CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Santa Maria Community Services, Inc. and Subsidiary

Consolidated Financial Statements

December 31, 2021 and 2020

with Independent Auditors' Report

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

One East Fourth Street, Suite 1200, Cincinnati, Ohio 45202
P. 513.241.3111 | F. 513.241.1212

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Santa Maria Community Services, Inc. and Subsidiary as of December 31, 2021 and 2020, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Santa Maria Community Services, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Santa Maria Community Services, Inc. and Subsidiary’s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Santa Maria Community Services, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Santa Maria Community Services, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2022, 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
July 21, 2022

		2021	2020
Assets			
Current assets			
Cash and cash equivalents	$	2,351,285	1,979,625
Restricted cash		827,798	-
Grants receivable		474,934	502,582
Contributions receivable, current portion		705,395	906,792
Note receivable		42,453	-
Prepaid expenses		22,200	28,817
Total current assets		4,424,065	3,417,816
Property and equipment, net		735,844	849,160
Other assets			
Contributions receivable, net of current portion		438,806	60,000
Investments		547,009	465,338
		985,815	525,338
Total assets	$	6,145,724	4,792,314
Liabilities and net assets			
Current liabilities			
Accounts payable	$	70,345	39,365
Accrued vacation		113,120	115,814
Long-term debt, current portion		15,541	15,042
Total current liabilities		199,006	170,221
Long-term debt, net of current portion		66,741	82,282
Total liabilities		265,747	252,503
Net assets			
Without donor restrictions			
Undesignated		2,636,932	2,637,454
Board designated		766,787	458,338
Total net assets without donor restrictions		3,403,719	3,095,792
With donor restrictions		2,476,258	1,444,019
Total net assets		5,879,977	4,539,811
Total liabilities and net assets	$	6,145,724	4,792,314

See notes to the consolidated financial statements.

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
United Way allocations	$ -	352,008	352,008
Contributions	658,120	1,942,976	2,601,096
Special events	84,653	-	84,653
Interest income	893	-	893
Net investment return	81,671	-	81,671
In-kind donations	6,423	-	6,423
Total public support and revenue	831,760	2,294,984	3,126,744
Program revenue			
Government grants	-	2,350,104	2,350,104
Other grants	100,248	19,481	119,729
Total program revenue	100,248	2,369,585	2,469,833
Net assets released from restrictions	3,632,330	(3,632,330)	-
Total revenue	4,564,338	1,032,239	5,596,577
Expenses			
Program services			
Early childhood/parenting	1,419,731	-	1,419,731
Workforce development	942,455	-	942,455
Wellness and immigrant services	277,043	-	277,043
AmeriCorps	329,878	-	329,878
Youth	311,124	-	311,124
Administrative	771,950	-	771,950
Development	325,571	-	325,571
Total expenses	4,377,752	-	4,377,752
Other income (expense)			
Miscellaneous income	810	-	810
Interest expense	(2,958)	-	(2,958)
Gain on sale of property and equipment	110,444	-	110,444
Rental property income	13,045	-	13,045
Total other income	121,341	-	121,341
Change in net assets	307,927	1,032,239	1,340,166
Net assets, beginning of year	3,095,792	1,444,019	4,539,811
Net assets, end of year	$ 3,403,719	2,476,258	5,879,977

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.

