CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates

Consolidated Financial Statements and Supplementary Information

June 30, 2023 and 2022

with Independent Auditors' Report

TABLE OF CONTENTS

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

4449 Easton Way, Suite 400, Columbus, Ohio 43219
P. 614.885.2208 | F. 614.885.8159

INDEPENDENT AUDITORS' REPORT

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

Opinion
We have audited the accompanying consolidated financial statements of Central Ohio Youth for Christ, Inc., Subsidiaries and Affiliates (an Ohio not-for-profit corporation), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, 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 consolidated financial position of Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates as of June 30, 2023 and 2022, 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 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.

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. Subsidiaries and Affiliates' 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. Subsidiaries and Affiliates' 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. Subsidiaries and Affiliates' 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 20, 2023

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 246,097	750,887
Cash and cash equivalents - restricted	768,264	593,338
Beneficial interest in assets held by others	967,993	1,182,876
Accounts receivable, net	340,509	195,940
Promises to give, current portion, net	1,056,899	803,402
Grants receivable	218,166	344,888
Prepaid expenses	84,467	43,752
Inventory	170,988	127,250
	3,853,383	4,042,333
Property and equipment:		
Land	386,073	480,055
Buildings	8,904,544	8,729,566
Furniture	153,816	126,213
Machinery and equipment	618,598	586,858
Construction in progress	46,260	35,506
Trucks and autos	133,006	58,450
	10,242,297	10,016,648
Less accumulated depreciation	(2,737,978)	(2,445,757)
	7,504,319	7,570,891
Other assets:		
Deferred rent receivable	40,002	50,000
Goodwill	243,356	-
Promises to give, less current portion	338,124	374,172
Operating lease right-of-use assets	416,019	-
Deposits	8,687	9,112
	1,046,188	433,284
	$ 12,403,890	12,046,508

		2023	2022
Liabilities and net assets			
Current Liabilities:			
Accounts payable	$	199,522	90,748
Accrued expenses		290,464	190,489
Line of credit		14,011	-
Current portion of notes payable, net		119,064	101,555
Current portion of operating lease liabilities		147,222	-
Current portion of finance lease		8,304	7,919
		778,587	390,711
Other liabilities:			
Security deposit payable		16,666	16,666
Notes payable, less current portion, net		3,920,969	3,744,343
Operating lease liabilities, less current portion		267,895	-
Finance lease payable, less current portion		24,972	33,276
		4,230,502	3,794,285
		5,009,089	4,184,996
Net assets:			
Without donor restrictions		5,245,725	5,538,867
With donor restrictions		2,149,076	2,322,645
		7,394,801	7,861,512
Total liabilities and net assets	$	12,403,890	12,046,508

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 2,193,971	145,322	2,339,293
Contributions of non-financial assets	274,868	-	274,868
Grants	839,567	-	839,567
Product and vehicle sales	1,315,016	-	1,315,016
Counseling	900,674	-	900,674
County per diem income	316,292	-	316,292
Rental income	233,361	-	233,361
Special events, net of expenses	571,240	-	571,240
Other income	82,841	-	82,841
Change in value of beneficial interest	15,117	-	15,117
Net assets released from restriction	318,891	(318,891)	-
	7,061,838	(173,569)	6,888,269
Expenses:			
Program services	5,940,567	-	5,940,567
Management and general	908,321	-	908,321
Fundraising	506,092	-	506,092
	7,354,980	-	7,354,980
Change in net assets	(293,142)	(173,569)	(466,711)
Net assets - beginning of year	5,538,867	2,322,645	7,861,512
Net assets - end of year	$ 5,245,725	2,149,076	7,394,801

See accompanying notes to the consolidated financial statements

	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
Product and vehicle sales	811,567	-	811,567
Counseling	822,381	-	822,381
County per diem income	498,411	-	498,411
Rental income	232,680	-	232,680
Special events, net of expenses	690,936	-	690,936
Other income	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

	Program Services	Management and General	Fundraising	Total Expenses
Cost of goods sold	$ 1,451,939	-	-	1,451,939
Personnel	2,818,348	468,578	431,952	3,718,878
Residential client	62,901	661	-	63,562
Training and development	32,255	19,480	3,286	55,021
Travel and meals	30,057	15,408	2,289	47,754
Occupancy	344,553	44,247	27	388,827
Office	78,295	86,942	22,550	187,787
Professional services	70,984	139,998	13,304	224,286
Supplies	60,682	16,601	68	77,351
Dues and licenses	21,648	36,881	-	58,529
Advertising and promotion	76,084	-	20,837	96,921
Insurance - general	21,055	44,740	-	65,795
Other	129,911	8,694	11,779	150,384
Interest	198,921	598	-	199,519
Depreciation	293,240	-	-	293,240
Amortization	12,808	-	-	12,808
Taxes	-	1,648	-	1,648
Bad debt	227,698	-	-	227,698
Bank fees and charges	9,188	23,845	-	33,033
	$ 5,940,567	908,321	506,092	7,354,980

