Journey Center for Safety and Healing

YEARS ENDED JUNE 30, 2021 AND 2020

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JOURNEY CENTER FOR SAFETY AND HEALING

YEARS ENDED JUNE 30, 2021 AND 2020

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Independent Auditor's Report

Board of Directors
Journey Center for Safety and Healing
Cleveland, Ohio

Report on the Financial Statements
We have audited the accompanying financial statements of Journey Center for Safety and Healing (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Journey Center for Safety and Healing's preparation and fair presentation of the financial statements 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 Journey Center for Safety and Healing's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Journey Center for Safety and Healing as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2020, Journey Center for Safety and Healing adopted Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021, on our consideration of Journey Center for Safety and Healing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Journey Center for Safety and Healing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Journey Center for Safety and Healing's internal control over financial reporting and compliance.

HW & Co

Cleveland, Ohio
October 26, 2021

JOURNEY CENTER FOR SAFETY AND HEALING

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	$ 1,894,761	$ 1,424,976
Receivables:		
Grants	399,251	282,508
Contributions and other	23,590	14,617
Prepaid expenses and other	79,732	40,303
Total current assets	2,397,334	1,762,404
Property and equipment:		
Land	5,540	5,540
Building and improvements	1,950,973	1,950,973
Equipment	211,729	252,932
Furniture and fixtures	113,463	174,158
	2,281,705	2,383,603
Less accumulated depreciation	1,661,846	1,535,739
	619,859	847,864
Other assets		
Investments	527,301	426,309
Restricted cash (Note 11)	-	343,463
	527,301	769,772
	$ 3,544,494	**$ 3,380,040**

LIABILITIES AND NET ASSETS

	2021	2020
Current liabilities:		
Accounts payable	$ 97,211	$ 102,469
Accrued expenses	157,310	147,445
Deferred revenue	395,056	395,533
PPP note payable	566,000	566,000
Total current liabilities	1,215,577	1,211,447
Net assets:		
Without donor restrictions	2,051,450	1,879,457
With donor restrictions	277,467	289,136
	2,328,917	2,168,593
	$ 3,544,494	**$ 3,380,040**

See notes to financial statements.

JOURNEY CENTER FOR SAFETY AND HEALING

STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government grants:			
Federal	$ 1,965,925	$ -	$ 1,965,925
State	69,672	-	69,672
Local	569,629	-	569,629
Contributions	529,572	1,405,862	1,935,434
Fees for services	30,255	-	30,255
Special events, net	6,532	-	6,532
Donated goods and services	230,471	-	230,471
Investment income	93,745	-	93,745
Other	135,891	-	135,891
Total revenue and support	3,631,692	1,405,862	5,037,554
Net assets released from restrictions	1,319,019	(1,319,019)	-
	4,950,711	86,843	5,037,554
Expenses:			
Program services:			
Community services	2,255,189	-	2,255,189
Shelter services	1,422,479	-	1,422,479
	3,677,668	-	3,677,668
Supportive services:			
Fundraising	410,955	-	410,955
General and administrative	636,183	-	636,183
	1,047,138	-	1,047,138
Total expenses	4,724,806	-	4,724,806
Changes in net assets from operations	225,905	86,843	312,748
Other changes:			
Contribution of net assets to Canopy (Note 12)	53,912	98,512	152,424
Change in net assets	171,993	(11,669)	160,324
Net assets, beginning	1,879,457	289,136	2,168,593
Net assets, ending	**$ 2,051,450**	**$ 277,467**	**$ 2,328,917**

See notes to financial statements.

JOURNEY CENTER FOR SAFETY AND HEALING

STATEMENT OF ACTIVITIES AND NET ASSETS

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government grants:			
Federal	$ 2,599,956	$ -	$ 2,599,956
State	82,641	-	82,641
Local	676,561	-	676,561
Contributions	709,089	792,941	1,502,030
Fees for services	17,815	-	17,815
Special events, net	103,626	-	103,626
Donated goods and services	323,905	-	323,905
Investment income	3,607	-	3,607
Other	47,617	-	47,617
Total revenue and support	4,564,817	792,941	5,357,758
Net assets released from restrictions	787,304	(787,304)	-
	5,352,121	5,637	5,357,758
Expenses:			
Program services:			
Community services	3,088,839	-	3,088,839
Shelter services	1,434,085	-	1,434,085
	4,522,924	-	4,522,924
Supportive services:			
Fundraising	361,790	-	361,790
General and administrative	428,251	-	428,251
	790,041	-	790,041
Total expenses	5,312,965	-	5,312,965
Change in net assets	39,156	5,637	44,793
Net assets, beginning	1,840,301	283,499	2,123,800
Net assets, ending	**$ 1,879,457**	**$ 289,136**	**$ 2,168,593**

See notes to financial statements.

