Santa Maria Community Services, Inc. and Subsidiary

Consolidated Financial Statements

December 31, 2020 and 2019

with Independent Auditors' Report

CLARK SCHAEFER HACKETT
CPAs & Advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Santa Maria Community Services, Inc. and Subsidiary
Cincinnati, Ohio

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Santa Maria Community Services, Inc. and Subsidiary (a not-for-profit organization) (collectively, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Santa Maria Community Services, Inc. and Subsidiary as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2021, on our consideration of Santa Maria Community Services, Inc. and Subsidiary's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Santa Maria Community Services, Inc. and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Maria Community Services, Inc. and Subsidiary's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 15, 2021

Santa Maria Community Services, Inc. and Subsidiary
Consolidated Statements of Financial Position
December 31, 2020 and 2019

		2020	2019
Assets			
Current assets			
Cash and cash equivalents	$	1,979,625	988,979
Grants receivable		502,582	355,809
Contributions receivable, current portion		906,792	927,625
Prepaid expenses		28,817	56,653
Total current assets		3,417,816	2,329,066
Property and equipment, net		849,160	869,417
Other assets			
Contributions receivable, net of current portion		60,000	90,000
Investments		465,338	440,683
		525,338	530,683
Total assets	$	4,792,314	3,729,166
Liabilities and net assets			
Current liabilities			
Accounts payable	$	39,365	102,985
Accrued vacation		115,814	101,208
Current portion of long term debt		15,042	14,558
Total current liabilities		170,221	218,751
Long-term debt, net of current portion		82,282	98,202
Total liabilities		252,503	316,953
Net assets			
Without donor restrictions			
Undesignated		2,637,454	1,499,666
Board designated		458,338	433,683
Total net assets without donor restrictions		3,095,792	1,933,349
With donor restrictions		1,444,019	1,478,864
Total net assets		4,539,811	3,412,213
Total liabilities and net assets	$	4,792,314	3,729,166

See notes to the consolidated financial statements.

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
United Way allocations	$ -	683,155	683,155
Contributions	576,683	693,165	1,269,848
Special events	34,387	-	34,387
Interest income	1,602	-	1,602
Net investment return	24,655	-	24,655
In-kind donations	15,512	-	15,512
Total public support and revenue	652,839	1,376,320	2,029,159
Program revenue			
Government grants	-	3,036,075	3,036,075
Other grants	33,522	175,637	209,159
Total program revenue	33,522	3,211,712	3,245,234
Net assets released from restrictions	4,622,877	(4,622,877)	-
Total revenue	5,309,238	(34,845)	5,274,393
Expenses			
Program services			
Early childhood/parenting	1,463,151	-	1,463,151
Workforce development	1,093,082	-	1,093,082
Wellness and immigrant services	215,646	-	215,646
AmeriCorps	324,785	-	324,785
Youth	311,781	-	311,781
Administrative	577,501	-	577,501
Development	353,014	-	353,014
Total expenses	4,338,960	-	4,338,960
Other income (expense)			
Miscellaneous income	167,990	-	167,990
Interest expense	(3,442)	-	(3,442)
Rental property income	27,617	-	27,617
Total other income	192,165	-	192,165
Change in net assets	1,162,443	(34,845)	1,127,598
Net assets, beginning of year	1,933,349	1,478,864	3,412,213
Net assets, end of year	$ 3,095,792	1,444,019	4,539,811

See notes to the consolidated financial statements.

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
United Way allocations	$ -	772,800	772,800
Contributions	267,711	928,671	1,196,382
Special events	86,061	-	86,061
Interest income	7,917	-	7,917
Net investment return	51,000	-	51,000
In-kind donations	4,332	-	4,332
Total public support and revenue	417,021	1,701,471	2,118,492
Program revenue			
Government grants	-	2,314,578	2,314,578
Other grants	27,405	145,500	172,905
Total program revenue	27,405	2,460,078	2,487,483
Net assets released from restrictions	4,058,119	(4,058,119)	-
Total revenue	4,502,545	103,430	4,605,975
Expenses			
Program services			
Early childhood/parenting	1,312,811	-	1,312,811
Workforce development	1,231,953	-	1,231,953
Wellness and immigrant services	238,111	-	238,111
AmeriCorps	375,138	-	375,138
Youth	347,961	-	347,961
Administrative	525,438	-	525,438
Development	308,612	-	308,612
Total expenses	4,340,024	-	4,340,024
Other income (expense)			
Miscellaneous income	125	-	125
Interest expense	(4,787)	-	(4,787)
Rental property income	50,420	-	50,420
Total other income	45,758	-	45,758
Change in net assets	208,279	103,430	311,709
Net assets, beginning of year	1,725,070	1,375,434	3,100,504
Net assets, end of year	$ 1,933,349	1,478,864	3,412,213

