



ANNUAL REPORT
December 31, 2022



Elkhart, Indiana

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

ANNUAL REPORT

December 31, 2022

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ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Mennonite Health Services d/b/a MHS Alliance and Subsidiary
Goshen, Indiana

Management is responsible for the accompanying consolidated financial statements of Mennonite Health Services d/b/a MHS Alliance and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the consolidated financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on the 2022 consolidated financial statements.

The consolidated financial statements of Mennonite Health Services d/b/a MHS Alliance and Subsidiary as of December 31, 2021, were subjected to a compilation engagement by other accountants, whose report dated May 25, 2022, stated that they have not audited or reviewed the 2021 consolidated financial statements and do not express an opinion, a conclusion, nor provide any assurance on those consolidated financial statements.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Kruggel, Lawton & Company LLC'.

Certified Public Accountants

Elkhart, Indiana
March 27, 2023

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

(See Independent Accountant's Compilation Report)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	617,597	685,483
Investments	913,050	1,138,525
Receivables:		
Accounts receivable	31,012	20,789
Accounts receivable - related party	0	8,325
Income taxes recoverable	11,201	0
Prepaid expenses	25,049	16,477
Total Current Assets	1,597,909	1,869,599
PROPERTY AND EQUIPMENT		
Office equipment	26,798	58,415
Furniture and fixtures	6,558	27,620
Total	33,356	86,035
Accumulated depreciation	23,588	77,499
Net Property and Equipment	9,768	8,536
OTHER ASSETS		
Investments restricted for long-term purposes	175,063	175,063
Deferred tax asset	10,291	0
Operating right of use asset - net of amortization	20,673	0
Total Other Assets	206,027	175,063
TOTAL ASSETS	1,813,704	2,053,198

The Notes to Consolidated Financial Statements are an integral part of this statement.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

(See Independent Accountant's Compilation Report)

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	9,518	19,718
Accounts payable - related party	10,954	907
Accrued wages, taxes and benefits	84,185	98,810
Income taxes payable	0	38,079
Deferred tax liability	2,702	0
Current portion of operating lease liability	12,197	0
Total Current Liabilities	119,556	157,514
LONG-TERM LIABILITIES		
Long-term operating lease liability	8,476	0
Total Long-Term Liabilities	8,476	0
TOTAL LIABILITIES	128,032	157,514
NET ASSETS		
Without donor restrictions	1,227,228	1,304,170
With donor restrictions	458,444	591,514
Total Net Assets	1,685,672	1,895,684
TOTAL LIABILITIES AND NET ASSETS	1,813,704	2,053,198

The Notes to Consolidated Financial Statements are an integral part of this statement.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

(See Independent Accountant's Compilation Report)

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Consulting fees	689,958	0	689,958
Membership fees and programs	765,944	0	765,944
Conference fees	118,629	0	118,629
Other income	3	0	3
Investment loss	(126,580)	(98,834)	(225,414)
Loss on disposal of assets	(143)	0	(143)
Total Support and Revenue	1,447,811	(98,834)	1,348,977
Net assets released from restrictions:			
Satisfaction of restrictions	34,236	(34,236)	0
EXPENSES			
Program Services:			
Consulting	552,169	0	552,169
Membership Services	740,721	0	740,721
Mennonite Health Assembly	133,117	0	133,117
Total Program Services	1,426,007	0	1,426,007
Support Services:			
Management and general	132,982	0	132,982
Total Functional Expenses	1,558,989	0	1,558,989
CHANGE IN NET ASSETS	(76,942)	(133,070)	(210,012)
NET ASSETS, BEGINNING OF YEAR	1,304,170	591,514	1,895,684
NET ASSETS, END OF YEAR	1,227,228	458,444	1,685,672

The Notes to Consolidated Financial Statements are an integral part of this statement.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

(See Independent Accountant's Compilation Report)

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Consulting fees	1,181,776	0	1,181,776
Membership fees and programs	762,174	0	762,174
Conference fees	98,906	0	98,906
Investment income	52,932	73,921	126,853
Total Support and Revenue	2,095,788	73,921	2,169,709
Net assets released from restrictions:			
Satisfaction of restrictions	3,500	(3,500)	0
EXPENSES			
Program services:			
Consulting services	716,840	0	716,840
Membership Services	749,874	0	749,874
Mennonite Health Assembly	66,318	0	66,318
Total program services	1,533,032	0	1,533,032
Support Services:			
Management and general	154,183		154,183
Total Functional Expenses	1,687,215	0	1,687,215
CHANGE IN NET ASSETS	412,073	70,421	482,494
NET ASSETS, BEGINNING OF YEAR	892,097	521,093	1,413,190
NET ASSETS, END OF YEAR	1,304,170	591,514	1,895,684

The Notes to Consolidated Financial Statements are an integral part of this statement.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

(See Accountant's Compilation Report)

