



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates

Consolidated Financial Statements and Supplementary Information

June 30, 2024 and 2023

with Independent Auditors' Report

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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, 2024 and 2023, 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, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits. 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 schedules 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
October 31, 2024

Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates
Consolidated Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 439,092	246,097
Cash and cash equivalents - restricted	394,364	768,264
Beneficial interest in assets held by others	670,528	967,993
Accounts receivable, net	578,343	340,509
Promises to give, current portion, net	554,003	1,056,899
Grants receivable	240,413	218,166
Prepaid expenses	147,964	84,467
Inventory	<u>181,439</u>	<u>170,988</u>
	<u>3,206,146</u>	<u>3,853,383</u>
Property and equipment:		
Land	386,073	386,073
Buildings	8,904,544	8,904,544
Furniture	165,939	153,816
Machinery and equipment	648,414	618,598
Construction in progress	233,382	46,260
Trucks and autos	<u>133,006</u>	<u>133,006</u>
	10,471,358	10,242,297
Less accumulated depreciation	<u>(3,048,896)</u>	<u>(2,737,978)</u>
	<u>7,422,462</u>	<u>7,504,319</u>
Other assets:		
Deferred rent receivable	30,002	40,002
Goodwill	217,739	243,356
Promises to give, less current portion	341,652	338,124
Operating lease right-of-use assets	268,166	416,019
Deposits	<u>8,935</u>	<u>8,687</u>
	<u>866,494</u>	<u>1,046,188</u>
	<u>\$ 11,495,102</u>	<u>12,403,890</u>

See accompanying notes to the consolidated financial statements

Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates
Consolidated Statements of Financial Position (continued)
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities and net assets		
Current Liabilities:		
Accounts payable	\$ 295,279	199,522
Accrued expenses	260,600	290,464
Line of credit	44,111	14,011
Current portion of notes payable, net	140,220	119,064
Current portion of operating lease liabilities	130,696	147,222
Current portion of finance lease	<u>8,707</u>	<u>8,304</u>
	<u>879,613</u>	<u>778,587</u>
Other liabilities:		
Security deposit payable	16,666	16,666
Notes payable, less current portion, net	3,782,703	3,920,969
Operating lease liabilities, less current portion	137,199	267,895
Finance lease payable, less current portion	<u>16,266</u>	<u>24,972</u>
	<u>3,952,834</u>	<u>4,230,502</u>
	<u>4,832,447</u>	<u>5,009,089</u>
Net assets:		
Without donor restrictions	5,045,880	5,245,725
With donor restrictions	<u>1,616,775</u>	<u>2,149,076</u>
	<u>6,662,655</u>	<u>7,394,801</u>
Total liabilities and net assets	\$ <u>11,495,102</u>	<u>12,403,890</u>

See accompanying notes to the consolidated financial statements

Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates
Consolidated Statement of Activities and Changes in Net Assets
Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Contributions	\$ 1,407,957	463,682	1,871,639
Contributions of non-financial assets	52,138	-	52,138
Grants	1,064,952	-	1,064,952
Product and vehicle sales	1,914,198	-	1,914,198
Counseling	1,108,635	-	1,108,635
County per diem income	484,747	-	484,747
Rental income	226,996	-	226,996
Special events	748,705	-	748,705
Other income	206,689	-	206,689
Change in value of beneficial interest	22,535	-	22,535
Net assets released from restriction	<u>995,983</u>	<u>(995,983)</u>	<u>-</u>
	<u>8,233,535</u>	<u>(532,301)</u>	<u>7,701,234</u>
Expenses:			
Program services	6,607,413	-	6,607,413
Management and general	1,269,478	-	1,269,478
Fundraising	<u>556,489</u>	<u>-</u>	<u>556,489</u>
	<u>8,433,380</u>	<u>-</u>	<u>8,433,380</u>
Change in net assets	(199,845)	(532,301)	(732,146)
Net assets - beginning of year	<u>5,245,725</u>	<u>2,149,076</u>	<u>7,394,801</u>
Net assets - end of year	\$ <u><u>5,045,880</u></u>	<u><u>1,616,775</u></u>	<u><u>6,662,655</u></u>

