

**JUNIOR ORDER UNITED AMERICAN MECHANICS
CHILDREN'S HOME, INC.
D/B/A
AMERICAN CHILDREN'S HOME**

**Financial Statements
With Independent Auditors' Report
September 30, 2021**

(With Summarized Financial Information for the Year Ended September 30, 2020)

STATEMENT OF MISSION

We believe that every young child has the inherent right to live and grow in a happy and loving environment. The stability of tomorrow's world depends upon the strength of character within the spirit of each child today. The purpose of the American Children's Home is to help instill in the hearts of our boys and girls an understanding and love for their Creator, a loyalty to their country and its freedoms, and a respect for others and themselves. The American Children's Home seeks to provide the nurturing care that will heal a child's broken spirit and help reunite families where possible, who have experienced discord and separation, or support a permanent plan for the child's future.

**JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN’S HOME, INC.
d/b/a AMERICAN CHILDREN’S HOME**

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September 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Officers
Junior Order United American Mechanics Children's Home, Inc.
d/b/a American Children's Home
Lexington, North Carolina

We have audited the accompanying financial statements of Junior Order United American Mechanics Children's Home, Inc. d/b/a American Children's Home (a non-profit Organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Junior Order United American Mechanics Children's Home, Inc. d/b/a American Children's Home as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Junior Order United American Mechanics Children's Home, Inc. d/b/a American Children's Home's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Financial Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program services revenue and expenses, program services expenses and supporting services expenses (the supplementary financial information) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting or other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Dodson, Shelton & Nelson, P.A

Greensboro, North Carolina
January 12, 2022

JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME
Statement of Financial Position
September 30, 2021
(With Comparative Financial Information as of September 30, 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash	\$ 369,333	\$ 854,353
Restricted cash	89,999	89,991
Marketable securities	3,089,505	2,410,700
Accounts receivable	145,864	169,697
Prepaid expenses	51,336	40,604
Total current assets	<u>3,746,037</u>	<u>3,565,345</u>
Endowment	180,664	180,664
Property and equipment, net	<u>2,055,067</u>	<u>2,082,745</u>
Total assets	<u>\$ 5,981,768</u>	<u>\$ 5,828,754</u>
Liabilities and Net Assets		
Current Liabilities		
Paycheck Protection Program loan	\$ -	\$ 284,500
Accounts payable	37,596	63,067
Accrued salaries and wages	22,212	18,301
Total liabilities	<u>59,808</u>	<u>365,868</u>
Net Assets		
Without donor restrictions	3,910,281	3,694,407
Without donor restrictions - Board designated	1,741,016	1,497,824
With donor restrictions	270,663	270,655
Total net assets	<u>5,921,960</u>	<u>5,462,886</u>
Total liabilities and net assets	<u>\$ 5,981,768</u>	<u>\$ 5,828,754</u>

The notes to financial statements are an integral part of this statement.

JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME
Statement of Activities
For the Year Ended September 30, 2021
(With Summarized Financial Information for the Year Ended September 30, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
SUPPORT AND REVENUE				
Support				
Junior Order Councils	\$ 27,498	\$ -	\$ 27,498	\$ 3,690
State Council Junior Order UAM	24,692	-	24,692	28,200
Individuals	141,941	-	141,941	119,133
Organizations	136,066	-	136,066	97,346
Estates and trusts	589,052	-	589,052	170,277
Program Service Revenue				
Governmental agencies	1,816,890	-	1,816,890	2,360,235
Program service fees	180,984	-	180,984	171,897
Other Revenue				
Investment income, net	436,463	8	436,471	139,470
Rents	7,925	-	7,925	23,300
Sales tax refunds	25,742	-	25,742	9,437
Special events	13,225	-	13,225	5,817
Paycheck Protection Program loan forgiveness	284,527	-	284,527	51,100
Net Assets Released from Donor Restrictions				
Satisfied by payments	-	-	-	-
Total support and revenue	<u>3,685,005</u>	<u>8</u>	<u>3,685,013</u>	<u>3,179,902</u>
Expenses				
Program services	2,697,357	-	2,697,357	2,851,510
Supporting services				
Management and general	388,666	-	388,666	440,209
Fundraising	139,916	-	139,916	107,488
Total Expenses	<u>3,225,939</u>	<u>-</u>	<u>3,225,939</u>	<u>3,399,207</u>
Change in Net Assets	459,067	8	459,075	(219,305)
Net Assets, Beginning of Year	<u>5,192,231</u>	<u>270,655</u>	<u>5,462,886</u>	<u>5,682,191</u>
Net Assets, End of Year	<u>\$ 5,651,297</u>	<u>\$ 270,663</u>	<u>\$ 5,921,960</u>	<u>\$ 5,462,886</u>