	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

Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates
Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Change in net assets	$	(466,711)	179,626
Adjustments to reconcile change in net assets to net cash flows from operating activities			
Depreciation and amortization		306,048	262,584
Amortization of debt cost		2,418	1,265
Loan forgiveness		-	(8,805)
Change in beneficial interest		(15,117)	125,375
In-kind contributions - inventory and investments		(287,083)	(132,935)
Loss on asset sale		9,820	21,822
Bad debt expense		227,698	362,389
Non-cash lease adjustment		(902)	-
Change in allowance for pledges receivable		31,935	(54,565)
Change in discount for future pledges		(5,992)	36,064
Effects of changes in operating assets and liabilities:			
Inventory		283,111	-
Accounts receivable		(49,733)	7,028
Grants receivable		126,722	(191,650)
Other receivable		-	17,987
Deferred rent receivable		9,998	-
Promises to give		(471,090)	(399,109)
Prepaid expenses		(37,410)	(5,420)
Deposits		425	(376)
Accounts payable		(55,106)	11,954
Accrued expenses		29,789	17,383
Net cash flows from operating activities		(361,180)	250,617
Cash flows from investing activities:			
Cash acquired - business combination		11,469	-
Proceeds from sale of investments		51,598	62,486
Distributions - beneficial interest		230,000	-
Purchase of property and equipment		(124,989)	(101,054)
Net cash flows from investing activities		168,078	(38,568)
Cash flows from financing activities:			
Payment on line of credit		(24,735)	-
Payments on notes payable		(104,108)	(94,421)
Payments on financing lease liability		(7,919)	(11,197)
Net cash flows from financing activities		(136,762)	(105,618)
Change in cash and cash equivalents		(329,864)	106,431
Cash and cash equivalents beginning of year		1,344,225	1,237,794
Cash and cash equivalents at end of year	$	1,014,361	1,344,225

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 with 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 serves 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.

Columbus Tutoring Initiative (CTI): The Columbus Tutoring Initiative provides in-school tutoring for elementary age students whose reading skills fall below their grade level. 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. COYFC is in process of transferring ownership of CTI to Charlie’s Kids Foundation and expect the 2022-2023 fiscal to be the last year of substantial COYFC involvement.

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.

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 social enterprise designed to generate revenue to support the youth programming of COYFC and to develop and offer job skills programming. Current product lines include office supplies, janitorial supplies and promotional items for business.

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 enterprise services (Equip Auto Sales, Equip Skills Center, and Equip Business Solutions). 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 are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Organization is required to report information regarding its financial position and activities according to the following net asset clarifications:

> 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 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 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
The accompanying 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.

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

Adoption of new accounting standards
In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*. The ASU and all subsequently issued clarifying ASU's supersedes existing guidance for accounting for leases under *Leases (Topic 840*). The accounting for a lessor is substantially unchanged from current leasing standards. The most significant change in the new leasing guidance for lessees is the requirement to recognize right-of-use assets and lease liabilities for

operating leases on the consolidated statements of financial position. The ASU also requires expanded disclosures relating to the lease discount rates and average remaining lease term.

The Organization adopted the new standard effective July 1, 2022, using the modified retrospective method applied to all leases as of July 1, 2022. The Organization also elected multiple practical expedients. These included transaction elections that permitted the Organization to not reassess prior conclusions about lease identification and lease classification. In addition, the Company adopted ongoing accounting policies to not recognize right-of-use assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets.

The most significant impact of the adoption of the standard was the recognition of right-of-use assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. The adoption of the standard resulted in the recognition of operating leases right-of-use assets and operating lease liabilities totaling $449,685 as of July 1, 2022.

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 has implemented processes and procedures through agreements with financial institutions to limit the exposure of excess cash. Management believes it is not exposed to any significant credit risk on these accounts.

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 accompanying 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.

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. 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, 2023 and 2022, allowance for doubtful accounts was $24,022 and $28,418, respectively.

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, 2023 and 2022, the allowance was $40,935 and $9,000, respectively.

