

GATEWAY WOODS FAMILY SERVICES, INC.
AND SUBSIDIARY

June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Gateway Woods Family Services, Inc.
Leo, Indiana

Opinion

We have audited the accompanying consolidated financial statements of Gateway Woods Family Services, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gateway Woods Family Services, Inc. and subsidiary as of June 30, 2023 and 2022, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gateway Woods Family Services, Inc. and subsidiary 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 the 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 Gateway Woods Family Services, Inc. ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Gateway Woods Family Services, Inc.'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 Gateway Woods Family Services, Inc.'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.

Bashore Reinck Stoller & Waterman Inc.

BASHORE REINECK STOLLER & WATERMAN INC

Van Wert, Ohio
November 7, 2023

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 487,786	\$ 435,843
Program service fee receivables, less allowance for uncollectible accounts	521,911	431,024
Employee loans receivables	64,424	53,642
Other receivables	10,212	10,212
Inventories and prepaid expenses	36,230	33,798
Total current assets	1,120,563	964,519
Property and equipment		
Equipment	191,485	157,970
Vehicles	406,815	356,457
Total property and equipment cost	598,300	514,427
Less accumulated depreciation	(455,708)	(407,256)
Net property and equipment	142,592	107,171
Other assets		
Other receivables	8,872	14,954
Total assets	\$ 1,272,027	\$ 1,086,644
LIABILITIES		
Current liabilities		
Accounts payable	\$ 31,700	\$ 37,944
Accrued vacation	122,639	103,998
Accrued pension contributions	51,801	49,155
Total current liabilities	206,140	191,097
NET ASSETS		
Without donor restrictions	1,065,887	895,547
Total liabilities and net assets	\$ 1,272,027	\$ 1,086,644

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES

	2023			2022		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
For the years ended June 30						
Support and revenue						
Program revenue	\$ 3,073,594	\$ 0	\$ 3,073,594	\$ 2,695,433	\$ 0	\$ 2,695,433
Contributions received	1,669,440	176,932	1,846,372	1,415,570	179,377	1,594,947
Rent income	100	0	100	8,575	0	8,575
Other income	66,273	0	66,273	17,789	0	17,789
	4,809,407	176,932	4,986,339	4,137,367	179,377	4,316,744
Net assets released from restrictions due to satisfaction of program requirements	176,932	(176,932)	0	179,377	(179,377)	0
Total support and revenue	4,986,339	0	4,986,339	4,316,744	0	4,316,744
Expenses						
Program expenses						
Residential & Counseling	1,680,074	0	1,680,074	1,638,260	0	1,638,260
Foster care	824,507	0	824,507	828,040	0	828,040
Professional Foster care	357,633	0	357,633	141,770	0	141,770
On-ground school services	638,126	0	638,126	558,670	0	558,670
Adoption, IN	158,461	0	158,461	155,297	0	155,297
Adoption, IL	129,558	0	129,558	111,931	0	111,931
Gateway Farms	193,516	0	193,516	150,890	0	150,890
LARC (Linking to Attain Responsibility & Community)	279,081	0	279,081	218,976	0	218,976
Willowbridge	227,458	0	227,458	251,960	0	251,960
Total program expenses	4,488,414	0	4,488,414	4,055,794	0	4,055,794
Supporting services						
Management and general	214,337	0	214,337	210,759	0	210,759
Public relations	113,248	0	113,248	95,455	0	95,455
Total expenses	4,815,999	0	4,815,999	4,362,008	0	4,362,008
Change in net assets	170,340	0	170,340	(45,264)	0	(45,264)
Net assets at beginning of year	895,547	0	895,547	940,811	0	940,811
Net assets at the end of year	\$ 1,065,887	\$ 0	\$ 1,065,887	\$ 895,547	\$ 0	\$ 895,547

4 The accompanying notes are an integral part of this financial statement

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	Program Services									Supporting Services		
	Residential & Counseling	Foster Care	Professional Foster Care	On-Ground School Services	Adoptions IN & IL	Willowbridge	LARC	Gateway Farms	Total Program Services	Management & General	Public Relations	Total Expenses
For the year ended June 30, 2023												
Salaries	\$ 749,608	\$ 306,659	\$ 144,963	\$ 373,319	\$ 155,185	\$ 83,326	\$ 170,468	\$ 112,629	\$ 2,096,157	\$ 102,257	\$ 42,148	\$ 2,240,562
Payroll tax	54,291	22,442	10,024	26,514	11,448	5,881	11,694	6,115	148,409	9,644	6,817	164,870
Fringe benefits	219,357	77,686	68,419	74,104	27,365	29,222	41,522	24,318	561,993	26,359	17,958	606,310
Total salaries and related expenses	1,023,256	406,787	223,406	473,937	193,998	118,429	223,684	143,062	2,806,559	138,260	66,923	3,011,742
Foster parent fees	0	322,941	0	0	3,173	0	0	0	326,114	0	0	326,114
Supplies and equipment	28,911	4,242	3,390	12,841	7,193	2,436	6,776	14,730	80,519	2,118	5,574	88,211
In-Kind expense	16,888	0	0	0	0	0	0	0	16,888	0	0	16,888
Food	84,804	3,265	20,066	831	1,144	7,921	10,080	71	128,182	1,480	5,222	134,884
Utilities	71,522	4,615	18,453	31,065	8,202	21,014	4,016	1,813	160,700	3,070	2,852	166,622
Repairs and Maintenance	39,936	7,527	6,174	18,236	4,856	3,449	4,500	2,752	87,430	11,473	3,177	102,080
Vehicle operations	23,542	16,277	6,862	520	6,799	3,648	5,141	3,743	66,532	2,324	5,863	74,719
Children and family services	13,427	127	2,288	0	0	563	131	10,758	27,294	0	0	27,294
Services to families	14,208	61	1,246	16	7,456	1,904	0	0	24,891	0	0	24,891
Recreation	6,810	0	2,195	0	0	672	2,515	0	12,192	0	0	12,192
Staff development	15,051	9,903	4,456	4,131	2,599	1,388	2,394	892	40,814	19,382	1,432	61,628
Hiring/licensing cost	6,524	11,365	714	1,384	2,739	499	1,241	366	24,832	214	370	25,416
Education	0	0	0	549	0	0	0	0	549	0	0	549
Clothing	1,519	0	478	0	0	0	0	0	1,997	0	0	1,997
Medical	14,228	0	175	0	0	0	0	0	14,403	0	0	14,403
General insurance	33,088	5,757	9,506	10,991	2,942	6,014	2,796	3,719	74,813	1,586	3,382	79,781
Public relations and advertising	9,338	5,152	1,933	3,563	24,464	1,157	2,201	974	48,782	4,139	1,672	54,593
Administration	9,775	5,984	1,043	5,473	7,402	545	1,886	699	32,807	28,953	3,677	65,437
Rent	246,671	5,801	53,397	67,907	12,471	53,579	5,261	234	445,321	788	4,911	451,020
Miscellaneous	5,234	0	1,653	0	453	0	3,212	2,120	12,672	0	4,704	17,376
Total expenses before depreciation	1,664,732	809,804	357,435	631,444	285,891	223,218	275,834	185,933	4,434,291	213,787	109,759	4,757,837
Depreciation of property and equipment	15,342	14,703	198	6,682	2,128	4,240	3,247	7,583	54,123	550	3,489	58,162
Total expenses	\$ 1,680,074	\$ 824,507	\$ 357,633	\$ 638,126	\$ 288,019	\$ 227,458	\$ 279,081	\$ 193,516	\$ 4,488,414	\$ 214,337	\$ 113,248	\$ 4,815,999