<u>Functional Expenses</u>	<u>Consulting</u>	<u>Membership Services</u>	<u>Mennonite Health Assembly</u>	<u>Support Services</u>	<u>Total</u>
Grants and scholarship	0	37,320	650	4,000	41,970
Salaries and benefits	374,872	519,537	60,866	122,735	1,078,010
Outside services	99,712	0	0	0	99,712
Professional fees	7,545	11,743	0	2,060	21,348
Marketing and advertising	12,788	28,170	350	0	41,308
Office Expense	2,711	10,534	2,730	0	15,975
Information technology	17,571	24,900	0	0	42,471
Occupancy	0	12,973	0	0	12,973
Equipment rental	0	0	16,272	0	16,272
Travel	16,468	15,902	12,366	0	44,736
Food service	0	0	28,643	0	28,643
Conference and meetings	4,504	29,230	0	0	33,734
Professional development	0	4,848	0	0	4,848
Depreciation	1,461	0	0	3,565	5,026
Insurance	15,476	28,252	0	0	43,728
Miscellaneous	483	1,815	41	2	2,341
Dues and subscriptions	4,247	9,291	0	0	13,538
Bad Debt	0	0	0	620	620
Income tax expense	(5,669)	0	0	0	(5,669)
Programs	0	6,206	11,199	0	17,405
TOTAL FUNCTIONAL EXPENSES	552,169	740,721	133,117	132,982	1,558,989

The Notes to Consolidated Financial Statements are an integral part of this statement.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

(See Accountant's Compilation Report)

<u>Functional Expenses</u>	<u>Consulting</u>	<u>Membership Services</u>	<u>Mennonite Health Assembly</u>	<u>Support Services</u>	<u>Total</u>
Grants and scholarship	0	21,338	0	3,500	24,838
Salaries and benefits	438,946	558,419	44,078	137,771	1,179,214
Outside services	136,270	0	0	0	136,270
Professional fees	4,665	9,350	0	2,189	16,204
Marketing and advertising	32,554	5,969	1,354	0	39,877
Office Expense	3,836	14,132	1,108	116	19,192
Information technology	9,505	16,700	0	0	26,205
Occupancy	0	12,621	0	1,398	14,019
Travel	14,336	8,062	104	79	22,581
Conference and meetings	9,751	53,914	0	0	63,665
Professional development	5,689	3,788	0	0	9,477
Depreciation	910	0	0	3,372	4,282
Insurance	13,989	22,188	0	0	36,177
Miscellaneous	1,761	1,875	5,045	134	8,815
Dues and subscriptions	3,710	6,784	0	350	10,844
Bad Debt	0	0	0	5,274	5,274
Income tax expense	40,918	0	0	0	40,918
Programs	0	14,734	14,629	0	29,363
TOTAL FUNCTIONAL EXPENSES	716,840	749,874	66,318	154,183	1,687,215

The Notes to Consolidated Financial Statements are an integral part of this statement.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

CONSOLIDATED STATEMENTS OF CASH FLOWSFor the Year Ended December 31, 2022 and 2021
(See Independent Accountant's Compilation Report)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(210,012)	482,494
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	5,026	4,282
Deferred taxes	(7,589)	0
Net (gain) loss on investments	262,208	(104,846)
Loss on disposal of assets	143	0
Adjustments for changes in operating assets and liabilities:		
Accounts receivable	(10,223)	52,761
Accounts receivable - related party	8,325	32,121
Income taxes recoverable	(11,201)	0
Prepaid expenses	(8,569)	5,073
Accounts payable	(10,203)	(798)
Accounts payable - related party	10,047	(5,835)
Accrued wages, taxes and benefits	(14,625)	(40,988)
Income taxes payable	(38,079)	38,079
Deferred revenue	0	(51,193)
Net Cash Flows From (Used In) Operating Activities	(24,752)	411,150
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(6,401)	(2,827)
Proceeds from sale of investments	211,724	17,149
Purchase of investments	(248,457)	(439,065)
Net Cash Flows Used In Investing Activities	(43,134)	(424,743)
CHANGE IN CASH	(67,886)	(13,593)
CASH AT BEGINNING OF YEAR	685,483	699,076
CASH AT END OF YEAR	617,597	685,483
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS		
Income taxes paid	51,200	40,918
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING ACTIVITIES		
Right-of-use assets obtained in exchange for new operating lease liability	57,202	0

The Notes to Consolidated Financial Statements are an integral part of this statement.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NATURE OF BUSINESS

Mennonite Health Services d/b/a MHS Alliance and Subsidiary (the "Organization") is a dynamic alliance of church-related health and human service providers across North America. Through membership in and/or consultation with the organization, providers gain the mutual support of an extended network of health care professionals, the cost benefits of shared services, access to vital expertise, including strategic planning and board development, accountability to the church and opportunities for service, and a strong voice in shaping the future of health care.

MHS Consulting, Inc. ("Consulting") was created and began operations as a wholly-owned, for-profit subsidiary of Mennonite Health Services d/b/a MHS Alliance (a nonprofit organization) on January 1, 2013. Consulting provides consulting services including executive search, strategic planning and board development.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements reflect the activities of Mennonite Health Services, which consists of MHS Alliance and MHS Assembly, and MHS Consulting (collectively, the "Organization"). All significant inter-organization accounts and transactions have been eliminated in consolidation.

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization adheres to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, which sets standards for reporting on financial statements of nonprofit organizations. FASB ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

FAIR VALUE MEASUREMENTS

Management accounts for all assets and liabilities that are measured and reported on a fair value basis under the Fair Value Measurements and Disclosures Topic of FASB ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The framework for measuring fair value establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the Consolidated Statements of Cash Flows, the Organization considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents. Cash is held at a local bank and is insured up to the respective limits by the FDIC. It is common throughout the course of operations for the cash balances to exceed insured limits.

