THE COCOON SHELTER DBA: THE COCOON

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Cocoon Shelter dba: The Cocoon
Bowling Green, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Cocoon Shelter dba: The Cocoon and Transformative Praxis, LLC, (Ohio corporations) (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the results of its operations and its 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Maumee, Ohio
August 5, 2024

THE COCOON SHELTER DBA: THE COCOON
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 996,102	$ 907,649
Trust Distribution Receivable	56,856	18,211
Grants Receivable	273,317	352,946
Pledge Receivable	25,000	50,000
Capital Projects Receivable	99,966	99,966
Prepaid Expenses	74,793	28,318
Restricted Cash Equivalents	3,006	8,582
Investments	1,734,184	1,540,233
Beneficial Interest in Perpetual Trust	1,137,123	358,271
Property and Equipment, Net	2,004,405	1,741,839
Other Assets	723	767
Operating Right-of-Use Asset	1,058	4,213
Total Assets	$ 6,406,533	$ 5,110,995
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 78,948	$ 47,480
Accrued Payroll and Related Liabilities	22,397	32,447
Accrued Paid Time Off	36,355	37,511
Other Liabilities	12,000	11,972
Notes Payable	1,193,119	1,249,487
Operating Lease Liability	1,058	4,213
Total Liabilities	1,343,877	1,383,110
NET ASSETS		
Net Assets Without Donor Restrictions	2,298,318	1,774,594
Net Assets With Donor Restrictions	2,764,338	1,953,291
Total Net Assets	5,062,656	3,727,885
Total Liabilities and Net Assets	$ 6,406,533	$ 5,110,995

See accompanying Notes to Consolidated Financial Statements.

THE COCOON SHELTER DBA: THE COCOON
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	$ 231,048	$ 81,323	$ 312,371	$ 242,224	$ 83,582	$ 325,806
In-Kind Contributions	159,230	-	159,230	143,522	-	143,522
Grants						
State Budget Grant	40,750	-	40,750	40,750	-	40,750
Foundations and Service Organizations	37,240	-	37,240	40,091	-	40,091
ADAMHS Mental Health and substance Use Disorder Services	199,998	-	199,998	193,804	-	193,804
ADAMHS State Opioid Response	182,093	-	182,093	213,835	-	213,835
DV Baseline Funding	-	-	-	120,000	-	120,000
Family Violence Prevention	61,177	-	61,177	33,010	-	33,010
Marriage License/Divorce Fees	21,322	-	21,322	21,163	-	21,163
Wood County Department of Job and Family Services	85,668	-	85,668	67,001	-	67,001
Wood Count Health Department	450,000	-	450,000	-	-	-
Violence Against Women Act	31,712	-	31,712	43,584	-	43,584
Victims of Crime Act	254,913	-	254,913	235,644	-	235,644
United Way	36,200	-	36,200	48,100	-	48,100
EFSP Grant	7,500	-	7,500	52,609	-	52,609
Rape Crisis Fund	162,500	-	162,500	209,727	-	209,727
Ohio Domestic Violence Network	35,438	-	35,438	3,457	-	3,457
Fundraisers	154,186	-	154,186	116,289	-	116,289
Net Investment Return	195,276	-	195,276	(278,901)	-	(278,901)
Employee Retention Credit	38,951	-	38,951	113,187	-	113,187
Change in Beneficial Interest in Perpetual Trust	-	778,852	778,852	-	(91,393)	(91,393)
Net Assets Released from Restrictions	49,128	(49,128)	-	-	-	-
Total Revenue and Other Support	2,434,330	811,047	3,245,377	1,659,096	(7,811)	1,651,285
EXPENSES						
Program Services	1,658,774	-	1,658,774	1,452,073	-	1,452,073
Management and General	91,220	-	91,220	54,025	-	54,025
Fundraising	160,612	-	160,612	146,039	-	146,039
Total Expenses	1,910,606	-	1,910,606	1,652,137	-	1,652,137
CHANGE IN NET ASSETS	523,724	811,047	1,334,771	6,959	(7,811)	(852)
Net Assets - Beginning of Year	1,774,594	1,953,291	3,727,885	1,767,635	1,961,102	3,728,737
NET ASSETS - END OF YEAR	$ 2,298,318	$ 2,764,338	$ 5,062,656	$ 1,774,594	$ 1,953,291	$ 3,727,885

See accompanying Notes to Consolidated Financial Statements.