5 The accompanying notes are an integral part of this financial statement

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	Program Services									Supporting Services		
	Residential & Counseling	Foster Care	Professional Foster Care	On-Ground School Services	Adoptions IN & IL	Willowbridge	LARC	Gateway Farms	Total Program Services	Management & General	Public Relations	Total Expenses
For the year ended June 30, 2022												
Salaries	\$ 680,521	\$ 265,910	\$ 66,780	\$ 313,881	\$ 137,036	\$ 93,726	\$ 130,710	\$ 90,648	\$ 1,779,212	\$ 97,727	\$ 32,090	\$ 1,909,029
Payroll tax	48,660	19,522	4,266	23,005	9,766	6,945	8,336	5,242	125,742	8,610	3,992	138,344
Fringe benefits	214,376	69,879	22,931	61,313	28,240	33,296	36,193	17,381	483,609	24,542	19,579	527,730
Total salaries and related expenses	943,557	355,311	93,977	398,199	175,042	133,967	175,239	113,271	2,388,563	130,879	55,661	2,575,103
Foster parent fees	0	403,142	0	0	0	0	0	0	403,142	0	0	403,142
Supplies and equipment	28,162	2,498	691	9,568	6,030	2,161	2,866	11,159	63,135	6,827	6,191	76,153
In-Kind expense	22,415	0	0	0	0	0	0	0	22,415	0	0	22,415
Food	76,869	1,271	603	807	482	12,593	5,211	23	97,859	6,006	3,967	107,832
Utilities	71,095	3,788	7,803	29,424	6,902	21,762	3,316	1,423	145,513	2,558	2,336	150,407
Repairs and Maintenance	33,205	5,891	2,393	24,492	3,438	6,955	3,461	848	80,683	10,665	2,390	93,738
Vehicle operations	28,919	8,433	2,656	252	6,309	3,938	7,870	2,527	60,904	132	5,914	66,950
Children and family services	13,345	0	754	0	0	525	159	9,230	24,013	0	0	24,013
Services to families	9,568	76	253	0	4,896	2,703	0	0	17,496	0	0	17,496
Recreation	7,202	1,392	1,613	0	0	200	650	0	11,057	0	0	11,057
Staff development	24,841	2,977	309	2,517	2,268	631	786	273	34,602	5,895	1,210	41,707
Hiring/licensing cost	9,275	13,106	139	1,819	3,900	3	245	600	29,087	195	96	29,378
Education	170	0	0	0	0	0	0	0	170	0	0	170
Clothing	3,604	0	323	0	0	0	0	0	3,927	0	0	3,927
Medical	8,517	213	0	0	0	144	0	0	8,874	0	0	8,874
General insurance	42,180	5,718	843	10,817	4,291	5,877	2,845	2,946	75,517	3,159	2,209	80,885
Public relations and advertising	10,242	5,057	1,149	3,390	27,691	1,677	2,032	1,285	52,523	3,834	1,952	58,309
Administration	9,666	3,915	586	6,008	10,490	832	3,246	198	34,941	39,569	5,100	79,610
Rent	273,426	5,860	26,767	68,024	12,525	53,669	5,320	127	445,718	388	4,940	451,046
Miscellaneous	7,369	1,208	0	0	2,211	0	2,327	1,061	14,176	0	2,546	16,722
Total expenses before depreciation	1,623,627	819,856	140,859	555,317	266,475	247,637	215,573	144,971	4,014,315	210,107	94,512	4,318,934
Depreciation of property and equipment	14,633	8,184	911	3,353	753	4,323	3,403	5,919	41,479	652	1,297	43,428
Total expenses	\$ 1,638,260	\$ 828,040	\$ 141,770	\$ 558,670	\$ 267,228	\$ 251,960	\$ 218,976	\$ 150,890	\$ 4,055,794	\$ 210,759	\$ 95,809	\$ 4,362,362

