Yellow Springs Home, Inc.

Financial Statements

December 31, 2022

FLAGEL HUBER FLAGEL

Certified Public Accountants | Business Advisors

Yellow Springs Home, Inc.

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Board of Trustees
Yellow Springs Home, Inc.

Opinion

We have audited the accompanying financial statements of Yellow Springs Home, Inc. (a nonprofit organization), 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yellow Springs Home, Inc. as of December 31, 2022, and the changes in net assets and its 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 Yellow Springs Home, 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 Yellow Springs Home, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 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 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 Yellow Springs Home, 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 Yellow Springs Home, 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.

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Certified Public Accountants

Dayton, Ohio

July 21, 2023

Yellow Springs Home, Inc.

Statement of Financial Position

December 31, 2022

Assets

Current Assets		
Cash and cash equivalents	$	150,383
Grants receivable		1,007,730
Pledges receivable		4,385
Accounts receivable		50
Endowment investments		6,114
Total Current Assets		1,168,662
Property and Equipment, Net		1,849,950
Other Assets		
Community land trust land		976,414
Buildings and rehab costs		250,310
Total Other Assets		1,226,724
Total Assets	$	4,245,336

Liabilities and Net Assets

Current Liabilities		
Line of credit	$	32,387
Accrued payroll and related expenses		3,259
Other accrued expenses		3,818
Deposits		11,208
Deferred revenue		807,730
Current portion of note payable		220,304
Total Current Liabilities		1,078,706
Long-Term Liabilities		
Note payable		1,484,252
Accrued interest		58,640
Total Long-Term Liabilities		1,542,892
Net Assets		
Without donor restrictions		1,619,353
With donor restrictions		4,385
Total Net Assets		1,623,738
Total Liabilities and Net Assets	$	4,245,336

The accompanying notes are an integral part of these statements.

Yellow Springs Home, Inc.

Statement of Activities

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 46,142	$ 4,385	$ 50,527
Grant revenue	533,931	0	533,931
In-kind contributions	27,878	0	27,878
Rental income	105,753	0	105,753
Special events	6,150	0	6,150
Interest and dividends	2,647	0	2,647
Loss on sale of buildings and rehab costs	(7,413)	0	(7,413)
Consulting services	100	0	100
Realized gain on investments	152	0	152
Unrealized loss on investments	(489)	0	(489)
Net assets released from restrictions	0	0	0
Total Support and Revenue	714,851	4,385	719,236
Expenses			
Program Services	448,130	0	448,130
Management and general	50,534	0	50,534
Fundraising	28,524	0	28,524
Total Expenses	527,188	0	527,188
Change in Net Assets	187,663	4,385	192,048
Net Assets – beginning of year	1,431,690	0	1,431,690
Net Assets – end of year	$ 1,619,353	$ 4,385	$ 1,623,738

The accompanying notes are an integral part of these statements.

Yellow Springs Home, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2022

	Program	Management and General	Fundraising	Total
Director salary	$ 68,988	$ 7,392	$ 5,749	$ 82,129
Salaries and wages	124,761	5,803	14,507	145,071
Payroll taxes and benefits	28,174	1,310	3,276	32,760
Depreciation	46,821	0	0	46,821
Insurance	4,293	0	0	4,293
Professional fees	0	26,719	0	26,719
Development & membership	0	0	4,992	4,992
Office supplies	6,382	1,595	0	7,977
Travel	1,368	1,368	0	2,736
Dues & subscriptions	1,530	1,530	0	3,060
Telephone	2,465	0	0	2,465
Interest expense	33,911	0	0	33,911
Advertising	2,949	0	0	2,949
Office rent	0	4,240	0	4,240
Homebuyer services	66,791	0	0	66,791
Training	10	0	0	10
Miscellaneous	14,586	0	0	14,586
Bank fees	0	577	0	577
Affordable rental operating expenses	45,101	0	0	45,101
Total operating expenses	$ 448,130	$ 50,534	$ 28,524	$ 527,188

The accompanying notes are an integral part of these statements.