JOURNEY CENTER FOR SAFETY AND HEALING

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services			Supportive Services			
	Community Services	Shelter Services	Total	Fundraising	General and Administrative	Total	Total
Personnel expenses	$ 1,528,382	$ 846,945	$ 2,375,327	$ 302,699	$ 475,655	$ 778,354	$ 3,153,681
Occupancy	164,542	74,556	239,098	22,401	24,991	47,392	286,490
Donated goods and services	111,694	61,895	173,589	22,121	34,761	56,882	230,471
Professional fees	78,922	38,821	117,743	25,741	19,530	45,271	163,014
Contractors and grant partners	81,080	22,400	103,480	15,510	28,810	44,320	147,800
Depreciation	78,185	76,079	154,264	-	19,830	19,830	174,094
Travel	1,168	1,500	2,668	-	1,541	1,541	4,209
Printing and postage	20,103	10,222	30,325	5,283	1,427	6,710	37,035
Food and house supplies	-	54,111	54,111	-	-	-	54,111
Insurance	10,547	19,661	30,208	-	443	443	30,651
Maintenance and repairs	42,152	31,242	73,394	6,184	14,764	20,948	94,342
Client assistance	56,788	150,021	206,809	-	-	-	206,809
Meetings, conferences, dues and subscriptions	18,328	2,252	20,580	3,093	5,428	8,521	29,101
Program supplies	52,870	28,124	80,994	2,740	5,311	8,051	89,045
Supplies	7,938	3,075	11,013	951	2,916	3,867	14,880
Bank and service fees	2,143	1,187	3,330	4,232	667	4,899	8,229
Miscellaneous	347	388	735	-	109	109	844
Total	**$ 2,255,189**	**$ 1,422,479**	**$ 3,677,668**	**$ 410,955**	**$ 636,183**	**$ 1,047,138**	**$ 4,724,806**

See notes to financial statements.

JOURNEY CENTER FOR SAFETY AND HEALING

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services			Supportive Services			
	Community Services	Shelter Services	Total	Fundraising	General and Administrative	Total	Total
Personnel expenses	$ 1,874,815	$ 918,948	$ 2,793,763	$ 275,202	$ 362,534	$ 637,736	$ 3,431,499
Occupancy	197,963	64,942	262,905	17,448	17,315	34,763	297,668
Donated goods and services	209,686	110,659	320,345	3,199	362	3,561	323,906
Professional fees	62,307	31,724	94,031	27,792	18,758	46,550	140,581
Contractors and grant partners	412,735	-	412,735	-	-	-	412,735
Depreciation	102,132	79,279	181,411	3,378	3,378	6,756	188,167
Travel	23,958	4,487	28,445	453	1,465	1,918	30,363
Printing and postage	13,340	7,286	20,626	13,808	415	14,223	34,849
Food and house supplies	-	48,583	48,583	-	-	-	48,583
Insurance	9,928	14,904	24,832	928	3,685	4,613	29,445
Maintenance and repairs	44,994	26,169	71,163	5,801	7,375	13,176	84,339
Client assistance	16,498	98,186	114,684	-	-	-	114,684
Meetings, conferences, dues and subscriptions	26,129	4,871	31,000	5,995	11,301	17,296	48,296
Program supplies	87,819	19,815	107,634	195	-	195	107,829
Supplies	3,415	3,206	6,621	3,830	1,092	4,922	11,543
Bank and service fees	2,094	1,026	3,120	3,761	405	4,166	7,286
Miscellaneous	1,026	-	1,026	-	166	166	1,192
Total	**$ 3,088,839**	**$ 1,434,085**	**$ 4,522,924**	**$ 361,790**	**$ 428,251**	**$ 790,041**	**$ 5,312,965**

See notes to financial statements.