6 The accompanying notes are an integral part of this financial statement

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ending June 30	2023	2022
Cash flows from operating activities		
Program per diem and contribution income received	\$ 4,816,479	\$ 4,239,582
Other income received	52,023	6,839
Cash paid to suppliers and employees	(4,745,226)	(4,273,173)
Net cash provided (used) by operating activities	123,276	(26,752)
Cash flows from investing activities		
Payments for purchases of property and equipment	(85,581)	(23,311)
Proceeds from sale of property and equipment	14,250	10,950
Net cash used by investing activities	(71,331)	(12,361)
Decrease in cash and cash equivalents	51,945	(39,113)
Beginning cash and cash equivalents	435,841	474,954
Ending cash and cash equivalents	\$ 487,786	\$ 435,841
Supplemental information:		
Non-cash operating and investing activity		
Gifts of property and equipment	\$ 8,000	\$ 18,000

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 170,340	\$ (45,618)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Proceeds from sale of assets	(14,250)	(10,950)
Non-cash contribution of equipment and building	(8,000)	(18,000)
Increase (decrease) in allowance for doubtful accounts	0	(5,000)
Depreciation	58,162	43,428
(Increase) decrease in assets:		
Accounts, grant and employee receivables	(95,587)	(36,373)
Inventories and deposits	(2,432)	3,020
Increase (decrease) in liabilities:		
Accounts payable	(6,244)	11,423
Accrued expenses	21,287	31,318
Net cash provided by operating activities	\$ 123,276	\$ (26,752)

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2023 and 2022

1. Summary of Significant Accounting Policies

Nature of Activities - Gateway Woods Family Services, Inc. was incorporated in 2010 as a nonprofit corporation under the auspices of, and as an outreach of, the Apostolic Christian Church of America, Inc. as a supporting organization of Apostolic Christian Children's Home, Inc. Its purpose is to provide treatment services for emotionally troubled children and families placed or referred by public agencies and private families primarily from Indiana, Illinois and Ohio.

Gateway Woods Family Services, Inc. is a caring treatment community in Leo, Indiana that offers high quality, comprehensive programs through a continuum of care and treatment, including group home residential treatment with on-ground educational services, day treatment, foster care, home based family and after care services, adoption services, and on-campus agricultural work programs.

Basis of Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are 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, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the board limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statement by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Basis of Accounting - Gateway Woods Family Services, Inc. prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Principles of Consolidation - During the year ended June 30, 2014 the Organization formed a single member Illinois Limited Liability Company, Gateway Woods Family Services Illinois, LLC to provide adoption program services in the state of Illinois. The financial statements are a consolidation of both entities. All intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition - The Organization recognizes revenue in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 Revenue from Contracts with Customers (Topic 606). This topic requires entities to recognize revenue when the transfer of goods and services to customers occurs in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2023 and 2022

1. Summary of Significant Accounting Policies—(Continued)

Revenue Recognition- (Continued) The Organization's income is primarily from contribution revenue and short-term services including foster care and group home billed by bed days. There is no revenue from goods or services transferred to customers recognized over time.

Revenue derived from the rendering of short-term services (the performance obligation) is recognized when: the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the Organization; the stage of completion of the transaction at the end of the reporting period can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. In summary, the rendering of short-term services contains a single delivery element and revenue is recognized at a single point in time when ownership, risks and rewards transfer.

The opening and closing balance of receivables are listed on the statement of the financial position as of June 30, 2023 and 2022. A contract liability is recognized when a customer prepays consideration or owes prepayment to the Organization according to a contract. A contract asset is recognized when an entity has satisfied a performance obligation but cannot recognize a receivable until fulfilling other obligations. There are no contract assets or liabilities from contracts with customers as of June 30, 2023 and 2022.

Fair Values of Financial Instruments – Financial instruments, none of which are held for trading purposes, include cash and cash equivalents, program service fee and other receivables, and accounts payable. The Organization estimates that the fair value of all financial instruments at June 30, 2023 and 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by Gateway Woods Family Services, Inc. using quoted market prices and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. The cash and cash equivalents are carried in the current assets on the statement of financial position.

Program Service Fees and Related Receivables – Gateway Woods Family Services, Inc. receives client fees for billable client services from parents and various local and state governmental agencies.

Net service revenue is reported at estimated net realizable amounts from clients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Management reviews accounts on an annual basis for individual accounts that might require an allowance due to doubtful collectability. Accounts are written off only after management has exhausted all reasonable possibilities for collection.

Gateway Woods Family Services, Inc. provides an allowance for doubtful accounts receivable which is based on management's case-by-case estimate of losses that will be incurred in the collection of all receivables. Accounts receivable are recorded net of an allowance for doubtful accounts of \$2,500 and \$2,500 at June 30, 2023 and 2022, respectively. Outstanding net accounts receivable greater than 90 days were \$19,673 and \$30,444 at June 30, 2023 and 2022 respectively. The accounts receivable balance is not secured by collateral nor do past due accounts accrue finance charges. Other receivables consist of amounts owed by former employees for education expenses paid by the Organization. When an employee leaves the Organization they become responsible for repaying all outstanding educational loans. These former employee loans are listed as both current and noncurrent other receivables. No interest is charged on these outstanding balances.

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2023 and 2022

1. Summary of Significant Accounting Policies—(Continued)

Contributions – Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. There were no unconditional or conditional promises to give as of June 30, 2023 and 2022. All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor. Gateway Woods Family Services, Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Non-cash Contributions – Donated equipment, materials and services are reflected as contributions and related expense/acquisitions in the accompanying statements at their estimated fair market values as of the date of receipt. The Organization received donations of materials and services for the years ended June 30, 2023 and 2022, totaling \$17,772 and \$22,415, respectively. In addition, Gateway Woods Family Services, Inc. received \$8,000 and \$18,000 of fixed assets which were recorded under vehicles on the Statements of Financial Position for the years ended June 30, 2023 and 2022, respectively. Many unskilled volunteers contribute their time to Gateway Woods Family Services, Inc. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Inventories – Inventories of supplies are stated at approximate cost using the first-in first-out method of determining cost. Food is expensed when purchased.

