CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Ohio CDC Association, Inc.

Financial Statements

December 31, 2022 and 2021

(with Independent Auditors' Report)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ohio CDC Association, Inc.
Columbus, Ohio

Opinion

We have audited the accompanying financial statements of Ohio CDC Association, Inc. (a not-for-profit organization) (the Association), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio CDC Association, Inc. as of December 31, 2022 and 2021 , and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United State of America.

Basis for Opinion

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. 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 Ohio CDC Association, Inc. 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 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ohio CDC Association, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Ohio CDC Association, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ohio CDC Association, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Grant Activity are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2023 on our consideration of Ohio CDC Association, Inc.'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 solely 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 Ohio CDC Association, Inc.'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 Ohio CDC Association, Inc.'s internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
August 23, 2023

Assets		2022	2021
Current assets:			
Cash and cash equivalents:			
IDA reserve account	$	81,682	346,887
Operating checking account		351,869	434,837
Savings account		28,524	103,517
Invested cash		7,409	3,864
Accounts receivable		363,568	155,147
Revolving loan fund receivable, current portion		10,304	10,429
Prepaid expenses		30,073	10,805
Investments		118,036	147,231
		991,465	1,212,717
Property and equipment:			
Computers and other equipment		38,797	37,588
Furniture and fixtures		5,553	5,553
		44,350	43,141
Less accumulated depreciation		28,647	24,006
		15,703	19,135
Operating lease right-of-use asset		78,148	-
Other noncurrent assets:			
Revolving loan fund receivable, net of allowance of doubtful accounts of $1,500 and $5,000		171	3,363
	$	1,085,487	1,235,215

See accompanying notes to the financial statements.

Liabilities and Net Assets		2022	2021
Current liabilities:			
Accounts payable - trade	$	169,951	163,538
Operating lease liability, current		14,973	-
Accrued vacation		12,757	9,417
Unearned income		37,636	70,065
IDA reserve account pass-through payables		57,547	263,758
Other liabilities		20,476	1,636
		313,340	508,414
Operating lease liability		64,989	-
		378,329	508,414
Net assets:			
Without donor restrictions		580,597	554,985
With donor restrictions		126,561	171,816
		707,158	726,801
	$	1,085,487	1,235,215

See accompanying notes to the financial statements.

		2022	2021
Changes in net assets without donor restrictions:			
Revenues:			
Federal, state, and private grants, including pass-through amounts of $1,081,707 and $1,053,152, respectively	$	1,825,851	1,603,030
Contributions		-	1,465
Membership fees		68,227	68,234
Training and conference fees		28,654	20,188
VISTA and AFIA site fees grants		36,382	61,589
Investment income (loss) from marketable securities, net		(25,651)	11,345
Miscellaneous		6,062	21,812
Net assets released from restriction		106,255	6,288
		2,045,780	1,793,951
Expenses:			
Program services		1,772,384	1,551,741
Management and general		247,784	280,900
		2,020,168	1,832,641
Change in net assets without donor restrictions		25,612	(38,690)
Changes net assets with donor restrictions:			
Contributions		61,000	40,000
Net assets released from restriction		(106,255)	(6,288)
Change in net assets with donor restrictions		(45,255)	33,712
Change in net assets		(19,643)	(4,978)
Net assets at beginning of year		726,801	731,779
Net assets at end of year	$	707,158	726,801

See accompanying notes to the financial statements.

	Program Services	Management and General	Total
Micro grant pass-through	$ 571,585	-	571,585
VISTA salaries pass-through	301,197	-	301,197
Salaries and wages	312,748	108,070	420,818
Grant expenses	69,985	-	69,985
ORR pass thru expenses	146,650	-	146,650
Conference and training	151,683	4,585	156,268
VISTA cost share pass-through	46,220	-	46,220
Payroll taxes and employee benefits	84,354	23,535	107,889
IDA match pass-through	13,913	-	13,913
Rent	-	28,823	28,823
Professional fees	23,250	17,375	40,625
Purchased services	6,600	8,316	14,916
Travel	18,537	1,935	20,472
Printing and supplies	3,767	2,818	6,585
Miscellaneous	11,266	7,509	18,775
Legislative	-	20,623	20,623
Insurance and maintenance	267	6,765	7,032
Telephone and internet	145	4,097	4,242
Staff/board development	173	4,563	4,736
Payroll processing	7,753	405	8,158
Service charges	149	3,315	3,464
Depreciation	-	4,641	4,641
Postage	-	409	409
WFNB grant	2,142	-	2,142
	$ 1,772,384	247,784	2,020,168

See accompanying notes to the financial statements.