Inventories
Inventories are stated at the lower of cost or net realizable value. For non-vehicle inventory, cost is determined on an average cost basis. Vehicle inventory is valued at management's estimated net realizable value based on management's historical trends of average resale amounts. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

Property and equipment
Property and equipment are recorded at cost, if purchased, and at fair value, 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 expenses as incurred.

Leases
The determination of whether an arrangement is a lease is made at the lease's inception. Under Topic 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization has elected to adopt the practical expedient that allows the Organization to use the risk free rate as of the date of the lease's inception. Operating lease right-of-use assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option. The Organization has lease agreements with lease and non-lease components and has elected to account for the lease and non-lease components as a single lease.

Goodwill
Under the accounting for subsequent measurements of goodwill provided in FASB ASC 350-20, the Organization amortizes goodwill on a straight-line basis over a 10-year useful life and will only evaluate goodwill for impairment at the entity level when a triggering event occurs. During the year ended June 30, 2023, no triggering events occurred requiring impairment testing and thus no impairment loss was recorded. Goodwill totaling $256,164 is presented net of accumulated amortization of $12,808 at June 30, 2023. Amortization expense is estimated to be $25,616 per year.

Debt issuance costs
Loan costs incurred in connection with the Organization's financing totaling $39,695 are amortized over the life of the loan using the straight-line method. Accumulated amortization totaled $8,374 and $5,525 as of June 30, 2023 and 2022, respectively. Amortization expense is estimated to be approximately $4,000 per year. 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, 2023.

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 and county per diem income 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.

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. Upon delivery of the product or service, the Organization recognizes income.

As of June 30, 2023 the Organization and contact receivables of $340,509. The Organization had ending contract receivables of $195,940 at June 30, 2022 and beginning contract receivables at July 1, 2021 of $202,968.

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 reported 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 or conditions 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 Organization 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).

Advertising expenses
The Organization uses advertising to promote its social enterprises and website upkeep and development. The production costs of advertising are expensed as incurred. During 2023 and 2022, advertising costs totaled $96,921 and $56,700, respectively.

Purchase price allocation
The purchase price of acquired businesses is allocated to tangible and identified intangible assets and liabilities based on their respective fair values at the date of the transaction. Any additional amounts are allocated to goodwill as required, based on the remaining purchase price in excess of the fair value of the tangible and intangible assets acquired and liabilities assumed. The allocation of purchase price is an area that requires judgement and significant estimates.

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 20, 2023, 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:

		2023	2022
Checking accounts	$	246,097	750,887
Checking accounts - restricted		768,264	593,338
	$	1,014,361	1,344,225

The Organization has received funds as part of a fundraising campaign designated for their Strategic Funding Initiative. The restricted funds as of June 30, 2023 and 2022 totaled $667,619 and $557,250, respectively.

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, 2023 and 2022 totaled $3,816 and $31,808, 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, 2023 and 2022, $671,942 and $666,180, 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:

		2023	2022
Non-related parties	$	1,265,947	860,337
Related parties		254,440	404,674
Gross unconditional promises to give		1,520,387	1,265,011
Less: Unamortized discount		(84,429)	(78,437)
Discounted unconditional promises to give		1,435,958	1,186,574
Less: Allowance for uncollectible		(40,935)	(9,000)
Net unconditional promises to give	$	1,395,023	1,177,574
Amounts due in:			
Less than one year	$	1,125,887	1,168,848
One to five years		394,500	444,914
	$	1,520,387	1,613,762

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. CONDITIONAL CONTRIBUTIONS:

As of June 30, 2023 the Organization has received a conditional government grant award of $2.3 million from the State of Ohio. The grant is contingent upon certain funding and construction benchmarks being met. The award will not be recognized as revenues until the grantor's contributions are met. As of June 30, 2023 these conditions have not been met.

6. 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 methodology used for assets measured at fair value:

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, 2023 and 2022:

June 30, 2023		Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	$	-	-	967,993	967,993

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

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

		2023	2022
Beginning balance	$	1,182,876	1,308,251
Unrealized gains/(losses)		15,117	(125,375)
Distributions		(230,000)	-
	$	967,993	1,182,876

7. LINE OF CREDIT:

Equip Enterprises, LLC maintains a revolving line-of-credit with Bank subject to a credit limit of $50,000 until September 2025. The line of credit bears interest at the prime rate (8.25% as of June 30, 2023) plus .75%. As of June 30, 2023 the outstanding balance was $14,011. The line of credit is secured by all assets of Equip Enterprises, LLC.