Yellow Springs Home, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2022

Cash Flows From Operating Activities		
Change in net assets	$	192,048
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		46,821
Realized loss on sale of buildings and rehab costs		7,413
Realized gain on investments		(152)
Unrealized loss on investments		489
Changes in assets and liabilities:		
Grants receivable		(259,578)
Pledges receivable		(4,385)
Accrued payroll and related expenses		(5,775)
Other accrued expenses		3,818
Accrued interest		20,351
Deposits		553
Deferred revenue		209,578
Net Cash Provided By Operating Activities		211,181
Cash Flows From Investing Activities		
Purchase of property and equipment		(119,583)
Purchase of buildings and rehab costs		(35,281)
Proceeds from sale of buildings and rehab costs		25,624
Purchase of investments		(150)
Net Cash Used in Investing Activities		(129,390)
Cash Flows From Financing Activities		
Net payments on line of credit		(114,025)
Proceeds from notes payable		66,158
Payments on notes payable		(112,419)
Net Cash Used in Financing Activities		(160,286)
Change In Cash		(78,495)
Cash and Cash Equivalents - beginning of year		228,878
Cash and Cash Equivalents - end of year	$	150,383
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$	5,772
Noncash Investing and Financing Activities		
Reduction of loan with proceeds from sale of buildings and rehab costs		126,919
Reduction of loan in exchange for property		114,014

The accompanying notes are an integral part of these statements.

1. Organization

Yellow Springs Home, Inc. (the Organization) is a non-profit organization incorporated in Ohio in 1995. The Organization's mission is to strengthen community and diversity in Yellow Springs and Miami Township by providing permanently affordable and sustainable housing through its Community Land Trust (CLT). This mission is achieved through the development of affordable rental and for-sale housing on land held in trust and rented or sold to households of low-to-moderate income. The CLT is a powerful tool for the community to map its own future by removing land permanently from the speculative market to benefit the community forever. Housing finance, ownership structures and policies have been historically used as a racist, oppressive mechanism against Black people, Indigenous people, persons of color, persons with disabilities, and persons of low-to-moderate income. Therefore, the CLT, which is dedicated to serving persons of low-to-moderate income and marginalized populations, provides an alternative as a proven, effective avenue for promoting justice, equity, diversity and inclusion through housing, client programs, collective ownership and shared governance.

The Organization promotes community stabilization by eliminating barriers to access in our high opportunity community. The Organization's strategy is one of fairness across place. It is through this equity lens that the Organization works to champion fairness and justice, specifically in regards to the basic human right to housing. Moreover, the Organization holds as one of its core values that a community is enriched by diversity. The Organization believes that power is a verb and that access to power for the historically marginalized is best achieved through solidarity, shared governance and the active pursuit of diversity and inclusion through action and commitment of resources.

A growing stock of permanently affordable housing is designed to promote improved housing access, quality, stability and choice while providing an avenue for wealth-building for first time homebuyers of low-to-moderate income. Permanently affordable housing development is complimented by a suite of Client-and Community-First programs. Client-First programs include: renter support service coordination; rental management; homebuyer and financial coaching; access to HUD approved homebuyer education; in house low-interest mortgage packaging through the USDA Rural Development 502-Direct loan program; and post-purchase support including facilitation of resales, administration of home repair grants, and foreclosure prevention service provision. The Organization has not had a single foreclosure since founding. Community-First programming includes affirmative marketing, outreach, and engagement alongside convening of the Inclusive and Resilient Yellow Springs Coalition, dedicated to supporting diverse communities by identifying and removing barriers to opportunity and success to advance equity, inclusion and livability locally.

2. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies followed in the preparation of the financial statements.

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 for nonprofit organizations.

2. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. A description of each class as it pertains to the Organization is as follows:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions - Net assets 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 that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash, Cash Equivalents, and Restricted Cash

For financial statement purposes, the Organization considers all checking accounts, money market accounts, and certificates of deposit to be cash equivalents. Restricted cash represents amounts set aside due to donor restrictions. The Organization may maintain a portion of this cash in commercial bank accounts which, at times, could exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash. Cash, cash equivalents, and restricted cash as of December 31, 2022 consist of the following:

Cash	$ 150,383
Cash – with donor restrictions	0
Total cash, cash equivalents and restricted cash shown in the combined statements of cash flows	$ 150,383

Contributions, Pledges and Grants Receivable

Contributions, pledges and grants receivable are recognized as revenues in the period in which the pledge or grant is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization believes all amounts to be collectible and therefore, an allowance for doubtful accounts is not considered necessary. Grants receivable at December 31, 2022 totaled $1,007,730. Pledges receivable at December 31, 2022 totaled $4,385.

Investments

Investments are stated at fair value. Realized and unrealized gains and losses are included in the statement of activities.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed by the straight-line and accelerated methods over the estimated useful lives of five to twenty-seven and one-half years.