The notes to financial statements are an integral part of this statement.

JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME
Statement of Functional Expenses
For the Year Ended September 30, 2021
(With Summarized Financial Information for the Year Ended September 30, 2020)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Salaries and wages	\$ 1,325,837	\$ 178,440	\$ 76,692	\$ 1,580,969	\$ 1,676,343
Health and retirement benefits	281,001	31,377	17,596	329,974	295,992
Foster care / stipends	195,117	-	-	195,117	205,700
Depreciation	132,249	48,349	-	180,598	207,622
Insurance	151,302	15,810	3,425	170,537	126,279
Food / meals	126,579	-	-	126,579	166,190
Payroll taxes	105,721	13,982	6,190	125,893	129,956
Utilities	75,122	30,388	855	106,365	103,921
Repairs and maintenance	52,310	43,313	-	95,623	86,547
Information technology	38,536	4,868	5,899	49,303	42,975
Equipment	38,407	4,037	146	42,590	72,566
Supplies	33,565	4,204	686	38,455	46,447
Recreation	24,209	-	-	24,209	29,752
Legal and professional	10,487	6,808	4,738	22,033	23,612
Children's care	18,326	-	-	18,326	16,550
Printing	-	-	17,858	17,858	17,842
Children's gifts / allowances	16,722	-	-	16,722	27,024
Telephone	16,085	350	140	16,575	15,847
Training	13,899	199	236	14,334	17,647
Auto and travel	8,153	5,767	-	13,920	19,252
Dues and subscriptions	11,731	10	568	12,309	10,330
Pre-employment costs and employee welfare	9,197	343	143	9,683	12,907
Postage	2,468	-	4,136	6,604	10,211
Education	6,563	-	-	6,563	8,707
Miscellaneous	1,930	421	258	2,609	2,718
Medical	1,441	-	-	1,441	25,204
Accreditation	400	-	-	400	400
Advertising	-	-	350	350	666
Total expenses	<u>\$2,697,357</u>	<u>\$ 388,666</u>	<u>\$ 139,916</u>	<u>\$3,225,939</u>	<u>\$3,399,207</u>

The notes to financial statements are an integral part of this statement.

JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME
Statement of Cash Flows
For the Year Ended September 30, 2021
(With Comparative Financial Information for the Year Ended September 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 459,075	\$(219,305)
Adjustments to reconcile change in net assets to net cash - operating activities:		
Depreciation	180,598	207,622
Realized and unrealized (gain) loss on investments	(358,850)	(46,007)
Paycheck Protection Program loan forgiveness of principal	(284,500)	-
(Increase) decrease in operating activities:		
Accounts receivable	23,833	27,053
Prepaid expenses	(10,732)	5,129
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(21,560)	(9,510)
Net cash - operating activities	<u>(12,137)</u>	<u>(35,018)</u>
Cash Flows From Investing Activities		
Purchase of marketable securities	(319,955)	(89,927)
Purchase of property and equipment	(152,920)	(169,129)
Net cash - investing activities	<u>(472,875)</u>	<u>(259,056)</u>
Cash Flows From Financing Activities		
Proceeds received from Paycheck Protection Program loan	-	284,500
Net cash - financing activities	<u>-</u>	<u>284,500</u>
Net Decrease in Cash and Restricted Cash	(485,012)	(9,574)
Beginning Cash and Restricted Cash	944,344	953,918
Ending Cash and Restricted Cash	<u>\$ 459,332</u>	<u>\$ 944,344</u>
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Paycheck Protection Program loan forgiveness of principal	<u>\$ 284,500</u>	<u>\$ -</u>
Reconciliation to Cash Within the Statement of Financial Position		
	<u>2021</u>	<u>2020</u>
Cash	\$ 369,333	\$ 854,353
Restricted cash	89,999	89,991
Total cash	<u>\$ 459,332</u>	<u>\$ 944,344</u>