JOURNEY CENTER FOR SAFETY AND HEALING

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	$ 160,324	$ 44,793
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized and unrealized losses (gains) on investments	(77,266)	14,949
Depreciation	174,094	188,167
Contribution of net assets to Canopy (Note 12)	152,424	
Decrease (increase) in operating assets:		
Grants receivable	(116,743)	54,938
Other receivables	(8,973)	4,383
Prepaid expenses and other	(39,429)	(11,759)
Increase (decrease) in operating liabilities:		
Accounts payable	(5,258)	67,678
Accrued expenses	9,865	31,909
Deferred revenue	(477)	297,705
Net cash provided by operating activities	248,561	692,763
Cash flows from investing activities:		
Capital expenditures	-	(36,091)
Restricted cash transfer to Canopy (Note 12)	(98,512)	-
Proceeds from sale of investments	17,247	15,318
Purchases of investments	(40,974)	(101,419)
Net cash used in investing activities	(122,239)	(122,192)
Cash flows provided by financing activities; proceeds from PPP note payable	-	566,000
Increase in cash, cash equivalents and restricted cash	126,322	1,136,571
Cash, cash equivalents, and restricted cash, beginning	1,768,439	631,868
Cash, cash equivalents, and restricted cash, ending	**$ 1,894,761**	**$ 1,768,439**

See notes to financial statements.

1. Description of organization and summary of significant accounting policies:

Description of organization:

Journey Center for Safety and Healing's (the "Organization") primary purpose is preventing, responding to and advocating for victims of child abuse and domestic violence, including teen dating violence and stalking. The mission is to empower individuals, educate the community, and advocate for justice to end domestic violence and child abuse. The Organization reaches more than 20,000 individuals annually. Services include a 24/7 Helpline, Emergency Shelter, Justice System Advocacy, Trauma Therapy, Supervised Visitation, Canopy Child Advocacy Center, Prevention, Education and Inclusion services, including Latina Project, as well as community outreach, education, and professional training.

The Organization opened Canopy Child Advocacy Center ("Canopy") during November 2018. Canopy follows a national model "child advocacy center" intervention that reduced trauma to children and families impacted by child abuse and improves service delivery through interagency collaboration. This is done by providing a single location for children and their families to receive a wide array of services for short and long-term healing and by enhancing prosecutions. Effective January 1, 2021, Canopy became its own organization under Section 501(c)(3), the details of the transaction are outlined in Note 12.

The Organization received approximately 52% in 2021 and 63% in 2020 of its funding from government grants and received approximately 38% in 2021 and 28% in 2020 of its funding from donations from foundations and individuals. The Organization received approximately 10% in 2021 and 9% in 2020 of its funding from other sources.

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

1. Description of organization and summary of significant accounting policies (continued):

Recently adopted accounting pronouncement:

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* including all related amendments (Topic 606). The guidance in this ASU supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the industry topics of the FASB Accounting Standards Codification ("ASC"). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (1) identify the contract(s), (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The Organization adopted the provisions of this ASU effective for the year ended June 30, 2021 using the modified retrospective transition method; however, there was no cumulative effect on the opening net asset balance as of July 1, 2020. Results of the year ended June 30, 2021 are presented under ASC 606; year ended June 30, 2020 comparative information has not been restated and is reported under the accounting standards in effect for that period. There were no material changes to the recording of the revenue by the Organization with the implementation of this ASU.

Cash, cash equivalents and restricted cash:

Cash consists of unrestricted cash on hand, checking and money market accounts. The Organization maintains cash balances at a single bank, which are insured by the Federal Deposit Insurance Corporation up to $250,000. From time to time, the Organization's cash balances may exceed federal insured limits. The Organization does not expect to incur any losses resulting from cash held at financial institutions.

The Organization had restricted cash balance of $343,463. This amount represents the unexpended cash received from the Paycheck Protection Program ("PPP") loan as of June 30, 2020. During 2021, all funds have been expended, see Note 11.

Revenue recognition:

The Organization generates revenue from contributions, government grants, and fees for service. Revenue is reported at the amount that reflects consideration to which the Organization expects to be entitled in exchange for providing the goods or services. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the goods and services provided by the Organization. The Organization recognizes revenue in the statements of activities and contract assets in the statements of financial position only when goods and services have been sold and delivered or have been provided. Since the Organization has performed its obligations under the contracts, it has unconditional rights to the consideration recorded as contract assets and therefore, classifies those billed amounts as accounts receivable. There were no contract assets at June 30, 2021 and 2020.

1. Description of organization and summary of significant accounting policies (continued):

Revenue recognition (continued):

Revenues from exchange transactions are recognized as performance obligations are satisfied, which in most cases are as related costs are incurred.

