Columbus Speech & Hearing Center

Financial Report
December 31, 2021

Contents

Independent Auditor's Report

Board of Directors
Columbus Speech & Hearing Center

Opinion
We have audited the financial statements of Columbus Speech & Hearing Center (the Center), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Center's ability to continue as a going concern within one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 the Center'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 the Center'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.

RSM US LLP

Columbus, Ohio
July 8, 2022

Columbus Speech & Hearing Center

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	**$ 1,349,664**	$ 1,196,518
Receivables, net:		
Clients	**140,480**	149,318
United Way	**-**	16,250
Other	**7,368**	1,745
	147,848	167,313
Prepaids	**20,400**	22,362
Inventory	**14,832**	8,765
Assets held for sale (land and building), net	**1,679,880**	-
	1,715,112	31,127
Total current assets	**3,212,624**	1,394,958
Long-term assets:		
Property and equipment, net	**142,191**	2,000,938
Deposits and other assets	**9,483**	7,218
Total long-term assets	**151,674**	2,008,156
Total assets	**$ 3,364,298**	$ 3,403,114
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 481,700**	$ 409,052
Notes payable—current	**27,197**	62,549
Liabilities held for sale (notes payable)	**566,018**	-
Deferred revenue	**113,039**	118,504
Total current liabilities	**1,187,954**	590,105
Long-term liabilities:		
Notes payable—noncurrent	**511,245**	1,086,418
Total long-term liabilities	**511,245**	1,086,418
Total liabilities	**1,699,199**	1,676,523
Net assets:		
Without donor restrictions	**1,653,845**	1,707,620
With donor restrictions	**11,254**	18,971
Total net assets	**1,665,099**	1,726,591
	$ 3,364,298	$ 3,403,114

See notes to financial statements.

Columbus Speech & Hearing Center

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	**Total**
Public support:			
United Way funds	$ 10,000	$ 10,000	**$ 20,000**
Contributions and grants	429,311	8,535	**437,846**
Paycheck Protection Program income	546,788	-	**546,788**
Total public support	986,099	18,535	**1,004,634**
Revenue:			
Government fees for services	31,607	-	**31,607**
Clinic fees	1,449,716	-	**1,449,716**
Hearing aid and assistive listening device sales	1,783,048	-	**1,783,048**
Building rental	197,256	-	**197,256**
Investment income	696	-	**696**
Other income	27,477	-	**27,477**
Total revenue	3,489,800	-	**3,489,800**
Net assets released from restrictions	26,252	(26,252)	**-**
Total public support and revenue	4,502,151	(7,717)	**4,494,434**
Expenses:			
Program services	3,896,562	-	**3,896,562**
Supporting services—management and general	402,311	-	**402,311**
Fundraising	257,053	-	**257,053**
Total expenses	4,555,926	-	**4,555,926**
Change in net assets	(53,775)	(7,717)	**(61,492)**
Net assets:			
Beginning	1,707,620	18,971	**1,726,591**
Ending	$ 1,653,845	$ 11,254	**$ 1,665,099**

See notes to financial statements.

Columbus Speech & Hearing Center

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public support:			
United Way funds	$ 62,500	$ 16,250	$ 78,750
Contributions and grants	555,204	2,721	557,925
Paycheck Protection Program income	592,000	-	592,000
Total public support	1,209,704	18,971	1,228,675
Revenue:			
Government fees for services	29,969	-	29,969
Clinic fees	1,290,578	-	1,290,578
Hearing aid and assistive listening device sales	1,247,895	-	1,247,895
Building rental	166,523	-	166,523
Investment income	1,212	-	1,212
Other income	279,199	-	279,199
Total revenue	3,015,376	-	3,015,376
Net assets released from restrictions	93,353	(93,353)	-
Total public support and revenue	4,318,433	(74,382)	4,244,051
Expenses:			
Program services	3,517,993	-	3,517,993
Supporting services—management and general	416,213	-	416,213
Fundraising	128,971	-	128,971
Total expenses	4,063,177	-	4,063,177
Change in net assets	255,256	(74,382)	180,874
Net assets:			
Beginning	1,452,364	93,353	1,545,717
Ending	$ 1,707,620	$ 18,971	$ 1,726,591

See notes to financial statements.

