Central Ohio Youth for Christ, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Information

June 30, 2022 and 2021

with Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Executive Committee
Central Ohio Youth for Christ, Inc. and Subsidiaries

Opinion
We have audited the accompanying consolidated financial statements of Central Ohio Youth for Christ, Inc., and Subsidiaries (an Ohio not-for-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year 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 consolidated financial position of Central Ohio Youth for Christ, Inc. and Subsidiaries as of June 30, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Central Ohio Youth for Christ, Inc., Subsidiaries and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Consolidated Financial Statements
The consolidated financial statements of Central Ohio Youth for Christ, Inc., Subsidiaries and Affiliates as of June 30, 2021 were audited by other auditors whose report dated January 7, 2022 expressed an unmodified opinion on those consolidated statements.

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, which raise substantial doubt about Central Ohio Youth for Christ, Inc. and Subsidiaries' 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Ohio Youth for Christ, Inc. and Subsidiaries' 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 Central Ohio Youth for Christ, Inc. and Subsidiaries' 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.

Report on Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Columbus, Ohio

December 13, 2022

	2022	2021
Assets		
Current Assets:		
Cash and cash equivalents	$ 750,887	730,268
Cash and cash equivalents - restricted	593,338	507,526
Accounts receivable, net	195,940	202,968
Other receivables	-	17,987
Grants receivable	344,888	153,238
Promises to give, net	803,402	549,264
Prepaid expenses	43,752	38,332
Inventory	127,250	56,801
Beneficial interest in assets held by others	1,182,876	1,308,251
	4,042,333	3,564,635
Property and equipment:		
Land	480,055	386,037
Buildings	8,729,566	8,706,521
Furniture	126,213	126,213
Machinery and equipment	586,858	560,071
Construction in progress	35,506	86,035
Trucks and autos	58,450	45,813
	10,016,648	9,910,690
Less accumulated depreciation	(2,445,757)	(2,199,735)
	7,570,891	7,710,955
Other assets:		
Deferred rent receivable	50,000	50,000
Promises to give, less current portion	374,172	573,089
Deposits	9,112	8,736
	433,284	631,825
	$ 12,046,508	11,907,415

See accompanying notes to the consolidated financial statements

	2022	2021
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	$ 90,748	78,794
Accrued expenses	190,489	173,106
Current portion of notes payable	101,555	96,904
Current portion of capital leases	7,919	9,104
	390,711	357,908
Other liabilities:		
Security deposit payable	16,666	16,666
Notes payable, less current portion	3,744,343	3,842,150
Capital leases payable, less current portion	33,276	8,805
	3,794,285	3,867,621
	4,184,996	4,225,529
Net assets:		
Without donor restrictions	5,538,867	5,578,673
With donor restrictions	2,322,645	2,103,213
	7,861,512	7,681,886
Total liabilities and net assets	$ 12,046,508	11,907,415

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 1,723,814	921,088	2,644,902
Contributions of non-financial assets	395,963	-	395,963
Grants	919,925	-	919,925
Sales, products and vehicles	811,567		811,567
Counseling	822,381	-	822,381
Country per diem income	498,411	-	498,411
Rental income	232,680	-	232,680
Special events, net of expenses	690,936	-	690,936
Other income (expense)	3,586	-	3,586
Change in value of beneficial interest	(125,375)	-	(125,375)
Net assets released from restriction	701,656	(701,656)	-
	6,675,544	219,432	6,894,976
Expenses:			
Program services	5,337,128	-	5,337,128
Management and general	940,228	-	940,228
Fundraising	437,994	-	437,994
	6,715,350	-	6,715,350
Change in net assets	(39,806)	219,432	179,626
Net assets - beginning of year	5,578,673	2,103,213	7,681,886
Net assets - end of year	$ 5,538,867	2,322,645	7,861,512

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 1,718,691	277,495	1,996,186
Contributions of non-financial assets	232,236	-	232,236
Grants	738,006	241,848	979,854
Sales, products and vehicles	691,368	-	691,368
Counseling	848,505	-	848,505
Country per diem income	465,163	-	465,163
Rental income	219,700	-	219,700
Special events, net of expenses	669,689	-	669,689
Other income	775,429	-	775,429
Change in value of beneficial interest	181,071	-	181,071
Net assets released from restriction	20,723	(20,723)	-
	6,560,581	498,620	7,059,201
Expenses:			
Program services	4,673,999	-	4,673,999
Management and general	772,418	-	772,418
Fundraising	416,387	-	416,387
	5,862,804	-	5,862,804
Income from operations	697,777	498,620	1,196,397
Gain on acquisition	2,563,000	-	2,563,000
Net gain attributable to noncontrolling interest	14,997	-	14,997
Change in net assets	3,275,774	498,620	3,774,394
Net assets - beginning of year	2,339,829	1,604,593	3,944,422
Contribution of interest in CLE	(36,930)	-	(36,930)
Net assets - end of year	$ 5,578,673	2,103,213	7,681,886

	Program Services	Management and General	Fundraising	Total Expenses
Cost of goods sold	$ 1,157,451	-	-	1,157,451
Personnel	2,420,847	402,490	371,029	3,194,366
Residential client	69,695	733	-	70,428
Training and development	33,409	20,177	3,404	56,990
Travel and meals	41,903	21,481	3,192	66,576
Occupancy	394,059	50,604	30	444,693
Office	52,409	58,197	15,095	125,701
Professional services	132,521	261,365	24,837	418,723
Supplies	29,262	8,005	34	37,301
Dues and licenses	22,464	38,273	-	60,737
Advertising and promotion	44,510	-	12,190	56,700
Insurance - general	23,607	50,165	-	73,772
Other	90,207	6,036	8,180	104,423
Interest	191,285	575	-	191,860
Depreciation	262,584	-	-	262,584
Bad debt	362,389	-	-	362,389
Bank fees and charges	8,526	22,127	3	30,656
	$ 5,337,128	940,228	437,994	6,715,350