THE COCOON SHELTER DBA: THE COCOON
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
PERSONNEL EXPENSES								
Salaries	$ 859,892	$ 25,942	$ 68,506	$ 954,340	$ 661,569	$ 18,235	$ 57,775	$ 737,579
Payroll Taxes	68,563	2,694	5,587	76,844	58,417	2,072	9,659	70,148
Health Benefits	105,863	3,765	12,372	122,000	81,591	3,724	11,833	97,148
Total Personnel Expenses	1,034,318	32,401	86,465	1,153,184	801,577	24,031	79,267	904,875
Resident Expenses	189,870	617	(10)	190,477	138,957	-	-	138,957
In-Kind Expenses	136,525	-	5,542	142,067	118,292	-	2,395	120,687
Professional Fees	59,285	36,367	6,356	102,008	80,809	12,043	8,309	101,161
Utilities, Telephone, and Internet	39,451	6,977	10,305	56,733	37,756	6,819	10,099	54,674
Technology Expenses	27,913	5,090	9,363	42,366	45,840	5,164	8,624	59,628
Promotion and Development	5,010	406	28,507	33,923	1,228	32	18,463	19,723
Insurance	18,514	1,918	1,918	22,350	19,070	2,028	2,028	23,126
Repairs and Maintenance	18,554	994	897	20,445	15,328	684	487	16,499
Printing and Copying	8,151	861	7,674	16,686	6,803	609	11,357	18,769
Supplies	14,243	1,541	565	16,349	4,054	228	127	4,409
Meals and Travel Expenses	9,888	2,825	771	13,484	5,822	477	1,204	7,503
Interest Expense	10,478	-	-	10,478	11,089	-	-	11,089
Training and Education	6,925	367	11	7,303	9,477	127	115	9,719
In-Kind Rent	6,450	-	-	6,450	6,450	-	-	6,450
Dues and Subscriptions	1,946	319	1,076	3,341	2,098	119	1,608	3,825
Security	2,042	232	410	2,684	5,730	897	778	7,405
Postage	1,058	207	116	1,381	836	160	243	1,239
Advertising	-	-	332	332	-	-	646	646
Volunteer Expenses	(194)	18	(21)	(197)	-	92	-	92
Other Expenses	(7,767)	80	335	(7,352)	39,807	515	289	40,611
Total Operating and Personnel Expenses Before Depreciation	1,582,660	91,220	160,612	1,834,492	1,351,023	54,025	146,039	1,551,087
Depreciation	76,114	-	-	76,114	101,050	-	-	101,050
Total Expenses	$ 1,658,774	$ 91,220	$ 160,612	$ 1,910,606	$ 1,452,073	$ 54,025	$ 146,039	$ 1,652,137

See accompanying Notes to Consolidated Financial Statements.

THE COCOON SHELTER DBA: THE COCOON
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,334,771	$ (852)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	76,114	101,050
Net Realized and Unrealized (Gain) Loss on Investments	(135,903)	354,325
Change in Value of Beneficial Interest in Perpetual Trust	(778,852)	91,393
Amortization of Forgivable Note Payable	(40,750)	(39,166)
Changes in Operating Assets and Liabilities Which Provided (Used) Cash:		
Trust Distribution Receivable	(38,645)	4,275
Grants Receivable	79,629	(70,144)
Pledge Receivable	25,000	(50,000)
Prepaid Expenses and Other Assets	(46,431)	(8,144)
Accounts Payable and Other Liabilities	31,496	2,734
Accrued Payroll and Related Liabilities	(10,050)	1,244
Accrued Paid Time Off	(1,156)	3,799
Net Cash Provided by Operating Activities	495,223	390,514
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(193,906)	(351,994)
Proceeds from Investments	135,858	276,569
Purchase of Property and Equipment	(338,680)	(26,034)
Net Cash Used by Investing Activities	(396,728)	(101,459)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on Notes Payable	(15,618)	(13,867)
Proceeds from Forgivable Note	-	35,097
Net Cash Provided (Used) by Financing Activities	(15,618)	21,230
NET INCREASE IN CASH AND CASH EQUIVALENTS	82,877	310,285
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	916,231	605,946
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 999,108	$ 916,231
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Paid for Interest	$ 10,478	$ 11,089

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 NATURE OF ORGANIZATION

The consolidated financial statements include the accounts of The Cocoon Shelter dba: The Cocoon and Transformative Praxis, LLC, (collectively, the Organization). In June 2014, Transformative Praxis, LLC, a nonprofit limited liability company, was formed to purchase and own real property for use by The Cocoon Shelter. All significant inter-organization balances and transactions have been eliminated in these consolidated financial statements.