See notes to the consolidated financial statements.

		Early Childhood/ Parenting	Workforce Development	Wellness & Immigrant Services	AmeriCorps	Youth	Administrative	Development	Total
Salaries and related expenses									
Salaries and wages	$	811,235	503,535	122,837	263,127	118,050	324,926	254,112	2,397,822
Employee benefits and taxes		224,568	129,388	24,152	38,621	23,505	91,172	46,995	578,401
		1,035,803	632,923	146,989	301,748	141,555	416,098	301,107	2,976,223
Other expenses									
Assistance to individuals		225,064	106,094	21,689	-	46,111	-	-	398,958
Awards and grants		1,174	560	186	-	100	471	131	2,622
Conferences, conventions and meetings		845	65	-	-	-	5,867	91	6,868
Insurance		11,600	7,257	1,604	1,261	1,498	3,163	2,487	28,870
Membership dues		2,960	1,804	311	252	673	2,216	1,583	9,799
Miscellaneous		81	49	12	9	8	-	3,543	3,702
Occupancy		46,996	62,350	11,539	7,008	19,896	44,892	17,417	210,098
Postage		316	247	98	4	122	1,287	333	2,407
Printing and publications		2,640	2,027	786	629	243	1,244	5,307	12,876
Professional services		52,350	155,591	19,532	3,866	45,235	69,941	3,812	350,327
Staff education		356	2,729	712	1,115	166	359	832	6,269
Office supplies		4,674	6,895	926	659	838	3,736	1,495	19,223
Supplies		19,107	63,909	1,109	3,287	38,609	17	6,785	132,823
Travel		21,942	3,058	49	396	413	1,992	473	28,323
Telephone		18,328	25,241	5,568	2,902	10,234	13,289	5,340	80,902
		408,433	437,876	64,121	21,388	164,146	148,474	49,629	1,294,067
Depreciation		18,915	22,283	4,536	1,649	6,080	12,929	2,278	68,670
	$	1,463,151	1,093,082	215,646	324,785	311,781	577,501	353,014	4,338,960

	Early Childhood/ Parenting	Workforce Development	Wellness & Immigrant Services	AmeriCorps	Youth	Administrative	Development	Total
Salaries and related expenses								
Salaries and wages	$ 807,384	530,598	140,333	288,443	171,978	321,328	195,844	2,455,908
Employee benefits and taxes	235,755	142,306	27,125	40,142	36,804	82,898	38,264	603,294
	1,043,139	672,904	167,458	328,585	208,782	404,226	234,108	3,059,202
Other expenses								
Assistance to individuals	64,769	111,795	1,531	501	8,264	-	-	186,860
Awards and grants	1,044	-	-	-	166	203	100	1,513
Conferences, conventions and meetings	6,536	4,851	392	2,259	549	8,286	2,003	24,876
Insurance	10,363	7,573	1,687	1,172	2,365	2,787	2,305	28,252
Membership dues	2,602	1,310	221	163	480	2,044	1,521	8,341
Miscellaneous	-	-	-	-	-	7,892	13,382	21,274
Occupancy	45,693	78,312	14,591	7,081	18,424	57,363	17,897	239,361
Postage	296	286	117	4	110	628	5,339	6,780
Printing and publications	4,510	6,818	1,549	461	631	2,455	8,074	24,498
Professional services	45,521	168,574	30,925	7,803	44,576	9,265	5,560	312,224
Staff education	2,549	11,641	1,222	1,690	455	1,373	1,678	20,608
Office supplies	5,927	10,624	1,401	969	2,673	2,119	1,967	25,680
Supplies	6,572	101,615	5,155	16,428	40,034	44	5,678	175,526
Travel	31,651	8,407	648	2,656	3,416	3,098	801	50,677
Telephone	18,646	24,477	5,309	2,871	9,722	7,398	4,310	72,733
	246,679	536,283	64,748	44,058	131,865	104,955	70,615	1,199,203
Depreciation	22,993	22,766	5,905	2,495	7,314	16,257	3,889	81,619
	$ 1,312,811	1,231,953	238,111	375,138	347,961	525,438	308,612	4,340,024

See notes to the consolidated financial statements.