Columbus Speech & Hearing Center

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	**Total**
Salaries and wages	$ 1,917,202	$ 265,460	$ 99,116	**$ 2,281,778**
Payroll taxes and employee benefits	251,741	62,522	8,055	**322,318**
Total compensation	2,168,943	327,982	107,171	**2,604,096**
Hearing aid and assistive listening devices	589,691	-	-	**589,691**
Conferences, meetings and staff development	10,543	495	495	**11,533**
Bad debts	9,262	-	-	**9,262**
Consulting, legal and accounting	124,150	11,679	106,679	**242,508**
Printing	9,342	398	2,706	**12,446**
Telephone	10,022	822	1,062	**11,906**
Supplies	42,696	632	910	**44,238**
Utilities	55,866	6,348	1,270	**63,484**
Maintenance, building and grounds	154,993	17,613	3,523	**176,129**
Postage and shipping	2,950	162	286	**3,398**
Public relations and development	115,130	12,905	6,453	**134,488**
Process and service fees	153,645	621	857	**155,123**
Equipment repair	21,789	853	853	**23,495**
Insurance	40,048	3,247	1,647	**44,942**
Transportation	2,937	893	1,742	**5,572**
Interest and other financing fees	42,095	4,783	957	**47,835**
Miscellaneous	22,572	1,551	2,373	**26,496**
Dues and subscriptions	15,836	316	7,116	**23,268**
Depreciation of property and equipment	235,942	7,718	7,660	**251,320**
IT support and software	68,110	3,293	3,293	**74,696**
Total expenses	$ 3,896,562	$ 402,311	$ 257,053	**$ 4,555,926**
Percentage of total expenses	86%	9%	5%	**100%**

See notes to financial statements.

Columbus Speech & Hearing Center

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,926,805	$ 299,533	$ 83,766	$ 2,310,104
Payroll taxes and employee benefits	276,817	64,083	9,593	350,493
Total compensation	2,203,622	363,616	93,359	2,660,597
Hearing aid and assistive listening devices	360,428	-	-	360,428
Conferences, meetings and staff development	8,923	379	379	9,681
Bad debts	10,020	-	-	10,020
Consulting, legal and accounting	127,580	6,433	6,433	140,446
Printing	6,095	309	2,034	8,438
Telephone	12,145	986	1,206	14,337
Supplies	27,475	848	1,311	29,634
Utilities	55,834	6,345	1,269	63,448
Maintenance, building and grounds	95,355	10,836	2,167	108,358
Postage and shipping	1,957	92	554	2,603
Public relations and development	86,246	5,567	2,784	94,597
Process and service fees	121,532	668	1,017	123,217
Equipment repair	15,431	567	567	16,565
Insurance	36,907	2,992	1,518	41,417
Transportation	1,406	192	379	1,977
Interest and other financing fees	43,980	4,998	1,000	49,978
Miscellaneous	(630)	751	1,211	1,332
Dues and subscriptions	12,849	474	779	14,102
Depreciation of property and equipment	226,290	7,452	7,396	241,138
IT support and software	64,548	2,708	3,608	70,864
Total expenses	$ 3,517,993	$ 416,213	$ 128,971	$ 4,063,177
Percentage of total expenses	87%	10%	3%	100%

See notes to financial statements.

Columbus Speech & Hearing Center

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	**$ (61,492)**	$ 180,874
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**251,320**	241,138
Donated property and equipment	**-**	(53,930)
Change in:		
Receivables	**19,465**	278,403
Prepaid, inventory and other long-term assets	**(6,370)**	14,440
Accounts payable and accrued liabilities	**72,648**	60,910
Deferred revenue	**(5,465)**	11,476
Net cash provided by operating activities	**270,106**	733,311
Cash flows from investing activities:		
Purchase of property and equipment	**(72,453)**	(83,339)
Cash flows from financing activities:		
Repayments of notes payable	**(44,507)**	(269,862)
Borrowings of notes payable	**-**	709,900
Net change in revolving line of credit	**-**	(5,000)
Net cash (used in) provided by financing activities	**(44,507)**	435,038
Net increase in cash and cash equivalents	**153,146**	1,085,010
Cash and cash equivalents:		
Beginning	**1,196,518**	111,508
Ending	**$ 1,349,664**	$ 1,196,518
Supplemental disclosure of cash flow information:		
Cash paid for interest	**$ 23,213**	$ 31,448
Supplemental schedules of noncash investing and financing activities:		
Financing of property and equipment purchase	**$ -**	$ 48,929

See notes to financial statements.

Note 1. Organization and Summary of Significant Accounting Policies

Organization and background: The Columbus Speech & Hearing Center (the Center), was founded in 1923 to help all people improve communication and vocational independence for life. The Center is a nonprofit agency which provides services to people of all ages who are deaf or who may have communication disorders related to speech or hearing impairment. The Center serves clients throughout Ohio and is funded through billings for services or products and grants from third-party agencies.