	Program Services	Management and General	Fundraising	Total Expenses
Cost of goods sold	$ 684,056	-	-	684,056
Personnel	2,496,393	415,050	382,608	3,294,051
Residential client	46,026	484	-	46,510
Training and development	13,132	7,931	1,338	22,401
Travel and meals	9,584	4,913	730	15,227
Occupancy	311,788	40,039	24	351,851
Office expense	40,266	44,713	11,597	96,576
Professional services	79,966	157,713	14,987	252,666
Supplies	20,148	5,512	23	25,683
Dues and licenses	19,178	32,674	-	51,852
Advertising and promotion	1,990	-	545	2,535
Insurance - general	18,163	38,596	-	56,759
Other	50,004	3,346	4,534	57,884
Interest	629,595	1,894	-	631,489
Depreciation	246,176	-	-	246,176
Bank fees and charges	7,534	19,553	1	27,088
	$ 4,673,999	772,418	416,387	5,862,804

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 179,626	3,759,397
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	263,849	256,928
Loan forgiveness	(8,805)	(696,100)
Change in beneficial interest	125,375	(29,251)
In-kind contributions - inventory	(70,449)	(21,300)
Loss (gain) on asset sale	21,822	(2,158)
Loan costs written off	-	275,967
Bad debt expense	362,389	-
Change in allowance for pledges receivable	(54,565)	-
Change in discount for future pledges	36,064	-
Gain on acquisition	-	(2,563,000)
Effects of changes in operating assets and liabilities:		
Accounts receivable	7,028	100,239
Grants receivable	(191,650)	(107,831)
Other receivable	17,987	59,697
Vehicle inventory	-	(4,599)
Promises to give	(399,109)	762,495
Prepaid expenses	(5,420)	5,398
Deposits	(376)	(5,588)
Accounts payable	11,954	(49,233)
Deferred revenue	-	(139,502)
Accrued expenses	17,383	1,075
Net cash flows from operating activities	313,103	1,602,634
Cash flows to investment activities:		
Beneficial interest in assets held by others	-	(1,279,000)
Proceeds on disposal of property and equipment	-	2,158
Deferred rent receivable	-	(50,000)
Purchase of property and equipment	(101,054)	(259,479)
Net cash flows from investing activities	(101,054)	(1,586,321)
Cash flows to financing activities:		
Payments on notes payable	(94,421)	(78,837)
Borrowings on notes payable	-	50,636
Payments on capital lease	(11,197)	(7,602)
Net cash flows from financing activities	(105,618)	(35,803)
Change in cash and cash equivalents	106,431	(19,490)
Cash and cash equivalents beginning of year	1,237,794	1,257,284
Cash and cash equivalents at end of year	$ 1,344,225	1,237,794

See accompanying notes to the consolidated financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of Central Ohio Youth for Christ, Inc., Subsidiaries and Affiliates (collectively the "Organization") are set forth to facilitate the understanding of data presented in the consolidated financial statements:

Nature of operations
Central Ohio Youth for Christ, Inc. (COYFC) was organized in 1981 as an Ohio not-for-profit corporation to participate in the body of Christ in responsible evangelism of youth. The goal of the Organization is to present youths with the person, work and teachings of Christ, disciple them into the church, and provide meaningful and well supervised activities for young people. The Organization is a chartered affiliate of Youth for Christ, USA, with all the rights and privileges incident to that affiliation, including the receipt of tax-deductible contributions as provided under Section 501(c)(3) of the Internal Revenue Code of 1954. Youth and families are from a variety of ethnic and socioeconomic backgrounds in multiple Central Ohio counties. The primary focus of the Organization is youth between the ages of 11 and 19.

The Organization conducts the following programs:

Campus Life: Campus Life is a high school/middle school program designed to reach out to the suburban area in central Ohio mainstream students. Programs include a weekly club meeting, camps, trips, retreats and mentoring programs.

Juvenile Justice Ministry: Juvenile Justice Ministry is an outreach program that targets at-risk teens who are incarcerated or who are in a follow-up phase from incarceration. Programs include chaplaincy, aftercare programs, mentoring, facility-based groups and one-on-one meetings.

City Life: City Life is the urban ministry outreach of YFC designed to engage urban students with life changing holistic programming to address the extra challenges they face. These programs include job skills, tutoring, life skills, computer labs, sports, Bible studies, retreats, camps, and mentoring programs.

Deaf Teen Quest: Deaf Teen Quest is a high school and middle school program designed to reach out to deaf and hard of hearing students. Programs include weekly meetings, mentoring, Bible studies, life coaching, camps, trips, and retreats.

Parent Life: Parent Life provides educational opportunities for teens that are either pregnant or have children. Classes in parenting, relationships, and life skills are provided. The moms have opportunity to attend a Bible study, and to be mentored. The staff and volunteers provide free childcare in a safe room while these teens study for their high school diploma or GED in the computer lab next door. The Organization also provides free transportation for those who live close to the City Life Center, and serve lunch for the moms, kids and volunteers.

Columbus Tutoring Initiative (CTI): The Columbus Tutoring Initiative is a joint venture between Mission Columbus and Central Ohio Youth for Christ to provide in-school tutoring for elementary-age students whose reading skills fall below their grade level. The CTI works in partnership with churches and businesses to recruit tutors and volunteers willing to lead programs in their local schools. The mission is to ensure that every child is reading at grade level and acquires a love for reading by the end of the program.

WellSpring Counseling: WellSpring Counseling is a professional counseling ministry assisting children, teens, adults, couples and families to face and overcome difficult life issues. WellSpring counselors provide counseling consistent with Biblical core values into real life solutions. Part of the WellSpring vision is to provide this service in strategically accessible areas of the community where Christian counseling is often inaccessible, with scholarship funding for those who typically could not pay.

Equip Auto Sales: Equip Auto Sales receives donated cars from the community, repairs them when possible, and sells them on the Equip car lot. All profits are directed back to the Organization's outreach ministries to at risk youth.

Equip Skills Center: Equip Skills Center is an automotive training program for teens designed to teach automotive skills in general and job-related soft skills. Students will also learn and practice life skills of customer relations, workplace ethics, money management and conflict resolution. It is located alongside and works in partnership with Equip Auto Sales.

Equip Business Solutions: Equip Business Solutions is a job skills training program that also offers entry level employment for urban youth. Promotional items are produced and sold. Students will also learn and practice life skills of customer relations, workplace ethics, money management and conflict resolution.