See accompanying notes to the consolidated financial statements

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	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	<u>318,891</u>	<u>(318,891)</u>	<u>-</u>
	<u>7,061,838</u>	<u>(173,569)</u>	<u>6,888,269</u>
Expenses:			
Program services	5,940,567	-	5,940,567
Management and general	908,321	-	908,321
Fundraising	<u>506,092</u>	<u>-</u>	<u>506,092</u>
	<u>7,354,980</u>	<u>-</u>	<u>7,354,980</u>
Change in net assets	(293,142)	(173,569)	(466,711)
Net assets - beginning of year	<u>5,538,867</u>	<u>2,322,645</u>	<u>7,861,512</u>
Net assets - end of year	\$ <u>5,245,725</u>	<u>2,149,076</u>	<u>7,394,801</u>

See accompanying notes to the consolidated financial statements

Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total Expenses
Cost of goods sold	\$ 1,905,950			1,905,950
Personnel	2,974,148	494,481	455,831	3,924,460
Residential client	66,448	699	-	67,147
Training and development	20,037	12,101	2,041	34,179
Travel and meals	36,942	18,938	2,814	58,694
Occupancy	395,133	50,742	30	445,905
Office	66,798	74,175	19,238	160,211
Professional services	213,911	421,887	40,091	675,889
Supplies	21,952	6,005	25	27,982
Dues and licenses	28,090	47,857	-	75,947
Advertising and promotion	125,851	-	34,467	160,318
Insurance - general	47,123	100,135	-	147,258
Other	21,495	1,438	1,949	24,882
Interest	194,978	575	-	195,553
Depreciation	310,918	-	-	310,918
Amortization	25,617	-	-	25,617
Provisions for expected credit losses	-			
	136,436	-	-	136,436
Bank fees and charges	15,586	40,445	3	56,034
	<u>\$ 6,607,413</u>	<u>1,269,478</u>	<u>556,489</u>	<u>8,433,380</u>

See accompanying notes to the consolidated financial statements

Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	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
Provisions for expected credit losses	227,698	-	-	227,698
Bank fees and charges	9,188	23,845	-	33,033
	<u>\$ 5,940,567</u>	<u>908,321</u>	<u>506,092</u>	<u>7,354,980</u>

See accompanying notes to the consolidated financial statements

Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (732,146)	(466,711)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	327,877	298,833
Amortization of finance lease right-of use assets	8,658	7,215
Imputed interest	3,969	2,418
Change in beneficial interest	(22,535)	(15,117)
In-kind contributions - inventory and investments	(72,418)	(287,083)
Loss on asset sale	-	9,820
Provisions for expected credit losses	136,436	227,698
Amortization of operating lease right-of-use assets	147,853	128,395
Change in allowance for pledges receivable	-	31,935
Change in discount for pledges receivable	12,093	(5,992)
Effects of changes in operating assets and liabilities:		
Inventory	(10,451)	283,111
Accounts receivable	(263,664)	(49,733)
Grants receivable	(22,247)	(100,976)
Deferred rent receivable	10,000	9,998
Promises to give	376,669	(243,392)
Prepaid expenses	(63,497)	(37,410)
Deposits	(248)	425
Operating lease liability	(147,222)	(129,297)
Accounts payable	95,757	(55,106)
Accrued expenses	(29,864)	29,789
Net cash flows from operating activities	(244,980)	(361,180)
Cash flows from investing activities:		
Cash acquired - business combination	-	11,469
Proceeds from sale of investments	72,418	51,598
Distributions - beneficial interest	320,000	230,000
Purchase of property and equipment	(229,061)	(124,989)
Net cash flows from investing activities	163,357	168,078
Cash flows from financing activities:		
Payment (draws) on line of credit	30,100	(24,735)
Payments on notes payable	(121,079)	(104,108)
Payments on financing lease liability	(8,303)	(7,919)
Net cash flows from financing activities	(99,282)	(136,762)
Change in cash and cash equivalents	(180,905)	(329,864)
Cash and cash equivalents beginning of year	1,014,361	1,344,225
Cash and cash equivalents at end of year	\$ <u>833,456</u>	1,014,361

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.