Use of estimates: The accounting and reporting policies of the Center conform to accounting principles generally accepted in the United States of America. 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Net asset classification: Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those that are free of donor-imposed restriction, and include all revenue, expenses, gains, and losses that do not relate to net assets with donor restrictions. Net assets with donor restrictions are those net assets whose use has been limited by donors to a specific time period or purpose. There are no donor restricted net assets that must be maintained into perpetuity at December 31, 2021 and 2020.

Cash and cash equivalents: For purposes of the statement of cash flows, the Center considers all investments with an original maturity date of three months or less to be cash equivalents.

Accounts receivable: The Center asks for co-pay or full fee at time of service from individuals. The Center follows up on insurance claims after 60 days. If the insurance claim is denied, the amount is due immediately from the individual. Accounts receivables are reported at the amount that reflects the consideration to which the Center expected to be entitled in exchange for providing the service. This estimate is based upon management's review of patient accounts and an assessment of the Center's historical evidence of collections. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of change. Subsequent changes that are determined to be the result of an adverse change in the ability to pay are recorded as bad debt expense. Bad debt expense was approximately $9,000 and $10,000 for the years ended December 31, 2021 and 2020, respectively.

Property and equipment: Property and equipment are recorded at cost, less accumulated depreciation and amortization. Provisions for depreciation and amortization are computed using the straight-line method based on estimated useful lives of 5-30 years for buildings and improvements, 10 years for program, office and mobile equipment, and 3 years for computer equipment.

The Center capitalizes the cost of all property and equipment additions in excess of $2,500; the fair value of donated property and equipment is similarly capitalized. When property and equipment is sold or retired, the cost and related accumulated depreciation is removed from the accounts.

Impairment of long-lived assets: The Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Measurement of any impairment would include a comparison of estimated undiscounted future cash flows to be generated during the remaining life of the asset to its net carrying value. The Center believes the carrying values of all long-lived assets at December 31, 2021 and 2020, are recoverable.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Fair value of financial instruments: The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate fair value due to the short-term nature of these instruments.

Concentration of credit risk: The Center places its cash with financial institutions, and has cash on deposit from time to time in one financial institution in excess of insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). The finance committee periodically reviews and approves the selection of financial institutions. The Center continually monitors these balances to minimize the risk of loss.

Revenue recognition: The Center's revenue is primarily derived from clinic fees, sales of hearing aids and assistive listening devices, and grants and contributions. The Center recognizes revenue for clinic fees, sales of hearing aids and assistive listening devices under the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when they have the ability to direct the use of, and obtain the benefits from, the good or service. Transfer of control is not the same as transfer of risk and rewards. Under Topic 606, revenue should be recognized over time or at a point in time.

Revenue from clinic fees, hearing aids and assistive listening devices are reported at amounts that reflect the consideration to which the Center expects to be entitled in exchange for providing these services and goods to patients. These amounts are due from patients, third-party payers (including managed care payers and government programs) and others. Revenue is recognized at a point in time when the performance obligations are satisfied. As the performance obligations relate to contracts with a duration of less than one year, the Center has elected to apply the optional exemption provided in Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied, or partially unsatisfied, at the end of the reporting period. The unsatisfied performance obligation for these contracts is primarily related to services related to hearing aid sales. The transaction price for these contracts is based on gross charges for services provided, reduced by contractual adjustments provided to third-party payers and implicit price concessions based on contractual adjustments and discounts based on contractual agreements, discount policies and historical experience. The Center uses a portfolio approach as a practical expedient to account for these contracts as a collective group rather than individually. Under Topic 606, the estimated uncollectable amounts due from patients are generally considered implicit price concessions that are a direct reduction to revenue. The Center has not historically incurred any costs to obtain contracts.

When the Center's contracts with patients contain multiple performance obligations, the transaction price is allocated on a relative standalone selling price basis to each performance obligation. The Center typically determines standalone selling price (SSP) based on observable selling prices of its products and services.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Payment terms on invoiced amounts are typically 30 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Center has determined that a significant financing component generally does not exist. The primary purpose of the invoicing terms is to provide customers with simplified and predictable ways of purchasing the products and services and not to receive financing from or provide financing to the customer. The Center has elected the practical expedient that permits an entity not to recognize a significant financing component if the time between when the promised service is transferred to the customer and when the customer pays for the service is one year or less. The Center records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) is also recorded.

If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. The Center has deferred revenue of $113,039 and $118,504 as of December 31, 2021 and 2020, respectively, and has no other significant contract assets or liabilities.