Revenues from non-exchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make further payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied. In addition, the Organization has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets with donor restrictions will include the donor-restricted contributions for which the purpose restrictions were met in the same reporting period as the revenue is recognized.

Disaggregation of revenue:

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, method of reimbursement, and timing of when revenue is recognized. The following is a summary of the composition of revenue from governmental agencies by payor for the years ended June 30, 2021 and 2020:

	2021	2020
Department of Justice	58%	64%
State and Local Agencies	25	23
Department of Housing and Urban Development	12	10
Other Federal Agencies	5	3
	100%	100%

Grants receivable:

The Organization receives grants from Federal, state, and local government sources under a variety of programs. Amounts received under these programs generally require compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Grant revenue under these types of programs is reported as an increase in net assets without donor restrictions in the reporting period in which the terms and conditions specified in the grant agreement are satisfied. Grants receivable are recorded at amounts expected to be collected. An allowance for uncollectible grants receivable is recorded based upon a consideration of the likelihood that accounts will not be collected in full. Organization management is of the opinion that an allowance for uncollectible grants is not deemed necessary at June 30, 2021 and 2020.

1. Description of organization and summary of significant accounting policies (continued):

Contributions and contributions receivable:

The Organization considers all contributions to be without donor restrictions unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value as contributions receivable. Unconditional promises to give due in subsequent years are discounted at an appropriate discount rate commensurate with the risks involved. All promises to give are due in less than one year at June 30, 2021 and 2020. An allowance for uncollectible promises to give is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Organization management is of the opinion that an allowance for uncollectible promises to give is not deemed necessary at June 30, 2021 and 2020.

Property and equipment:

Property and equipment purchased by the Organization is carried at cost. Donated items are carried at fair market value as of the date of donation. The Organization's policy requires items greater than $2,000 with a useful life greater than one year to be capitalized.

Depreciation is calculated on the straight-line method over the estimated useful life of the respective assets, which are as follows:

Building and improvements	10 – 20 years
Equipment	3 – 5 years
Furniture and fixtures	5 years

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statements of financial position. Realized and unrealized investment gains and losses are included in investment income on the statements of activities and net assets.

Deferred revenue:

Deferred revenue consists of cash received for grants that have not yet been expended as of year-end.

Net assets without donor restrictions:

Net assets without donor restrictions include net assets available for use in general operations and are not subject to donor restrictions.

1. Description of organization and summary of significant accounting policies (continued):

Net assets with donor restrictions:

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Net assets with donor restrictions by donor-imposed restriction is provided in footnote 5.

Donated services:

Donated services are recognized as contributions in accordance with U.S. GAAP, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization receives various donated services each year. Amounts have been recognized in the accompanying statements of activities and net assets for these donated services.

Donated goods:

Donated goods are items received by the Organization from donors for use by clients. The items are recorded at fair value based on estimated retail prices.

Tax-exempt status:

The Organization received a favorable determination letter from the Internal Revenue Service stating that it is exempt from taxation on income related to its exempt purpose under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Organization has been classified as an organization that is not a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for Federal income tax has been made in the financial statements.

Functional expenses:

Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include personnel expenses, professional fees, supplies, and printing and postage are allocated based on program full time equivalents. Occupancy expenses and maintenance and repairs are allocated based on relative square footage. The remaining expenses, which are not directly identifiable by program or support service are allocated on the best estimates of management.

1. Description of organization and summary of significant accounting policies (continued):

Recent accounting pronouncements:

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU affects all entities that enter into a lease, with some specified scope exceptions. This ASU requires lessees to recognize assets and liabilities on the statement of financial position for leases with lease terms greater than twelve months. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as finance or operating lease. This ASU amends current guidance that requires only capital leases to be recognized on the lessee's statement of financial position. The ASU will also require additional disclosures on the amount, timing and uncertainty of cash flows arising from leases. During June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) *Effective Dates for Certain Entities* to defer the implementation dates of the previously issued ASUs. Therefore, the Organization required to adopt and implement the ASU for leases for fiscal years beginning after December 31, 2021 (year end June 30, 2023), however early application is permitted. The Organization is currently evaluating the impact this ASU will have on its financial statements and will adopt the provisions of this ASU upon the effective date.

