

# **Community Matters Cincinnati, Inc. and Affiliate**

**Consolidated Financial Statements  
June 30, 2022 and 2021 and  
Independent Auditors' Report**

# COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE

June 30, 2022 and 2021

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## Independent Auditors' Report

To the Board of Trustees of  
Community Matters Cincinnati, Inc. and Affiliate  
Cincinnati, Ohio

### Opinion

We have audited the accompanying consolidated financial statements of Community Matters Cincinnati, Inc. (a nonprofit organization) and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Matters Cincinnati, Inc. and Affiliate as of June 30, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Matters Cincinnati, Inc. and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Prior Period Financial Statements

The 2021 consolidated financial statements were reviewed by us and our report thereon, dated November 5, 2021, stated we were not aware of any material modifications that should be made to those consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the consolidated financial statements as a whole.

### 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 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, that raise substantial doubt about Community Matters Cincinnati, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

**Independent Auditors' Report  
(Continued)**

**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 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 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 Community Matters Cincinnati, Inc. and Affiliate'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 Community Matters Cincinnati, Inc. and Affiliate'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.

*Barnes, Dennig & Co., Ltd.*

February 24, 2023  
Cincinnati, Ohio

**COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE**

**Consolidated Statements of Financial Position  
June 30, 2022 and 2021**

	<u>2022</u> (Audited)	<u>2021</u> (Reviewed)
<b>Assets</b>		
Cash and cash equivalents	\$ 615,707	\$ 290,343
Grants receivable	81,586	166,384
Other receivables	66,289	52,056
Other assets	18,311	2,914
Property and equipment, net	542,084	571,937
Property and equipment held for sale	-	118,170
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 1,323,977</u>	<u>\$ 1,201,804</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 26,343	\$ 23,928
Due to others	10,406	43,514
Deferred rental income	29,010	51,882
Notes payable	93,733	101,583
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>159,492</u>	<u>220,907</u>
<b>Net Assets</b>		
Without donor restrictions	788,775	710,243
With donor restrictions	375,710	270,654
	<u>                    </u>	<u>                    </u>
Total net assets	<u>1,164,485</u>	<u>980,897</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 1,323,977</u>	<u>\$ 1,201,804</u>

See accompanying notes and independent accountants' review report

**COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE**

**Consolidated Statement of Activities  
Year Ended June 30, 2022 (Audited)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and other support</b>			
Contributions	\$ 390,288	\$ 371,009	\$ 761,297
Rental income, net	131,096	-	131,096
Special events	86,120	-	86,120
Program service fees	36,156	-	36,156
Government grants and credits	214,205	-	214,205
Other Income	67,424	-	67,424
In-kind contributions	158,211	-	158,211
Net assets released from restriction	<u>265,953</u>	<u>(265,953)</u>	<u>-</u>
Total revenue and other support	<u>1,349,453</u>	<u>105,056</u>	<u>1,454,509</u>
<b>Expenses</b>			
Program	1,083,730	-	1,083,730
Management and general	42,925	-	42,925
Fundraising	<u>144,266</u>	<u>-</u>	<u>144,266</u>
Total expenses	<u>1,270,921</u>	<u>-</u>	<u>1,270,921</u>
<b>Change in net assets</b>	78,532	105,056	183,588
<b>Net assets, beginning of year</b>	<u>710,243</u>	<u>270,654</u>	<u>980,897</u>
<b>Net assets, end of year</b>	<u><u>\$ 788,775</u></u>	<u><u>\$ 375,710</u></u>	<u><u>\$ 1,164,485</u></u>