Gracehaven: Gracehaven is a program developed to eradicate domestic minor sex trafficking and to provide services to minor victims of sex trafficking. Services include prevention training for teens; intervention training for coaches, teachers, youth workers, health care workers, etc.; case management for survivors; residential services for survivors; mentoring matches and optional faith-based programs for survivors; and general advocacy.

WellSpring Counseling, LLC, (WS) an Ohio limited liability company, was formed on February 24, 2014, for the purpose of performing the counseling services previously provided under the dba of WellSpring Counseling. WellSpring Counseling, LLC, is 100% owned by Central Ohio Youth for Christ, Inc.

Equip Enterprises, LLC (formerly known as HireLevel Enterprises, LLC) (HLE), an Ohio limited liability company, was formed July 13, 2016, for the purposes of performing the social enterprises services (Equip Auto Sales, Equip Skills Center, and Equip Business Solutions) previously provided under Central Ohio Youth for Christ, Inc. Equip Enterprises, LLC is 100% owned by Central Ohio Youth for Christ, Inc.

Chicago Avenue Financial Literacy Project, LLC, an Ohio limited liability company, was formed on August 15, 2008, for the specific purpose of owning software developed by the Organization for potential sale. The entity sold ownership of the developed software effective July 1, 2013. Chicago Avenue Financial Literacy Project, LLC is 100% owned by Central Ohio Youth for Christ, Inc.

Gracehaven, Inc. (Affiliate) (GH) is a 501 (c) (3) tax exempt Organization incorporated on April 1, 2008. Effective September 24, 2014, the Board of Directors of Gracehaven, Inc. adopted a resolution to become an affiliate of Central Ohio Youth for Christ, Inc. As of this date, Central Ohio Youth for Christ, Inc. became the sole voting member of Gracehaven, Inc. and Gracehaven, Inc. became governed by the Board of Directors of Central Ohio Youth for Christ. The mission of Gracehaven, Inc. is to care for sexually exploited children by providing comprehensive client centered services to a wide variety of minors in Central Ohio. The accounts of Gracehaven, Inc. are consolidated with Central Ohio Youth for Christ, Inc. as required by generally accepted accounting principles.

Youth and Family Impact, Inc. (Affiliate) is a 501 (c) (3) tax exempt Organization incorporated on June 30, 2002. The Affiliate's purpose is to help urban teens earn their high school diploma or GED, prepare for college and learn employment skills through automotive repair training. These students will also learn and practice life skills of customer relations, workplace ethics, money management and conflict resolution. In addition, having Youth and Family Impact, Inc. as an affiliate of Central Ohio Youth for Christ, Inc. will allow segregation of support for religious purposes from that of corporate and government funded programs. Central Ohio Youth for Christ, Inc. has controlling interest in Youth and Family Impact, Inc., since the bylaws of the Affiliate require that a majority of the Board of Directors of the Affiliate must also be active members of the Board of Directors of Central Ohio Youth for Christ, Inc. The accounts of Youth and Family Impact, Inc. are consolidated with Central Ohio Youth for Christ, Inc. as required by generally accepted accounting principles.

Basis of presentation

The consolidated financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Organization is required to report information regarding its financial position and activities according to the following net asset clarifications:

> <u>Net assets without donor restrictions:</u> 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 management and the board of directors.
>
> <u>Net assets with donor restrictions</u>: Net assets 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, whereby the donor stipulates the funds be maintained in perpetuity.

Principles of consolidation

U.S. GAAP requires that an organization and its wholly owned subsidiaries, report in a consolidated financial statement. In addition, other Organizations that are controlled by the governing board of the Organization shall be consolidated as affiliates. The consolidated financial statements include the financial statements of Central Ohio Youth for Christ, Inc., Chicago Avenue Financial Literacy Project, LLC, WellSpring Counseling, LLC, Youth and Family Impact, Inc., Equip Enterprises, LLC and City Life Enterprises, LLC, and Gracehaven, Inc.

All significant intercompany balances and transactions have been eliminated in consolidation.

Cash and cash equivalents
The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. While the Organization's cash and cash equivalents may, at times, exceed federally insured limits, the Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on these accounts.

Accounts Receivable
Accounts receivable consist of amounts due for counseling services by the WellSpring program, sales invoices due for the promotions program, and county per diem due for Gracehaven services. The Organization provides an allowance for doubtful collections which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Normal accounts receivable are due 30-90 days after the issuance of the invoice. Amounts deemed uncollectible are written off based on individual credit evaluation and specific circumstances of the customer.

For receivables associated with WellSpring counseling services provided to patients who have third party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful receivables, if necessary. For receivables associated with self-pay patients, the Organization records a significant provision for bad debts in the period of service based on past collection experience.

As of June 30, 2022 and 2021, allowance for doubtful accounts was $28,418 and $46,986.

Promises to give
The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution receivable in the statements of activities. The Organization provides an allowance for uncollectible promises to give based on historical trends of collections, an assessment of economic conditions, and review of subsequent collections. Promises to give are written off when deemed uncollectible.

At June 30, 2022 and 2021, the allowance was $9,000 and $63,565, respectively.

Inventory
The Organization reports inventory at the lower of cost and net realizable value. Inventory consists of automobiles, trucks, and vans donated to the Organization for use in the Equip Auto Sales and Equip Skills Center programs. Vehicle inventory will be sold to customers “as is,” repaired or refurbished in the program for resale, or sold for scrap/parts. Inventory is valued at management’s estimated net realizable value based on management’s historical trends of average resale amounts.

Beneficial interest
Beneficial interest in assets held by others represents the Organization’s interest in investments held by an unrelated third party, YFC Foundation, which are comprised of money market funds and other marketable securities. The underlying holdings are all based on unadjusted quoted market prices and the related investment income, realized and unrealized gains and losses net of investment fees included in the accompany consolidated statements of activities as a change in value of beneficial interest in assets held by others. YFC Foundation holds and invests the funds on behalf of the Organization but has no variance power over the funds.

Property and equipment
Property and equipment are carried at cost, if purchases, and at fair values, if donated, and depreciated using the straight-line method based upon the estimated useful lives, which range three to fifty years. The Organization follows the practice of capitalizing all expenditures for property and equipment over $2,500 with a useful life in excess of one year. Expenditures for maintenance and repairs are charged to expense as incurred.