	Program Services	Management and General	Total
Micro grant pass-through	$ 352,816	-	352,816
VISTA salaries pass-through	373,414	-	373,414
Salaries and wages	248,073	154,096	402,169
Grant expenses	27,500	-	27,500
Columbus APPS pass thru expenses	14,033	-	14,033
ORR pass thru expenses	118,312	-	118,312
Demo 7 pass thru expenses	51,934	-	51,934
Conference and training	44,354	8,109	52,463
VISTA cost share pass-through	110,793	-	110,793
Payroll taxes and employee benefits	71,793	19,449	91,242
IDA match pass-through	31,850	-	31,850
Rent	-	45,788	45,788
Professional fees	83,600	2,907	86,507
Travel	2,844	3,108	5,952
Printing and supplies	7,937	1,004	8,941
Miscellaneous	9,032	917	9,949
Legislative	-	22,889	22,889
Insurance and maintenance	-	8,385	8,385
Telephone and internet	-	5,009	5,009
Staff/board development	-	3,346	3,346
Payroll processing	3,344	100	3,444
Service charges	-	2,395	2,395
Depreciation	-	2,753	2,753
Postage	112	645	757
	$ 1,551,741	280,900	1,832,641

		2022	2021
Cash flows from operating activities:			
Change in net assets	$	(19,643)	(4,978)
Adjustments to reconcile change in net assets to net cash flows from operating activities:			
Depreciation		4,641	2,753
(Gain) loss on investments		26,783	(10,432)
Non-cash portion of lease expense		1,814	-
Effects of changes in operating assets and liabilities:			
Accounts receivable		(208,421)	111,249
Revolving loan fund receivable		3,317	(2,117)
Prepaid expenses		(19,268)	(6,910)
Accounts payable - trade		6,413	(21,897)
Accrued vacation		3,340	(711)
Unearned income		(32,429)	27,702
IDA reserve account pass-through payables		(206,211)	(102,807)
Other liabilities		18,840	568
Net cash flows from operating activities		(420,824)	(7,580)
Cash flows from investing activities:			
Proceeds from investments		5,206	-
Purchase of investments		(2,794)	(487)
Purchase of property and equipment		(1,209)	(9,630)
Net cash flows from investing activities		1,203	(10,117)
Change in cash and cash equivalents		(419,621)	(17,697)
Cash and cash equivalents - beginning of year		889,105	906,802
Cash and cash equivalents - end of year	$	469,484	889,105
Consisting of:			
IDA reserve account	$	81,682	346,887
Operating checking account		351,869	434,837
Savings account		28,524	103,517
Invested cash		7,409	3,864
	$	469,484	889,105
Supplemental cash flow information:			
Non-cash operating and investing activities-			
Disposal of fully depreciated fixed assets	$	-	8,780

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of Ohio CDC Association, Inc. (the Association) are set forth to facilitate the understanding of data presented in the financial statements:

Nature of activity
The Association was formed in 1984 and is a statewide association of not-for-profit community development corporations (CDCs) and other associated organizations that support the goals of community economic development. The Association's goal is to promote and assist the efforts of the not-for-profit community-based development organizations to address the needs of low and moderate income communities in Ohio. This goal is achieved through training and technical assistance, engaging in policy and resource development, and sponsoring special projects.

Adoption of new accounting standards
In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amended and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Association elected to adopt this ASU effective January 1, 2022. The Association also elected multiple practical expedients. These included transition elections that permitted the Association to not reassess prior conclusions about lease identification, lease classification, and initial direct costs for existing or expired leases, as well as not assessing existing land easements under the new standard. In addition, the Association adopted ongoing accounting policies to not recognize ROU assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets. The adoption had a material impact on the Association's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Upon adoption, the Association recognized operating lease right-of-use assets of $91,467 and corresponding operating lease liabilities of $91,467.

Leases
The Association considers an arrangement a lease if, at inception, the arrangement transfers the right to control the use of an identified asset for a period of time in exchange for consideration. Under leasing standards, control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statement of financial position.

The lease term reflects the noncancelable period of the lease together with periods covered by an option to extend or terminate the lease when management is reasonably certain that it will exercise such option. The Association uses the risk-free rate for a period of time similar to the lease term, determined at the lease commencement date, in determining the present value of lease payments. The risk-free rate is used as the information necessary to determine the rate implicit in the lease and Association's incremental borrowing rate is not readily available. The Association has lease agreements with lease and non-lease components, which are generally accounted for as a single lease. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Short-term leases are less than one year without purchase or renewal options that are reasonably certain to be exercised and are recognized on a straight- line basis over the lease term. The right-of-use asset is tested for impairment in accordance with ASC 360.