The Cocoon Shelter is a nonprofit organization that was formed for the purpose of providing a place for safety and healing for individuals oppressed by interpersonal violence through crisis intervention, advocacy, temporary shelter, therapeutic and/or support services and resources for abused individuals and their children primarily in Wood County and the City of Bowling Green. Revenue is primarily through private contributions and state, county, and local grants.

The Cocoon Shelter and Behavioral Connections of Wood County entered into a memorandum of understanding to relocate the programs and services of the SAAFE Center to The Cocoon Shelter effective October 1, 2015. With the integration of SAAFE Center programs, The Cocoon Shelter has expanded its mission to include programs and services to support victims of sexual violence, including comprehensive advocacy services to victims of sexual assault, sexual harassment and stalking.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. The accrual basis provides for the recognition of revenues when earned and of expenses when incurred.

Financial Statement Presentation

The accompanying consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic*, Presentation of Financial Statements of Not-for-Profit Entities* to be in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Furthermore, the ASC Topic expands disclosures about the Organization’s liquidity, financial performance, and cash flows.

Use of Estimates

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

At the beginning of 2023, the Organization adopted FASB ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have material impact on the Organization's consolidated financial statements or on how the allowance for credit losses is determined.

Cash and Cash Equivalents

Cash consists of a bank deposit account and its balance may, at times, exceed federally insured limits. Management does not believe the Organization is exposed to any significant financial risk as a result of this deposit.

Accounts Receivable, Grants Receivable, and Capital Projects Receivable

Accounts receivable, grants receivable, and capital projects receivable consist of amounts due from contributions and grantors. The Organization considers all receivables to be fully collectible; accordingly, no allowance for credit losses is included in the consolidated financial statements.

Pledge Receivable

Pledge receivable represents the remaining balance of unconditional promises to give that have not yet been paid. Pledges that are expected to be collected within one year or less are recorded at net realizable value. Pledges that are expected to be collected beyond one year are recorded at the present value of their estimated future cash flows, unless the calculation is deemed immaterial to the consolidated financial statement as a whole. Amortization of the pledge discounts are recognized as contribution revenue each year until the pledge is paid in full. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

An allowance is made for uncollectible contributions based on management's expectations regarding collection of outstanding promises to give and the Organization's collection experience. The Organization has determined that no allowance is necessary for uncollectible contributions at December 31, 2023 and 2022.

Investments

Investments are recorded at fair market value as determined by quoted market prices of the securities held. Unrealized appreciation or depreciation of investments, based on quoted market values at December 31, 2023 and 2022, is recorded as an increase or decrease in net assets without donor restrictions in the accompanying statement of activities. Investment income is reported net of external investment expenses.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost or, if donated, at approximate fair value at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. The Organization maintains a capitalization threshold of $1,000 with expenditures for maintenance and repairs charged to operations as incurred.

Depreciation is computed using the straight-line method over the following useful lives:

Leasehold Improvements	15 Years
Storage Shed	10 Years
Equipment and Furniture	3 to 10 Years
Computers	3 to 10 Years

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use assets and operating lease liabilities on the consolidated statement of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the combined statement of financial position.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization uses rates implicit in the lease, or if not readily available, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Classification of Net Assets

Net assets of the Organization are classified as net assets without donor restrictions and net assets with donor restrictions, depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in net assets with donor restrictions. Earnings, gains, and losses on net assets with donor restrictions are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law. Net assets with donor restrictions that are met within the reporting period are reported as net assets without donor restrictions.

Revenue Recognition

Contributions

In accordance with the FASB ASC Topic, *Not-for-profit Entities – Revenue Recognition,* the Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. See Note 11 for further disclosure. Conditional contributions, 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. The Organization's grants are considered to be conditional contributions for purposes of applying revenue recognition policies. The Organization records other revenues as earned.

In-Kind Support

The Organization receives support through in-kind donations for the residents, professional fees, and rent. The Organization records in-kind support and related costs at the estimated fair value of these costs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Grants

The Organization recognizes grants as contributions in accordance with FASB ASC Topic, *Not-for-Profit Entities – Revenue Recognition.* The Organization recognizes funds received as contributions from grants when eligible costs are incurred. A receivable is recorded to the extent grants earned exceed cash advances. Conversely, refundable advances are recorded when grant or contract cash advances exceed support earned. The grantors may, at their discretion, request reimbursement for unallowed expenses as a result of noncompliance by the Organization with the terms of a grant. On certain grants, if advances exceed eligible costs, the funds must be returned to the grantor.