Investments in Property and Equipment and Depreciation – Equipment and vehicles are stated at cost, or, if donated, at fair value of the date of the gift. Items with a cost or value of \$5,000 or more and a useful life of more than one year are capitalized for the years ended June 30, 2023 and 2022, respectively; otherwise, items are directly recorded as repairs or other types of expense. Depreciation expense was \$58,163 and \$43,429 for the years ended June 30, 2023 and 2022, respectively. Provisions for depreciation are computed on the straight-line basis over the estimated useful lives of the assets (5 to 40 years). In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support.

Impairment of Long-Lived Assets - The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. As of June 30, 2023 and 2022, there were no impairment losses recognized for long-lived assets.

Income Taxes – Gateway Woods Family Services, Inc. is a nonprofit voluntary health and welfare organization, exempt from income tax under Sections 501(c)(3) of the Internal Revenue Code. The Organization has been classified as a Type 2 Supporting Organization under Section 509(a)(3) of the Internal Revenue Code.

Taxes Assessed on Revenue-Producing Transactions – The Organization is operating as a not-for-profit corporation. As such, taxes such as sales tax are not collected on revenue producing transactions as long as the transactions are in the ordinary course of the exempt status of the Organization.

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2023 and 2022

1. Summary of Significant Accounting Policies—(Continued)

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

Public Relations and Advertising – Gateway Woods Family Services, Inc. expenses public relations and advertising costs as they are incurred and communication costs the first time they take place. Public relations and advertising expense was \$54,594 and 58,309 for the years ended June 30, 2023 and 2022, respectively.

2. Lease Expense

Lease expense for the years ended June 30, 2023 and 2022 results from an annual lease agreement signed for the years ended June 30, 2023 and June 2022 for \$441,720 a year. See Note 9 for supported entity information. In addition, \$9,325 was paid for office space for the Illinois Family Services Program. There are signed lease agreements for the periods June 1, 2021 through May 21, 2022, and June 1, 2022 through May 31, 2023, for the lease in Illinois. The future minimum required lease payments are for the year ending June 30, 2024 in the amount of \$9,300 for Illinois, based on a verbal agreement. Subsequent to year end, the Organization verbally agreed to the rent amount of \$441,720 for the next fiscal year. See Note 12, Adoption of New Lease Standard.

3. Liquidity and Availability

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

June 30	2023	2022
Financial assets at year end		
Cash and cash equivalents	\$ 487,786	\$ 435,843
Program service fee receivables, net	521,911	431,024
Employee loans receivable	64,424	53,642
Other receivables	19,084	25,166
Total financial assets at end of year	1,093,205	945,675
Less those unavailable for general expenditure within one year:		
Other receivables	(8,872)	(14,954)
Financial assets available to meet cash needs for general expenditure within one year	\$ 1,084,333	\$ 930,721

The Organization is primarily funded by program revenue and contributions from the supported entity, Apostolic Christian Children's Home, Inc. - see Note 9. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. Should an unforeseen liquidity need arise, the Organization could submit a special grant request to the supported entity, but that request would have to be approved by the board of the supported entity. See Note 10 for liquidity available on open credit line.

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2023 and 2022

4. Donor-Restricted Net Assets

As of June 30, 2023 and 2022, there were no donor-restricted net assets.

5. Retirement Benefits

Gateway Woods Family Services, Inc. sponsors a tax-sheltered annuity plan under Section 403(b) of the Internal Revenue Code for its employees. Under the provisions of the plan, which covers all eligible employees 21 years of age, employees are eligible to participate in company matching contributions which are 1% to 3% of wages depending on employees' length of service. In addition, immediately upon commencement of employment, all employees are eligible to contribute up to 100% of their compensation, subject to maximums established by applicable tax regulations. After three years of service, employees are eligible to receive a percent of their wage as an additional employer contribution to their retirement plan determined annually by the Organization's Board of Directors. For the years ended June 30, 2023 and 2022, the Organization incurred expenses of \$152,648 and \$120,633, respectively for contributions to the plan.

6. Credit Risk, Concentrations and Contingencies

The Organization maintains cash balances at a First Merchants Bank, in northeastern Indiana, which is insured by the Federal Deposit Insurance Corporation for up to \$250,000 as of June 30, 2023 and 2022. There were no amounts in excess of insured limits as of June 30, 2022. As of June 30, 2023, amounts in excess of insured limits at that bank totaled \$363.

Gateway Woods Family Services, in the normal course of operations, grants credit to referring agencies and private families located primarily in northeastern Indiana. Various Indiana counties through the Indiana Department of Child Services together provided 94% of the program per diem fees during the years ended June 30, 2023 and 2022. The Organization is carrying accounts receivable from the Indiana Department of Child Services totaling \$503,981 and \$425,146 as of June 30, 2023 and 2022, respectively.

Contributions received are primarily from the supported entity, Apostolic Christian Children's Home, Inc. as disclosed in Note 9.

7. Potential Legal Claims

In the normal course of business, Gateway Woods Family Services, Inc. is subject to potential legal claims. If and when such claims occur, it is the Organization's practice to defend these claims as they arise. Management does not believe that any potential claims existed as of June 30, 2023 and 2022 that would have a material effect on the Organization's financial position, results of activities or liquidity.

8. Functional Allocation of Expenses

The costs of providing various programs and other activities are presented on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis. The expenses that are allocated include salaries and related expenses which are allocated based on time studies of employees; depreciation, utilities, repairs, and maintenance which are allocated based on office space; and insurance, telephone, expendable equipment, supplies, and program expenses which are allocated according to usage percentage.