In September 2020, the FASB issued ASU No. 2020-07, *Not for Profit Entities* (Topic 958): Presentation and Disclosures by Not for Profit Entities for Contributed Nonfinancial Assets. This ASU is intended to increase transparency about contributed nonfinancial assets, including how the assets are used and valued. This ASU is effective for fiscal years beginning after June 15, 2021 (year end June 30, 2023). Early adoption of this ASU is permitted and retrospective application is required.

The Organization is currently evaluating the impact theses ASUs will have on its financial statements and will adopt the provisions of these ASUs upon the effective dates.

Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 26, 2021, the date the Organization’s financial statements were available to be issued.

2. Investments:

The following is a summary of investments at June 30, 2021 and 2020:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	$ 2,857	$ 2,857	$ 2,696	$ 2,696
Mutual funds and exchange traded products	501,941	426,547	407,280	404,872
Pool investment	22,503	20,394	16,333	20,934
	$ 527,301	$ 449,798	$ 426,309	$ 428,502

2. Investments (continued):

The Organization, directly and through the Cleveland Foundation Investment Pool, invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could have a material effect on the Organization's statements of financial position, activities and net assets, and cash flows.

The following is a summary of investment income for the years ended June 30, 2021 and 2020.

	2021	2020
Interest and dividend income	$ 16,479	$ 18,556
Net realized and unrealized gain (loss)	77,266	(14,949)
	$ 93,745	$ 3,607

3. Fair value:

U.S. GAAP establishes a framework for measuring fair value for certain assets and liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

- Level 1 – Valuations based on quoted market prices in active markets.
- Level 2 – Inputs, other than quoted prices in active markets that are observable, directly or indirectly.
- Level 3 – Unobservable inputs for which there is little or no market data.

The fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of cash and cash equivalents is based on its face value, which approximates fair value. The fair value of mutual funds and exchange traded products is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers. The fair value of The Cleveland Foundation Investment Pool is based on the Organization's relative percentage of fair value of the underlying assets invested in The Cleveland Foundation Investment Pool, which the Organization believes approximates the present value of the expected future cash flows of the trusts.

There have been no changes in the methodologies used at June 30, 2021 and 2020.

3. Fair value (continued):

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value at June 30, 2021.

	Level 1	Level 2	Total
Investments:			
Cash and cash equivalents	$ 2,857	$ -	$ 2,857
Mutual funds and exchange traded products	-	501,941	501,941
	$ 2,857	$ 501,941	504,798
Investments reported at net asset value:			
Alternative investments			22,503
			$ 527,301

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value at June 30, 2020.

	Level 1	Level 2	Total
Investments:			
Cash and cash equivalents	$ 2,696	$ -	$ 2,696
Mutual funds and exchange traded products	-	407,280	407,280
	$ 2,696	$ 407,280	409,976
Investments reported at net asset value:			
Alternative investments			16,333
			$ 426,309

In accordance with Subtopic 820-10, certain investments are measured at the net asset value per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

4. Line of credit:

The Organization has a secured line of credit that provides for borrowings up to $300,000 at Prime Rate plus .34%. The line is collateralized by one of the Organization's facilities. There were no borrowings at June 30, 2021 or 2020. The interest rate on the line of credit was 3.59% at June 30, 2021 and 4.59% at June 30, 2020.

5. Net assets with donor restrictions:

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whether the donor stipulates that resources be maintained in perpetuity.

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

	2021	2020
Subject to expenditure for specified purpose:		
Capital projects	$ 18,393	$ 18,393
Programs subsidies	247,769	259,438
	266,162	277,831
Subject to the passage of time:		
Funds held in perpetuity with income expendable	11,305	11,305
	$ 277,467	$ 289,136

Net assets released from net assets with donor restrictions are as follows:

	2021	2020
Satisfaction of purpose restrictions:		
Capital projects	$ -	$ 5,434
Programs	1,319,019	781,870
	$1,319,019	$ 787,304

6. Commitments and contingencies:

The Organization has an operating lease to lease space in two Payne Avenue buildings. The initial term of the lease is for five years and expired July 31, 2019. The initial lease includes two five-year renewal options. During the initial term of the lease, rent is payable in equal monthly payments of $12,416. The lease has been extended until July 31, 2024 with rent payable in equal monthly payments of $13,286. The Organization also leases multiple copiers.