The Center provides warranties associated with the sale of hearing aids, in addition to the manufacturer warranties. The first warranty is a limited-assurance-type warranty for which the warranty periods typically extend for a limited duration following transfer of control of the product. Historically, warranty claims for the limited-assurance-type warranty have not resulted in material costs incurred. The Center does not consider these warranties to be performance obligations. The second warranty is an extended product warranty which is considered a separate performance obligation. The extended warranty is recognized over the life of the warranty and a purchase price is assigned to the warranty at the time of sale. The price is fixed through the fee schedule noted above, as the patients can purchase extended warranties.

Grant support that is determined to be a reciprocal transaction is recognized over time when the performance obligations are satisfied. Grants received in advance of revenue being earned are recorded as deferred revenue until the performance obligations are satisfied.

The Center records contributions received, including grants that are nonreciprocal, as revenue in the period an unconditional transfer of cash or other assets, as well as unconditional promises to give, are received. These amounts are recorded at their fair values. The Center reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are recorded as net assets without donor restrictions. The Center reports contributions of land, buildings, and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services and assets: Contributed services are recorded when they meet the criteria of (1) creating or enhancing nonfinancial assets, or (2) requiring specialized skills and provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There was $10,317 and $0 of donated services for the years ended December 31, 2021 and 2020, respectively. There was $0 and $53,930 of donated assets for the year ended December 31, 2021 and 2020, respectively.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Advertising: The Center's advertising efforts are associated with nondirect-response programs. The costs are expensed as incurred. The Center had advertising expenses for the years ended December 31, 2021 and 2020, of $109,856 and $83,464, respectively.

Functional expenses: The Center allocates its expenses on a functional basis among its various programs and support services. Expenses are allocated either directly according to their natural expenditure classification or by various statistical bases including revenues, hours worked, salary expense and square footage.

Operating leases: The Center rents office facilities under leases which are accounted for as operating leases and are expensed ratably over the life of the lease.

Tax exempt status: The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, the Center is taxed on other unrelated income if any exists. Currently, the only unrelated business income is rental income.

The Center follows FASB guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Center may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Center, and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2021 and 2020, there were no material unrecognized tax benefits identified or recorded as liabilities.

The Center files Forms 990 and 990T in the U.S. federal jurisdiction. With few exceptions, the Center is no longer subject to examination by the Internal Revenue Service of tax years three to five years from the date of filing.

Recently issued accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today.

In response to the Coronavirus Disease 2019 (COVID-19) pandemic, which is adversely affecting the global economy and causing significant and widespread business and capital disruptions, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)* and *Leases (Topic 842)—Effective Dates for Certain Entities,* in June 2020. The amendments in this ASU defer the effective date of the leases standard for private entities to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption continues to be permitted. The Center is currently evaluating the impact of the adoption of this guidance on its financial statements.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update clarify and improve presentation and disclosure of contributed nonfinancial assets. This ASU is effective for annual periods beginning after June 15, 2021, and early adoption is permitted. The Center is currently evaluating the impact of the adoption of this guidance on its financial statements.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*, which is intended to increase transparency in financial reporting by requiring business entities to disclose information about certain types of government assistance they receive. ASU 2021-10 requires business entities to make certain annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy to other accounting guidance. This guidance is effective for fiscal years beginning after December 15, 2021. The Center is currently evaluating the impact of the adoption of this guidance on its financial statements.

Subsequent events: The Center has evaluated subsequent events for potential recognition and/or disclosure through July 8, 2022, the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

The table below represents financial assets available for general expenditures, such as operating expenses and scheduled principal payments on notes payable, within one year of December 31:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	$ 1,349,664	$ 1,196,518
Receivables	147,848	167,313
Total financial assets	1,497,512	1,363,831
Less amounts not available to be used to meet general expenditures within one year:		
Restricted for specific purposes	1,254	2,721
Financial assets available to meet general expenditures within one year	$ 1,496,258	$ 1,361,110

The Center regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The Center has various sources of liquidity at its disposal including cash and cash equivalents and a revolving line of credit. See Note 4 for information about the Center's revolving line of credit facility.

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2021	2020
Land	$ -	$ 240,000
Building and improvements	-	5,395,568
Program equipment	592,028	551,979
Office equipment	861,700	856,960
	1,453,728	7,044,507
Less: accumulated depreciation and amortization	(1,311,537)	(5,043,569)
Net property and equipment	$ 142,191	$ 2,000,938

Depreciation expense was $251,320 and $241,138 for the years ended December 31, 2021 and 2020, respectively.