ACCOUNTS RECEIVABLE

The Organization's accounts and unbilled receivables consist primarily of amounts due from member organizations. Accounts receivable is stated at the amount management expects to collect from outstanding balances and is presented net of the allowance for doubtful accounts. Management has determined that no allowance for doubtful accounts is necessary at December 31, 2022 and 2021. Factors considered in determining collectibility include past collection history, an aged analysis of receivables, economic conditions, as well as historical trends. Interest is not typically charged on past due accounts.

INVESTMENTS

Investments in debt and equity securities are carried at fair value determined by reference to the underlying assets. Investment income, including realized and unrealized gains and losses on investments and dividends and interest are reported under support and revenue in the Consolidated Statements of Activities.

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as current support at their estimated fair value unless the donor has restricted the donated assets 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 these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. The Organization did not receive any donated assets for the years ended December 31, 2022 and 2021.

Purchased property and equipment are stated at cost. Expenditures for additions, improvements, and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gain or losses arising from the disposition is reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was \$5,026 and \$4,282 for the years ended December 31, 2022 and 2021, respectively.

A summary of the range of useful lives by asset category are as follows:

Office equipment	3 - 5 years
Furniture and fixtures	7 - 15 years

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

REVENUE RECOGNITION

Consulting fee revenue is derived from contracts with organizations for executive search and interim placement, strategic planning and board development consulting services. Performance obligations are satisfied for these contracts over time, which is the timeframe to complete the consulting service. Each service is priced separately and payment terms and conditions vary, however payment is primarily due upon receipt of invoice.

Membership fees include membership dues whose term is generally one year and includes the following benefits: access to the mutual support of an extended network of health care professionals, the cost savings of shared services, access to expertise, including strategic planning and board development, accountability to the church and opportunities for service, and a strong voice in shaping the future of health care. Benefits are generally satisfied through the term and considered one performance obligation. Revenues are therefore recognized straight-line over the applicable membership period as the benefits are typically provided evenly over the term of the membership. Membership fees are billed monthly or annually, based on member's preference, and payment is due upon receipt.

Membership program fees are for programs available to members that are not included in the membership fee. Program fees are typically due prior to the start of the program and are billed monthly, quarterly, or annually. Revenue is recognized over the period that the services are provided, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services.

Conference fees include revenue from registration and underwriting fees for an annual conference organized by the Organization. Performance obligations are satisfied over time, which is the time frame the event takes place. Registration fees are due at the time of registration. Underwriting fees are invoiced at time of commitment and due upon receipt.

The Organization records deferred revenue in situations when amounts are received but the revenue recognition criteria outlined above are not met. Such revenue is recognized when all criteria are subsequently met. Deferred revenues for revenue from contracts are classified as current liabilities on the Consolidated Statements of Financial Position. There was no deferred revenue as of December 31, 2022 or 2021.

The Organization did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount timing of revenue from contracts with customers.

INCOME TAXES

Mennonite Health Services d/b/a MHS Alliance is incorporated as a not-for-profit organization exempt from federal and state income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding state provisions. The Internal Revenue Service has determined that the entities are not private foundations within the meaning of Section 509(a).

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

The Income Taxes Topic of FASB ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. ASC 740 requires an entity to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The entity recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying ASC 740 will be recorded to interest expense and other expense, respectively.

Based on its evaluation, the Organization has concluded that there are no uncertain tax positions requiring recognition in its consolidated financial statements. The Organization's evaluation was performed for all federal and state tax periods still subject to examination. The Organization's 2019 through 2021 federal and state returns remain subject to examination by the IRS and state taxing authorities.

ADVERTISING COSTS

Various costs relating to advertising are considered period costs and are therefore expensed as incurred. Advertising costs were \$12,788 and \$33,483 for the years ended December 31, 2022 and 2021, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain costs have been allocated between program and supporting services benefited.

Expenses that are allocated include the following:

Expense	Method of Allocation
Salaries, taxes, and benefits	Time and effort
Dues and subscriptions, grants and scholarships, marketing and advertising, travel, miscellaneous	Direct identification
Rent, occupancy, office expense, depreciation	Square Footage

CHANGE IN ACCOUNTING PRINCIPLE

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. No cumulative effect adjustment to net assets as of January 1, 2022, was necessary on the Statement of Activities or Cash Flows for the year ended December 31, 2022. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended December 31, 2022.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

As part of the transition, the Organization elected to apply the following practical expedients:

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases.
- Election not to reassess the lease classification for any expired or existing leases.
- Election not to reassess initial direct costs on any existing leases.

Other practical expedients:

- Election whereby the lease and nonlease components will not be separated for leases.
- Election not to record right of use ("ROU") assets and corresponding lease liabilities for short-term leases with a lease term of twelve months or less, but greater than one month and leases of low-value assets. Leases of one month or less are not included in short-term lease costs. On such leases, lease payments are recognized as expense on a straight-line basis over the lease term.