See accompanying notes and independent accountants' review report

**COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE**

**Consolidated Statement of Activities  
Year Ended June 30, 2021 (Reviewed)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and other support</b>			
Contributions	\$ 455,196	\$ 225,424	\$ 680,620
Rental income, net	77,709	-	77,709
Special events	64,043	-	64,043
Program service fees	35,003	-	35,003
Government grants and credits	80,871	-	80,871
Forgiveness of Paycheck Protection Program loan	60,100	-	60,100
Contribution received in donation of Healthy Homes Block By Block	71,417	-	71,417
Other Income	50,620	-	50,620
In-kind contributions	59,339	-	59,339
Net assets released from restriction	46,912	(46,912)	-
	<u>1,001,210</u>	<u>178,512</u>	<u>1,179,722</u>
<b>Expenses</b>			
Program	728,223	-	728,223
Management and general	26,495	-	26,495
Fundraising	71,167	-	71,167
	<u>825,885</u>	<u>-</u>	<u>825,885</u>
<b>Change in net assets</b>	175,325	178,512	353,837
<b>Net assets, beginning of year</b>	<u>534,918</u>	<u>92,142</u>	<u>627,060</u>
<b>Net assets, end of year</b>	<u>\$ 710,243</u>	<u>\$ 270,654</u>	<u>\$ 980,897</u>

See accompanying notes and independent accountants' review report

**COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE**

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022 (Audited)**

	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 401,248	\$ 27,643	\$ 22,668	\$ 451,559
Contribution expense	175,000	-	-	175,000
Benefits and taxes	97,009	7,895	6,474	111,378
Special events	-	-	108,098	108,098
Occupancy	119,663	1,045	1,503	122,211
Supplies and materials	77,238	120	173	77,531
Professional services	50,272	2,501	-	52,773
Utilities	50,524	1,179	1,695	53,398
Depreciation	36,190	1,284	1,846	39,320
In-kind goods	38,862	137	197	39,196
Insurance	20,069	712	1,023	21,804
Office expenses	8,629	286	412	9,327
Interest expense	5,552	-	-	5,552
Travel and meetings	3,474	123	177	3,774
Total expenses	<u>\$ 1,083,730</u>	<u>\$ 42,925</u>	<u>\$ 144,266</u>	<u>\$ 1,270,921</u>

See accompanying notes and independent accountants' review report



**COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE**

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021 (Reviewed)**

	<u>Program</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 309,260	\$ 15,325	\$ 31,567	\$ 356,152
Benefits and taxes	79,180	4,889	8,310	92,379
Special events	-	-	22,973	22,973
Occupancy	120,947	825	1,456	123,228
Supplies and materials	44,654	107	171	44,932
Professional services	15,549	1,538	-	17,087
Utilities	43,557	1,182	2,090	46,829
Depreciation	37,639	1,406	2,486	41,531
In-kind goods	37,282	-	-	37,282
Insurance	17,802	658	1,163	19,623
Office expenses	9,677	374	613	10,664
Interest expense	7,153	-	-	7,153
Travel and meetings	5,523	191	338	6,052
Total expenses	<u>\$ 728,223</u>	<u>\$ 26,495</u>	<u>\$ 71,167</u>	<u>\$ 825,885</u>

See accompanying notes and independent accountants' review report

**COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE**

**Consolidated Statements of Cash Flows  
Years Ended June 30, 2022 and 2021**

	2022 (Audited)	2021 (Reviewed)
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 183,588	\$ 353,837
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	39,320	41,531
Amortization of debt issuance costs included in interest expense	416	416
Gain on disposal of property and equipment	(19,781)	(27,536)
Forgiveness of Paycheck Protection Program loan	-	(60,100)
Contribution received in donation of Healthy Homes Block by Block	-	(71,417)
Changes in:		
Grants receivable	84,798	(142,892)
Other receivables	(14,233)	(41,614)
Other assets	(15,397)	165
Accounts payable and accrued expenses	2,415	(4,326)
Due to others	(33,108)	(2,719)
Deferred rental income	(22,872)	20,876
	<u>205,146</u>	<u>66,221</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(14,947)	-
Proceeds from sale of property and equipment	143,431	50,000
Acquisition of Healthy Homes Block By Block	-	71,417
	<u>128,484</u>	<u>121,417</u>
<b>Cash flows from financing activities</b>		
Principal payments on notes payable	(8,266)	(64,284)
	<u>(8,266)</u>	<u>(64,284)</u>
<b>Net change in cash</b>	325,364	123,354
<b>Cash, beginning of year</b>	<u>290,343</u>	<u>166,989</u>
<b>Cash, end of year</b>	<u>\$ 615,707</u>	<u>\$ 290,343</u>
<b>Supplemental cash flows information</b>		
Cash paid for interest	\$ 5,136	\$ 6,737