Debt issuance costs
The Organization reports debt issuance costs as a reduction of the carrying amount of the debt. Amortization of the debt issuance costs is reported as interest expense in the consolidated statements of activities.

Revenue recognition
A portion of the Organization's revenue is derived from cost-reimbursable state and local contracts, including county per diem income, and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under state and local contracts and grants as of June 30, 2022.

The Organization recognizes revenue from products and vehicle sales when the performance obligation of transferring the products or vehicle is met, usually at the time of sale. All goods are transferred at a point in time.

Counseling services is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. All performance obligations are satisfied at a point in time and, therefore, revenue is recognized when the services are provided to patients and the Organization believes it is not required to provide additional services related to the patient visit. The Organization determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided by third-party payors and discounts provided to uninsured patients in accordance with the Organization's policy. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. In the health care industry, contracts and governing laws and regulations are complex and subject to interpretation. Thus, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term.

Admissions and special event revenue is based on the satisfaction of performance obligations at a point in time. Performance obligations related to delivery of product or service. Unpon delivery of the product or service, the Organization recognizes income.

Contribution
The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a distribution from a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Such donations are recorded as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts received with a donor stipulation that limits their use are reports as net assets with donor restrictions.

When a donor 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. Contributions whose restrictions are met in the same period contributed are recorded as contributions without donor restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service

Functional expense allocation
The costs of providing the various programs and other activities are included on a functional basis in the accompanying consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Those expenses include personal expense, occupancy expense, office expense, professional services, insurance-general, and depreciation. Personnel expense and related office expense, supplies, and travel and meals are allocated based on estimates of time and effort, as applicable. Occupancy expense, insurance, and deprecation are allocated based on square footage.

Income taxes
Central Ohio Youth for Christ, Inc. is a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code. Central Ohio Youth for Christ, Inc. files a Form 990 (Information reporting of entities exempt from taxation) consolidation with its wholly owned subsidiaries.

Central Ohio Youth for Christ, Inc. is required to file a Form 990-T for any unrelated business taxable income. It has been determined that the operations of Equip Business Solutions are considered unrelated business taxable income. Equip Business Solutions has had losses for tax purposes and, therefore, no provision for income taxes has been made in these financial statements.

Youth and Family Impact, LLC, is a tax-exempt under 501 (c) (3) of the Internal Revenue Code and classified as a private foundation. The entity files an annual 990-PF (report of private foundations).

Gracehaven, Inc. is a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Gracehaven, Inc. files a Form 990 (Information reporting of entities exempt from taxation).

Use of estimates
The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications
Certain reclassifications have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Advertising expenses
The Organization uses advertising to promote its programs. The production costs of advertising are expensed as incurred. During 2022 and 2021, advertising costs totaled $56,700 and $2,535, respectively.

Adoption of new accounting standards
During 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit (NFP) Entities for Contributed Nonfinancial Assets*. The standard requires new presentation and disclosure standard for gifts-in-kind. The presentation of the Organization's financial statements has been changed as a result of the standard.

Subsequent events
The Organization evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through December 13, 2022, the date on which the consolidated financial statements were available to be issued.

2. CASH AND RESTRICTED CASH:

Cash consists of the amounts on deposit in the following accounts:

	2022	2021
Checking accounts	$ 750,887	730,268
Checking accounts - restricted	593,338	507,526
	$ 1,344,225	1,237,794

During the years ended June 30, 2022, the Organization received funds as part of a fundraising campaign designated for their Strategic Funding Initiative. The restricted funds as of June 30, 2022 and 2021 totaled $557,250 and $479,932, respectively.

During the year ended June 30, 2022, the Organization had funds designated for purchase of vehicle inventory. The restricted funds as of June 30, 2022 totaled $4,280.

The Organization sponsors a partially insured health plan for its employees. The insurance is structured as a level funded self-insured plan where the Organization is responsible for funding the monthly established premium and fees to a bank account controlled by the Organization but restricted to insurance premiums and claims. The restricted funds as of June 30, 2022 and 2021 totaled $31,808 and $27,594, respectively.

3. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS:

The Organization transferred $1,279,000 to YFC Foundation, an unrelated entity, during the year ended June 30, 2021. The fund invests the funds on behalf of the Organization but has no variance power over the funds. Instead, the funds are distributed to the Organization at mutually agreeable times but not less frequently than annually nor more frequently than quarterly. As of June 30, 2022 and 2021, $666,180 and $901,255, respectively, of the funds held by YFC Foundation were restricted as they are designated for the Organization's Strategic Funding Initiative campaign. Management completes a Board approved quarterly calculation to determine whether a surplus or deficit of operating cash exists and funds are transferred to or from YFC Foundation accordingly.

4. PROMISES TO GIVE:

Unconditional promises to give reported in these financial statements consist of the following as of June 30:

		2022	2021
Non-related parties	$	1,205,225	919,362
Related parties		404,674	462,167
Gross unconditional promises to give		1,609,899	1,381,529
Less: Unamortized discount		(78,437)	(42,373)
Discounted unconditional promises to give		1,531,462	1,339,156
Less: Allowance for uncollectible		(9,000)	(63,565)
Net unconditional promises to give	$	1,522,462	1,275,591
		-	-
Amounts due in:			
Less than one year	$	1,168,848	733,610
One to five years		444,914	647,919
	$	1,613,762	1,381,529

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 5%, when the donor makes an unconditional promise to give to the Organization. The allowance for uncollectible promises to give is based on the Organization's historical collection trends.

5. FAIR VALUE MEASUREMENTS:

US GAAP defines fair value as the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. US GAAP specifies a hierarchy of inputs to valuation techniques, which categorizes inputs to fair value measurement that reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). The following summarizes the fair value hierarchy:

Level 1: Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access.

Level 2: Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3: Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

The following is a description of the valuation methodologies used for assets measured at fair value on June 30, 2022 and 2021:

Beneficial Interest in assets held by others – Valuation is determined by the underlying interest in funds held by YFC foundation, which are primarily invested in marketable securities with quoted market prices.