LEASES

The Organization accounts for leases in accordance with ASU No. 2016-02, Leases (Topic 842). Leases are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. Management determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. Management determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and ROU asset at the commencement date of the lease.

Beginning January 1, 2022, operating lease ROU assets and related current and long-term portions of operating leases liabilities have been presented in the Statement of Financial Position.

Lease liabilities: A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease-term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization uses its incremental borrowing rate based on the information available at the commencement date of the lease. The incremental borrowing rate for a lease is the rate of interest the Organization would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. The Organization determines its incremental borrowing rates by starting with the interest rates on recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

ROU assets: A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for low-value leases and short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that is reasonably certain to exercise. The Organization recognizes lease cost associated with its low-value and short-term leases on a straight-line basis over the lease term.

CONTRIBUTED NON-FINANCIAL ASSETS

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) - Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 requires an entity to present in-kind revenue as a separate line item on the statement of activities separate from contributions of cash and other financial assets. An entity is required to disclose in the notes to the financial statements. For each category of gift in-kind, the entity must disclose qualitative information about whether the gift in-kind was monetized or consumed during the reporting period. If consumed, an entity must also disclose the program or other activities in which the gifts in-kind were used. Entities must also disclose the policy regarding monetizing or using gifts in-kind, any donor imposed restrictions associated with the gifts in-kind, a description of the valuation technique and inputs used to arrive at the fair value measurement, and the principal or most advantageous market used to arrive at the fair value measurement if it is a market in which the entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial asset. These disclosures are also required for contributed services. The Organization adopted the ASU as of January 1, 2022. The Organization did not receive any material contributed nonfinancial assets for the years ended December 31, 2022 and 2021, respectively.

RECLASSIFICATION

Certain 2021 information has been reclassified to be in conformity with the 2022 presentation. The reclassifications have no effect on the changes in net assets, or cash flows as previously reported.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 2 - LIQUIDITY AND AVAILABILITY

As of December 31, 2022, the Organization has working capital of \$1,478,353 and average days (based on normal expenditures) cash on hand of 143. As of December 31, 2021, working capital was \$1,712,085 and average days (based on normal expenditures) cash on hand was 144. The table below represents financial assets available for general expenditures within one year at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	617,597	685,483
Investments	913,050	1,138,525
Accounts receivable	31,012	20,789
Accounts receivable - related party	0	8,325
Income taxes recoverable	11,201	0
Investments restricted for long-term purposes	175,063	175,063
Total financial assets	1,747,923	2,028,185
Less current financial assets held to meet donor-imposed restrictions:		
Purpose restricted net assets	(4,830)	(19,067)
Donor restricted endowment funds	(453,614)	(572,447)
Less financial assets not available within one year:		
Board designated endowment funds	(29,870)	(33,425)
Total financial assets not available to be used within one year	(488,314)	(624,939)
Financial assets available to meet general expenditures within 1 year	1,259,609	1,403,246

NOTE 3 - FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

The following table presents the Organization's fair value hierarchy for the Organization's investment assets at fair value, as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Institutional money market fund	6,634	0	0	6,634
Mutual funds	1,073,916	0	0	1,073,916
Total	1,080,550	0	0	1,080,550

The following table presents the Organization's fair value hierarchy for the Organization's investment assets at fair value, as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Institutional money market fund	17,765	0	0	17,765
Mutual funds	1,295,823	0	0	1,295,823
Total	1,313,588	0	0	1,313,588

NOTE 4 - INVESTMENTS

The following is a summary of the investments in debt and equity securities as of December 31:

	<u>2022</u>	<u>2021</u>
Cash	7,563	0
Institutional money market fund	6,634	17,765
Mutual funds:		
U.S. fixed income	247,475	350,246
U.S. equities - financial	54,950	0
U.S. large cap core	146,606	209,262
U.S. large cap growth	94,894	70,969
U.S. large cap value	54,869	116,494
U.S. mid cap core	56,946	70,075
U.S. small cap growth	56,623	69,981
International equities	213,673	251,319
Other assets	147,880	157,477
Total revenue recognized over time	1,088,113	1,313,588

At December 31, 2022 and 2021, the Organization held investments in the following mutual funds that accounted for 10% or more of total investments:

	<u>2022</u>	<u>2021</u>
Fixed income Fund A	11%	13%
International equities Fund A	13%	12%

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 5 - LINE OF CREDIT

The Organization entered into a new line of credit agreement in March 2022 with a local bank. Borrowings against the \$100,000 line of credit are due on demand, bear interest at the prime rate (7.5% at December 31, 2022), and are collateralized by substantially all of the Organization's assets.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2022 and 2021, net assets with donor restrictions are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Purpose restrictions, available for spending:		
Mennonite Health Assembly	4,830	5,831
International Project	0	13,236
	<u>4,830</u>	<u>19,067</u>
Endowment funds, which must be appropriated by Board of Directors before use:		
Miller-Erb Fund (original gift \$57,000)	102,195	129,428
Elmer Ediger Endowment Fund (original gift \$96,973)	266,336	336,059
Lebanon Fund (original gift \$21,090)	85,083	106,960
	<u>453,614</u>	<u>572,447</u>
Total net assets with donor restrictions	<u>458,444</u>	<u>591,514</u>

The nature of restrictions is as follows:

Mennonite Health Assembly: Amounts contributed and earnings are purpose restricted and are available to provide assistance to those that may not be financially able to attend assembly meetings.