The notes to financial statements are an integral part of this statement.

**JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME**

Notes to Financial Statements

September 30, 2021

(With Summarized Comparative Financial Information for the Year Ended September 30, 2020)

1. NATURE OF ACTIVITIES

Junior Order United American Mechanics Children's Home, Inc. is a nonprofit organization incorporated May 3, 1974 under the laws of the State of North Carolina. The principal purpose of the Organization is the operation of the American Children's Home, a home for special children who are under the care and supervision of Departments of Social Services.

In addition, the Organization has established a child development program through its Evans Day Care Center providing day care services for community families. The Organization is also licensed by the North Carolina Department of Human Services to provide a family foster care program within licensed homes in the community.

The Organization's Board of Directors includes certain officers of the State Council Junior Order United American Mechanics of North Carolina, members of the Junior Order United American Mechanics and members from the private sector.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

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 (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets to be used for an operating reserve of \$1,741,016 and \$1,497,824 at September 30, 2021 and 2020, respectively.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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

For purposes of reporting cash flows, the Organization considers all cash accounts which are not subject to withdrawal restrictions and all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. Probable uncollectible amounts are recorded as bad debt expense as recognized. Due to the insignificance of bad debts historically experienced, no allowance for bad debts is recorded at September 30, 2021 and 2020.

**JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
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Notes to Financial Statements

September 30, 2021

(With Summarized Comparative Financial Information for the Year Ended September 30, 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and Equipment

It is the Organization's policy to capitalize property and equipment with costs or donated values in excess of \$1,000. Lesser amounts are expensed when acquired. Purchased property and equipment is recorded at cost. Depreciation is provided using the straight-line method over estimated asset lives of five to forty years.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt instruments are reported at their estimated fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized. Securities received as gifts are reported as revenue at the fair value of the securities on the date of donation.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is first recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited. Costs that can be identified with a particular program or support function are charged directly to that program or function. Expense allocations, including salaries and benefits, are allocated on the basis of management's estimates of the proportion of these costs applicable to each program and supporting service based on time and effort for each. Utilities and depreciation expense are allocated based upon estimates of use.

Advertising

Advertising costs are charged to expense as incurred.

Reclassification

Cash decreased by \$89,991 and is shown as restricted cash for the year ended September 30, 2020 in order to conform with the current year financial statement presentation.

**JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME**

Notes to Financial Statements

September 30, 2021

(With Summarized Comparative Financial Information for the Year Ended September 30, 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED

Estimates

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

Comparative Financial Statements

The financial statements include prior year summarized information, which is presented for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's 2020 financial statements, from which the summarized information is derived.

Tax Exempt Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a not-for-profit organization and not a private foundation by the Internal Revenue Service. Accordingly, a provision for income taxes is not reflected in these statements. It is management's policy to evaluate all tax positions to identify any that may be considered uncertain. Management believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. No examinations of the Organization's annual report to the Internal Revenue Service are in process. Any changes in the amount of a tax position will be recognized in the financial statements of the Organization in the period in which the change occurs. The annual report to the IRS on Form 990 is available for public inspection. Contributions to the Organization are tax deductible to donors under Section 170 of the IRC.