8. LONGTERM DEBT:

Long-term debt on June 30, 2023 and 2022 consists of the following:

		2023	2022
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).	$	406,735	422,872

		2023	2022
Note pable to a bank, with fixed interest of 4% per annum, 60 monthly payments of principal and interest of $461 due August 27, 2021. Secured by a certain vechile with a net book value of $19,206.		15,872	-
Note payable to an individual, with fixed interest of 4% per annum, 120 monhtly payments of principal and interest of $2,816 beginning in February 2024 due in Feburary of 2034.		277,400	-
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 matures August 2035.		3,371,347	3,457,196
		4,071,354	3,880,068
Less: unamortized debt issuance costs		(31,321)	(34,170)
		4,040,033	3,845,898
Less current portion		(119,064)	(101,555)
	$	3,920,969	3,744,343

Maturities of notes payable are as follows:

2024	$	119,064
2025		140,220
2026		146,827
2027		148,429
2028		155,147
Thereafter		3,361,667
	$	4,071,354

The Organization must maintain a certain fixed coverage ratio. This requirement was not met and has been waived by the Bank.

9. LEASE OBLIGATIONS:

The Organization leases various real estate properties and equipment under various lease agreements expiring through 2027. Variable lease costs, such as the Organization's proportionate share of actual costs for utilities, common area maintenance, property taxes and insurance that are not included in the lease liability are recognized in the period in which they are incurred. For the year ended June 30, 2023 total operating lease expense was $106,083 and interest on financing leases was $1,106 and the principal portion was $7,919.

Rent expense for operating leases under ASC 840 – Leases was $119,996 for the year ended June 30, 2022.

Amounts recognized as right-of-use assets related to finance leases are included in fixed assets, net in the accompany balance sheet. As of June 30, 2023, right-to-use assets related to finance leases totaled $43,288, respectively. Accumulated amortization associated with finance leases was $9,379 and $2,164 as of June 30, 2023 and 2022, respectively.

Additionally, as of June 30, 2023 the following information on leases is presented:

Other Information:	
Weighted-average remaining lease term in years for finance leases	3.75
Weighted-average remaining lease term in years for operating leases	3.01
Weighted-average discount rate for finance leases	4.75%
Weighted-average discount rate for operating leases	3.12%

The following is a schedule by years of future minimum lease payments required under the lease obligations as of June 30, 2023:

Year Ending June 30	Finance Leases	Operating Leases
2024	$ 9,705	157,655
2025	9,705	136,606
2026	9,705	102,403
2027	5,607	37,287
	34,722	433,951
Less: amount representing interest	(1,716)	(18,834)
Present value of future minimum lease payments	33,006	415,117
Less: current portion of leases	8,034	147,222
Leases, net of current portion	$ 24,972	267,895

The Organization obtained non-cash lease right-of-use assets in change for financing lease liabilities of $92,432 for the year ended June 30, 2023. During the year ended June 30, 2023, as a result of lease modifications, operating right of use assets and corresponding operating lease liabilities were increased by $2,297.

Non-cash lease expense on the statement of cash flows includes the amortization of the lease right-of-use assets of $128,395, offset by a change in the lease liability of $129,297 for the year ended June 30, 2023.

10. NET ASSETS:

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

		2023	2022
Camps/retreats	$	104,098	89,004
COO funding		79,756	-
Restricted for future operations		393,412	376,801
Inventory purchases		-	4,280
Strategic funding initiative campaign		1,571,810	1,852,560
	$	2,149,076	2,322,645

11. 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:

		2023	2022
Vehicles	$	235,485	330,348
Repairs and maintenance		-	41,470
Supplies		39,383	16,181
Services		-	7,964
	$	274,868	395,963

The Organization recognized contributed nonfinancial assets within revenue, including contributed vehicles, fixed 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, 2023 and 2022, 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, 2023 and 2022 was $51,598 and $62,486, 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, 2023 and 2022.

12. 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, 2023 and 2022, the Organization recognized counseling revenue of $908,014 and $822,381 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:

		2023	%		2022	%
Commercial and other third party	$	433,286	48%	$	654,897	80%
Self-pay		467,388	52%		167,484	20%
	$	900,674	100%	$	822,381	100%

13. 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, 2023, Gracehaven charged a daily per diem rate of $325, based on the contract in place, for each individual who resided in the home for a total amount of $311,888 and $498,411.

14. 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 month to month lease agreement. The current monthly rent is $2,000 per month. 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, 2023, lease income of $200,000 was reported on this lease with $40,002 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 $1,815,360 and $1,668,642 at June 30, 2023 and 2022, respectively.