International Project: Amounts contributed to promote collaboration, leadership and education with Mennonite World Conference affiliated Anabaptist churches and health and human service agencies.

Miller-Erb Fund: Amounts contributed as a permanent endowment. Investment earnings related to the permanent endowment are available to promote research, leadership development, and education in the field of nursing among Mennonites.

Elmer Ediger Endowment Fund: Amounts contributed as a permanent endowment. Investment earnings related to the permanent endowment are available to provide scholarships for individuals entering or studying in mental health and developmental disabilities fields.

Lebanon Fund: Amounts contributed as a permanent endowment. Investment earnings related to the permanent endowment fund are available to enhance institutional health programs.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARYGoshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2022 and 2021, net assets with donor restrictions totaling \$34,236 and \$3,500, respectively, were released from Lebanon Fund by incurring expenses satisfying program restrictions.

NOTE 8 - LEASE COMMITMENTS

On September 1, 2014, the Organization entered into a five year lease with an unrelated party for office space in Goshen, Indiana. The lease requires monthly rent payments of \$1,075 through August 2024. The lease has no extension provisions and can be terminated at any time upon mutual agreement of the Organization and the lessor. The lessor is responsible for real estate taxes and certain utilities. The lease has been classified as an operating lease and is included in the December 31, 2022 Statement of Financial Position as a \$57,202 operating lease ROU asset, net of accumulated amortization of \$36,529 and has an associated current portion of operating lease liability of \$12,197 and long-term operating lease liability of \$8,476. Rent expense under the lease agreement was \$12,973 for the year ended December 31, 2022.

Management has elected not to separate nonlease components from lease components in leases.

The components of operating lease cost are as follows for the year ended December 31:

	<u>2022</u>
<u>Lease cost</u>	
Operating lease cost	12,900
<u>Other information</u>	
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 57,202
Weighted-average remaining lease term - operating leases	1.7 years
Weighted-average discount rate - operating leases	5.0%

Maturities of operating and finance lease liabilities under ASC 842 are as follows for the years ending December 31:

	<u>Operating leases</u>
2023	12,900
2024	8,600
Total lease payments	21,500
Present value adjustment	(827)
Present value of lease liabilities	<u>20,673</u>

Future minimum lease payments for operating leases accounted for under FASB ASC 840 with a remaining non-cancelable lease terms in excess of one year and prior to the adoption of FASB ASC 842, were as follows for the years ending December 31:

	<u>Operating leases</u>
2022	12,900
2023	12,900
2024	8,600
	<u>34,400</u>

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

Rent expense under operating leases was \$12,621 for the year ended December 31, 2021.

The Organization also leases office space from an unrelated party on behalf of Anabaptist Provider Group (APG), related party. Beginning in November 2021, APG assumed the full amount of the monthly lease payments of \$290. Previously, the Organization occupied a portion of the space and split the monthly lease payment evenly with APG. This lease agreement is an annual lease and expires in June 2022. Since APG has assumed the lease payments, the table does not include minimum future payments under this lease.

The net rental expense included in the Consolidated Statements of Activities for the years ended December 31, 2022 and 2021 was \$12,973 and \$14,019, respectively.

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Organization participates in a defined contribution, 403(b) retirement plan which is administered by the Mennonite Retirement Trust, a separate organization. The fund for Alliance is operated as a church plan as defined in Section 414(e) of the Internal Revenue Code. In accordance with the plan agreements, the Organization contributes 4% of each employee's wage to the plan. Employer contributions for the years ended December 31, 2022 and 2021 were approximately \$25,168 and \$42,541, respectively.

NOTE 10 - DEFERRED INCOME TAXES AND PROVISION FOR INCOME TAXES

MHS Consulting, Inc. was created and began operations as a wholly-owned, for-profit subsidiary of MHS Alliance on January 1, 2013. The deferred income taxes and provision for income taxes in the Organization's financial statements are a result of the operations of MHS Consulting, Inc.

The Income Taxes Topic of FASB ASC 740 requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities. No valuation allowance has been provided on deferred tax assets and liabilities.

The deferred tax asset is the result of net operating losses. The deferred tax liability is primarily the result of temporary differences related to prepaid expenses and depreciation methods and lives.

The tax benefit arising from the utilization of net operating loss carryovers for the years ended December 31, 2022 and 2021 was approximately \$0 and \$400, respectively.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

The net deferred tax assets and liabilities, as presented in the accompanying balance sheets, consist of the following amounts:

	<u>2022</u>	<u>2021</u>
Total deferred income tax liability - current	2,702	0
Net current deferred tax asset	2,702	0
<hr/>		
Total deferred income tax asset - long-term	10,291	0
Net deferred income tax liability	10,291	0

The provision for (benefit from) income taxes consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Current provision for income taxes - federal	702	34,625
Current provision for income taxes - state	1,218	6,293
Deferred income benefit - federal	(5,050)	0
Deferred income benefit - state	(2,539)	0
Total provision for (benefit from) income taxes	(5,669)	40,918

The relationship of the provision for (benefit from) income taxes to income (loss) before provision for (benefit from) income taxes differs from the applicable statutory tax rates due to the change in the net deferred tax asset. The change in the deferred tax asset is a result of the federal and state net operating loss being carried forward due to the estimated current year taxable results and the reduction in the difference between the remaining net book value of fixed assets for internal books versus tax and state books. The federal and state net operating losses generated are expected to be fully utilized.