See accompanying notes and independent accountants' review report

# COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE

## Notes to Consolidated Financial Statements

### NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Operations*

Community Matters Cincinnati, Inc. (which was formerly known as Opportunity Matters, Inc. (dba Community Matters) until amended in 2018) was incorporated as a not-for-profit organization under the laws of the state of Ohio in 2014. Its mission is to create a thriving and more just community by removing barriers to opportunity in the Cincinnati, Ohio area. Community Matters Cincinnati, Inc.'s revenue and other support are derived principally from contributions, rental income and program service fees. Its main programs consist of the following:

Family Stabilization – partner with families to achieve their goals

Resident Leadership – invest in the skills, interests, and talents of Lower Price Hill residents to lead community initiatives, develop business, and lead community development

Thriving Community – transform physical spaces and buildings to ensure Lower Price Hill is an affordable and vibrant place to live

Community Matters Holdings, LLC is a single purpose Ohio limited liability company formed by Community Matters Cincinnati, Inc. for the purpose of acquiring real property. Pursuant to the operating agreement effective December 2014, Community Matters Cincinnati, Inc. is the sole member. All capital contributions have been eliminated in consolidation.

#### *Principles of Consolidation*

The consolidated financial statements include Community Matters Cincinnati, Inc. and its wholly owned and controlled affiliate, Community Matters Holdings, LLC. The two entities are collectively referred to in this report as the "Organization." All significant inter-organizational transactions have been eliminated.

#### *Financial Statement Presentation*

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

#### *Cash and Cash Equivalents / Concentration of Credit Risk*

The Organization considers bank deposits and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

## COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ***Property and Equipment***

Property and equipment are recorded at cost and include all direct costs of acquisition and construction. If donated or impaired, property and equipment are recorded at fair value at the time of the gift or determination. Major improvements are capitalized, while maintenance and repairs are expensed as incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Depreciation will be provided once the property or equipment is placed in service.

Under applicable GAAP for property and equipment, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Organization believes no impairments existed at June 30, 2022 and 2021.

##### ***Due to Others***

The Organization shares management and support staff, contract services and other fees with Education Matters, Inc., an Ohio not-for-profit corporation, which allows both parties to advance their missions more effectively. Total shared costs with Education Matters, Inc. for June 30, 2022 and 2021 was \$105,085 and \$117,738, respectively. Amounts due to Education Matters, Inc. as of June 30, 2022 and 2021 were \$10,406 and \$43,514, respectively.

##### ***Developer Fee***

The Organization entered into a developer agreement with Over the Rhine Community Housing (OTRCH) in January 2020 for a 47-unit affordable housing project. The Organization has no ownership interest and will receive a \$100,000 developer fee which will be recognized as revenue in accordance with the agreement. As of June 30, 2022 and 2021, \$20,000 and \$-0-, respectively, of the developer fee was recognized as developer fee revenue. At June 30, 2022 and 2021, \$5,000 and \$-0-, respectively, of the earned developer fee is included in other receivables.

##### ***Contributions***

The Organization records gifts of cash and other assets at their fair value as of the date of contribution. Such donations are recorded as revenue 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 revenue and 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 statements of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as net assets 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 revenue with donor restrictions. 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.

## COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ***In-Kind Contributions***

In-kind contributions consist primarily of donated goods, contributed facilities, and contributed services requiring specialized skill, both of which are recorded as revenues and expenditures at estimated fair value.

##### ***Government Grants***

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audits, adjustment could be required.

The Organization has grants for which the grantor agencies' promise to give are conditioned upon the Organization incurring certain qualifying expenses under the grant program. At June 30, 2022 and 2021, the Organization has remaining available award balances on conditional government grants of \$27,813 and \$6,667, respectively. These award balances are not recognized as assets and will be recognized as revenue as the conditions are met, generally as qualifying expenses are incurred.

In 2022 and 2021 the Organization qualified for the Employee Retention Credit (ERC) through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The ERC was established in March 2020 to help businesses retain employees. Eligible organizations that experience a full or partial government-ordered suspension of operations or a "significant" decline in gross receipts in a quarter could receive a refundable payroll tax credit. The ERC is accounted for as a conditional contribution in accordance with ASC 958-605, and revenue is recognized when conditions are met. In 2022 and 2021, \$93,697 and \$47,538, respectively, was recognized as revenue included in government grants and credits on the statements of activities. As of December 31, 2022 and 2021, \$50,901 and \$47,538, respectively, were included in other receivables on the statements of financial position.

##### ***Rental Income***

The Organization rents space and equipment under short-term operating leases. Deposits and payments received in advance of rental term are recognized as deferred rental income in the consolidated statement of activities.

##### ***Revenue Recognition***

Revenue from customers is primarily recognized from laundromat services. In 2022 and 2021, approximately \$36,156 and \$35,003, respectively, of revenue from laundromat services was recognized at the point in time service was provided to the customer and payment was collected. The amount is included in program service fees on the consolidated statement of activities.

## COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ***Income Taxes***

Community Matters Cincinnati, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. However, it is subject to federal income tax on any unrelated business taxable income. Community Matters Holdings, LLC is treated as a disregarded entity of Community Matters Cincinnati, Inc. for tax purposes and profits and losses pass-through directly to Community Matters Cincinnati, Inc.

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the consolidated financial statements.

##### ***Functional Classification of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Expenses have been classified based upon the actual direct expenditures and cost allocations based upon estimates of time spent by Organization personnel. The most significant allocations are salaries and related expenses, which were allocated based upon estimates of time spent by Organization personnel, and depreciation and occupancy, which were allocated based on an estimate of square footage of space used by function.

##### ***Use of Estimates***

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

##### ***Effect of Adopting New Accounting Standard***

During 2022, the Organization adopted FASB (Financial Accounting Standards Board) ASU (Accounting Standards Update) ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy and qualitative information about monetization and utilization, valuation techniques and inputs used to arrive at a fair value measure, and descriptions of any donor-imposed restrictions associated with the contributed nonfinancial assets. The most significant impact of the adoption is expanded disclosures for contributed nonfinancial assets.

## COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Recently Issued Accounting Standards*

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating, which will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's year ending June 30, 2023.

The Organization is evaluating the impact of this ASU on its consolidated financial statements.

##### *Subsequent Events*

In preparing its consolidated financial statements, the Organization has evaluated events subsequent to the statement of financial position date through February 24, 2023, which is the date the consolidated financial statements were available to be issued.

#### NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditures, that is, without donor or other restrictions limiting their use, are as follows as of June 30:

	2022 <u>(Audited)</u>	2021 <u>(Reviewed)</u>
Cash	\$ 615,707	\$ 290,343
Grants receivable	81,586	166,384
Other receivables	66,289	52,056
Other assets	<u>18,311</u>	<u>2,914</u>
Financial assets, at year-end	781,893	511,697
Less financial assets unavailable for general expenditures due to: Restricted by donor with purpose restrictions	<u>(325,710)</u>	<u>(270,654)</u>
Financial assets available to meet general expenditures	<u>\$ 456,183</u>	<u>\$ 241,043</u>

As part of the Organization's liquidity management, it is policy to maintain financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, the Organization has access to a \$25,000 line of credit to meet financial needs (see Note 5).

**COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE**

**Notes to Consolidated Financial Statements  
(Continued)**

**NOTE 3 GRANTS RECEIVABLE**

Grants receivable at June 30 consisted of the following:

	2022 (Audited)	2021 (Reviewed)
United Way	\$ 57,208	\$ 15,919
Hamilton County	13,749	-
Green Umbrella	6,600	-
Other	3,364	1,516
City of Cincinnati	665	33,333
Jacob G. Schmidlapp Trust	-	100,000
Santa Maria Community Services	-	15,616
	\$ 81,586	\$ 166,384

All grants receivable are expected to be received within one year of the consolidated statement of financial position date for both 2022 and 2021.

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment as of June 30 consisted of the following:

	2022 (Audited)	2021 (Reviewed)
Buildings	\$ 385,011	\$ 385,010
Leasehold improvements	115,544	110,213
Equipment and vehicles	178,996	175,991
	679,551	671,214
Less accumulated depreciation	239,712	201,522
	439,839	469,692
Land	67,210	67,210
Construction in progress	35,035	35,035
	\$ 542,084	\$ 571,937

**NOTE 5 LINE OF CREDIT**

The Organization has a \$25,000 on-demand line of credit that bears interest the bank's Prime Rate plus 2.2% (6.95% and 5.5% as of June 30, 2022 and 2021, respectively). As of June 30, 2022 and 2021, there was no balance outstanding on the line of credit. The line of credit is guaranteed by the President of the Board of Directors.



## COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 6 NOTES PAYABLE

During 2017, the Organization entered into a term note for \$105,150 with a maturity date of August 1, 2031. The Organization is jointly and severally liable for the debt with Education Matters, Inc. The note has a fixed interest rate of 5.375% per annum with monthly interest-only payments required through August 31, 2021. On September 1, 2021, the interest rate was recalculated to a fixed rate of 5% per annum based on the greater of (1) United States Treasury obligations with a maturity date of August 1, 2031 plus 2.00%, and (2) 5.00% ("Recalculated Rate"). Monthly principal payments are required based on amortizing the remaining principal balance over 120 months. Commencing on September 1, 2026, the interest rate will be recalculated using the Recalculated Rate and will be fixed through note maturity. The balance of the note at June 30, 2022 and 2021 was \$97,545 and \$105,150, respectively. This note was paid off in full in January 2023.

During 2017, the Organization entered into a term note for \$34,850 with a maturity date of August 1, 2021. The Organization is jointly and severally liable for the debt with Education Matters, Inc. The note has a fixed interest rate of 5.375% per annum with monthly principal and interest payments. The balance at June 30, 2022 and 2021 was \$-0- and \$661, respectively.

Debt issuance costs consisting of closing and financing costs totaled \$6,239 as of both June 30, 2022 and 2021, respectively. These costs are amortized using the straight-line method over the term of the loans. For the years ended June 30, 2022 and 2021, amortization of the debt issuance costs in the amount of \$416, in both years respectively, has been recorded as interest expense. Accumulated amortization as of June 30, 2022 and 2021 totaled \$2,427 and \$2,011, respectively.