Change in Accounting Principle

In August 2018, the FASB issued ASU 2018-13—*Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"), to streamline the disclosure requirements of ASC Topic 820—Fair Value Measurement. This ASU eliminates, adds and modifies certain disclosure requirements for fair value measurements. Among the changes, entities will no longer be required to disclose the amount of and the reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, but will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. ASU No. 2018-13 is effective for all entities for interim and annual reporting periods beginning after December 31, 2019. The Organization adopted ASU 2018-13 as of October 1, 2020. The standard had no material impact on its financial statements and related disclosures.

3. RISKS AND UNCERTAINTIES

The COVID-19 pandemic developed rapidly in 2020 and has continued in 2021 and 2022, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The Organization has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for employees (such as social distancing and working from home as possible) and securing the supply of materials that are essential to serving its mission. The Organization will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue its operations in the best and safest way possible without jeopardizing the health of employees or others within the community.

**JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME**

Notes to Financial Statements

September 30, 2021

(With Summarized Comparative Financial Information for the Year Ended September 30, 2020)

4. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, is comprised of the following at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash	\$ 369,333	\$ 854,353
Restricted cash	89,999	89,991
Marketable securities	3,089,505	2,410,700
Accounts receivable	145,864	169,697
Prepaid expenses	51,336	40,604
Total current financial assets	<u>\$3,746,037</u>	<u>\$ 3,565,345</u>
Less amounts unavailable for general expenditures within one year:		
Net assets with donor time or purpose restrictions	<u>(89,999)</u>	<u>(89,991)</u>
Financial assets available to meet general expenditures within one year	<u>\$3,656,038</u>	<u>\$ 3,475,354</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 4,336,469	\$ 4,244,987
Land and land improvements	574,578	569,703
Furniture and equipment	340,353	283,789
Motor vehicles	288,664	288,664
	<u>5,540,064</u>	<u>5,387,143</u>
Accumulated depreciation	<u>(3,484,997)</u>	<u>(3,304,398)</u>
Property and equipment, net	<u>\$ 2,055,067</u>	<u>\$ 2,082,745</u>

6. CONCENTRATIONS OF CREDIT RISK

Cash in excess of federally insured limits was \$31,581 and \$374,897 at September 30, 2021 and 2020, respectively. Management believes that the risk of loss on these accounts is minimal.

Concentrations of credit risk with respect to accounts receivable is limited as most of the accounts receivable amount is due from federal, state, and/or local governments. The Organization's business with federal, state and local governments are subject to the risk of funding delays, changes in legislation, administrative matters, extensions and moratoriums caused by political and administrative disagreements. To date, the effect of such matters has not been significant to the Organization's operations.

The Organization received approximately 49% and 74% of its revenue during the years ended September 30, 2021 and 2020, respectively, from federal, state and local government agencies. County Departments of Social Services reimbursements were approximately \$1,792,000 and \$2,323,000 during the years ended September 30, 2021 and 2020, respectively.

The Organization is reimbursed at standardized rates by County Departments of Social Services for providing residential room and board and/or family foster care for children placed with the Organization and recognizes the revenue when it is billed. In addition, the Organization receives reimbursements for meals provided for day care children from the North Carolina Department of Health and Human Services.

**JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN’S HOME, INC.
D/B/A AMERICAN CHILDREN’S HOME**

Notes to Financial Statements

September 30, 2021

(With Summarized Comparative Financial Information for the Year Ended September 30, 2020)

7. FAIR VALUES MEASURED ON RECURRING BASIS

Accounting principles generally accepted in the United States of America define fair value measurements, establish a framework for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and enhance disclosure requirements for fair value measurements.

The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are observable as of the measurement date.

Level 3 – Unobservable inputs for the asset or liability. These inputs reflect assumptions of management about assumptions market participants would use in pricing the asset or liability.