NOTE 11 - ENDOWMENT NET ASSETS

The Organization has adopted the provisions of ASC 958-205. The Organization's endowments consist of several individual funds established for various purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's Board has interpreted Indiana Trust and Fiduciary Law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a restricted net asset classification until appropriated by the Board for expenditure unless explicitly stated otherwise in the gift instrument. In addition, the Board has interpreted Indiana Trust and Fiduciary Law to appropriate as much of net appreciation of net assets with donor restrictions held in perpetuity as is prudent considering the duration and preservation of the endowment fund, the purposes of the Organization and endowment fund, general economic conditions, effect of inflation or deflation, expected total return on its investments, and the investment policy of the Organization.

The following is a summary endowment net asset composition by type of fund at December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Perpetual endowment	0	453,614	453,614
Board-designated funds	29,870	0	29,870
Endowment net assets, end of year	29,870	453,614	483,484

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

The following is a summary of the changes in endowment net assets for the year ending December 31, 2022:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	33,425	572,447	605,872
Investment return	(3,555)	(97,833)	(101,388)
Appropriations for expenditures	0	(21,000)	(21,000)
Endowment net assets, end of year	29,870	453,614	483,484

The endowment net assets composition by type of fund is comprised of the following as of December 31, 2021:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Perpetual endowment	0	572,447	572,447
Board-designated funds	33,425	0	33,425
Endowment net assets, end of year	33,425	572,447	605,872

The following is a summary of the changes in endowment net assets for the year ending December 31, 2021:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	49,049	502,769	551,818
Investment Return	6,501	73,178	79,679
Appropriation of endowment assets for expenditures	(22,125)	(3,500)	(25,625)
Endowment net assets, end of year	33,425	572,447	605,872

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Indiana Trust and Fiduciary Law requires the Organization to retain as a fund of perpetual duration. At December 31, 2021 and 2020, there were no funds with deficiencies.

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to support operations and programs of the Organization by its endowment while seeking to preserve the endowment assets in perpetuity. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term the Organization expects the current spending policy to allow its endowment to grow by the amount of inflation annually. This is consistent with the Organization's objective to preserve the capital assets of the Organization in perpetuity as well as preserve the purchasing power of the endowment assets over time.

Strategies employed for achieving objectives: To satisfy the long-term return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization's asset allocation philosophy includes the following asset classes: bonds and mortgages, domestic and global equities and alternative investments as defined. The Organization has also restricted certain investments such that investments must be consistent with church-related and socially responsible philosophies.

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

Spending policy and how the investment objectives relate to spending policy: The Organization's policy of appropriation for annual distribution is based on the previous year's investment income, less investment expenses, subject to consideration by the Board, to support the charitable mission of the Organization's programs. This policy is based on the Organization's long-term expected return on its endowment.

As of December 31, 2021 and 2020, the original gift of the donor-restricted endowment funds is required to be retained in perpetuity by explicit donor restriction, and time-restricted endowment funds represent the portion of perpetual endowment funds subject to time restrictions under Indiana Trust and Fiduciary Law, without purpose restrictions.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Organization entered into a lease with a third party. Until 2021, the Organization sublet the space to an affiliated entity, Anabaptist Providers Group ("APG"). The Organization collected the rent from APG and remitted it to the third party until that time. Subsequently, APG began making the lease payments directly to the third party. The lease required monthly payments of approximately \$295 and \$290 for the years ended December 31, 2022 and 2021, respectively. The lease expired June 2022, with an option to renew for an additional year. Total rent income for the years ended December 31, 2022 and 2021 was approximately \$0 and \$2,100, respectively, and is offset with rent expense in the Consolidated Statements of Activities.

The Organization received management fees from APG of approximately \$15,000 for each of the years ended December 31, 2022 and 2021.

Some members of the Organization serving senior living organizations in Pennsylvania are also members of APG. APG, acting as an agent for the Organization, collects membership fees from the members and remits them to the Organization. These fees are included in membership fees on the Consolidated Statement of Activities. The Organization included accounts receivable from APG of \$0 and \$8,325 at December 31, 2022 and 2021, respectively, on the Consolidated Statements of Financial Position.

The Organization included accounts payable to APG of \$10,954 and \$907 at December 31, 2022 and 2021, respectively, on the Consolidated Statements of Financial Position.

NOTE 13 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 27, 2023, the date the financial statements were available to be issued. No events or transactions occurred in the mandatory evaluation period requiring recognition or disclosure in the consolidated financial statements.



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT
ON SUPPLEMENTARY INFORMATION

Board of Directors
Mennonite Health Services d/b/a MHS Alliance and Subsidiary
Goshen, Indiana

Our report on our compilation of the basic financial statements of Mennonite Health Services d/b/a MHS Alliance and Subsidiary for 2022 appears on page 1. The information contained in the Consolidating Statement of Position and Activities is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

The supplementary information for 2021 was compiled by other accountants whose reported dated May 25, 2022 stated that they did not express an opinion or any other form of assurance on such information.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Kruggel, Lawton & Company LLC'.