2. Summary of Significant Accounting Policies (Continued)

Community Land Trust Land

Community land trust land is comprised of properties placed into service to further the mission, including homes sold to households of low income and subject to 99-year ground leases and affordable rentals. Total cost of land at December 31, 2022 was $976,414.

Buildings and rehab costs

Buildings and rehab costs consists of costs to complete new affordable housing developments. These properties will be held for sale or rent and are expected to be sold or rented upon completion.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value. No impairment losses were recognized during the year ended December 31, 2022.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to both program and supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization charges all expenses directly related to the fulfillment of its mission to program services based on direct identification of the costs for each program. Expenses that are not directly related to a single program or activity but are indispensable to the conduct of the Organization’s programs or existence are charged to management and general. Expenses relating to activities undertaken to induce contributions are charged to fundraising. Certain administrative costs including salaries and wages, payroll taxes, and employee benefits are allocated on the basis of estimates of personnel time related to each activity.

Income Taxes

A favorable determination letter has been obtained from the Internal Revenue Service exempting the Organization from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization’s tax-exempt purpose may be subject to taxation as unrelated business income.

The Organization determines the recognition of uncertain tax positions, if applicable, that may subject the Organization to unrelated business income tax necessary by applying a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with tax authorities. The Organization has no tax positions which must be considered for disclosure. The Organization believes it is no longer subject to income tax examinations for the years prior to 2019.

Advertising

Advertising costs are charged to operations when incurred. Advertising costs incurred were $2,949 for 2022.

2. Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

Contributions of nonfinancial assets include donated supplies which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind.

Donated services are recognized as contributions only if the services create or enhance nonfinancial assets or require specialized skills, are performed by people possessing those skills, and would otherwise be purchased by the Organization. Donated services are recorded as contributions at their fair value at the date of donation. The value of substantial donated volunteer services has not been reflected in the accompanying financial statements since these criteria are not met.

Use of Estimates

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

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction.

Revenues from exchange type transactions are recognized as revenue as the Organization satisfies its performance obligations by providing a service or transferring control over a product to its customers. This type of transaction can be recognized at “a point in time” or “over a period of time” depending on various factors.

The Organization recognizes revenue from lease contracts over the life of the lease. Rental payments are due monthly, generally on the first day of each month. Lease agreements are annual. Advance receipts of lease payments are deferred and classified as liabilities until earned.

Revenues from non-exchange type transactions, including contributions and reimbursement type grants, which are classified as conditional contributions, are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional contributions are recognized as revenue when the conditions on which they depend are substantially met.

The Organization enters into service contracts and grants to provide services. Unearned revenue is recognized on a pro-rata basis as services are provided over the term of the contract or grant.

Contributions and support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

All items of public support and revenue are stated on the accrual basis, including revenues, receivables as reimbursements for incurred costs from government agencies, and other third-party payors.

2. Summary of Significant Accounting Policies (Continued)

Concentration of Revenue
For the year ended December 31, 2022, the Organization received approximately 32%, or $225,000, of its revenue from the Federal Home Loan Bank of Cincinnati Affordable Housing Program, which was invested in affordable housing development. Amounts due from this source totaled $400,000 at December 31, 2022, and are included in grants receivable and deferred revenue.

3. Endowment Investments

The Organization's investments as of December 31, 2022, are comprised of the following:

	Cost	Market Value	Unrealized Gain (Loss)
Bond funds	$ 3,570	$ 3,213	$ (357)
Stock Funds	2,423	2,901	478
	$ 5,993	$ 6,114	$ 121

Interest and dividends earned on investments during 2022 totaled $150.

4. Property and Equipment

The following is a summary of property and equipment at December 31, 2022:

Cost	2022
Buildings	$ 2,059,989
Computers & equipment	6,886
Furniture & fixtures	6,641
Total	2,073,516
Less accumulated depreciation	(223,566)
Net book value	$ 1,849,950

5. Buildings and Rehab Costs

The Organization receives funds from various resources for the construction of multiple homes to be purchased or rented by low-income families. These projects are subject to compliance requirements as stipulated in the various grant agreements. Total construction costs in process at December 31, 2022 were $250,310.

6. Ground Lease Agreements

As a Community Land Trust, the Organization has a ground lease agreement with various lessee/homeowners giving them the right to use the respective land. The leases convey ownership of the improvements (homes) and a 99-year, renewable leasehold estate on the land and require the lessee to pay a $25 monthly ground lease fee. Total ground lease revenue for the years ended December 31, 2022 totaled $4,045.

