subject to an interest rate of 1%, with payments of principal and interest beginning in December 2020, and is due in full in May 2022. Although we expect to apply for forgiveness of this loan within the next year and believe that most of it will be forgiven, we have elected to treat the loan as a financial liability and not as a grant that is expected to be forgiven. Consequently, we will not recognize any income from the forgiveness of this loan unless and until it is forgiven by the SBA.

Maturities of the loan for each of the next two years at June 30, 2020 are as follows:

2021	$ 318,751
2022	511,249
Total	$ 830,000

We maintain a $500,000 bank line of credit, bearing interest at 35 basis points below prime, collateralized by substantially all our assets except real estate. No borrowings were outstanding on the line at either June 30, 2020 or 2019.

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following periods or purposes at June 30, 2020 and 2019, respectively:

	2020	2019
Subject to expenditure for specified purposes:		
Meal Program	$ 650,989	$ 514,290
Weatherization	38,259	41,551
Local crime victims	32,999	32,999
Care transitions	17,666	17,666
Caregiver Connection	473,164	393,156
Client self-sufficiency programs	29,967	29,967
Utility assistance programs	37,242	38,014
Guardianship programs	135,117	137,581
Alzheimer's programs	136,994	130,479
Kitchen project	243,760	243,760
Transportation vans	86,168	43,371
Foster Grandparents	55,915	36,003
Case Management	125,704	120,000
Meals on Wheels	34,215	-
Food truck	26,839	44,381
Milton Village	442,175	-
Other	3,499	3,499
	2,570,672	1,826,717
Not subject to spending policy or appropriation:		
Held by community foundation and restricted by donor for Caregiver Connection program	500,000	500,000
Total net assets with donor restrictions	$ 3,070,672	$ 2,326,717

Net assets were released from restrictions by incurring expenses satisfying restricted purposes specified by donors as follows for the years ended June 30, 2020 and 2019, respectively:

	2020	2019
Case Management	$ 16,357	$ 18,757
Caregiver Connection	11	61,741
Meals on Wheels	9,140	7,504
Utility assistance programs	20,023	20,752
Guardianship programs	197,121	193,027
Alzheimer's program	181,836	301,373
Meal program	69,094	27,130
Food truck	56,838	140,619
Transportation	20,743	11,071
Weatherization program	4,192	1,006
Milton Village	28,945	-
Internships	-	2,500
Total net assets released	$ 604,300	$ 784,480

NOTE 10. ENDOWMENT INFORMATION

Our endowment (the Endowment) consists of funds held at a local financial institution and the Community Foundation of St. Joseph County, Inc. The endowment held by a local financial institution consists of two funds, one of which was established with net assets without donor restrictions that have been designated for endowment by our governing board, and one of which was established with net assets restricted by donors. The endowment held by Community Foundation of St. Joseph County, Inc. consist of two funds, one of which was established with net assets without donor restrictions that have been designated for endowment by our governing board, and one of which was established with net assets restricted by donors.

Our governing board has interpreted the State of Indiana Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment, and b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The investment and spending policies for the Endowment are under our control except for assets held at the Community Foundation of St. Joseph County, Inc.

The Endowment was composed of the following net asset classes at June 30, 2020 and 2019, respectively:

	Without Donor Restrictions	With Donor Restrictions	Total
At June 30, 2020			
Board-designated endowment funds	$ 997,937	$ -	$ 997,937
Donor-restricted endowment funds	-	256,850	256,850
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	-	500,000	500,000
Totals	$ 997,937	$ 756,850	$1,754,787
At June 30, 2019			
Board-designated endowment funds	$ 482,280	$ -	$ 482,280
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donors	-	500,000	500,000
Totals	$ 482,280	$ 500,000	$ 982,280

Changes in the Endowment for the years ended June 30, 2019 and 2020, respectively, are as follows:

Balances June 30, 2018	$ 482,215	$ 500,000	$ 982,215
Investment return	23,149	30,688	53,837
Distributions by Community Foundation	(23,084)	(30,688)	(53,772)
Balances June 30, 2019	482,280	500,000	982,280
Contributions	500,000	237,264	737,264
Investment return	39,786	66,402	106,188
Distributions by Community Foundation	(24,129)	(46,816)	(70,945)
Balances June 30, 2020	$ 997,937	$ 756,850	$ 1,754,787

Investment Return Objectives, Risk Parameters, and Strategies. We have adopted investment and spending policies which attempt to provide a predictable stream of funding to the Organization while also maintaining the purchasing power of those assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions to the Society as determined below, while growing the assets, if possible. Therefore, we have an objective for our endowment assets, over time, to produce an average annual rate of return of approximately 4% over inflation. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of total invested assets; investment assets and allocation between asset classes and strategies are managed to not expose the invested assets to unacceptable levels of risk.