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. Equip Skills Center receives donated cars from the community to support this training center. Equip Skills Center works alongside and in partnership with Equip Auto Sales.

Equip Auto Sales: Vehicles donated to COYFC will ultimately be transferred to Equip Auto Sales for evaluation, to repair, dispose of, or sell on the Equip Auto Sales car lot. Purchases vehicles at auction, repairs and sells them on the Equip Auto Sales car lot.

Equip Business Solutions: Formerly Value Added Business Services, is a social enterprise solely owned by Equip enterprises. It is 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 products.

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.

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. WellSpring also provides counseling and case management services to youth and families to qualifying families in local communities through the WellSpring Community Outreach program.

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, (EQUIP) 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). Equip Enterprises, LLC is 100% owned by Central Ohio Youth for Christ, Inc.

City Life Enterprises, LLC is an Ohio limited liability company solely owned by COYFC, which was formed on November 1, 2013. It is a property management company owning 1238-1256 W. Broad St. and 40 Chicago Ave.

COYFC Holdings, LLC is an Ohio Liability company solely owned by COYFC, which was formed on October 15, 2013. It is a property management company owning 33 & 166 Chicago Ave. and 276/280/292 Main St. in Johnstown, Ohio.

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, City Life Enterprises, LLC, COYFC Holdings, LLC, Equip 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

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, on July 1, 2023. Topic 326 modifies the measurement of expected credit losses on certain financial instruments. The adoption of this Standard did not have a material impact on the Organization's consolidated financial statements but did change how the allowance for credit losses is determined.

Cash and cash equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. 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 accompany consolidated statements of activities and changes in net assets 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 and allowance for credit losses

Accounts receivable are uncollateralized customer obligations due under normal trade terms. Accounts receivable are stated at the amount billed to the customer. Customer account balances with invoice dates past the contractually specified due date are considered delinquent. Payments of accounts receivable are allocated to the specific invoices identified on the customer’s remittance advice or, if unspecified, are applied to the earliest unpaid invoices. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. 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 credit losses, if necessary. For receivables associated with self-pay patients, the Organization records a significant provision for credit losses in the period of service based on past collection experience.

The Organization had the following activity for its allowance for credit losses for accounts receivable for the years ended June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 24,022	28,418
Provision for expected credit losses	28,200	392
Write-offs	<u>(2,370)</u>	<u>(4,788)</u>
	<u>\$ 49,852</u>	<u>24,022</u>

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, 2024 and 2023, the allowance was \$40,935.

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. Expenditures for maintenance and repairs are charged to expense 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 represents the right to use an underlying asset for the lease term, and lease liabilities represent an 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 leases 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, 2024, 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 \$38,424 and \$12,808 at June 30, 2023 and 2024, respectively. 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 \$15,520 and \$11,551 as of June 30, 2024 and 2023, 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, 2024.

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.

The Organization had beginning contract receivables at July 1, 2022 of \$195,940.