	Early Childhood/ Parenting	Workforce Development	Wellness & Immigrant Services	AmeriCorps	Youth	Administrative	Development	Total
Salaries and related expenses								
Salaries and wages	$ 815,188	482,785	140,707	259,126	136,922	370,795	227,576	2,433,099
Employee benefits and taxes	241,755	123,009	28,104	43,080	31,780	91,699	45,671	605,098
	1,056,943	605,794	168,811	302,206	168,702	462,494	273,247	3,038,197
Other expenses								
Assistance to individuals	147,672	44,187	45,818	-	31,304	-	-	268,981
Awards and grants	1,808	1,186	222	112	128	1,814	194	5,464
Conferences, conventions and meetings	469	529	430	4	6	9,082	670	11,190
Insurance	12,055	7,873	1,794	1,263	1,982	3,901	2,321	31,189
Membership dues	3,932	2,238	806	186	894	3,303	1,360	12,719
Miscellaneous	-	-	-	-	1,000	9,550	4,355	14,905
Occupancy	48,668	90,101	10,987	6,297	27,236	34,528	14,713	232,530
Postage	180	358	113	-	55	1,112	2,848	4,666
Printing and publications	2,688	3,555	728	3,656	316	1,283	5,449	17,675
Professional services	47,272	91,029	18,442	4,140	44,574	213,648	6,369	425,474
Staff education	1,206	2,170	1,773	1,570	123	1,509	644	8,995
Office supplies	4,440	5,112	3,087	649	1,135	2,194	1,482	18,099
Supplies	35,795	47,478	13,890	5,358	15,842	2,228	4,298	124,889
Travel	13,951	604	227	68	900	1,596	316	17,662
Telephone	22,804	24,695	5,808	2,760	10,042	9,547	4,538	80,194
	342,940	321,115	104,125	26,063	135,537	295,295	49,557	1,274,632
Depreciation	19,848	15,546	4,107	1,609	6,885	14,161	2,767	64,923
	$ 1,419,731	942,455	277,043	329,878	311,124	771,950	325,571	4,377,752

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

See notes to the consolidated financial statements.

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 1,340,166	1,127,598
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	64,923	68,670
Realized and unrealized gain on investments	(86,599)	(24,655)
Gain on sale of property and equipment	(110,444)	-
Contributions restricted to the capital campaign	(1,525,976)	-
Changes in operating assets and liabilities		
Grants receivable	27,648	(146,773)
Contributions receivable	520,769	50,833
Prepaid expenses	6,617	27,836
Accounts payable	30,980	(63,620)
Accrued vacation	(2,694)	14,606
Net cash flows from operating activities	265,390	1,054,495
Cash flows from investing activities		
Purchases of property and equipment	(66,763)	(48,413)
Proceeds from sale of fixed assets	125,600	-
Net proceeds from sales of investments	4,928	-
Repayment of note receivable	57,547	-
Net cash flows from investing activities	121,312	(48,413)
Cash flows from financing activities		
Repayment of debt	(15,042)	(15,436)
Cash received for capital campaign	827,798	-
Net cash flows from financing activities	812,756	(15,436)
Net change in cash, cash equivalents and restricted cash	1,199,458	990,646
Cash, cash equivalents and restricted cash, beginning of year	1,979,625	988,979
Cash, cash equivalents and restricted cash, end of year	$ 3,179,083	1,979,625
Supplemental Disclosure:		
Note receivable received for sale of property and equipment	$ 100,000	-

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, 2021 and 2020.

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, cash equivalents and restricted cash
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. The Organization has collected cash as part of a capital campaign that has been restricted by donors.

Cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that aggregate to the total reported on the consolidated statements of cash flows are as follows for the years ended December 31:

	2021	2020
Cash and cash equivalents	$ 2,351,285	1,979,625
Restricted cash	827,798	-
	$ 3,179,083	1,979,625

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, no discount was provided for as the amount is immaterial. Management has determined that no allowance for uncollectible contributions receivable is necessary at December 31, 2021 and 2020.

Note receivable
Note receivable is stated at its unpaid principal balances. The loan bears interest of 6% that is recognized as interest income over the term of the note on the consolidated statement of activities. The loan is evaluated for impairment annually. The loan was not impaired at December 31, 2021 (Note 3).

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 and occupancy costs have 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.

Subsequent events
The Organization has evaluated subsequent events for potential recognition and disclosure through July 21, 2022, the date the consolidated financial statements were available to be issued.

2. CONTRIBUTIONS RECEIVABLE:

Contributions receivable consisted of the following as of December 31:

	2021	2020
Less than one year	$ 705,395	906,792
Two to five years	450,196	60,000
	1,155,591	966,792
Less present value discount at 1.26%	(11,390)	-
	$ 1,144,201	966,792

3. NOTE RECEIVABLE:

During 2021, the Organization sold property and equipment in exchange for cash proceeds and a $100,000 note receivable, which bears interest of 6% per annum. At December 31, 2021, the balance of this note receivable is $42,453. The note was fully paid off in 2022.