7. Line of Credit

The Organization has a $150,000 unsecured line of credit with a bank. The line of credit bears interest at a variable rate as determined by the bank and fluctuates with the prime rate. The interest rate at December 31, 2022 was 7.95%. The outstanding balance at December 31, 2022 was $32,387. The credit line is due on demand.

8. Long Term Debt

Note payable with a Foundation at December 31, 2022 totaled $212,160; this note was obtained to acquire approximately 2 acres of land slated for the proposed Cascades project, which will result in 32 newly constructed affordable rental and for-sale townhomes. Construction has not yet begun. The note bears interest at 2%. Principal and all accrued interest were due June 2023 at which time both were forgiven. The note was secured by certain real estate.

Note payable with a bank at December 31, 2022 totaled $72,463. The funds from this note were used for the construction of the six-unit Forest Village Homes multifamily rental project and are being repaid by rental income. The note bears interest at 7.0%. and matures August 2035. Principal and interest payments are due monthly. The note is secured by certain real estate.

Note payable with a bank at December 31, 2022 totaled $94,000. The funds from this note were used for the construction of the six-unit rental portion of Glen Cottages Pocket Neighborhood affordable housing project which was completed in 2022. The note is repaid through rental income. The note bears interest at 7.0%. and matures November 2042. Principal and interest payments are due monthly. The note is secured by certain real estate.

Note payable with a bank at December 31, 2022 totaled $34,933. The note was used to repay construction rehab costs for the 1277 Xenia Avenue affordable rental project consisting of two affordable rentals. The note is repaid through rental income. The note bears interest at 2.99%. and matures May 2036. Principal and interest payments are due monthly. The note is secured by certain real estate.

Note payable with Department of Developmental Disabilities at December 31, 2022 totaled $116,000. The funds from this note were used for the construction of Forest Village Homes. The note bears interest at 0%. The note is secured by certain real estate and is due June 2033. This note is expected to be forgiven in 2033 providing all obligations are met as stipulated in the loan agreements.

Note payable with Department of Developmental Disabilities at December 31, 2022 totaled $150,000. The funds from this note were used for the construction of Glen Cottages. The note bears interest at 0%. The note is secured by certain real estate and is due November 2035. This note is expected to be forgiven in 2035 providing all obligations are met as stipulated in the loan agreements.

Note payable with Ohio Housing Finance Agency at December 31, 2022 totaled $525,000. The funds from this note were used for the construction of six-unit rental portion of Glen Cottages Pocket Neighborhood affordable housing project. The note bears interest at 2% and is payable in annual installments of 25% of the property's prior year cash flow. The note is collateralized by a mortgage on certain real estate and is due March 2053 at which time any unpaid principal balance and accrued interest will be forgiven providing all stipulations are met as detailed in the funding agreement.

8. Long Term Debt (Continued)

Note payable at December 31, 2022 totaled $500,000. The funds from this note were used for the construction of the six-unit Forest Village Homes multifamily rental project. The note bears interest at 2% and is payable in annual installments of 25% of the property's prior year cash flow. The note is collateralized by a mortgage on certain real estate and is due October 2049 at which time any unpaid principal balance and accrued interest will be forgiven providing all stipulations are met as detailed in the funding agreement.

Annual maturities of long-term debt at December 31, 2022 and thereafter are as follows:

2023	$	220,304
2024		8,640
2025		9,171
2026		9,737
2027		10,342
Thereafter		1,446,362
	$	1,704,556

$212,161 of the current maturities was forgiven in June 2023.

9. Net Assets

Net assets with donor restrictions
At December 31, 2022, net assets with donor restrictions consisted of pledges receivable of $4,385 to be used for development of low-income housing.

Board designated net assets
The Organization's governing board has designated the following amounts from net assets as of December 31, 2022:

Opportunity fund (Capital Campaign)	$	1,476
Operating reserve		25,000
	$	26,476

Subsequent to year end, the Opportunity fund was replenished to $110,935 upon disbursement of the remaining Federal Home Loan Bank AHP grant. The fund continues to be used to advance The Cascades affordable housing project, acting as a bridge loan for pre-development expenditures. The operating reserve was also increased to $35,000 subsequent to year end.

10. Endowment Funds

The Organization's endowment consists of donated funds which were contributed to provide support to the Organization. Its endowment includes donor-restricted funds and funds designated by the Board of Directors to function as endowments; the Board uses the funds for predevelopment and real estate opportunities to further its mission as well as for operations reserves if needed. As required by accounting principles generally accepted in the United States of America, 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 Organization follows Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and its own governing documents. The Organization has interpreted 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. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA. The Organization's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

All endowment funds are administered by a third-party organization in which the Organization relies upon for prudent investment policies. The primary objective for the investment of these assets is to generate sufficient long-term growth of capital, without undue exposure to risk, to provide a sustainable level of spending distributions, as well as enhance the real purchasing power of the investments. The objectives shall be accomplished utilizing a balanced strategy of equities and fixed income based upon a mix which is intended to provide real growth, net of inflation and investment fees.