The future minimum operating lease payments at June 30, 2021 are as follows:

2022	$ 172,870
2023	172,870
2024	172,870
2025	16,646
	$ 535,256

6. Commitments and contingencies (continued):

During 2021, the Organization entered into a sublease agreement with an unaffiliated entity, to lease one of the Payne Avenue buildings. Sublease income, included in rental expense amounted to $16,266 at June 30, 2021. Future sublease income to be received under the lease is as follows:

Year ending June 30,	
2022	$ 32,532
2023	32,532
2024	32,532
	$ 97,596

Net rent expense for all operating leases totaled $159,009 in 2021 and $180,349 in 2020.

The Organization operates in an environment subject to extensive Federal and state laws, rules, and regulations, including payment for services, conduct of operations, and facility and professional licensure. Changes in law or regulatory interpretations could reduce the Organization's revenue on a going-forward basis.

7. Retirement plan:

The Organization maintains a tax deferred annuity plan (the "Plan") under Section 403(b) of the Code. The Plan is funded for all eligible employees exclusively through the purchase of annuity contracts from an insurance company. The Plan currently allows for the Organization to make discretionary contributions to the Plan equal to 1% of an employee's compensation after completion of one year of continuous service. In addition, the Plan allows for a discretionary matching contribution of 100% of an employee's contribution up to 1%.

The Organization's policy is to fund the cost of the Plan annually. No contributions were made to the Plan for the years ended June 30, 2021 and 2020.

8. Board designated funds:

Board designated funds totaling $22,503 at June 30, 2021 and $16,333 at June 30, 2020, are held at The Cleveland Foundation.

9. Statements of cash flows:

No cash was paid for interest during 2021 and 2020.

Supplemental disclosure of noncash investing activities:

The Organization contributed $53,912 of furniture and equipment to an unaffiliated organization, net of accumulated depreciation.

9. Statements of cash flows (continued):

Due to the Organization's implementation of ASU No. 2016-08, cash and cash equivalents and restricted cash included in the statements of cash flows at June 30, 2021 and 2020 consists of the following:

	2021	2020
Cash and cash equivalents	$ 1,894,761	$ 1,424,976
Restricted cash, PPP loan	-	343,463
	$ 1,894,761	$ 1,768,439

10. Liquidity and availability:

The Organization's financial assets available within one year of the balance sheet as of June 30, 2021 and 2020 for general expenditures are as follows:

	2021	2020
Cash and cash equivalents	$ 1,894,761	$ 1,424,976
Grants and contributions receivable	422,841	297,125
	2,317,602	1,722,101
Less: restricted contributions	(277,467)	(289,136)
	$ 2,040,135	$ 1,432,965

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of $300,000, which it could draw upon. Additionally, the Organization has investments, totaling $527,301 at June 30, 2021 and $426,309 at June 30, 2020 that can be drawn upon for unanticipated cash requirements. At June 30, 2020, the Organization also has $343,463 in restricted cash related to its PPP loan which can be used for qualifying expenses.

11. COVID-19:

On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic with multiple jurisdictions in the United States declaring a state of emergency. Certain states, including Ohio, issued "stay-at-home" orders for non-essential businesses. The Organization has determined it qualifies as an essential business. Management has, and will continue to, monitor the situation and make changes to its operations in an attempt to minimize the future impact of the ongoing pandemic.

11. COVID-19 (continued):

The PPP established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, is being implemented by the United States Small Business Administration (SBA) with support from the United States Department of the Treasury. The Organization applied for the PPP and was provided $566,000 of funds under this program which is being presented as PPP note payable at June 30, 2020 on the statements of financial position. These funds are provided in the form of a loan that can be forgiven by the SBA when used for payroll costs, interest on mortgages, rent, and utilities. Any funds not forgiven by the SBA will become a note payable and payments of principal and interest will begin after all or a portion of the loan is approved for forgiveness by the SBA. Any loan amount not forgiven will accrue interest at 1%. No collateral was required to obtain this loan. The Organization expects the entire loan amount to be forgiven however is presenting it as a note payable until they receive the loan forgiveness approval from the SBA. As of June 30, 2020, $343,463 was not expended by the Organization and the amount is presented as restricted cash in the statements of financial position. During fiscal year end 2022, the Organization applied for and received forgiveness of the PPP note payable.

12. Contribution of net assets to Canopy:

The Organization transferred the following assets to Canopy effective January 1, 2021:

Furniture and equipment, net	$ 53,912
Assets with donor restrictions	98,512
	$ 152,424

Additionally, Federal funding received for Canopy was also transferred to Canopy, effective January 1, 2021. Certain other awards received by the Organization are administered on behalf of Canopy during 2021.