4. INVESTMENTS:

The Organization has recorded a beneficial interest in investments held by the Greater Cincinnati Foundation in its Endowment Fund of $547,009 and $465,338 at December 31, 2021 and 2020, 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, 2021:

	Level 1	Level 2	Level 3	Total
Funds held by others for the benefit of the Organization	$ -	-	547,009	547,009

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

5. 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 4 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, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Endowment Net Assets
Endowment net assets, beginning of year	$ 458,338	7,000	465,338
Net investment return	81,671	-	81,671
Endowment net assets, end of year	$ 540,009	7,000	547,009

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

6. PROPERTY AND EQUIPMENT:

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

	2021	2020
Land	$ 50,000	70,643
Building and improvements	1,145,634	1,246,513
Furniture and equipment	152,709	151,645
Vehicles	57,666	57,666
	1,406,009	1,526,467
Accumulated depreciation	(670,165)	(677,307)
	$ 735,844	849,160

7. 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, 2021 and 2020 was $82,282 and $97,324, respectively.

Aggregate maturities of long-term debt for the years subsequent to December 31, 2021, are as follows:

	2022	$ 15,541
	2023	16,057
	2024	16,590
	2025	17,140
	2026	16,954
Total long-term debt		82,282
Less: current portion of long-term debt		(15,541)
Long-term debt, net of current portion		$ 66,741

8. BOARD DESIGNATED NET ASSETS:

Board designated net assets consists of the following at December 31:

	2021	2020
Board designated endowment	$ 540,009	458,338
Capital campaign	226,778	-
	$ 766,787	458,338

9. NET ASSETS WITH DONOR RESTRICTIONS:

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

	2021	2020
Subject to expenditure for specific purpose:		
Capital campaign	$ 827,798	-
Early childhood/parenting	62,642	28,671
Workforce development	76,448	72,124
Wellness	57,062	84,923
AmeriCorps	18,504	-
Youth	128,100	75,316
COVID-19	-	24,188
Other	154,503	185,005
	1,325,057	470,227
Subject to the passage of time:		
Contributions receivable:		
Capital campaign	691,646	-
General operations	452,555	966,792
	1,144,201	966,792
Net assets held in perpetuity	7,000	7,000
Total net assets with donor restrictions	$ 2,476,258	1,444,019

10. CONCENTRATIONS:

A substantial portion of the Organization's revenue comes from government grants and the United Way of Greater Cincinnati (United Way). Approximately 42% and 58% of total support and revenues came from government grants for 2021 and 2020, respectively. Approximately 6% and 13% of total support and revenues came from United Way for 2021 and 2020, respectively. Approximately 46% of contribution receivables are due from two donors at December 31, 2021. Approximately 71% of contribution receivables were due from one donor at December 31, 2020.

11. 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 $79,822 and $82,710 for the years ended December 31, 2021 and 2020, respectively.

12. CONDITIONAL PROMISES TO GIVE:

During the year ended December 31, 2021, the Organization received conditional promises to give of $1,579,490. No amounts were recognized during 2021 as the conditions have not been satisfied.

13. 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.

14. 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. The Organization considered 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 recognized the full amount in government grants on the consolidated statement of activities. The Organization applied for and was granted full forgiveness in July 2021.

15. 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. Restricted cash is not available for general expenditures and has been excluded from the tables below. The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 2,351,285	1,979,625
Restricted cash	827,798	-
Grants receivable	474,934	502,582
Contributions receivable – current portion	705,395	906,792
Note receivable	42,453	-
Investments	547,009	465,338
Financial assets available at year-end	4,948,874	3,854,337
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with purpose restrictions	1,325,057	470,227
Contributions receivable – capital campaign	252,840	-
Donor restricted endowment	7,000	7,000
Board designated endowment	540,009	458,338
Board designated capital campaign	226,778	-
	2,351,684	935,565
Financial assets available to meet cash needs for general expenditures within one year	$ 2,597,190	2,918,772

16. RECENT ACCOUNTING PRONOUNCEMENTS:

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.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires contributed nonfinancial assets be presented as a separate line item in the consolidated statement of activities, apart from contributions of cash and other financial assets. 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.

17. 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.