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 1,127,598	311,709
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	68,670	81,619
Realized and unrealized gain on investments	(24,655)	(50,575)
Changes in operating assets and liabilities		
Grants receivable	(146,773)	(39,391)
Contributions receivable	50,833	(57,364)
Prepaid expenses	27,836	(7,596)
Deposits	-	357
Accounts payable	(63,620)	5,093
Accrued vacation	14,606	(10,043)
Net cash flows from operating activities	1,054,495	233,809
Cash flows from investing activities		
Purchases of property and equipment	(48,413)	(25,010)
Purchases of investments	-	(425)
Net cash flows from investing activities	(48,413)	(25,435)
Cash flows from financing activities		
Repayment of debt	(15,436)	(13,213)
Net change in cash and cash equivalents	990,646	195,161
Cash and cash equivalents, beginning of year	988,979	793,818
Cash and cash equivalents, end of year	$ 1,979,625	988,979

See notes to the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies and practices followed by the Organization are as follows:

Nature of operations
Santa Maria Community Services, Inc., a not-for-profit organization, was organized under the laws of the State of Ohio and operates five neighborhood-based resource centers in Cincinnati, Ohio. Neighborhood-based programs, offered free of charge and in partnership with the resident volunteers and organizations include: Early Childhood/Parenting, which includes a focus on childhood education; Workforce Development, which includes focus on financial stability, housing, employment services and GED preparation; Wellness & Immigrant Services which includes a focus on healthcare; AmeriCorps with a focus on GED preparation and health navigation; Youth development, which includes a focus on life, social and emotion skill development. The consolidated financial statements include the accounts of Santa Maria Community Services, Inc. and one separate member entity, Santa Maria Properties, LLC, which was formed in 2013 and of which Santa Maria Community Services, Inc. is the sole member (collectively, the "Organization"). All significant intercompany transactions and balances have been eliminated.

Basis of presentation
The Organization's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that 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 the Board of Directors.

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets that must be maintained in perpetuity were $7,000 as of December 31, 2020 and 2019.

Net assets released from restrictions
When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Recognition of donated items and services
The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. Donated materials and property and equipment are recognized at fair value as of the date of contribution. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Revenue recognition
Unconditional contributions from United Way and other donors are recorded when the promise to give is received. Death bequests are recorded when the will has been settled through probate court. Grant revenue is recorded when the grant is awarded, unless conditional by nature. Conditional grants are generally received to reimburse eligible expenses. Reimbursement-type grant revenue is recorded in grant revenues with donor restrictions when the related eligible costs are incurred. Revenues from sources other than contributions are reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Cash and cash equivalents
The Organization considers all money market accounts and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains cash accounts which may exceed federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Investments
Investments consist of funds held by a local community foundation and are carried at the estimated fair value as provided by the community foundation.

Fair value measurements
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3 Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. These inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

The following is a description of valuation methodologies used for assets measured at fair value.

Funds held by others are considered to be Level 3 and are valued at the estimated fair value of the assets based on the underlying investments using prices obtained from the Greater Cincinnati Foundation as custodian of the assets, which used third party data service providers, without adjustment by management.

Grants receivable
Grants receivable are stated at the amount management expects to collect from the granting agency. It is the opinion of management that all grants receivable are collectible. Accordingly, no allowance has been provided for in the consolidated financial statements.

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such, audit adjustments could be required.

Contributions receivable

The Organization has received multi-year contributions that are due in future periods. Contributions receivable are recorded net of a discount for net present value. As of December 31, 2020 and 2019, no discount has been provided as the amount is immaterial. Management has determined that no allowance for uncollectible contributions receivable is necessary at December 31, 2020 and 2019.