Basis of presentation
Net assets and revenues, expenses, gains, and losses are reported based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

> **Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association.
>
> **Net assets with donor restrictions** – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will likely be met by the actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue recognition
The Association's primary revenue and support is obtained from contributions, grants, memberships, and training and seminar revenues. Revenues from contributions and grants are recognized when a donor's unconditional commitment is received.

Training and seminar revenues are based on the satisfaction of performance obligations at a point in time, which is the completion of the event. Memberships are based on the satisfaction of performance obligations over time, which is one year. Training and seminar or membership fees received in advance are deferred to the applicable period in which the performance obligation is performed. Total revenue recognized at a point in time is $28,654 and $20,188 for the years ended December 31, 2022 and 2021, respectively. Total revenue recognized over time is $68,227 and $68,234 for the years ended December 31, 2022 and 2021, respectively.

Donated materials
Donated materials are recorded at their estimated fair value at the time received.

Cash and cash equivalents
The Association considers all highly liquid investments with maturity of three months or less to be cash equivalents.

Accounts receivable
At December 31, 2022 and 2021, accounts receivable included $293,883 and $113,143, respectively, of grants receivable and $69,685 and $42,004, respectively, of contract assets (conference and training fees, dues, and miscellaneous receivables). Management makes an assessment of the ultimate realization of these receivables on an annual basis and estimates an allowance for doubtful accounts, if necessary, based on the Association's historical evidence of collections. Management has reviewed the accounts receivable detail and does not believe an allowance was necessary at December 31, 2022 and 2021. Contract assets were $149,459 as of January 1, 2021.

Revolving loan fund receivable
Represents amounts due from individuals over a multi-year period. Management makes an assessment of the ultimate realization of these receivables on an annual basis and estimates an allowance for doubtful accounts.

Investments
The Association presents investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the statements of financial position. Net unrealized and realized gains and losses, as well as interest and dividends, are to be reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

Property and equipment
Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives, which range from five to seven years. The Association capitalizes the cost of all expenditures for property and equipment greater than $1,000. Contributed property and equipment are recorded at fair value at the date of donation. There was no contributed property or equipment received in the years ended December 31, 2022 and 2021.

Cost allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, the Association allocates certain program costs based upon the direct allocation method, with total direct salary and wages, including applicable fringe benefit costs, as the indirect cost rate allocation base. The Association used a rate less than the provisional rate of 12.27 percent for the years ended December 31, 2022 and 2021.

Use of estimates
The preparation of the 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 the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates

Income taxes
The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). As such, no provision has been made for federal income taxes in the financial statements.

Subsequent events
The Association evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through August 23, 2023, the date the financial statements were available to be issued.

2. RETIREMENT PLAN:

The Association maintains a defined contribution retirement plan. The Board of Directors determines the amount of the Association's contribution to the plan annually. Expenses relating to the plan for the years ended December 31, 2022 and 2021 were $17,002 and $14,485, respectively.

3. CONCENTRATIONS OF RISK IN EXCESS OF FEDERALLY INSURED LIMITS:

The Association maintains its cash balances in two financial institutions. Cash balances are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. As of December 31, 2022 and 2021, the Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

4. INVESTMENT INCOME:

Investment income consists of the following:

		2022	2021
Realized and unrealized gain (loss) on investments	$	(26,783)	10,432
Dividend income on investments		2,794	2,620
Investment fees		(1,662)	(1,707)
	$	(25,651)	11,345

PNC Investments (PNC) is the custodian of the investment accounts. The Securities Investor Protection Corporation (SIPC) provides up to $500,000 protection, with a limit of $100,000 for claims of cash balances, per institution. Investment accounts did not exceed these limits during 2022 or 2021.

5. FAIR VALUE MEASUREMENTS:

U.S. GAAP define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities the Association has the ability to access.
- Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes from the prior year in the methodologies used at December 31, 2022 and 2021.

Mutual funds: Valued based on the net asset value (NAV) of shares held by the Association at period end which is based on observable market quotations for identical assets and are priced on a daily basis at the close of business.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

The following table presents the Association's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2022 and 2021.