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2023 and 2022

9. Supported Entity

The Organization received \$1,649,000 and \$1,336,500 in charitable allocations from the supported entity, Apostolic Christian Children's Home, Inc., during the years ended June 30, 2023 and 2022, respectively. Gateway Woods Family Services, Inc. also incurred lease expense of \$441,720 and \$441,720 to Apostolic Christian Children's Home, Inc. for use of campus real estate during the years ended June 30, 2023 and 2022, respectively. In addition, the Organization received \$243,126 and \$208,122 in reimbursements from Apostolic Christian Children's Home, Inc. for management and employee services performed during the years ended June 30, 2023 and 2022, respectively. Gateway Woods Family Services Illinois, LLC received \$95,000 and \$85,000 from the supported entity during the year ended June 30, 2023 and 2022, respectively. The above amounts were recorded in the Statement of Activities and, if applicable, in the Statement of Functional Expenses. No amounts were due to or owed from Apostolic Christian Children's Home, Inc. as of June 30, 2023 and 2022.

10. Notes Payable

On March 18, 2019 the Organization opened a Priority Credit Line with Wells Fargo which uses investment dollars held by Apostolic Christian Children's Home, Inc. as collateral. The balance was zero as of June 30, 2023 and 2022, and there was no activity on this credit line during the fiscal years ending June 30, 2023 and 2022, respectively. The credit limit is 70% on \$99,450 and \$158,033 of bonds and 60% on \$1,204,861 and \$1,231,060 of mutual funds held in the collateral investment account as of June 30, 2023 and 2022, respectively. The negotiated interest rate is determined at the time of a draw on the line and depends on the amount of business the Organization and the Apostolic Christian Children's Home, Inc. has with Wells Fargo. The line of credit is necessary to meet accreditation standards for the adoption program and there is no expiration date on the line.

11. Subsequent Events, Contingencies and Commitments

The Organization submitted a budgeted request to Apostolic Christian Children's Home, Inc. in the amount of \$1,600,000 for the year ending June 30, 2023, to be paid out quarterly. The first and second quarterly grant requests were paid subsequent to year end. The first quarter amount was \$400,000 and the second quarter amount was \$100,000. Gateway Woods Family Services Illinois, LLC submitted a budget request for \$90,000 to Apostolic Christian Children's Home, Inc., which was approved and paid subsequent to year end.

In 2020, COVID-19 related mandates from federal, state and local authorities resulted in an overall decline in economic activity. In 2022, Russia invaded Ukraine which further disrupted the global economy, and inflation indexes were high during 2022 and 2023. Subsequent to year end, conflict between Israel and surrounding militant groups has flared up. The ultimate impact of these events on the long-term financial performance of the Company is not known at this time.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the financial statements issuance date, November 7, 2023

12. Adoption of New Lease Standard

Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-023, Leases (ASC Topic 842) and subsequent amendments. Under ASU 2016-02, an entity recognizes right-of-use assets and lease obligations on its balance sheet for all leases with a lease term of more than 12 months. Short term rentals under year-to-year leases or remaining leases with terms of 12 months or less are exempt from being capitalized. The Organization analyzed the impact of the new standard and determined the current operating leases are 12 months or less and therefore outside the scope of Topic 842.

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2023 and 2022

13. Employee Retention Credit (ERC)

During the fiscal year ending June 30, 2023, the Organization applied for an employee retention credit with the Internal Revenue Service for the quarter ending September 30, 2021. According to ASC 958-605 this amount is recognized as income when the conditions of the ERC are substantially met. As of June 30, 2023, the Organization's management determined the conditions were not fully met. Therefore, the amount of the refund claim of \$334,984 would be listed as an other receivable but since the conditions are not substantially met, the entity should record an offsetting liability. Since the receivable would be offset by the liability, management elected to not record the receivable and the identical offsetting liability as of June 30, 2023. Subsequent to the year end the Organization did receive the funds from the ERC refund claim but management is still evaluating the conditions of the program in light of new IRS guidance as of the date of the financial statements. Such determination will be made in the next fiscal year.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Gateway Woods Family Services, Inc.
Leo, Indiana

We have audited the consolidated financial statements of Gateway Woods Family Services, Inc. (a nonprofit organization) and subsidiary as of and for the years ended June 30, 2023 and 2022 and our report thereon dated November 7, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on page one. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information included in the accompanying consolidated schedules for the years ended June 30, 2023 and 2022, and the Summary of Consolidated Operations and various graphs for the years ended June 30, 2023 through 2019, which is the responsibility of management, is presented for purposes additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



BASHORE REINECK STOLLER & WATERMAN INC
Van Wert, Ohio
November 7, 2023

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED DEPARTMENTAL SCHEDULES OF PROGRAM INCOME AND EXPENSE

For the years ended June 30	2023			2022		
	Support & Revenue	Expenses	Net	Support & Revenue	Expenses	Net
Residential						
Program per diem fees	\$ 1,330,001			\$ 1,150,737		
Contributions received	24,920			59,776		
Other income	12,614			11,360		
	5,225 days			5,171 days		
Total residential	1,367,535	1,680,074	(312,539)	1,221,873	1,638,260	(416,387)
	\$262 per day	\$322 per day	\$(60) per day	\$236 per day	\$317 per day	\$(81) per day
Foster Care						
Program per diem fees	636,466			749,904		
Contributions received	0			0		
Other income	2,200			3,750		
	7,568 days			10,622 days		
Total foster care	638,666	824,507	(185,841)	753,654	828,040	(74,386)
	\$84 per day	\$109 per day	\$(25) per day	\$71 per day	\$78 per day	\$(7) per day
Professional Foster Care						
Program per diem fees	254,650			38,250		
Contributions received	1,533			0		
Other income	0			0		
	929 days			25 days		
Total professional foster care	256,183	357,633	(101,450)	38,250	141,770	(103,520)
	\$276 per day	\$385 per day	\$(109) per day	\$250 per day	\$927 per day	\$(677) per day
On-ground School Services						
Program per diem fees	526,191			472,842		
Contributions received	45,550			210		
Rent income	100			0		
	2,942 days			2,687 days		
Total on-ground school services	571,841	638,126	(66,285)	473,052	558,670	(85,618)
	\$194 per day	\$217 per day	\$(23) per day	\$176 per day	\$208 per day	\$(32) per day
Adoption, IN						
Program per diem fees	102,468			94,568		
Contributions received	0			4,300		
Other income	0			0		
	80 service units			109 service units		
Total adoption, IN	102,468	158,461	(55,993)	98,868	155,297	(56,429)
	\$1,281 per unit	\$1,981 per unit	\$(700) per unit	\$907 per unit	\$1,426 per unit	\$(519) per unit
Adoption, IL						
Program per diem fees	98,157			62,858		
Contributions received	95,000			93,000		
Debt forgiveness income	3,761			0		
	72 service units			53 service units		
Total Adoption, IL	196,918	129,558	67,360	155,858	111,931	43,927
	\$2,735 per unit	\$1,799 per unit	\$936 per unit	\$2,941 per unit	\$2,112 per unit	\$829 per unit