The following table presents the Organization's fair value hierarchy for those assets measured at fair value at June 30, 2022 and 2021:

June 30, 2022		Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	$	-	-	1,182,876	1,182,876

June 30, 2021		Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	$	-	-	1,308,251	1,308,251

The following is a reconciliation of the beneficial interest for the Organization as of June 30:

		2022	2021
Beginning balance	$	1,308,251	-
Contributions		-	1,279,000
Unrealized gains/(losses)		(125,375)	29,251
Ending balance	$	1,182,876	1,308,251

6. PAYCHECK PROTECTION PROGRAM LOAN:

The Organization received one Paycheck Protection Program (PPP) loans as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act for $696,100 in April 2020. The Organization considers the loans a conditional contribution in accordance with ASU 2018-08, which encompasses conditional cancellation of liabilities. During 2021, the Center incurred qualifying expenses and has recognized the full amount of the loans in miscellaneous income on the consolidated statement of activities.

7. LONGTERM DEBT:

Long-term debt on June 30, 2022 and 2021 consists of the following:

		2022	2021
Mortgage payable to bank, with fixed interest at 4.875% per annum, 120 monthly payments of principal and interest of $2,995 and final payment of all outstanding principal and interest of approximately $282,693 in Feb 2030, at maturity. Secured by the real estate (Karl Road).	$	422,872	437,401

		2022	2021
Note payable to a bank, with fixed interest of 4.75% for the first eight years and then adjusting to the Seven Year Constant maturity Treasury Rate plus three and on-quarter percent. Monthly payment of principal and interest of $20,667 are required beginning September 2020. The loan is secured by real estate and all business assets. The loan requires a debt service coverage rate of at least 1.2 to 1.0. The loan matures August 2035.		3,457,196	3,536,657
		3,880,068	3,974,058
Less: unamortized debt issuance costs		(34,170)	(35,004)
		3,845,898	3,939,054
Less current portion		(101,555)	(96,904)
Ending balance	$	3,744,343	3,842,150

Maturities of notes payable are as follows:

2023	$	101,555
2024		106,506
2025		111,698
2026		117,143
2027		122,854
Thereafter		3,320,312
	$	3,880,068

8. CAPITAL LEASES:

The Organization leases some of its equipment under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease, and accordingly, it is recorded in the Organization’s assets and liabilities.

The following is an analysis of the leased assets included in property and equipment:

		2022	2021
Equipment	$	43,288	44,384
Less: Accumulated depreciation		(2,164)	(18,492)
	$	41,124	25,892

The following is a schedule by years of future minimum lease payments required under the capital lease obligations as of June 30, 2022:

Year ended June 30,		Amount
2023	$	9,705
2024		9,705
2025		9,705
2026		9,705
2027		7,278
		46,098
Less: amount representing interest		(4,903)
Present value of future minimum lease payments		41,195
Less: current portion of capital leases		(7,919)
Capital leases, net of current portion	$	33,276

9. NET ASSETS:

Net assets with donor restrictions are restricted for the following purposes or periods on June 30:

		2022	2021
Camps/retreats	$	89,004	66,467
Wheels trade center renovations		-	22,500
Chicago Avenue facility renovations		-	19,350
Restricted for future operations		376,801	-
Inventory purchases		4,280	-
Strategic funding initiative campaign		1,852,560	1,994,896
	$	2,322,645	2,103,213

10. CONTRIBUTED NONFINANCIAL ASSETS:

The Organization receives volunteer services that are not recordable under U.S. GAAP. A substantial number of volunteers have donated a significant amount of time in the Organization's program services. The Organization does not have information available on the total service hours provided; therefore, no amounts are being reported.

For the years ended June 30, contributed nonfinancial assets recognized within the statement of activities included:

		2022	2021
Vehicles	$	330,348	199,037
Fixed assets		-	21,300
Repairs and maintenance		41,470	3,000
Supplies		16,181	8,899
Services		7,964	-
	$	395,963	232,236

The Organization recognized contributed nonfinancial assets within revenue, including contributed fixed vehicles, fix assets, repairs and maintenance, supplies and services. Unless otherwise noted contributed nonfinancial assets did not have donor-imposed restrictions.

The policy of the Organization is to use contributed vehicles in program services to teach youth trade skills. After use as part of the program the vehicles are sold or scraped. All vehicles were valued according to the actual cash proceeds on their disposition.

Contributed fixed assets and repairs and maintenance are capitalized or expensed based on the Organizations capitalization policy.

Contributed services recognized comprise professional services from attorneys advising the Organization on various administrative legal matters. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services.

Contributed supplies were utilized in the programs of the Organization. In valuing contributed supplies, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products.

During the years ended June 30, 2022 and 2021, the Organization received donations of shares of stock. The donations were reported at their fair market value upon donation and are included in contributions in these financial statements. Total fair value of stock received during the years ended June 30, 2022 and 2021 was $62,486 and $76,827, respectively. The Organization’s policy is to sell stock received. Stock shares are reported with cash and equivalents as the Organization’s intent is to liquidate the shares to cash. The Organization held no donated stock at June 30, 2022 and 2021.

11. COUNSELING SERVICES REVENUE:

WellSpring Counseling, LLC has entered into agreements with numerous third-party payors to provide care to beneficiaries under a variety of payment arrangements. These agreements with third-party payors typically provide for payments at amounts less than established charges. These include arrangements with commercial insurance companies which reimburse WellSpring at negotiated charges and managed Care contracts such as those with HMOs and Preferred Provider Organizations (“PPOs”), which reimburse WellSpring at contracted rates, which are usually less than full charges. PPOs give their members multiple choices in health care and health care providers.

The contracts WellSpring has with commercial payors also provide for retroactive audit and review of claims. Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing care. These settlements are based on the terms of the payment agreement with the payor, correspondence from the payor, and WellSpring’s historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled and no longer subject to such audits, reviews, and investigations.

Consistent with the Organization's mission, care is provided to individuals regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured individuals and other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represents the difference between amounts billed to individuals and the amounts the Organization expects to collect based on its collection history with those individuals. Contractual adjustments for third-party payors are recognized when the related service revenue is reported in the financial statements. These contractual adjustments represent the difference between established rates and the prospectively determined payments and amounts reimbursed.