The Organization has a policy to replace any money withdrawn from the endowment fund within a reasonable period of time so that the money is available for future opportunities. Upon replacement, that portion of the fund will be board designated.

The total endowment fund balance is without donor restrictions. Changes in endowment net assets for the year ended December 31, 2022 is as follows:

Endowment net assets, beginning of year	$	6,301
Contributions		0
Investment income		150
Net appreciation (depreciation)		(337)
Amounts appropriated for expenditure		0
Endowment net assets, end of year	$	6,114

11. Fair Value Measurements

The Organization's investments are reported at fair value in the accompanying Statement of Financial Position. The methods used to measure fair value may produce an amount 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 measure the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of inputs used to measure fair value under this accounting standard are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement

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

The following is a description of the valuation methodologies the Organization used for assets measured at fair value:

Equity securities, equity, and bond funds: Reference to quoted market prices, net asset values per share and other relevant information generated by market transactions.

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 fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

11. Fair Value Measurements (Continued)

Fair values of assets measured on a recurring basis at December 31, 2022 are as follows:

	Level 1		Level 2		Level 3		Total	
Bond funds	$	3,213	$	0	$	0	$	3,213
Stock funds		2,901		0		0		2,901
Total assets at fair value	$	6,114	$	0	$	0	$	6,114

12. Liquidity and Availability

The following reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

Financial assets at December 31, 2022	$	1,168,662
Less those unavailable for general expenditure within one year, due to:		
Pledges and grants receivable with donor restrictions		(1,012,115)
Board designations (opportunity fund and operating reserve)		(26,476)
Financial assets available to meet cash needs for general expenditures within one year:	$	130,071

The Organization is substantially supported by grants and contributions, which may contain donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities. Consequently, financial assets may not be available for general expenditure within one year. 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 become due. It is the policy of the Organization to regularly review and assess the need for funds to meet operating obligations and to ensure the availability of cash or collateral to fulfill those requirements. In addition, the Organization has a $150,000 line of credit that may be drawn upon in the event of financial distress. See note 7.

13. Beneficial Interest

The Organization is the beneficiary of various funds established by donors. The funds are held by Yellow Springs Community Foundation which has variance power over the funds and, accordingly, the Organization has not included its interest in these funds in the accompanying financial statements. The total value of these funds at December 31, 2022 was approximately $53,000. The Organization will receive a portion of income from these funds when certain conditions are met as stipulated in the fund agreements. Total amount received from these funds during the year ended December 31, 2022 was $2,503. which is included in revenue.

14. In-Kind Contributions

The Organization received total in-kind contributions of $27,878 for the year ended December 31, 2022. The Organization received unrestricted operational supplies in the amount of $1,335. Legal services totaling $15,407 were received for various housing program projects. These services are valued at the standard hourly rates of the attorneys. In addition, the Organization received services for the VISTA program totaling $11,136 which is the equivalent salary of the individual providing the services.

15. Commitments and Contingencies

The Organization receives grants from various agencies which are subject to program compliance audits by the grantors or their representatives. The grantor agencies, at their option, may perform economy and efficiency audits, program results audits or conduct monitoring visits. Such audits and visits could lead to reimbursement to the grantor agencies. Management believes such reimbursements, if any, would be immaterial.

16. Subsequent Events

A note payable and related accrued interest totaling approximately $212,000 was forgiven in June 2023. This amount will be included in income in 2023. See Note 8.

In conjunction with the note forgiveness above, the funder also committed to donating land to the Organization with a fair market value of approximately $887,000 over a period of time as stipulated in the agreement.

Subsequent to year end, total board designated net assets were increased by approximately $119,000. See Note 9.

Management evaluated the activity of the Organization through July 21, 2023 (the date the financial statements were available to be issued) and concluded that no other subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

In this ever-changing business environment, Flagel Huber Flagel goes beyond numbers and deadlines, returning the trust and confidence our clients place in us, with a caring partner relationship. We are committed to a collaborative search for ideas and solutions that help business organizations thrive and families build and preserve wealth. Our commitment is simple; financial and operational *insight*, service *integrity*, and problem solving *innovation*.

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