Contributions

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 depreciation 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 2024 and 2023, advertising costs totaled \$160,318 and \$96,921, 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 October 31, 2024, 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:

	2024	2023
Checking accounts	\$ 439,092	246,097
Checking accounts - restricted	394,364	768,264
	\$ 833,456	1,014,361

The Organization has received funds as part of a fundraising campaign designated for their Strategic Funding Initiative. The restricted funds as of June 30, 2024 and 2023 totaled \$213,887 and \$667,619, 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, 2024 and 2023 totaled \$4,540 and \$3,816, 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, 2024 and 2023, \$590,889 and \$671,942, 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 consolidated financial statements consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Non-related parties	\$ 896,426	1,265,947
Related parties	<u>112,500</u>	<u>254,440</u>
Gross unconditional promises to give	1,008,926	1,520,387
Less: Unamortized discount	<u>(72,336)</u>	<u>(84,429)</u>
Discounted unconditional promises to give	936,590	1,435,958
Less: Allowance for uncollectible	<u>(40,935)</u>	<u>(40,935)</u>
Net unconditional promises to give	\$ <u><u>895,655</u></u>	<u><u>1,395,023</u></u>
Amounts due in:		
Less than one year	\$ 607,089	1,125,887
One to five years	<u>401,837</u>	<u>394,500</u>
	\$ <u><u>1,008,926</u></u>	<u><u>1,520,387</u></u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rates ranging from 5% to 5.6%, 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, 2024 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, 2024 and 2023:

<u>June 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by others	\$ <u> -</u>	<u> -</u>	<u> 670,528</u>	<u> 670,528</u>
<u>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by others	\$ <u> -</u>	<u> -</u>	<u> 967,993</u>	<u> 967,993</u>

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

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 967,993	1,182,876
Unrealized gains/(losses)	22,535	15,117
Distributions	<u>(320,000)</u>	<u>(230,000)</u>
	\$ <u> 670,528</u>	<u> 967,993</u>

7. LINE OF CREDIT:

Equip Enterprises, LLC maintains a revolving line-of-credit with a bank subject to a credit limit of \$50,000 until September 2025. The line of credit bears interest at the prime rate (8.50% as of June 30, 2024) plus .75%. The line of credit is secured by all assets of Equip Enterprises, LLC.

8. LONG-TERM DEBT:

Long-term debt on June 30, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
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).	\$ 389,997	406,735

Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates
Notes to the Consolidated Financial Statements
June 30, 2024 and 2023

	2024	2023
Note payable 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 vehicle with a net book value of \$19,206.	10,339	15,872
Note payable to an individual, with fixed interest of 4% per annum, 120 monthly payments of principal and interest of \$2,816 beginning in February 2024 due in February of 2034.	269,827	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 one-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.	3,276,935	3,371,347
	3,947,098	4,071,354
Less: unamortized debt issuance costs	(24,175)	(31,321)
	3,922,923	4,040,033
Less current portion	(140,220)	(119,064)
	\$ 3,782,703	3,920,969

Maturities of notes payable are as follows:

2025	\$	140,220
2026		146,580
2027		148,128
2028		155,147
2029		151,408
Thereafter		3,205,615
	\$	3,947,098

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.

Central Ohio Youth for Christ, Inc. Subsidiaries and Affiliates
Notes to the Consolidated Financial Statements
June 30, 2024 and 2023

For the year ended June 30, 2024 and 2023 total operating lease expense was \$158,286 and \$106,083, respectively. As of June 30, 2024 interest on financing leases was \$1,402 and the principal portion was \$8,303. As of June 30, 2023 interest on financing leases was \$1,106 and the principal portion was \$7,919.

Amounts recognized as right-of-use assets related to finance leases are included in fixed assets, net in the accompany consolidated statement of financial position. As of June 30, 2024 and 2023, right-to-use assets related to finance leases totaled \$43,288, respectively. Accumulated amortization associated with finance leases was \$18,037 and \$9,379 as of June 30, 2024 and 2023, respectively.