Individuals who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization also provides services to uninsured individuals and offers those uninsured individuals a discount, either by policy or law, from standard charges. The Organization estimates the transaction price for individuals with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are recorded as adjustments to counseling revenue in the period of the change. Subsequent changes that are determined to be the result of the adverse change in the individual's ability to pay are recorded as bad debt expense. The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (managed care or other insurance and individuals) have different reimbursement and payment methodologies.
- Length of the individual's service or episode of care
- Method of reimbursement

For the years ended June 30, 2022 and 2021, the Organization recognized counseling revenue of $822,381 and $848,505 from services that transfer to the individual at a point in time. Counseling revenue, net of contractual allowance and discounts (but before the provision for bad debts), recognized by major payer source is as follows for the years ended June 30:

		2022	%	2021	%
Commercial and other third party	$	654,897	80%	692,629	82%
Self-pay		167,484	20%	155,876	18%
	$	822,381	100%	848,505	100%

12. COUNTY PER DIEM INCOME:

Gracehaven, Inc. operates a residential home which is used to house victims of sex trafficking that have been placed in Gracehaven's care by the State of Ohio county children's services department. For each individual placed with Gracehaven, a contract is executed between the county placing the individual and Gracehaven. The executed contract defines the per diem rate that Gracehaven may charge the county for each day the individual resides in the home. For the contracts in place during the years ended June 30, 2022, Gracehaven charged a daily per diem rate between $325 and $345, based on the contract in place, for each individual who resided in the home for a total amount of $498,411 and $465,163.

13. RENTAL INCOME:

City Life Enterprises, LLC, owns two commercial properties; 1) a four-story building with an annex known as the “City Life Center” located at 40 Chicago Avenue and 2) one-story commercial building with adjacent land located at 1256 West Broad Street. The real estate located at 40 Chicago Avenue consists of approximately 37,000 square feet plus an annex of approximately 14,000 square feet of gross leasable area. The premises at 1256 West Broad Street consist of approximately 8,100 square feet of gross leasable area. The entity leases two of the four floors (approximately 18,500 square feet) at 40 Chicago Avenue to an unrelated party and the remaining floors, annex and 1256 West Broad locations to Central Ohio Youth for Christ, Inc., the parent organization.

Central Ohio Youth for Christ, Inc. leases the commercial space for its City Life ministry (located at 40 Chicago Avenue) and Equip Business Solutions program (located at 1256 West Broad) from City Life Enterprises, LLC under a non-cancellable twenty-year lease agreement. The lease agreement requires monthly rent of $25,000 through 2023 and increasing rents through 2033 plus reimbursement of common area charges, utilities, maintenance, insurance, and taxes. City Life Enterprises, LLC is consolidated in these financial statements and therefore, these transactions have been eliminated in consolidation.

City Life Enterprises, LLC, lease the second and third floor of 40 Chicago Avenue to an unrelated party under a ten-year lease agreement commencing July 1, 2020. The lease requires monthly rental payments of $16,667, with deferred rent of $50,000 in year one that will be repaid over years three through seven. During the year ended June 30, 2022 and 2021, lease income of $200,000 was reported on this lease with $50,000 in deferred revenue receivable as noted above.

Property held for leases, includes real estate with a carrying value of $7,697,713 with accumulated depreciation of $1,668,642 and $1,510,816 at June 30, 2022 and 2021, respectively.

Future minimum rental payments due under the unrelated party lease are as follows:

Year Ending June 30		Amount
2023	$	209,949
2024		209,949
2025		209,949
2026		209,949
2027		809,949
	$	1,649,745

The Organization also leases space under month-to-month arrangements for other real estate (residential and assembly hall). Rental income under these arrangements was $21,731 and $19,700 during the years ended June 30, 2022 and 2021.

14. OPERATING LEASES:

The Organization leases various facilities under non-cancellable operating leases expiring on various dates through December 2026.

Aggregate future minimum lease payments under all non-cancelable operating leases having an initial or remaining term in excess of one year as of June 30, 2022 are as follows:

Year Ending June 30		Amount
2023	$	99,858
2024		87,532
2025		90,014
2026		92,570
2027		49,334
	$	419,308

The Organization entered into an additional lease for commercial space for use in their Gracehaven ministry. The lease is month to month and requires monthly lease payments of $400.

Rent expense for these leases for the years ended June 30, 2022 and 2021 was $119,996 and $111,934, respectively.

15. RELATED PARTY:

The Organization is affiliated with Youth for Christ, USA. As such, it receives support and advice from Youth for Christ, USA and avails itself of some of its programs. In addition, liability insurance is purchased through Youth for Christ, USA. In return, the Organization must remit a predetermined fee to Youth for Christ, USA. Payments for the year ending June 30, 2022 were $62,011 for insurance, $2,919 for workers compensation, $47,693 for miscellaneous other service fees. Payments for the year ending June 30, 2021 were $38,596 for insurance, $48,107 for dues, $6,285 for workers compensation, $2,939 for miscellaneous other service fees. The Organization also provided office space to Youth for Christ, USA for IT staff through June 30, 2021. Rental income for the year ended June 30, 2022 and 2021 was $0 and $2,100, respectively.

A member of the Board of Directors of Central Ohio Youth for Christ is a licensed attorney. Central Ohio Youth for Christ engaged this board member to provide legal services to the Organization on various matters. For the years ending June 30, 2022 and 2021, the value of the contributed services provided were immaterial to these financial statements and not recorded. In addition, the board member received compensation for services rendered in the year ended June 30, 2022 and 2021 of $24,149 and $49,557, respectively.

16. HEALTH REIMBURSEMENT ACCOUNTS:

The Organization sponsors a welfare benefit program for its eligible employees that includes medical, dental, long-term disability, vision, life insurance, and short-term disability. The plan also includes a health reimbursement account and premium conversion. Under premium conversion, the employee can have funds withheld from their compensation to cover health benefit costs on a pretax basis.

On January 1, 2019, the Organization adopted a health reimbursement arrangement plan (the “Plan”). Under the Plan, eligible employees have a health reimbursement account established in their name. The employee is entitled to receive reimbursement from their account for eligible expenses (as defined by the Plan). The reimbursements are limited to the balance in the eligible employee’s respective account. Under the Plan, the Organization funds an established amount to the Plan account of each eligible employee. The contributions are limited to $4,500 per year for one covered person, $9,000 per year for two or more covered persons. Any funds remaining at the end of the Plan year and upon termination of employment are forfeited after all claims are paid.