December 31, 2022		Total	Level 1	Level 2	Level 3
Investments:					
Common stocks	$	60,348	60,348	-	-
Fixed income mutual funds		57,688	57,688	-	-
	$	118,036	118,036	-	-

December 31, 2021		Total	Level 1	Level 2	Level 3
Investments:					
Common stocks	$	78,753	78,753	-	-
Fixed income mutual funds		68,478	68,478	-	-
	$	147,231	147,231	-	-

6. REVENUE SOURCES:

The Association receives a significant portion of revenue from the Ohio Development Services Agency, the U.S. Department of Health and Human Services, and the Corporation for National and Community Service. A reduction in this revenue flow could adversely affect the operations of the Association. Additionally, under the terms of federal and state contracts and grants, periodic audits are required and certain costs may be questioned as inappropriate expenditures. Such audits could lead to reimbursement to awarding agencies. Management believes disallowances, if any, will be immaterial.

The Association serves as an intermediary for the transfer of funds to qualified low-income recipients to assist in purchases of homes, business startup, and education through Individual Development Accounts. Distributions of these funds take place throughout the year. Public and private funding received for the Assets for Independence Program are deposited into a separate bank account known as the IDA Reserve Account. Interest on the account is accumulated in the account and reserved for future outlays of assistance. The Association does not retain any interest earned on this account.

7. OPERATING LEASES:

The Association leases office space under non-cancelable operating leases expiring January 2028. Variable lease costs, such as the Association's proportionate share of actual costs for utilities, common area maintenance, property taxes and insurance that are not included in the lease liability and are recognized in the period in which they are incurred. Short term lease cost represents the Association's cost with respect to leases with a duration of 12 months or less and is not reflected on the Association's statements of financial position.

As of December 31, 2022, the Association has not entered into any material leases expected to commence in 2023.

For the year ended December 31, 2022, the Association had the following recorded in operating expenses associated with lease arrangements:

		2022
Operating lease expense	$	13,060
Variable lease expense		15,763
Total	$	28,823
Weighted - average remaining lease term - operating		5.08 years
Weighted - average discount rate - operating leases		1.70%

Rent expense for operating leases under ASC 840 – Leases was $45,788 for the year ended December 31, 2021.

The following is an analysis of maturities of lease liabilities as of December 31:

		Operating
2023	$	14,973
2024		15,764
2025		16,556
2026		17,347
2027		18,139
Thereafter		1,517
		84,296
Less imputed interest		4,334
Total operating lease liability	$	79,962

Non-cash lease expense on the statement of cash flows includes the amortization of the lease right-of-use assets of $13,319, offset by a change in the lease liability of $11,505 for the year ended December 31, 2022. Lease payments within the operating activities were $14,874 for the year ended December 31, 2022.

8. NET ASSETS WITH DONOR RESTRICTIONS:

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

		2022	2021
Subject to expenditure for a specific purpose:			
Revolving loan fund	$	68,719	63,400
Social enterprise		7,921	58,495
IDA grant		12,746	12,746
MICRO		35,000	35,000
Endowment funds held in perpetuity		2,175	2,175
	$	126,561	171,816

9. ENDOWMENT FUNDS:

The Association's endowment consists of cash contributions. Its endowment includes donor-restricted funds. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as perpetually restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the Association's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Association has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in cash and cash equivalents that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5% after allowing funds to significantly accumulate before distribution. The Association expects its endowment assets, over time, to produce an average rate of return of approximately the consumer price index plus 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Due to the endowment fund value, the asset was not in a high yield investment at year end.

Spending Policy

The Association's plan is to allow funds to accumulate significantly before distribution of any earnings. Once the distribution begins, the Association has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end, proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Association considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Association expects the current spending policy to allow its endowment funds to grow at the rate of inflation. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of December 31, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Temporary	Held in Perpetuity	Total
Donor-restricted endowment funds	$ -	-	2,175	2,175

Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Temporary	Held in Perpetuity	Total
Donor-restricted endowment funds	$ -	-	2,175	2,175

10. LIQUIDITY:

The Association is substantially supported by grants, some of which come with restrictions. Because a grant's restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities. Thus, financial assets may not be available for general expenditure within one year. As part of the Association'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.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

		2022	2021
Financial assets:			
Cash and cash equivalents	$	469,484	889,105
Current receivables, net		373,872	165,576
Investments		118,036	147,231
Financial assets available at year-end		961,392	1,201,912
Less those unavailable for general expenditures within one year due to:			
Restrictions by donor for time or purpose		(126,561)	(171,816)
IDA Reserve account		(81,682)	(346,887)
Financial assets available to meet cash needs for general expenditures within one year	$	753,149	683,209