Additionally, as of June 30, 2024 the following information on leases is presented:

Weighted-average remaining lease term in years for finance leases	2.75
Weighted-average remaining lease term in years for operating leases	2.18
Weighted-average discount rate for finance leases	2.88%
Weighted-average discount rate for operating leases	3.10%

The following is a schedule by years of future minimum lease payments required under the lease obligations as of June 30, 2024:

Year Ending June 30	Finance Leases	Operating Leases
2025	\$ 9,705	136,606
2026	9,705	102,403
2027	<u>5,841</u>	<u>37,287</u>
	25,251	276,296
Less: amount representing interest	<u>(278)</u>	<u>(8,401)</u>
Present value of future minimum lease payments	24,973	267,895
Less: current portion of leases	<u>8,707</u>	<u>130,696</u>
Leases, net of current portion	\$ <u>16,266</u>	<u>137,199</u>

10. NET ASSETS:

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

	2024	2023
Camps/retreats	\$ -	104,098
Executive positions	139,505	79,756
Restricted for future operations	640,517	393,412
Capital improvements	46,969	-
Strategic funding initiative campaign	789,784	1,571,810
	\$ 1,616,775	2,149,076

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:

	2024	2023
Vehicles	\$ 28,500	235,485
Supplies	23,638	39,383
	\$ 52,138	274,868

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 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, 2024 and 2023, 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, 2024 and 2023 was \$72,418 and \$51,598, 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, 2024 and 2023.

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, 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, 2024 and 2023, the Organization recognized counseling service revenue that transfer to the individual at a point in time. Counseling revenue, net of contractual allowance and discounts (but before the provision for credit losses), recognized by major payer source is as follows for the years ended June 30:

		<u>2024</u>	<u>%</u>		<u>2023</u>	<u>%</u>
Commercial and other third party	\$	492,384	48%	\$	433,286	48%
Self-pay		<u>523,539</u>	52%		<u>467,388</u>	52%
	\$	<u>1,015,923</u>	100%	\$	<u>900,674</u>	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, 2024 and 2023, Gracehaven charged a daily per diem rate of \$375 and \$345, based on the contract in place, for each individual who resided in the home for a total amount of \$483,747 and \$311,888, respectively.

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, 2024, lease income of approximately \$210,000 was reported on this lease with \$30,002 recorded in deferred rent receivable.

COYFC Holdings, LLC leases property in Johnstown, Ohio under a three-year lease agreement commencing in April 2024. The lease requires monthly rental payments of \$1,300 a year. During the year ended June 30, 2024, lease income of approximately \$3,900 was reported on this lease.

Property held for leases, includes real estate with a carrying value of \$7,697,713 with accumulated depreciation of \$1,970,174 and \$1,815,360 at June 30, 2024 and 2023, respectively.

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

<u>Year Ending June 30</u>	<u>Amount</u>
2025	\$ 225,549
2026	225,549
2027	221,649
2028	200,000
2029	200,000
Thereafter	<u>200,000</u>
	<u>\$ 1,272,747</u>

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, 2024 were \$71,304 for insurance, \$68,295 for web hosting and charter fees, \$3,428 for workers compensation, and \$10,211 for miscellaneous other service fees. Payments for the year ending June 30, 2023 were \$32,291 for insurance, \$3,959 for workers compensation and \$87,122 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, 2024 and 2023 of \$78,890 and \$57,176, 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.

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 account monthly to pay all submitted reimbursements as submitted. The contributions are limited to \$4,500 per year for one covered person, \$9,000 per year for two or more covered persons.

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 beneficiary of a \$2,000,000 term life insurance policy on the life of the Executive Director. 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, 2024 and 2023, the health insurance account had a balance of \$4,540 and \$3,816, 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, 2024 and 2023, approximated \$291,202 and \$329,400, respectively.

19. BUSINESS COMBINATIONS:

On January 1, 2023, 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		<u>(291,238)</u>
Net assets purchased		21,236
Goodwill		<u>256,164</u>
	\$	<u>277,400</u>

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, 2024 and 2023 was \$187,955 and \$196,671.

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.