Fundraisers

Contributions collected at certain special events are recognized according to guidance provided by the FASB ASC Topic, *Not-for-Profit Entities – Revenue Recognition* and reported as fundraisers on the statement of activities and changes in net assets.

Concentration of Revenues

The Organization received approximately 78% of its annual revenue and support in 2023 from five funders and 64% of its annual revenue and support in 2022 from four funders and is dependent upon these and other funding sources to fulfill their funding commitments.

Federal Income Taxes

The Cocoon Shelter and its consolidated entity are recognized as nonprofit organizations that are exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Therefore, no provision for income taxes was recognized in the accompanying financial statements.

Management of the Organization is required to determine whether a tax position of the Organization is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Management of the Organization is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next 12 months. However, management's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions).

Subsequent Events

The Organization has evaluated events subsequent to the financial position date of August 5, 2024, the date on which the consolidated financial statements were issued, and have determined that other than the event disclosed in Note 18, there are no subsequent events that require recognition or disclosure.

NOTE 3 CASH AND RESTRICTED CASH EQUIVALENTS

The following table provides a reconciliation of cash and restricted cash equivalents reported within the consolidated statements of financial position that sum the total of the same such amounts shown in the consolidated statements of cash flows:

	2023	2022
Cash	$ 996,102	$ 907,649
Restricted Cash Equivalents	3,006	8,582
Total Cash and Restricted Cash Equivalents	$ 999,108	$ 916,231

In 2023 and 2022, assets restricted to investment in a future project on the consolidated statement of financial position include restricted cash equivalents received with a donor-imposed restriction that limits use of that cash to the long-term purpose of a future project on a new campus in Perrysburg.

NOTE 4 GRANTS RECEIVABLE

Grants receivable, which are expected to be collected within a year, consisted of the following at December 31:

	2023	2022
Family Violence Prevention and Services Grant	$ 30,468	$ 43,728
Victims of Crime Act	40,527	96,470
Violence Against Women Act	40,069	43,584
ADAMHS State Opioid Response	57,752	130,619
Wood County JFS	100,293	38,545
Ohio Domestic Violence Network	4,017	-
Miscellaneous	191	-
Total Grants Receivable	$ 273,317	$ 352,946

NOTE 5 PLEDGE RECEIVABLE

During 2022, The Organization was the recipient of a pledge of $25,000 per year over a three-year period, totaling $75,000. The assets are restricted for the purpose of funding expenses in connection to their mission. The remaining balance is considered fully collectible and the unamortized discount is immaterial to the consolidated financial statements. The organization had a $25,000 pledge receivable outstanding at December 31, 2023 and expects to collect it in 2024.

NOTE 6 FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC Topic, *Fair Value Measurement,* are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

Mutual Funds – Valued at quoted market prices, which represent the net asset value (NAV) of shares held by the Organization at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth, by level, within the fair value hierarchy, the Organization's assets carried at fair value:

		Fair Value Measurements at December 31, 2023		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Mutual Funds	$ 676,904	$ 676,904	$ -	$ -
Equity Mutual Funds	1,013,797	1,013,797	-	-
Insured Deposits	43,483	43,483	-	-
Beneficial Interest in Interest in Perpetual Trust	1,137,123	-	-	1,137,123
Total Assets at Fair Value	$ 2,871,307	$ 1,734,184	$ -	$ 1,137,123

		Fair Value Measurements at December 31, 2022		
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Mutual Funds	$ 584,054	$ 584,054	$ -	$ -
Equity Mutual Funds	893,444	893,444	-	-
Insured Deposits	62,735	62,735	-	-
Beneficial Interest in Interest in Perpetual Trust	358,271	-	-	358,271
Total Assets at Fair Value	$ 1,898,504	$ 1,540,233	$ -	$ 358,271

The following table below summarizes the changes in fair value of the Organization's Level 3 asset (beneficial interest in perpetual trust), for years ended December 31:

	2023	2022
Balance - Beginning of Year	$ 358,271	$ 449,664
Net Unrealized Gain (Loss)	778,852	(91,393)
Balance - End of Year	$ 1,137,123	$ 358,271

NOTE 7 INVESTMENT INCOME

Cash and investments are presented in the consolidated financial statements at fair value, with the change in fair value during the year included in the consolidated statements of activities and changes in net assets. Investment return consists of the following for the years ended December 31:

	2023	2022
Investment Income	$ 59,373	$ 75,425
Investment Fees	(8,044)	(8,066)
Net Realized and Unrealized Gain (Loss)	143,947	(346,260)
Total	$ 195,276	$ (278,901)

NOTE 8 BENEFICIAL INTEREST IN PERPETUAL TRUST

In 2015, the Organization became an income beneficiary of certain funds held in trust by an outside fiscal agent. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the trust's assets in perpetuity but will never receive the assets held in the trust. Distributions from the trust are recorded as investment income, and the carrying value of the assets will be adjusted annually for changes in the estimates of future receipts ($1,137,123 and $358,271 as of December 31, 2023 and 2022, respectively). The Organization received approximately $96,000 and $18,000 in distributions from this trust during the years ended December 31, 2023 and 2022, respectively.

NOTE 9 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2023	2022
Land	$ 225,060	$ 225,060
Buildings	246,797	246,797
Shelter Equipment	38,578	65,835
Computer Equipment and Software	66,404	115,729
Office Furniture and Fixtures	82,162	84,747
Building Improvements	1,556,754	1,538,915
Property Improvements	28,735	-
Construction in Progress	315,299	28,091
Total Property and Equipment	2,559,789	2,305,174
Less: Accumulated Depreciation	(555,384)	(563,335)
Net Property and Equipment	$ 2,004,405	$ 1,741,839

Depreciation expense was $76,114 and $101,050 in 2023 and 2022, respectively.

NOTE 10 LINE OF CREDIT

The Organization had an unsecured revolving line of credit of $25,000 due on demand with a bank, for the purpose of supporting working capital. Interest was calculated at the bank's prime rate with a floor of 4% (9% and 8% at December 31, 2023 and 2022, respectively). As of December 31, 2023 and 2022, there was no outstanding balance on the bank line of credit.

NOTE 11 NOTES PAYABLE

Notes payable consists of the following obligations at December 31:

Description	2023	2022
Mortgage payable to bank, collateralized by substantially all assets of the Organization, due in monthly installments of $2,076 with remaining balance due in full in February 2026, including interest at 4.25%.	$ 234,328	$ 249,946
Forgivable note to Ohio Department of Mental Health and Addiction Services (OhioMHAS), forgivable over a term of 30 years at a rate of $2,222 per month (provided the Organization uses the secured property in accordance with OhioMHAS restrictions), noninterest bearing, expires July 2047. Collateralized by specific real estate.	604,444	631,111
Forgivable note to Ohio Department of Mental Health and Addiction Services (OhioMHAS), forgivable over a term of 30 years at a rate of $1,042 per month (provided the Organization uses the secured property in accordance with OhioMHAS restrictions), noninterest bearing, expires July 2049. Collateralized by specific real estate.	320,833	333,333
Forgivable note to Ohio Department of Mental Health and Addiction Services (OhioMHAS) forgivable over a term of 30 years at a rate of $1,583 per month (provided the Organization uses the secured property in accordance with OhioMHAS restrictions), noninterest bearing, expiring February 2045. Collateralized by specific real estate.	33,514	35,097
Total Notes Payable	$ 1,193,119	$ 1,249,487

NOTE 11 NOTES PAYABLE (CONTINUED)

Scheduled annual principal maturities for each of the five years succeeding December 31, 2023 and thereafter, are summarized as follows:

Year Ending December 31,	Mortgage Payable	Forgivable Note Due 2047	Forgivable Note Due 2049	Forgivable Note Due 2045
2024	$ 15,112	$ 26,667	$ 12,500	$ 1,583
2025	15,774	26,667	12,500	1,583
2026	203,442	26,667	12,500	1,583
2027	-	26,667	12,500	1,583
2028	-	26,667	12,500	1,583
Thereafter	-	471,109	258,333	25,599
Total	$ 234,328	$ 604,444	$ 320,833	$ 33,514

The forgivable notes are being amortized over the life of the debt and reflected as revenue in the consolidated statement of activities as state budget grant revenue.

The mortgage payable and line of credit are subject to certain nonfinancial covenants, some of which were not met at December 31, 2023 and 2022 and a waiver was obtained.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization or the respective beneficiary affiliates.