Property and equipment

Property and equipment are stated at cost at the date of acquisition or fair value at the date of gift, if donated, less accumulated depreciation. Depreciation is provided using the straight-line method and the following useful lives:

Buildings and improvements	5-32 years
Furniture and equipment	3-15 years
Vehicles	5 years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in operations currently. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Deposits

Funds that are being held in a custodial nature related to workers' compensation, unemployment services, building security and postal service are reported as deposits.

Income taxes

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. As such, the Organization is exempt from federal, state and local income taxes. The Organization is not considered a private foundation within the meaning of the Internal Revenue Code. Unrelated business income is not material to the consolidated financial statements as a whole.

Allocation of functional expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Expenses are directly applied when applicable and other expenses are allocated to programs or supporting services. Expenses have been classified based upon the actual direct expenditures for natural classes, with the exception of salaries, wages, employee benefits, payroll taxes and depreciation. Salaries, wages, employee benefits and payroll taxes have been allocated based upon estimates of time and effort. Depreciation has been allocated based upon square footage usage. All fundraising costs are charged to development expenses and thus, there are no joint costs.

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

Reclassifications
Certain items from 2019 have been reclassified to conform to the current year presentation.

Subsequent events
The Organization has evaluated subsequent events for potential recognition and disclosure through June 15, 2021, the date the consolidated financial statements were available to be issued.

2. CONTRIBUTIONS RECEIVABLE:

Contributions receivable consisted of the following as of December 31:

	2020	2019
Less than one year	$ 906,792	927,625
Two to five years	60,000	90,000
	$ 966,792	1,017,625

3. INVESTMENTS:

The Organization has recorded a beneficial interest in investments held by the Greater Cincinnati Foundation in its Endowment Fund of $465,338 and $440,683 at December 31, 2020 and 2019, respectively. The pooled endowment fund holds primarily common stock, mutual funds, and corporate and government fixed income obligations, which are stated at fair value as determined by market prices.

The following table summarizes the fair value measurements of the Organization's investments by level as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Funds held by others for the benefit of the Organization	$ -	-	465,338	465,338

The following table summarizes the fair value measurements of the Organization's investments by level as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Funds held by others for the benefit of the Organization	$ -	-	440,683	440,683

4. ENDOWMENT:

The Organization's endowment consists of funds established for a variety of purposes. The endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Ohio-Enacted 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 absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as perpetually restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in perpetually restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor restricted endowment funds,(3) general economic conditions,(4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment return objectives, risk parameters and strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve a total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a pooled endowment fund as described in Note 3 that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return consistent with its return objectives. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending policy
The Organization has a policy of reinvesting the interest and dividend income earned on investments immediately. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the endowment fund and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the year ended December 31, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Endowment Net Assets
Endowment net assets, beginning of year	$ 433,683	7,000	440,683
Net investment return	24,655	-	24,655
Endowment net assets, end of year	$ 458,338	7,000	465,338

Changes in endowment net assets for the year ended December 31, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Endowment Net Assets
Endowment net assets, beginning of year	$ 382,258	7,000	389,258
Contributions	425	-	425
Net investment return	51,000	-	51,000
Endowment net assets, end of year	$ 433,683	7,000	440,683

5. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following major classifications at December 31:

	2020	2019
Land	$ 70,643	70,643
Building and improvements	1,246,513	1,253,673
Furniture and equipment	151,645	105,785
Vehicles	57,666	57,666
	1,526,467	1,487,767
Accumulated depreciation	(677,307)	(618,350)
	$ 849,160	869,417

6. LONG-TERM DEBT:

Long-term debt consists of an interest-free loan from the Ed & Joann Hubert Family Foundation, Inc. Monthly installments (with an imputed interest rate of 3.27%) are required, with final payment due on December 1, 2026. The loan is collateralized by various properties held by the Organization. The balance outstanding at December 31, 2020 and 2019 was $97,324 and $112,760, respectively.