Certified Public Accountants

Elkhart, Indiana
March 27, 2023

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2022

(See Independent Accountant's Compilation Report on Supplementary Information)

<u>ASSETS</u>	<u>Mennonite Health Services</u>			<u>Eliminations</u>	<u>2022</u>
	<u>MHS Alliance</u>	<u>MHS Assembly</u>	<u>MHS Consulting</u>		
CURRENT ASSETS					
Cash and cash equivalents	356,690	168,459	92,448	0	617,597
Accounts receivable	8,087	11,500	11,425	0	31,012
Investments	908,220	4,830	0	0	913,050
Income taxes recoverable	0	0	11,201	0	11,201
Prepaid expenses	14,550	0	10,499	0	25,049
Total Current Assets	1,287,547	184,789	125,573	0	1,597,909
PROPERTY AND EQUIPMENT					
Office equipment	22,766	0	4,032	0	26,798
Furniture and fixtures	6,558	0	0	0	6,558
Total	29,324	0	4,032	0	33,356
Accumulated depreciation	20,225	0	3,363	0	23,588
Net Property and Equipment	9,099	0	669	0	9,768
OTHER ASSETS					
Accounts receivable - affiliate	274,272	0	0	(274,272)	0
Investment in subsidiary	100	0	0	(100)	0
Investments restricted for long-term purposes	175,063	0	0	0	175,063
Deferred tax asset	0	0	10,291	0	10,291
Operating right of use asset - net of amortization	20,673	0	0	0	20,673
Total Other Assets	470,108	0	10,291	(274,372)	206,027
TOTAL ASSETS	1,766,754	184,789	136,533	(274,372)	1,813,704

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2022

(See Independent Accountant's Compilation Report on Supplementary Information)

	<u>Mennonite Health Services</u>		<u>MHS</u>	<u>Eliminations</u>	<u>2022</u>
	<u>MHS</u>	<u>MHS</u>			
<u>LIABILITIES AND NET ASSETS</u>	<u>Alliance</u>	<u>Assembly</u>	<u>Consulting</u>		
CURRENT LIABILITIES					
Accounts payable	4,452	0	5,066	0	9,518
Accounts payable - related party	10,954	0	49,164	(49,164)	10,954
Accrued wages, taxes and benefits	84,185	0	0	0	84,185
Deferred tax liability	0	0	2,702	0	2,702
Current portion of operating lease liability	12,197	0	0	0	12,197
Total Current Liabilities	111,788	0	56,932	(49,164)	119,556
LONG-TERM LIABILITIES					
Accounts payable - affiliate - long-term	0	225,108	0	(225,108)	0
Long-term operating lease liability	8,476	0	0	0	8,476
Total Long-Term Liabilities	8,476	225,108	0	(225,108)	8,476
TOTAL LIABILITIES	120,264	225,108	56,932	(274,272)	128,032
NET ASSETS					
Without donor restrictions	1,192,876	(45,149)	79,601	(100)	1,227,228
With donor restrictions	453,614	4,830	0	0	458,444
Total Net Assets	1,646,490	(40,319)	79,601	(100)	1,685,672
TOTAL LIABILITIES AND NET ASSETS	1,766,754	184,789	136,533	(274,372)	1,813,704

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2021

(See Independent Accountant's Compilation Report on Supplementary Information)

	<u>Mennonite Health Services</u>				
	<u>MHS</u>	<u>MHS</u>	<u>MHS</u>	<u>Eliminations</u>	<u>2021</u>
<u>ASSETS</u>	<u>Alliance</u>	<u>Assembly</u>	<u>Consulting</u>		
CURRENT ASSETS					
Cash and cash equivalents	259,002	76,426	350,055	0	685,483
Accounts receivable	12,948	1,500	6,341	0	20,789
Accounts receivable - related party	8,325	0	0	0	8,325
Investments	1,132,694	5,831	0	0	1,138,525
Prepaid expenses	6,172	9,750	555	0	16,477
Total Current Assets	1,419,141	93,507	356,951	0	1,869,599
PROPERTY AND EQUIPMENT					
Office equipment	49,726	2,212	6,477	0	58,415
Furniture and fixtures	27,620	0	0	0	27,620
Total	77,346	2,212	6,477	0	86,035
Accumulated depreciation	70,941	2,212	4,346	0	77,499
Net Property and Equipment	6,405	0	2,131	0	8,536
OTHER ASSETS					
Accounts receivable - affiliate	332,393	0	0	(332,393)	0
Investment in subsidiary	100	0	0	(100)	0
Investments restricted for long-term purposes	175,063	0	0	0	175,063
Total Other Assets	507,556	0	0	(332,493)	175,063
TOTAL ASSETS	1,933,102	93,507	359,082	(332,493)	2,053,198

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARYGoshen, Indiana

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2021

(See Independent Accountant's Compilation Report on Supplementary Information)