All expenses related to these benefits have been reported as part of personnel expenses in these financial statements and allocated to program, management, and fundraising as appropriate. The Organization provides a housing allowance to some of its employees. This housing allowance is classified as compensation and has been reported with personnel expenses.

17. LIFE INSURANCE:

The Organization is the owner and beneficiary of a $2,000,000 term life insurance policy on the life of the Executive Director. The policy premiums are fixed for 10 years at $2,205 per year. This expense has been included with insurance expense in these financial statements.

18. COMMITMENTS AND CONTINGENCIES:

The Organization sponsors a partially insured health plan for its employees. The insurance is structured as a level funded self-insured plan where the Organization is responsible for funding the monthly established premium and fees to a bank account controlled by the Organization. As of June 30, 2022 and 2021, the health insurance account had a balance of $31,808 and $27,954, respectively. This balance has been reported with restricted cash in these financial statements. Expenses for benefits under health insurance plans during the year ended June 30, 2022 and 2021, approximated $266,500 and $258,000, respectively.

19. FINANCIAL RESTRUCTURING:

In years prior to 2013, The Organization had acquired a 37,000 square foot, four-story building and a 14,000 square foot annex building located on Chicago Avenue in Columbus, Ohio. (Now collectively “40 Chicago Avenue”). The Organization desired to obtain additional real estate (located at 1256 West Broad Street, Columbus, Ohio) near the Chicago Avenue location and to renovate the existing Chicago Avenue Properties (the “Project”). To facilitate the Project, the Organization underwent a financial retracting during the year ended June 30, 2014. Total estimated funds needed to facilitate the project and financing costs were $7,000,000.

The financial restructuring was partially facilitated by use of the new markets tax credit allowed pursuant to Section 450 of the Internal Revenue Code of 1986 (the “NMTC” program). The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs).

CDEs apply to the CDFI Fund each year not for tax credits directly, but for an award of “allocation authority” – that is, the authority to raise a certain amount of capital, or Qualified Equity Investments

(QEIs) from investors. Ohio Community Development Finance Fund was the CDE for Central Ohio Youth for Christ, Inc. The CDE formed Finance Fund Management, LLC (the sub-CDE managing member) which it owns for the purpose of managing the activities of the sub-CDE (see below for more information).

To facilitate funding under the NMTC Program, two intermediary entities were formed, COYFC Investment Fund, LLC, owned 100% by the Huntington Community Development Corporation (HCDC) (the Equity Investor), was formed for the purpose of collecting funding, NMTC tax credits, and executing notes to the funding sources. The entity then loans funds to the Qualified Equity Investor. COYFC entered into an option agreement with the HCDC. Under the agreement, at the end of the compliance period for the NMTC, HCDC had a six month option period to sell its ownership in the COYFC

Investments Fund, LLC to COYFC. The purchase price under this put option was $1,000, closing costs, and any remaining amounts due and payable to the HCDC under the unconditional guarantee by COYFC on the CLE debt.

NMTC Leveraged XVII, LLC was formed as the Sub-CDE for the purpose of executing the loans to the QALICB. NMTC Leveraged XVII, LLC (the QEI, Qualified Equity Investor) is owned 99.99% by the COYFC Investment Fund, LLC and .01% by the Finance Fund Management, LLC (the QEI manager). This entity was formed for the purpose of acquiring funds and executing loans to the QALICB. City Life Enterprises, LLC, was formed as the QALICB. City Life Enterprises, LLC, was owned 95% by Central Ohio Youth for Christ, Inc. and 5% by a third party.

Under the NMTC program, COYFC obtained loan funds from a bank and two foundations totaling $3,810,000. COYFC loaned a total of $4,226,000 to the COYFC Investment Fund, LLC, executing a note receivable in the full amount. The note receivable incurred interest at 5.00% per annum, requiring quarterly interest only payments through March 10, 2021. Interest income received on the note for the year ended June 30, 2021, was $108,389. HCDC then funded $2,774,000 to COYFC Investment Fund, LLC. COYFC Investment Fund, LLC then loaned the funds to NMTC Leveraged CVII, LLC. NMTC Leverage XVII, LLC loaned the funds to CLE.

On August 21, 2020, the Organization refinanced all the loans incurred as part of the transaction and exercised its put option on CLE in December 2020. Upon exercise of the Option agreement, Central Ohio Youth for Christ, Inc. owned 100% of COYFC Investment Fund, LLC. The COYFC investment fund owns 99.99% of NMTC Leveraged XVII, LLC. The NMTC Leveraged XVII, LLC assigned the QLICI A and B loans to COYFC Investment Fund. Subsequently, the NMTC Leveraged XVII, LLC was dissolved.

COYFC recorded the exercise of the Put Option as an acquisition at the fair market value of the assets and liabilities. As a result of the transaction, COYFC obtained QLICI A and B loans receivable totaling $6,790,000 combined and a leveraged loan payable of $4,226,000. The leveraged loan payable was payable to COYFC and effectively cancelled as part of this transaction. COYFC recognized a gain on the exercise of the put of $2,563,000 which has been reported as a gain on acquisition in these financial statements. Subsequently, the COYFC Investment Fund, LLC was dissolved.
QLICI loans A and B are receivable from an entity owned 95% by COYFC. Subsequent to these transactions, COYFC contributed the QLICI A and B loans to City Life Enterprises, LLC which effectively cancelled the notes as of December 31, 2020. Additionally, the 5% owner contributed its interest in CLE to COYFC. The balance sheet and income statement for the year ended June 30, 2022 are included in the consolidated financial statements of Central Ohio Youth for Christ, Inc. and Subsidiaries. The balance sheet as of December 31, 2020 and the income statement for the six months ended December 31, 2020 are as follows:

Balance Sheet

Assets	
Current Assets:	
Cash and cash equivalents	$ 169,632
Accounts receivable - related party	384,813
Rent receivable	53,160
Note receivable	25,000
	632,605
Property and equipment, net	6,277,483
	$ 6,910,088
Liabilities and Members Equity	
Current Liabilities:	
Accounts payable	$ 63,440
Accrued expenses	16,666
	80,106
Members equity:	6,829,982
	$ 6,910,088

Income Statement

Rent revenue	$ 252,000
Expenses:	
Management fees	26,242
Professional services	8,784
Repairs and maintenance	24,013
Other expenses	2,943
Interest expense	129,089
Loan fees and amortization	277,992
Depreciation and amortization	82,871
	551,934
	(299,934)
Less non-controlling interest	14,997
	$ (284,937)

20. CASH FLOW INFORMATION AND NON-CASH ACTIVITY:

Interest paid for the year ended June 30, 2022 and 2021 was $156,639 and $344,771.