Aggregate maturities of long-term debt for the years subsequent to December 31, 2020, are as follows:

2021	$ 15,042
2022	15,541
2023	16,057
2024	16,590
2025	17,140
Thereafter	16,954
	$ 97,324

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2020	2019
Subject to expenditure for specific purpose:		
Early childhood/parenting	$ 28,671	69,681
Workforce development	72,124	62,048
Wellness	84,923	35,546
AmeriCorps	-	29,000
Youth	75,316	62,110
COVID-19	24,188	-
Other	185,005	195,854
	470,227	454,239
Subject to the passage of time:		
Contributions receivable	966,792	1,017,625
Net assets held in perpetuity	7,000	7,000
Total net assets with donor restrictions	$ 1,444,019	1,478,864

8. CONCENTRATIONS:

A substantial portion of the Organization's revenue comes from government grants and the United Way of Greater Cincinnati (United Way) program. Approximately 58% and 50% of total support and revenues came from government grants for 2020 and 2019, respectively. Approximately 13% and 17% of total support and revenues came from United Way for 2020 and 2019, respectively. Approximately 71% of contribution receivables are due from one funders at December 31, 2020. Approximately 88% of contribution receivables were due from two funders at December 31, 2019.

9. RETIREMENT PLAN:

The Organization sponsors a retirement plan which provides benefits for eligible employees under the Internal Revenue Code. Employer contributions to the Plan are made in accordance with a specified formula. Benefit payments are based on amounts accumulated from employer and voluntary employee contributions. The Organization's contributions to the Plan totaled $82,710 and $75,303 for the years ended December 31, 2020 and 2019, respectively.

10. RENTAL REVENUE UNDER OPERATING LEASES:

The Organization leases a portion of certain buildings which generates revenue under operating leases. Cost and net book value as of December 31, 2020 of the buildings leased are $244,000 and $200,000, respectively. Gross rental income recognized on noncancelable operating leases totaled $27,617 and $50,420 for the years ended December 31, 2020 and 2019, respectively. The future expected revenues under noncancelable operating leases with initial or remaining lease terms in excess of one year as of December 31, 2020, are $10,350 in 2021 and $8,100 in 2022.

11. CONDITIONAL PROMISES TO GIVE:

During the year ended December 31, 2020, the Organization received conditional promises to give of $1,016,707. No amounts were recognized during 2020 as the conditions have not been satisfied.

12. CONTINGENCIES:

The Organization has received grants for specific purposes that are subject to review by the respective grantor agencies. These reviews could result in a request for reimbursement from the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, management believes any disallowances would not be significant to the consolidated financial statements.

13. PAYCHECK PROTECTION PROGRAM:

On May 1, 2020, the Organization entered into a loan of $555,300 under the Small Business Administration's Paycheck Protection Program (PPP). The PPP allows for a portion of the loan (up to the full amount) to be forgiven based on qualifying expenses. Repayments of unforgiven principal and interest at 1% begins in the tenth month following the date of the note in equal installments until maturity in May 2022. The Organization considers the loan a conditional contribution in accordance with Accounting Standards Update 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which encompasses conditional cancellation of liabilities. During 2020, the Organization incurred qualifying expenses and has recognized the full amount in government grants on the consolidated statement of activities.

14. LIQUIDITY DISCLOSURES:

The Organization is substantially supported by grant funding and contributions from donors. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	2020	2019
Financial assets:		
Cash and cash equivalents	$ 1,979,625	988,979
Grants receivable	502,582	355,809
Contributions receivable – current portion	906,792	927,625
Investments	465,338	440,683
Financial assets available at year-end	3,854,337	2,713,096
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with purpose restrictions expected to be utilized within one year	470,227	454,239
Donor restricted endowment	7,000	7,000
Board designated endowment	458,338	433,683
	935,565	894,922
Financial assets available to meet cash needs for general expenditures within one year	$ 2,918,772	1,818,174

15. RECENT ACCOUNTING PRONOUNCEMENT:

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the consolidated statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the consolidated statement of activities. This standard will be effective for the Organization's year ending December 31, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

16. RISKS AND UNCERTAINTIES:

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a global pandemic. The COVID-19 pandemic has caused business disruption through cancelling of events and significant fluctuations in stock market indices. The extent of the impact of COVID-19 pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the pandemic.