Net assets with donor restrictions consists of the following at December 31:

	2023	2022
Subject to Expenditure for Specified Purposes:		
Future Construction Project	$ 1,500,000	$ 1,500,000
Economic Empowerment – Survivor Savings Match	7,000	7,000
Online Schooling Support for Children	5,640	4,438
Emergency Fund	3,005	8,582
Legal Assistance Fund	51,030	75,000
Bowling Green Community Foundation	3,322	-
Holiday Assistance Program	16,890	-
Housing Funds	20,000	-
In-House Medical Program	20,000	-
Kiwanis Club Kids Fund	321	-
Sensory Room Items	7	-
Total Subject to Expenditure for Specified Purposes	1,627,215	1,595,020
Not Subject to Spending Policy or Appropriation:		
Beneficial Interest in Perpetual Trust	1,137,123	358,271
Total Net Assets with Donor Restrictions	$ 2,764,338	$ 1,953,291

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors at December 31:

	2023	2022
Online Schooling Support for Children	$ 5,674	$ -
Emergency Fund	10,576	-
Legal Assistance Fund	23,970	-
Bowling Green Community Foundation	1,678	-
Holiday Assistance Program	3,753	-
Kiwanis Club Kids Fund	207	-
Sensory Room Items	3,270	-
Total	$ 49,128	$ -

NOTE 13 CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, contributed nonfinancial assets on the consolidated statements of activities and changes in net assets included the following:

	2023	2022	Description	Valuation Technique
Donated Rental Income	$ 6,450	$ 6,450	Space used by the Organization at no cost.	Fair value of rent
Service Recipient Services	123,936	94,011	Primarily personal care items donated for the use of of recipients.	Valued at the approximate fair market value of donated goods if they had been purchased by the Organization.
Other In-Kind Contributions	28,844	43,061	Gift cards, food, event supplies, and other goods contributed for use by the Organization.	Valued at the approximate fair market value of donated goods if they had been purchased by the Organization.
Total	$ 159,230	$ 143,522		

There were no donor restrictions associated with these contributed nonfinancial assets other than those satisfied within the year of donation and therefore shown as net assets without donor restrictions.

NOTE 13 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

Volunteers also perform a variety of tasks that assist the Organization with specific assistance programs and various committee assignments throughout the year that are not recognized as contributions in the consolidated statement of activities and net assets because the recognition criteria was not met. For the years ended December 31, 2023 and 2022, the Organization had many volunteers who volunteered more than 1,100 and 2,500 volunteer hours, respectively.

NOTE 14 CONTINGENCIES

Financial awards from state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed cots or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 15 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows at December 31:

	2023	2022
Cash and Cash Equivalents	$ 996,102	$ 907,649
Accounts Receivable	56,856	18,211
Grants Receivable	273,317	452,912
Investments	1,734,184	1,540,233
Current Pledge Receivable	25,000	25,000
Less: Net Assets With Donor Restrictions	(2,764,338)	(1,953,291)
Total	$ 321,121	$ 990,714

The Organization had $321,121 and $990,714 of financial assets available within one year of the statement of financial position date of December 31, 2023 and 2022, respectively, to meet cash needs for general expenditures, consisting of cash, accounts grants receivable, accounts receivable, and investments. The Organization reviews cash balances on a monthly basis to ensure cash flow. The Organization also has a line of credit described in Note 9, available for operating expenditures as needed.

NOTE 16 FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated between program services and support services on a reasonable basis that is consistently applied. No joint costs for fundraising appeals were incurred in 2023 or 2022.

Expenses which apply to more than one functional category have been allocated among program, management and general and fundraising based on the time spent on these functions by specific employees as estimated by management. The expenses that are allocated include: personnel expenses, professional fees, technology expenses, utilities, telephone and internet, insurance, promotion and development, printing and copying, repairs and maintenance, training and education, meals and travel expenses, security, supplies, dues and subscriptions, and postage, and are allocated based on time spent and identification of resources consumed.

NOTE 17 EMPLOYEE RETENTION CREDIT

The CARES Act contained provisions for an Employee Retention Credit (ERC), which is a refundable payroll credit. The revenue recognized from the ERC is considered a contribution in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, as the related conditions have been substantially met and are without donor restrictions. Management of the Organization believes the eligibility requirements to qualify to receive the credit have been met, however, payment is subject to determination of the IRS. The Organization received payments of $38,951 and $113,187 in 2023 and 2022, respectively.

NOTE 18 SUBSEQUENT EVENTS

We have evaluated subsequent events through August 5, 2024, the date the consolidated financial statements were available to be issued. In February 2024, The Organization entered into a lease agreement for office equipment. The lease agreement expires in 2029. The ROU asset and lease liability will be approximately $14,000.