Spending Policy. Our spending policy is established by the governing trust agreement, which requires that annual distributions be made to us based on a "distribution percentage" times the average quarterly market value of our assets (excluding contributions receivable and the beneficial interest in assets held by Community Foundation) for the prior three years. The distribution percentage is based on the value of our assets at the June 30 prior to the end of the preceding fiscal year, and is generally as follows:

Market Value of Assets	Distribution %
$0 to $3,500,000	4.00%
$3,500,001 to $3,750,000	4.25%
$3,750,001 to $4,250,000	4.50%
$4,250,001 to $5,000,000	4.75%
Over $5,000,000	5.00%

If the total return on investments (both income and appreciation) for the twelve months ending on the preceding June 30, less the sum of the Consumer Price Index for that year plus one percent, is less than the applicable distribution percentage, the distribution percentage is the greater of the result of that calculation or 4%. No distribution to us will be made during the first two fiscal years of the Endowment Funds.

In establishing this policy, we considered the long-term expected return on our investment assets and the possible effects of inflation. Our objective and goal, over time, is to not have distributions, plus inflation, exceed the rate of return of our endowment fund.

NOTE 11. LEASE INFORMATION

We lease certain facilities and equipment under non-cancelable operating leases expiring in various months through July 2024. Minimum future rental payments under these leases as of June 30, 2020 for each of the next five years and in the aggregate are as follows:

2021	$ 91,496
2022	69,480
2023	24,503
2024	24,503
2025	2,041
Total minimum future rental payments	$ 212,023

Total rent expense for these and other short-term leases was $152,513 and $124,385 for the years ended June 30, 2020 and 2019, respectively.

NOTE 12. EMPLOYEE BENEFIT PLANS

We maintain a defined-contribution tax-deferred annuity pension plan covering substantially all of our employees. Pension costs are funded in the period that they accrue. Pension expense was $278,899 and $235,907 for the years ended June 30, 2020 and 2019, respectively.

We maintain a self-funded medical plan for our full-time employees that is managed by a third-party administrator. We have purchased a stop-loss insurance policy for the plan that reimburses us for individual claims in excess of $30,000 annually. We fund a separate bank account that is restricted for payment of claims and insurance. We have recorded accruals for our estimated portion of self-insured claims based on estimated claims incurred through June 30, 2020 and 2019, respectively.

We also maintain an executive retirement plan that is designed in accordance with Section 457(b) of the Internal Revenue Code. Participants are designated by the Board of Directors. We generally make discretionary annual contributions on a calendar year basis into the plan on behalf of each participant. The funds deposited into this plan remain assets of the Organization until such time that the participant withdraws the funds in accordance with the plan provisions. Assets held in this plan were $202,872 and $200,071 at June 30, 2020 and 2019, respectively, and corresponding liabilities, including unfunded estimated accrued amounts, are reported in the consolidated statements of financial position. Retirement plan expense under this plan was $41,050 and $38,000, respectively, for the years ended June 30, 2020 and 2019.

NOTE 13. CONCENTRATIONS

All of our programs and activities occur in Northern Indiana; consequently, our sources of support and revenue may be affected by conditions in that area. In addition, for the year ended June 30, 2020, approximately 85% of total revenues were from state and federal government sources, with approximately 36% of total revenues from Indiana Housing and Community Development Authority, 31% from Indiana Family and Social Services Administration, and 14% from Indiana Medicaid. For the year ended June 30, 2019, approximately 86% of total revenues were from state and federal government sources, with approximately 41% of total revenues from Indiana Housing and Community Development Authority, 30% from Indiana Family and Social Services Administration, and 13% from Indiana Medicaid.

Financial instruments that expose us to concentrations of credit risk consist primarily of cash and cash equivalents and grants and contracts receivable. We have cash on deposit with financial institutions that, at times, may exceed the insurance limit of the Federal Deposit Insurance Corporation and are not otherwise collateralized. At June 30, 2020 we had approximately $5,308,000 of cash on deposit with financial institutions that exceeded federal deposit insurance coverage and are not otherwise collateralized. In addition, grants and contracts receivable are due primarily from agencies of the State of Indiana, which represents a concentration of credit risk.

NOTE 14. UNCERTAINTIES REGARDING PANDEMIC

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. On March 23, 2020 the Governor of Indiana declared a health emergency and issued an executive order that closed all nonessential businesses, ordered residents to stay-at-home, and placed restrictions on public gatherings until further notice. The order was lifted in May 2020, but is subject to reinstatement.

The pandemic has, to some extent, shifted the sources of our revenue, but thanks to the support of so many, we have been able increase the level of our services and have not been negatively impacted to date. The effect of the pandemic on our future operations and sources of revenue cannot be reasonably estimated at this time.