A significant portion of investment assets are classified within Level 1 because they are comprised of open-end mutual funds readily determinable fair values based on daily redemption values. The equities and common stocks are valued at the closing price reported on the active market on which the individual securities are traded. The certificate of deposit is valued by the custodian of the security using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and is classified within Level 2.

The following table presents investment assets measured at fair value on a recurring basis:

	September 30, 2021			Total
	Level 1	Level 2	Level 3	
Mutual funds	\$ 3,127,520	\$ -	\$ -	\$3,127,520
Certificate of deposit	-	133,779	-	133,779
Money market	8,870	-	-	8,870
Total	\$ 3,136,390	\$ 133,779	\$ -	\$3,270,169

	September 30, 2020			Total
	Level 1	Level 2	Level 3	
Mutual funds	\$ 2,449,124	\$ -	\$ -	\$2,449,124
Certificate of deposit	-	133,346	-	133,346
Money market	8,894	-	-	8,894
Total	\$ 2,458,018	\$ 133,346	\$ -	\$2,591,364

Mutual funds consisted of the following types of funds at market value at September 30, 2021 and 2020:

	2021	2020
Large growth	\$ 387,697	\$ 306,261
US fund preferred stock	169,788	157,286
Small blend	95,984	65,396
Mid value	392,133	315,715
Large value	171,510	133,798
US fund bond	405,153	406,561
Large blend	1,505,255	1,064,107
Total mutual funds	\$ 3,127,520	\$ 2,449,124

**JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME**

Notes to Financial Statements

September 30, 2021

(With Summarized Comparative Financial Information for the Year Ended September 30, 2020)

8. BOARD DESIGNATED RESERVES

The Board of Directors has established a designated reserve fund as a general expense reserve to support the mission of the American Children's Home. It is the policy of the Board that one-half of all receipts from wills and bequests be allocated to this fund. Funds allocated to the reserve amounted to \$243,192 and \$0 during the years ended September 30, 2021 and 2020, respectively. Funds may be expended from the reserve at the direction of the Board of Directors. The net earnings of the fund are available for unrestricted use by the Organization.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of funds to be used for the following purposes at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Carlyle Lewis Children's Fund	\$ 9,505	\$ 9,505
Smith Fund for capital improvements	80,494	80,486
Endowment	180,664	180,664
	<u>\$ 270,663</u>	<u>\$ 270,655</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2021 and 2020: Carlyle Lewis Children's Fund: \$0 and \$3,141, respectively.

10. AFFILIATED ORGANIZATION

The Organization is affiliated with the State Council Junior Order United American Mechanics of North Carolina through common officers and members of the board of directors. The Organization uses facilities donated by the State Council under a lease agreement, dated July 17, 1984, which requires the Organization to pay the State Council nominal rent of \$1.00 in advance to renew the lease for one year each October 1st. The agreement provides that the lessor may terminate the lease by giving the lessee notice of one year. An amount for the fair rental value of facilities donated by the State Council has not been included in revenues and expenses in the accompanying financial statements.

During the years ended September 30, 2021 and 2020, the Organization received cash donations of \$52,190 and \$31,890 from the State Council, respectively. During the year ended September 30, 2020, the Organization also received \$51,100 from the State Council as reimbursement for roof repairs.

11. PAYCHECK PROTECTION PROGRAM

The Organization applied for and received a loan under the Paycheck Protection Program in the amount of \$284,500. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization recorded forgiveness when the loan obligation was legally released and recognized \$284,527 of loan forgiveness income during the year ended September 30, 2021 which includes \$27 of forgiven interest expense.

**JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME**

Notes to Financial Statements

September 30, 2021

(With Summarized Comparative Financial Information for the Year Ended September 30, 2020)

12. RETIREMENT PLAN

On July 1, 2015, the Organization converted its defined contribution retirement plan to a tax-deferred plan under Section 401(k) of the Internal Revenue Code. The plan covers full-time employees with at least one year of service. The Organization makes discretionary contributions but for years has contributed 6% of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code.