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED DEPARTMENTAL SCHEDULES OF PROGRAM INCOME AND EXPENSE

For the years ended June 30	2023			2022		
	Support & Revenue	Expenses	Net	Support & Revenue	Expenses	Net
Gateway Farms						
Contributions received	\$ 3,309			\$ 100		
Program per diem fees	99,876			0		
Farm income	24,886			111,346		
Other income	0			0		
Total Gateway Farms	128,071	193,516	(65,445)	111,446	150,890	(39,444)
LARC						
Contributions received	6,027			21,991		
Other income	3,500			0		
Total LARC	9,527	279,081	(269,554)	21,991	218,976	(196,985)
Willowbridge						
Program tenant rent	25,785			14,928		
Contributions received	593			51,509		
Total Willowbridge	26,378	227,458	(201,080)	66,437	251,960	(185,523)
Administrative						
Contributions received	1,669,440			1,364,061		
Rent income	0			8,575		
Debt forgiveness income	0			0		
Other income	19,312			2,679		
Management & general		214,337			210,759	
Public relations		113,248			95,455	
Total administrative	1,688,752	327,585	1,361,167	1,375,315	306,214	1,068,747
Totals	\$ 4,986,339	\$ 4,815,999	\$ 170,340	\$ 4,316,744	\$ 4,362,008	\$ (45,264)

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED SCHEDULES OF PROPERTY AND EQUIPMENT

For the year ended June 30, 2023	Equipment	Vehicles	Total
Assets			
Balance, June 30, 2022	\$ 157,970	\$ 356,457	\$ 514,427
Additions	33,515	60,333	93,848
Dispositions	0	9,975	9,975
Balance, June 30, 2023	191,485	406,815	598,300
Accumulated depreciation			
Balance, June 30, 2022	123,755	283,501	407,256
Additions	22,776	35,651	58,427
Dispositions	0	9,975	9,975
Balance, June 30, 2023	146,531	309,177	455,708
Net property and equipment, June 30, 2023	\$ 44,954	\$ 97,638	\$ 142,592

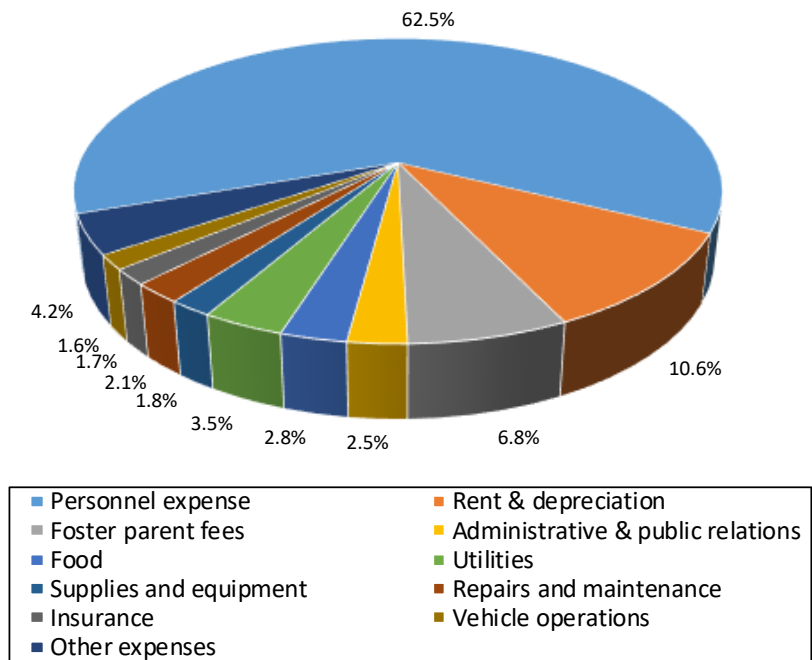
For the year ended June 30, 2022	Equipment	Vehicles	Total
Assets			
Balance, June 30, 2021	\$ 157,970	\$ 305,171	\$ 463,141
Additions	0	51,286	51,286
Dispositions	0	0	0
Balance, June 30, 2022	157,970	356,457	514,427
Accumulated depreciation			
Balance, June 30, 2021	105,237	248,614	353,851
Additions	18,518	34,887	53,405
Dispositions	0	0	0
Balance, June 30, 2022	123,755	283,501	407,256
Net property and equipment, June 30, 2022	\$ 34,215	\$ 72,956	\$ 107,171

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
SUMMARY OF CONSOLIDATED OPERATIONS