During the year ended June 30, 2022, the Organization obtain equipment through a capital lease with a value of $48,288. The prior lease liability was forgiven in the amount of $8,805.

On August 21, 2020, the Organization refinanced debt. As part of the refinancing, previous loan costs of $447,888 and the related accumulated amortization of $282,920 were written off. The net loan costs of $275,968 are reported with interest expense in these financial statements.

As a result of the exercise of the put option from the NMTC Program, the Organization realized a gain on acquisition of $2,563,000 which has been reported as other non-operating income in these financial statements. In addition, the Organization became the holder of both notes payable and notes receivable in the amounts of $6,790,000 that were previously between other third parties and the Organization. The $6,790,000 debt instruments were effectively cancelled.

21. LIQUIDITY AND AVAILABILITY:

The table below presents financial assets available for general expenditures within one year as of June 30, 2022:

		2022	2021
Financial assets:			
Cash and cash equivalents (restricted included)	$	1,344,225	1,237,794
Accounts receivable, net		195,940	220,955
Promises to give		1,177,574	1,122,353
Grants receivable		344,888	153,238
Notes receivable - deferred rent		50,000	50,000
Beneficial interest in assets held by others		1,182,876	1,308,251
		4,295,503	4,092,591
Less amounts not available to be used within one year:			
Cash - restricted		(593,338)	(507,526)
Contribution receivable - due after one year, net		(374,172)	(573,089)
Contribution receivable - for restricted gifts, net		(478,988)	(478,988)
Grants receivable, restricted by grantor		(344,888)	(29,427)
Security deposit payable		(16,666)	(16,666)
Beneficial interest in assets held by others, restricted		(1,182,876)	(901,255)
Note receivable - deferred rent, due after one year		(50,000)	(50,000)
		(3,040,928)	(2,556,951)
Financial assets available to meet cash needs for general expenditures within one year	$	1,254,575	1,535,640

COYFC receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The organization seeks to provide good stewardship of its resources by operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and monitoring to ensure sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The finance committee of the board has currently established a cash reserve (liquidity) policy that requires a minimum of half a month of average monthly expense in reserve at all times and during peak income months, one and a half months of average monthly expenses. To achieve these targets, COYFC has developed financial reports, including current and projected cash flows, which are monitored by the finance committee and reviewed by the Board. During the year ended June 30, 2022, the level of liquidity and reserves was managed within the policy requirements.

		COYFC	WS	GH	HLE	Eliminations	Consolidated
Revenue and support:							
Contributions	$	1,730,239	-	914,663	-	-	2,644,902
Contributions of non-financial assets		17,800	-	47,815	330,348	-	395,963
Grants		393,082	-	526,843	-	-	919,925
Sales, products and vehicles		-	-	-	811,567	-	811,567
Counseling		-	822,381	-	-	-	822,381
Country per diem income		-	-	498,411	-	-	498,411
Rental income		232,680	-	-	-	-	232,680
Special events, net of expenses		636,257	-	54,679	-	-	690,936
Forgiveness of debt		-	-	-	513,899	(513,899)	-
Other income (expense)		491,140	245	-	614	(488,413)	3,586
Change in value of beneficial interest		(87,042)	(10,453)	(27,880)	-	-	(125,375)
		3,414,156	812,173	2,014,531	1,656,428	(1,002,312)	6,894,976
Expenses		3,950,886	878,879	1,770,060	1,117,837	(1,002,312)	6,715,350
Change in net assets		(536,730)	(66,706)	244,471	538,591	-	179,626
Net assets - beginning of year		7,456,457	231,345	643,581	(649,497)	-	7,681,886
Net assets - end of year	$	6,919,727	164,639	888,052	(110,906)	-	7,861,512

	COYFC	CLE	WS	GH	HLE	Eliminations	Consolidated
Revenue and support:							
Contributions	$ 1,548,005	-	-	481,380	-	-	2,029,385
Contributions of non-financial assets	-	-	-	-	199,037	-	199,037
Grants	374,509	-	-	605,345	-	-	979,854
Sales, products and vehicles	-	-	-	-	691,368	-	691,368
Counseling	-	-	848,505	-	-	-	848,505
Country per diem income	-	-	-	465,163	-	-	465,163
Rental income	19,700	485,200	-	-	-	(285,200)	219,700
Special events, net of expenses	479,269	-	-	190,420	-	-	669,689
Other income	736,136	17,900	100,600	267,914	59,523	(406,643)	775,430
Net investment return	149,635	14	-	2,170	-	-	151,819
Change in value of beneficial interest	7,426	-	5,844	15,981	-	-	29,251
	3,314,680	503,114	954,949	2,028,373	949,928	(691,843)	7,059,201
Expenses	2,449,827	734,857	778,975	1,594,203	996,785	(691,843)	5,862,804
Net income from operations	864,853	(231,743)	175,974	434,170	(46,857)	-	1,196,397
Net gain attributable to noncontrolling interest	-	14,997	-	-	-	(14,997)	-
Gain on acquisition	2,563,000	-	-	-	-	-	2,563,000
	2,563,000	14,997	-	-	-	(14,997)	2,563,000
Change in net assets	3,427,853	(216,746)	175,974	434,170	(46,857)	(14,997)	3,759,397
Net assets - beginning of year	4,633,198	361,847	55,371	209,411	(602,646)	(735,692)	3,921,489
Equity contributions	-	6,790,000				(6,790,000)	-
Contribution of interest in CLE	-	(36,930)	-	-	-	37,930	1,000
Net assets - end of year	$ 8,061,051	6,898,171	231,345	643,581	(649,503)	(7,502,759)	7,681,886