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:

	2024	2023
Financial assets:		
Cash and cash equivalents (restricted included)	\$ 833,456	1,014,361
Accounts receivable, net	578,343	340,509
Promises to give	895,655	1,395,023
Grants receivable	240,413	218,166
Deferred rent receivable	30,002	40,002
Beneficial interest in assets held by others	670,528	967,993
	3,248,397	3,976,054
Less amounts not available to be used within one year:		
Cash - restricted	(394,364)	(768,264)
Contribution receivable - due after one year, net	(341,652)	(338,124)
Contribution receivable - for restricted gifts	(47,531)	(294,773)
Grants receivable, restricted by grantor	(240,413)	(218,166)
Security deposit payable	(16,666)	(16,666)
Beneficial interest in assets held by others, restricted	(670,528)	(967,993)
Note receivable - deferred rent, due after one year	(30,002)	(40,002)
	(1,741,156)	(2,643,988)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,507,241	1,332,066

Central Ohio Youth for Christ, Inc. Subsidiaries Affiliates
Consolidating Schedule of Changes in Net Assets
Year Ended June 30, 2024

	<u>COYFC</u>	<u>WS</u>	<u>GH</u>	<u>EQUIP</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue and support:						
Contributions	\$ 1,386,909	-	484,730	-	-	1,871,639
Contributions of non-financial assets	52,138	-	-	-	-	52,138
Grants	451,519	-	613,433	-	-	1,064,952
Sales, products and vehicles	-	-	-	1,914,198	-	1,914,198
Counseling	-	1,015,923	92,712	-	-	1,108,635
Country per diem income	-	-	484,747	-	-	484,747
Rental income	250,996	-	-	-	(24,000)	226,996
Special events, net of expenses	693,322	-	55,383	-	-	748,705
Other income	522,605	-	123,060	(8,934)	(430,042)	206,689
Change in value of beneficial interest	17,198	3,222	2,115	-	-	22,535
	<u>3,374,687</u>	<u>1,019,145</u>	<u>1,856,180</u>	<u>1,905,264</u>	<u>(454,042)</u>	<u>7,701,234</u>
Expenses	<u>3,876,929</u>	<u>1,037,665</u>	<u>1,826,778</u>	<u>2,146,050</u>	<u>(454,042)</u>	<u>8,433,380</u>
Change in net assets	(502,242)	(18,520)	29,402	(240,786)	-	(732,146)
Net assets - beginning of year	<u>6,858,987</u>	<u>129,075</u>	<u>639,189</u>	<u>(232,450)</u>	<u>-</u>	<u>7,394,801</u>
Net assets - end of year	\$ <u><u>6,356,745</u></u>	<u><u>110,555</u></u>	<u><u>668,591</u></u>	<u><u>(473,236)</u></u>	<u><u>-</u></u>	<u><u>6,662,655</u></u>

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

	<u>COYFC</u>	<u>WS</u>	<u>GH</u>	<u>EQUIP</u>	<u>Eliminations</u>	<u>Consolidated</u>
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	440,337	1,718	9,953	(7,930)	(361,237)	82,841
Change in value of beneficial interest	<u>5,400</u>	<u>3,621</u>	<u>6,096</u>	<u>-</u>	<u>-</u>	<u>15,117</u>
	<u>3,533,425</u>	<u>924,396</u>	<u>1,304,752</u>	<u>1,542,571</u>	<u>(416,875)</u>	<u>6,888,269</u>
Expenses	<u>3,594,165</u>	<u>959,960</u>	<u>1,553,615</u>	<u>1,664,115</u>	<u>(416,875)</u>	<u>7,354,980</u>
Change in net assets	(60,740)	(35,564)	(248,863)	(121,544)	-	(466,711)
Net assets - beginning of year	<u>6,919,727</u>	<u>164,639</u>	<u>888,052</u>	<u>(110,906)</u>	<u>-</u>	<u>7,861,512</u>
Net assets - end of year	<u>\$ 6,858,987</u>	<u>129,075</u>	<u>639,189</u>	<u>(232,450)</u>	<u>-</u>	<u>7,394,801</u>