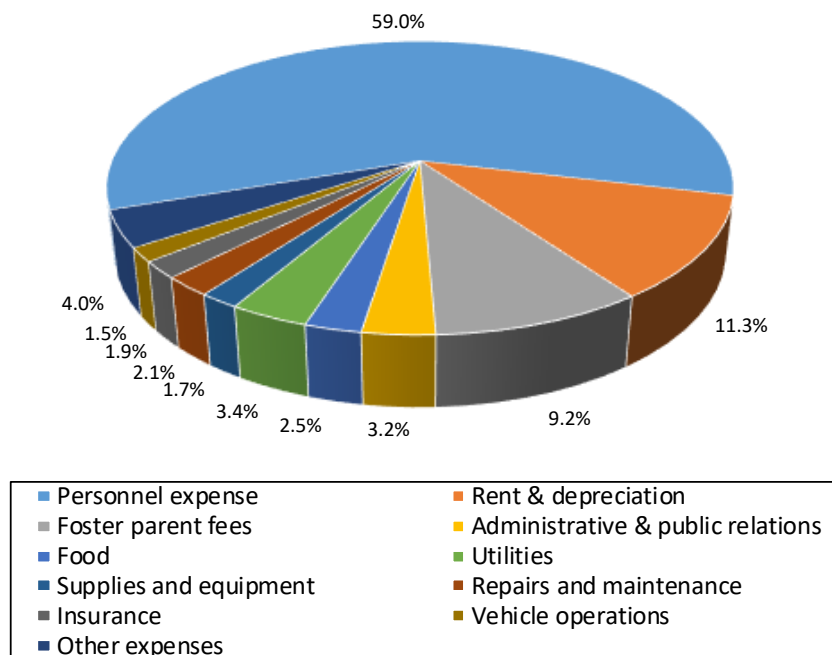
For the years ended June 30	2023	2022	2021	2020	2019
Support and revenue					
Program per diem fees	\$ 3,073,594	\$ 2,695,433	\$ 2,577,408	\$ 3,050,393	\$ 3,027,083
Contributions received	1,846,372	1,594,947	1,620,169	1,218,902	1,117,986
Rent income	100	8,575	5,282	753	700
Debt forgiveness income	0	0	250,016	178,584	0
Other income	66,273	17,789	13,766	9,173	11,421
Total support and revenue	4,986,339	4,316,744	4,466,641	4,457,805	4,157,190
Expenses					
Program expenses	4,488,414	4,055,794	4,148,773	4,191,405	3,903,075
Management and general	214,337	210,759	175,623	187,714	151,550
Public relations	113,248	95,455	90,367	76,718	90,265
Total expenses	4,815,999	4,362,008	4,414,763	4,455,837	4,144,890
Change in net assets	\$ 170,340	\$ (45,264)	\$ 51,878	\$ 1,968	\$ 12,300
Total assets	\$ 1,272,027	\$ 1,086,644	\$ 1,089,521	\$ 1,304,420	\$ 1,034,054
Total liabilities	\$ 206,140	\$ 191,097	\$ 148,710	\$ 415,487	\$ 147,089
Net assets	\$ 1,065,887	\$ 895,547	\$ 940,811	\$ 888,933	\$ 886,965
Total census days					
Residential	5,225	5,171	5,191	7,034	7,831
Foster care	7,568	10,622	11,899	12,641	11,131
Total home based service hours					
Billable home based service hours	0	0	0	0	308
Non-billable home based service hours	0	0	0	0	71
Gateway Farms Resident Work Hours	1,835	0	0	0	0
Clients served					
Residents place at Gateway Woods	32	40	39	46	52
Residents' family (estimate)	62	44	40	36	44
Residential aftercare	5	4	0	0	0
Residents' family aftercare	6	8	0	0	0
Foster care placements	49	65	64	71	67
Professional foster care	10	5	0	0	0
Professional foster care family	15	2	0	0	0
Home based services	0	0	0	0	93
Adoption home studies / updates	64	93	107	101	102
LARC (Linking to Attain Responsibility & Community)	173	502	298	419	367
Gateway Woods Family Services - IL	47	44	44	55	48
Day treatment (attending school but not a resident)	0	0	0	2	1
Willowbridge Tenants	8	11	7	0	0
Total clients served	471	818	599	730	774

GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED ANALYSIS OF OPERATING EXPENSES