Retirement contributions for the years ended September 30, 2021 and 2020, was \$68,325 and \$59,031, respectively.

13. ENDOWMENT

The Board of Directors has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The Organization considers 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

Investment and Spending Policies

The Organization has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the endowment investments. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

Earnings on the endowment investments are used for unrestricted purposes and all earnings are transferred from the endowment at least annually.

There was no change in endowment net assets during the years ended September 30, 2021 and 2020.

**JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME**

Notes to Financial Statements

September 30, 2021

(With Summarized Comparative Financial Information for the Year Ended September 30, 2020)

14. BENEFICIAL INTEREST IN CHARITABLE TRUSTS HELD BY OTHERS

The Organization is beneficiary to the Cannon Christmas Trust. The Organization is named to receive a proportional share of the assets of the Cannon Christmas Trust in 2038. This trust asset has not been recorded in the Organization's financial statements as it is revocable and the funds are not guaranteed. The fair value of the Organization's proportion of the assets of this trust at September 30, 2021 and 2020 is \$3,149,736 and \$2,644,989, respectively.

The Organization is an income beneficiary of the Ring Trust. The assets of this trust are to remain in perpetuity. This asset has not been recorded in the Organization's financial statements as it is revocable. The Organization received \$12,750 and \$13,200 from this trust during the years ended September 30, 2021 and 2020, respectively.

The Organization is an income beneficiary of the Robinson Trust. The assets of this trust are to remain in perpetuity. This asset has not been recorded in the Organization's financial statements as it is revocable. The Organization received \$31,123 and \$28,768 from this trust during the years ended September 30, 2021 and 2020, respectively.

15. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date of the audit report which is the date the financials were available to be issued.

JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME
Schedule of Program Services Revenue and Expenses
For the Year Ended September 30, 2021

	<u>Group Living Services</u>	<u>Foster Care</u>	<u>Child Development</u>	<u>Total</u>
REVENUE				
U.S. Department of Agriculture	\$ 1,294	\$ -	\$ -	\$ 1,294
Social service agencies	1,112,727	489,882	188,415	1,791,024
School nutrition program	-	-	24,572	24,572
Relatives, child care fees	-	-	180,984	180,984
Total revenue	<u>1,114,021</u>	<u>489,882</u>	<u>393,971</u>	<u>1,997,874</u>
EXPENSES				
Salaries and benefits	1,179,973	257,776	278,378	1,716,128
Children's expenses	58,570	3,200	5,490	67,260
General expenses	240,451	219,868	43,666	503,985
Travel and vehicle expenses	32,718	2,229	573	35,520
Maintenance and utilities	104,028	4,106	6,235	114,369
Insurance	90,372	15,704	21,770	127,846
Depreciation	126,128	1,201	4,920	132,249
Total expenses	<u>1,832,241</u>	<u>504,083</u>	<u>361,032</u>	<u>2,697,357</u>
Excess (deficiency) of revenue and expenses	<u>\$ (718,220)</u>	<u>\$ (14,201)</u>	<u>\$ 32,939</u>	<u>\$ (699,483)</u>

The notes to financial statements are an integral part of this statement.

**JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME**

**Schedule of Program Services Expenses
For the Year Ended September 30, 2021**

	<u>Living Services</u>	<u>Foster Care</u>	<u>Child Development</u>	<u>Total</u>
Salaries and wages	\$ 915,709	\$ 200,564	\$ 209,564	\$1,325,837
Payroll taxes	71,555	15,954	18,211	105,720
Health insurance	139,644	31,519	41,391	212,554
Employee welfare	2,163	428	976	3,567
Retirement, life and disability insurance	50,902	9,310	8,236	68,448
Total salaries and benefits	<u>1,179,973</u>	<u>257,776</u>	<u>278,378</u>	<u>1,716,128</u>
Clothing	13,626	-	-	13,626
Allowances	6,419	-	-	6,419
Medical fees, supplies	1,441	-	-	1,441
Supplies, personal expenses	4,700	-	-	4,700
Recreational supplies and fees	23,569	-	639	24,208
Educational supplies and fees	1,712	-	4,851	6,563
Children's work program	597	-	-	597
Children's gifts	6,506	3,200	-	9,706
Total children's expenses	<u>58,570</u>	<u>3,200</u>	<u>5,490</u>	<u>67,260</u>
Supplies	27,457	832	5,690	33,979
Postage	2,427	41	-	2,468
Equipment maintenance and acquisition	40,466	866	6,416	47,748
Dues and subscriptions	8,616	3,115	-	11,731
Telephone	12,118	3,641	327	16,086
Professional fees	10,156	30	300	10,486
Staff training/consultation	9,954	3,435	310	13,699
Information technology	24,902	11,345	2,290	38,537
Food purchased	90,389	268	19,084	109,741
Food donated	1,294	-	-	1,294
Food service supplies	8,320	-	7,225	15,545
Foster care payments	-	195,117	-	195,117
Accreditation expenses	400	-	-	400
Miscellaneous	3,952	1,178	2,024	7,154
Total general expenses	<u>240,451</u>	<u>219,868</u>	<u>43,666</u>	<u>503,985</u>
Board and staff travel	960	63	-	1,023
Direct vehicle expenses	31,758	2,166	573	34,497
Total travel and vehicle expenses	<u>32,718</u>	<u>2,229</u>	<u>573</u>	<u>35,520</u>
Utilities	47,952	2,723	4,169	54,844
Building maintenance	36,841	340	2,066	39,247
Fuel	19,235	1,043	-	20,278
Total maintenance, utilities	<u>104,028</u>	<u>4,106</u>	<u>6,235</u>	<u>114,369</u>
Insurance	90,372	15,704	21,770	127,846
Depreciation	126,128	1,201	4,920	132,249
	<u>\$ 1,832,241</u>	<u>\$ 504,084</u>	<u>\$ 361,032</u>	<u>\$2,697,357</u>

JUNIOR ORDER UNITED AMERICAN MECHANICS CHILDREN'S HOME, INC.
D/B/A AMERICAN CHILDREN'S HOME
Schedule of Supporting Services Expenses
For the Year Ended September 30, 2021

	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, contract labor	\$ 178,440	\$ 76,692	\$ 255,132
Payroll taxes	13,982	6,190	20,172
Health insurance	21,660	12,796	34,456
Employee welfare	343	143	486
Retirement, life and disability insurance	9,717	4,800	14,517
Total salaries and benefits	<u>224,142</u>	<u>100,621</u>	<u>324,763</u>
Appeals postage	-	4,136	4,136
Current giving printing	-	9,348	9,348
Newsletter printing	-	8,509	8,509
Special events/projects	-	686	686
Total appeals	<u>-</u>	<u>22,679</u>	<u>22,679</u>
Supplies	4,204	273	4,477
Equipment maintenance	22,591	146	22,737
Dues and subscriptions	10	568	578
Telephone	350	140	490
Professional fees	6,808	4,738	11,546
Staff training/consultation	399	236	635
Information technology	4,868	5,899	10,767
Miscellaneous	558	336	894
Total general expenses	<u>39,788</u>	<u>12,336</u>	<u>52,124</u>
Board and staff travel	-	-	-
Direct vehicle expenses	5,767	-	5,767
Total travel and vehicle expenses	<u>5,767</u>	<u>-</u>	<u>5,767</u>
Utilities	12,352	855	13,207
Building maintenance	24,422	-	24,422
Fuel	18,036	-	18,036
Total maintenance, utilities	<u>54,810</u>	<u>855</u>	<u>55,665</u>
Insurance	15,810	3,425	19,235
Depreciation	48,349	-	48,349
	<u>\$ 388,666</u>	<u>\$ 139,916</u>	<u>\$ 528,582</u>