Notes payable were as follows as of June 30:

	2022 (Audited)	2021 (Reviewed)
Total notes payable principal amount	\$ 97,545	\$ 105,811
Less: unamortized debt issuance costs	(3,812)	(4,228)
	\$ 93,733	\$ 101,583

Future minimum principal maturities of the notes over the next five years are as follows as of June 30, 2022:

2023	\$ 7,963
2024	9,111
2025	9,577
2026	10,068
2027	60,826
	\$ 97,545

**COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE**

**Notes to Consolidated Financial Statements  
(Continued)**

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2022</u> (Audited)	<u>2021</u> (Reviewed)
Subject to expenditure for specified purpose:		
Lower Price Hill Thrives project	\$ 235,512	\$ 175,000
Opportunity hub	30,000	51,534
Washing well	25,000	26,470
Other	10,000	3,000
Community engagement	17,990	14,650
Justice league	<u>7,208</u>	<u>-</u>
	325,710	270,654
Subject to expenditure for future time period:	<u>50,000</u>	<u>-</u>
	<u><u>\$ 375,710</u></u>	<u><u>\$ 270,654</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or the occurrence of other events specified by donors as follows:

	<u>2022</u> (Audited)	<u>2021</u> (Reviewed)
Purpose restriction accomplished:		
Lower Price Hill Thrives project	\$ 175,000	\$ -
Opportunity hub	56,534	38,400
Community engagement	4,949	3,200
Washing well	26,470	4,000
Other	<u>3,000</u>	<u>1,312</u>
	<u><u>\$ 265,953</u></u>	<u><u>\$ 46,912</u></u>

**NOTE 8 OPERATING LEASE**

On September 25, 2015 the Organization began leasing space at 2104 St. Michael Street under a nine and one half year operating lease. Lease payments were set forth in the agreement and were payable in quarterly installments during the lease year. In January 2022, the lease terminated and the Organization began using the space for free (see Note 10). Occupancy expense recognized in June 30, 2022 and 2021 related to lease payments was \$41,590 and \$83,180, respectively.

## COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 9 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. Consequently, there was disruption in the Organization’s programs in 2022 and 2021.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization’s business and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which the Organization operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

#### NOTE 10 IN-KIND CONTRIBUTIONS

The Organization received the following in-kind contributions that are recognized within revenues and expenses on the statement of activities for the year ended June 30:

	<u>2022</u> (Audited)	<u>2021</u> (Reviewed)
Contributed facilities	\$ 41,590	\$ -
Goods and food for community pantry	31,345	11,670
Program supplies and equipment	7,885	2,292
Professional services	1,766	22,057
Toys and gifts for holiday drive	75,625	23,320
	<u>\$ 158,211</u>	<u>\$ 59,339</u>

Contributed services are recognized at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization received contributed mechanical and legal services that are reported using current rates for similar services. The Organization also received services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities for these fundraising and special projects services because the criteria for recognition have not been satisfied.

Contributed facilities are recognized at their estimated fair market rental value based on a recent lease agreement for the space. All contributed facilities are used for the Organization’s program services.

The Organization estimated the fair value of supplies, goods, and food on the basis of wholesale values that would be received for selling similar products in the United States. Contributed nonfinancial assets are primarily used in the Organization’s programs and do not have donor restrictions.

## COMMUNITY MATTERS CINCINNATI, INC. AND AFFILIATE

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 11 SIGNIFICANT CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. Amounts from one funder made up 11% of operating revenue for the year ending June 30, 2022. There were no significant concentrations for the year ending June 30, 2021.

#### NOTE 12 SUBSEQUENT EVENTS

Effective July 1, 2022, Community Matters Cincinnati, Inc. merged with Education Matters, Inc. The new Organization will be called Community Matters. Community Matters Cincinnati, Inc. and Education Matters, Inc. have adjoining and overlapping service areas and aligned missions. Given the compatibility of their missions, they have concluded that the legal and operational integration of their respective Organizations into one legal entity will result in a more effective means of fulfilling their missions. On July 1, 2022, total assets, liabilities, and net assets of each merging entity were as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net assets</u>
Community Matters Cincinnati, Inc.	\$ 1,323,977	\$ 159,492	\$ 1,164,485
Education Matters, Inc.	<u>7,020,605</u>	<u>39,490</u>	<u>6,981,115</u>
	<u>\$ 8,344,582</u>	<u>\$ 198,982</u>	<u>\$ 8,145,600</u>