For the year ended June 30, 2023



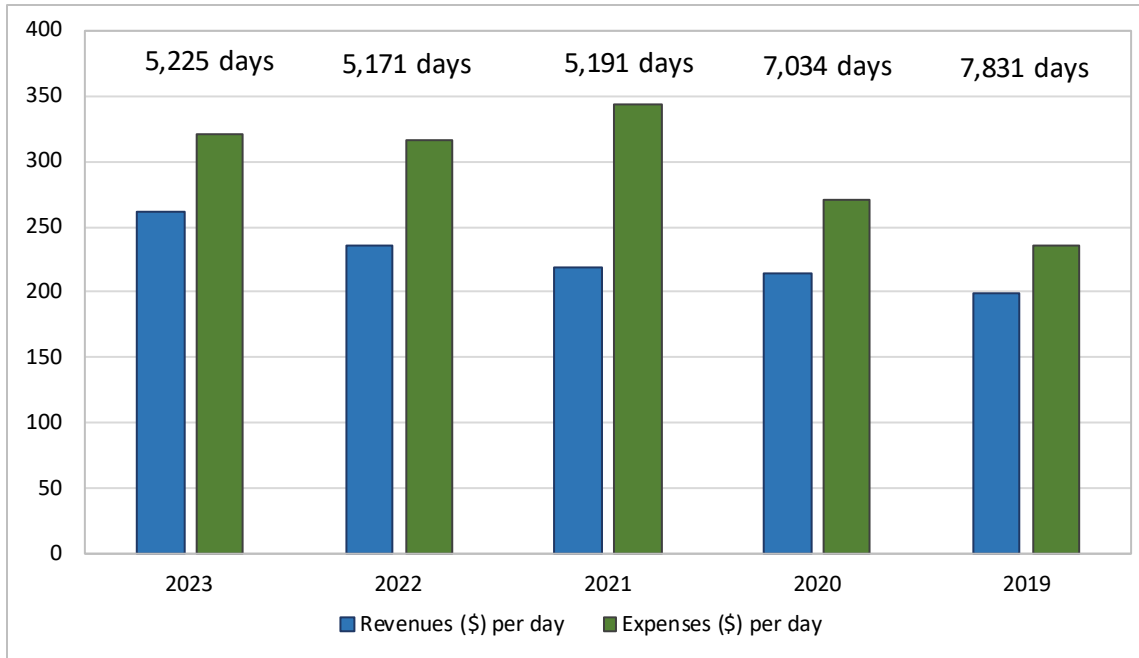
For the year ended June 30, 2022



GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

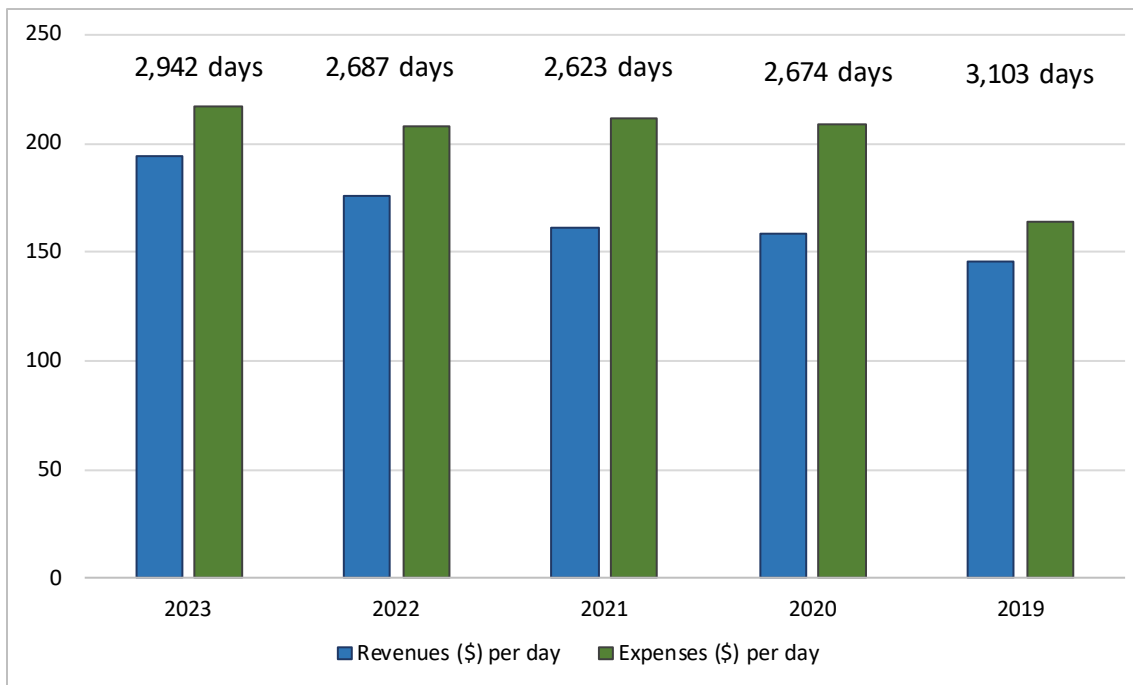
CONSOLIDATED ANALYSIS OF RESIDENTIAL REVENUES AND EXPENSES PER DAY

For the years ended June 30, 2023 - 2019



CONSOLIDATED ANALYSIS OF SCHOOL REVENUES AND EXPENSES PER DAY

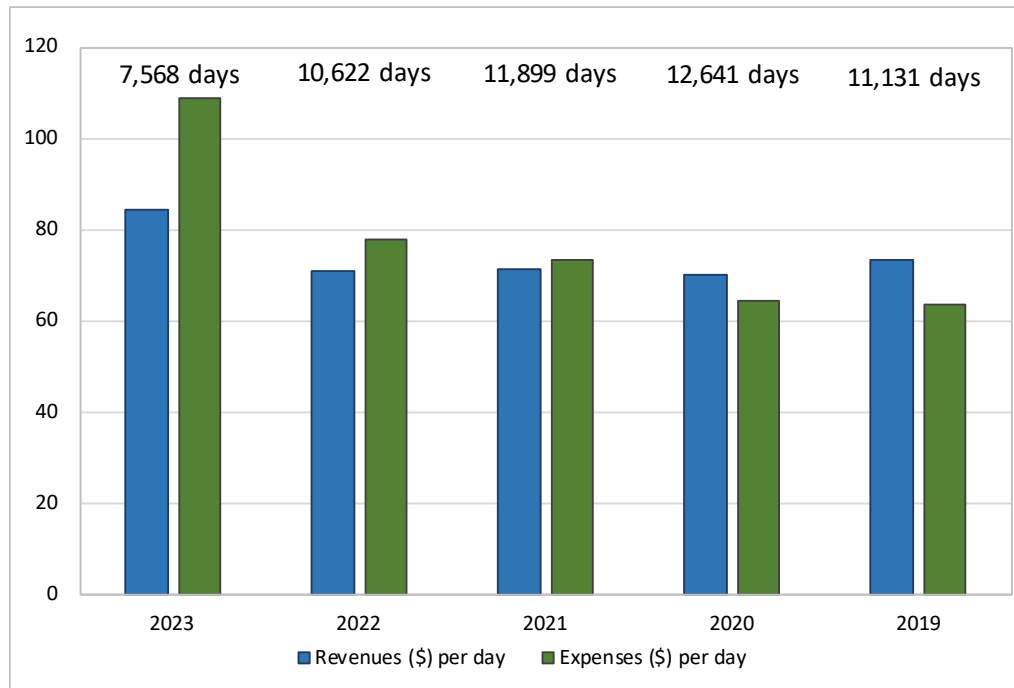
For the years ended June 30, 2023 - 2019



GATEWAY WOODS FAMILY SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED ANALYSIS OF FOSTER CARE REVENUES AND EXPENSES PER DAY

For the years ended June 30, 2023 - 2019



CONSOLIDATED ANALYSIS OF HOME BASED REVENUES AND EXPENSES PER HOUR

For the years ended June 30, 2023 - 2019