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Ohio CDC Association, Inc.
Columbus, Ohio

We have audited, 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, the financial statements of Ohio CDC Association, Inc. (a not-for-profit organization) (the Association), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
August 23, 2023

Schedule of Grant Activity S-S-20-7FT-1
Grant Activity January 1, 2022 through December 31, 2022

		Budget	Cash Received FY 2022	Accounts Receivable at 12/31/2022	Total Revenue Recognized
Revenue					
Ohio Development Services Agency	$	115,000	42,500	-	115,000

		Budget	Expenses Incurred FY 2022	Total Expenses Incurred	Budget Balances
Expenditures					
Training and technical assistance	$	4,500	-	4,500	-
Housing dev/info/counseling		99,000	-	99,000	-
General administration		11,500	-	11,500	-
Total expenditures	$	115,000	-	115,000	-

Ohio CDC Association, Inc.
Low and Moderate-Income Housing Trust Fund
Microbusiness Development Grant Program
Schedule of Grant Activity S-E-20-7FT-1
Grant Activity January 1, 2022 through December 31, 2022

	Budget	Cash Received FY 2022	Accounts Receivable at 12/31/2022	Total Revenue Recognized
Revenue				
Ohio Development Services Agency	$ 400,000	-	-	400,000

	Budget	Expenses Incurred FY 2022	Total Expenses Incurred	Budget Balances
Expenditures				
Training and technical assistance	$ 322,500	25,865	322,500	-
Operating expenses CHDO	37,500	749	37,500	-
General administration	40,000	-	40,000	-
Total expenditures	$ 400,000	26,614	400,000	-

See independent auditors' report.

Schedule of Grant Activity S-E-21-7FT-2
Grant Activity January 1, 2022 through December 31, 2022

		Budget	Cash Received FY 2022	Accounts Receivable at 12/31/2022	Total Revenue Recognized
Revenue					
Ohio Development Services Agency	$	175,000	175,000	-	175,000

		Budget	Expenses Incurred FY 2022	Total Expenses Incurred	Budget Balances
Expenditures					
Administration	$	17,500	17,500	17,500	-
Housing		47,500	47,500	47,500	-
Training and technical assistance		110,000	110,000	110,000	-
Total expenditures	$	175,000	175,000	175,000	-

See independent auditors' report.

Ohio CDC Association, Inc.
Low and Moderate-Income Housing Trust Fund
Target of Opportunity Program
Schedule of Grant Activity S-S-21-7FT-1
Grant Activity January 1, 2022 through December 31, 2022

		Budget	Cash Received FY 2022	Accounts Receivable at 12/31/2022	Total Revenue Recognized
Revenue					
Ohio Development Services Agency	$	125,000	110,500	-	95,311

		Budget	Expenses Incurred FY 2022	Total Expenses Incurred	Budget Balances
Expenditures					
Training and technical assistance	$	5,000	5,000	5,000	-
Housing dev/info/counseling		107,500	77,811	77,811	29,689
General administration		12,500	12,500	12,500	-
Total expenditures	$	125,000	95,311	95,311	29,689

See independent auditors' report.

Schedule of Grant Activity S-D-21-7FT-1
Grant Activity January 1, 2022 through December 31, 2022

	Budget	Cash Received FY 2022	Accounts Receivable at 12/31/2022	Total Revenue Recognized
Revenue				
Ohio Development Services Agency	$ 79,400	79,400	-	21,853

	Budget	Expenses Incurred FY 2022	Total Expenses Incurred	Budget Balances
Expenditures				
Training and technical assistance	$ 71,460	13,913	13,913	57,547
General administration	7,940	7,940	7,940	-
Total expenditures	$ 79,400	21,853	21,853	57,547

Ohio CDC Association, Inc.
Low and Moderate-Income Housing Trust Fund
Microbusiness Development Grant Program
Schedule of Grant Activity S-E-21-7FT-1
Grant Activity January 1, 2022 through December 31, 2022

		Budget	Cash Received FY 2022	Accounts Receivable at 12/31/2022	Total Revenue Recognized
Revenue					
Ohio Development Services Agency	$	600,000	600,000	-	600,000

		Budget	Expenses Incurred FY 2022	Total Expenses Incurred	Budget Balances
Expenditures					
Grant/loan supplement	$	12,000	12,000	12,000	-
Training and technical assistance		480,000	480,000	480,000	-
General administration		108,000	108,000	108,000	-
Total expenditures	$	600,000	600,000	600,000	-

See independent auditors' report.