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

Year Ending June 30		Amount
2024	$	209,949
2025		209,949
2026		209,949
2027		209,949
2028		200,000
Thereafter		400,000
	$	1,439,796

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, 2023 were $32,291 for insurance, $3,359 for workers compensation, $87,122 for miscellaneous other service fees. Payments for the year ending June 30, 2022 were $62,011 for insurance, $2,919 for workers compensation and $47,693 for miscellaneous other service fees.

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. The board member received compensation for services rendered in the year ended June 30, 2023 and 2022 of $57,176 and $24,149, 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, 2023 and 2022, the health insurance account had a balance of $3,816 and $31,808, 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, 2023 and 2022, approximated $329,400 and $266,500, respectively.

19. BUSINESS COMBINATIONS:

On January 1, 2022, Equip Enterprises, LLC entered into a share exchange agreement with the shareholder of Value Added Business, Inc. to acquire 100% of the common stock of Value Added Business, Inc., a supplier of business products located in Jackson, Ohio. The total purchase price was $277,400 and was paid as follows:

Cash	$	11,469
Accounts receivable		94,837
Inventory		91,364
Current assets		3,305
Operating lease right-of-use assets		92,432
Equipment		111,499
Operating lease liabilities assumed		(92,432)
Assumed liabilities		(291,238)
Net assets purchased		21,236
Goodwill		256,164
	$	277,400

The transaction was financed with a note payable due to the former owner in the amount of $277,400. The goodwill arising from the acquisition consists largely of the assembled workforce and other intangible assets that are subsumed into goodwill and is not deductible for income tax purposes.

20. CASH FLOW INFORMATION AND NON-CASH ACTIVITY:

Interest paid for the year ended June 30, 2023 and 2022 was $196,671 and $190,235.

During the year ended June 30, 2023, the Organization obtained 100% of the common stock of Value Added Business, Inc. in exchange for a note payable of $277,400.

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

21. LIQUIDITY:

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. The level of liquidity and reserves was managed within the policy requirements.

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

		2023	2022
Financial assets:			
Cash and cash equivalents (restricted included)	$	1,014,361	1,344,225
Accounts receivable, net		340,509	195,940
Promises to give		1,395,023	1,177,574
Grants receivable		218,166	344,888
Notes receivable - deferred rent		40,002	50,000
Beneficial interest in assets held by others		967,993	1,182,876
		3,976,054	4,295,503

Less amounts not available to be used within one year:		
Cash - restricted	(768,264)	(593,338)
Contribution receivable - due after one year, net	(338,124)	(374,172)
Contribution receivable - for restricted gifts	(294,773)	(598,699)
Grants receivable, restricted by grantor	(218,166)	(344,888)
Security deposit payable	(16,666)	(16,666)
Beneficial interest in assets held by others, restricted	(967,993)	(1,182,876)
Note receivable - deferred rent, due after one year	(40,002)	(50,000)
	(2,643,988)	(3,160,639)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,332,066	1,134,864

Central Ohio Youth for Christ, Inc. Subsidiaries Affiliates
Consolidating Statement of Changes in Net Assets
Year Ended June 30, 2023

	COYFC	WS	GH	HLE	Eliminations	Consolidated
Revenue and support:						
Contributions	$ 2,024,070	-	315,223	-	-	2,339,293
Contributions of non-financial assets	36,203	-	3,180	235,485	-	274,868
Grants	364,221	-	475,346	-	-	839,567
Sales, products and vehicles	-	-	-	1,315,016	-	1,315,016
Counseling	-	900,674	-	-	-	900,674
Country per diem income	-	18,383	297,909	-	-	316,292
Rental income	288,999	-	-	-	(55,638)	233,361
Special events, net of expenses	374,195	-	197,045	-	-	571,240
Other income (expense)	440,337	1,718	9,953	(7,930)	(361,237)	82,841
Change in value of beneficial interest	5,400	3,621	6,096	-	-	15,117
	3,533,425	924,396	1,304,752	1,542,571	(416,875)	6,888,269
Expenses	3,594,165	959,960	1,553,615	1,664,115	(416,875)	7,354,980
Change in net assets	(60,740)	(35,564)	(248,863)	(121,544)	-	(466,711)
Net assets - beginning of year	6,919,727	164,639	888,052	(110,906)	-	7,861,512
Net assets - end of year	$ 6,858,987	129,075	639,189	(232,450)	-	7,394,801

	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	491,140	245	-	614	(488,413)	3,586
Net investment return	-	-	-	-	-	-
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