	<u>Mennonite Health Services</u>			<u>Eliminations</u>	<u>2021</u>
	<u>MHS Alliance</u>	<u>MHS Assembly</u>	<u>MHS Consulting</u>		
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Accounts payable	15,484	4	4,230	0	19,718
Accounts payable - related party	0	907	214,953	(214,953)	907
Accrued wages, taxes and benefits	98,810	0	0	0	98,810
Income taxes payable	0	0	38,079	0	38,079
Total Current Liabilities	114,294	911	257,262	(214,953)	157,514
LONG-TERM LIABILITIES					
Accounts payable - affiliate - long-term	0	117,440	0	(117,440)	0
Total Long-Term Liabilities	0	117,440	0	(117,440)	0
TOTAL LIABILITIES	114,294	118,351	257,262	(332,393)	157,514
NET ASSETS					
Without donor restrictions	1,233,125	(30,675)	101,820	(100)	1,304,170
With donor restrictions	585,683	5,831	0	0	591,514
Total Net Assets	1,818,808	(24,844)	101,820	(100)	1,895,684
TOTAL LIABILITIES AND NET ASSETS	1,933,102	93,507	359,082	(332,493)	2,053,198

MENNONITE HEALTH SERVICES D/B/A MHS ALLIANCE AND SUBSIDIARY

Goshen, Indiana

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

(See Independent Accountant's Compilation Report on Supplementary Information)

	<u>Mennonite Health Services</u>				
	<u>MHS</u>	<u>MHS</u>	<u>MHS</u>	<u>Eliminations</u>	<u>2022</u>
	<u>Alliance</u>	<u>Assembly</u>	<u>Consulting</u>		
Changes in Net Assets Without Donor Restrictions					
Support and Revenue					
Consulting fees	159,410	0	551,896	(21,348)	689,958
Membership fees and programs	765,944	0	0	0	765,944
Conference fees	0	118,629	0	0	118,629
Other income	0	0	3	0	3
Investment income (loss)	(126,613)	14	19	0	(126,580)
Loss on disposal of assets	(143)	0	0	0	(143)
Satisfaction of purpose restriction	34,236	0	0	0	34,236
Total Support and Revenue	832,834	118,643	551,918	(21,348)	1,482,047
Expenses					
Program Services:					
Consulting	0	0	573,517	(21,348)	552,169
Membership Services	740,721	0	0	0	740,721
Mennonite Health Assembly	0	133,117	0	0	133,117
Total Program Services	740,721	133,117	573,517	(21,348)	1,426,007
Supporting Services:					
Management & General	132,362	0	620	0	132,982
Total Functional Expenses	873,083	133,117	574,137	(21,348)	1,558,989
Increase in net assets without donor restrictions	(40,249)	(14,474)	(22,219)	0	(76,942)
Changes in Net Assets With Donor Restrictions					
Investment income on restricted net assets	(97,833)	(1,001)	0	0	(98,834)
Net assets released from purpose restrictions	(34,236)	0	0	0	(34,236)
Increase in net assets with donor restrictions	(132,069)	(1,001)	0	0	(133,070)
CHANGE IN NET ASSETS	(172,318)	(15,475)	(22,219)	0	(210,012)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	1,818,808	(24,844)	101,820	(100)	1,895,684
NET ASSETS (DEFICIT), END OF YEAR	1,646,490	(40,319)	79,601	(100)	1,685,672

Mennonite Health Services D/B/A MHS Alliance and Subsidiary

Goshen, Indiana

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

(See Independent Accountant's Compilation Report on Supplementary Information)

	<u>Mennonite Health Services</u>				
	<u>MHS</u>	<u>MHS</u>	<u>MHS</u>	<u>Eliminations</u>	<u>2021</u>
	<u>Alliance</u>	<u>Assembly</u>	<u>Consulting</u>		
Changes in Net Assets Without Donor Restrictions					
Support and Revenue					
Consulting fees	332,563	0	1,029,373	(180,160)	1,181,776
Membership fees and programs	762,174	0	0	0	762,174
Conference fees	0	98,906	0	0	98,906
Investment income (loss)	52,897	7	28	0	52,932
Satisfaction of purpose restriction	3,500	0	0	0	3,500
Total Support and Revenue	1,151,134	98,913	1,029,401	(180,160)	2,099,288
Expenses					
Program Services:					
Consulting	0	0	897,000	(180,160)	716,840
Membership Services	749,874	0	0	0	749,874
Mennonite Health Assembly	0	66,318	0	0	66,318
Total Program Services	749,874	66,318	897,000	(180,160)	1,533,032
Supporting Services:					
Management & General	154,183	0	0	0	154,183
Total Functional Expenses	904,057	66,318	897,000	(180,160)	1,687,215
Increase in net assets without donor restrictions	247,077	32,595	132,401	0	412,073
Changes in Net Assets With Donor Restrictions					
Investment income on restricted net assets	73,178	743	0	0	73,921
Net assets released from purpose restrictions	(3,500)	0	0	0	(3,500)
Increase in net assets with donor restrictions	69,678	743	0	0	70,421
CHANGE IN NET ASSETS	316,755	33,338	132,401	0	482,494
NET ASSETS (DEFICIT), BEGINNING OF YEAR	1,502,053	(58,182)	(30,581)	(100)	1,413,190
NET ASSETS (DEFICIT), END OF YEAR	1,818,808	(24,844)	101,820	(100)	1,895,684