Note 4. Notes Payable and Revolving Line of Credit

Notes payable consisted of the following at December 31:

	2021	2020
Property and equipment note	$ 28,542	$ 48,930
Economic injury disaster loan	509,900	509,900
Promissory notes	-	590,137
	538,442	1,148,967
Less: current maturities	27,197	62,549
	$ 511,245	$ 1,086,418

Future maturities on notes payable are as follows for the years ending December 31:

2022	$ 27,197
2023	15,196
2024	11,429
2025	11,747
2026	12,074
Thereafter	460,799
	$ 538,442

In March 2002, the Center entered into tax-exempt bonds issued by Franklin County in the amount of $1,200,000 maturing through 2022. The bonds were Health Care Facilities Revenue Bonds that bore interest at a variable rate as determined each week by the Remarketing Agent. The rate was determined by the Remarketing Agent and shall be the minimum rate necessary for the Remarketing Agent to sell the bonds. The variable rate shall not exceed the lesser of 10% per annum or the maximum rate permitted by law. At the option of the Center, with a 45-day notice, the bonds can be converted to fixed rate bonds. These tax-exempt bonds were paid in full in August 2020.

Note 4. Notes Payable and Revolving Line of Credit (Continued)

In July 2019, the Center entered into a line of credit agreement in the amount of $300,000. There were no outstanding borrowings on the line of credit at December 31, 2021 and 2020. The line bore interest at the Prime rate plus an applicable margin of 0.50%. The Prime rate was 3.25% at December 31, 2021 and 2020. The agreement required monthly interest payments and with the principal balance due at maturity on July 8, 2022. The line was secured by the building mortgage and assignment of leases and rents on the property, as well as a security interest in all business assets. Due to the sale of the building in January 2022, the line of credit was terminated.

In July 2019, the Center also entered into a promissory note agreement in the amount of $400,000. The note bears interest at 6.00% until July 2022, at which point the interest rate shall change to the Prime rate plus an applicable margin of 0.50%, not to be below 6.00%. The note requires six monthly interest payments through January 2020, at which point the note will require monthly principal and interest payments until maturity on July 12, 2034. The note is secured by the building mortgage and assignment of leases and rents on the property as well as a security interest in all business assets. As of December 31, 2021, the balance of this promissory note is recorded in liabilities held for sale and was paid in full during January 2022 (See Note 12).

On April 22, 2020, the Center entered into an Economic Injury Disaster Loan (EIDL) with the U.S. Small Business Administration in the amount of $500,000. The EIDL bears interest at 2.75%. The EIDL requires monthly interest and principal payments of $2,136 beginning 24 months from the date of issuance. On March 15, 2022, the U.S. Small Business Administration extended the deferment period for EIDLs for an additional six months which resulted in the maturity date extended to October 22, 2051, with full payment of remaining balance and interest due on the maturity date.

In August 2020, the Center entered into a promissory note agreement in the amount of $200,000. The note bears interest at 5.25% until September 2023, at which point the interest rate shall change to the Prime rate plus an applicable margin of 0.50%, not to be below 5.25%. The note requires monthly interest payments through September 2023, at which point the note will require monthly principal and interest payments until maturity on July 12, 2030. The note is secured by the building mortgage and assignment of leases and rents on the property, as well as a security interest in all business assets. The note requires a prepayment penalty of 2.00% for any amounts refinanced with another financial institution. As of December 31, 2021, the balance of this promissory note is recorded in liabilities held for sale and was paid in full during January 2022 (See Note 12).

Note 5. Employee Benefit Plan

The Center maintains a 401(k) plan (the Plan) for eligible employees. Employees are eligible to participate in the Plan at the time of hire. Employees are eligible for employer contributions after completing one year of service and providing at least 1,000 hours. Participants become fully vested in employer contributions after three years. Employer contributions are generally made by the Center annually and are made at management's discretion. The Center made no employer contributions to the Plan in 2021 and 2020.

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	2021	2020
United Way allocations not yet received	$ 10,000	$ 16,250
Various programs	1,254	2,721
	$ 11,254	$ 18,971

Note 7. Special Events

The Center annually sponsors the Great Communicators Golf Outing and other events. Contributions and grants for events include revenue of $92,916 and $69,810 for the years ended December 31, 2021 and 2020, respectively, which is included in contribution and grants on the accompanying statements of activities and changes in net assets. Total expenses associated with these events were $20,723 and $10,933 for years ended December 31, 2021 and 2020, respectively, which is included in public relations and development on the accompanying statements of functional expenses.

Note 8. Leases and Subsequent Events

Operating leases: In April 2021, the Center entered into a lease for office space in Dublin, Ohio, requiring payments of approximately $3,100 per month through May 2022. In January 2022, the Center entered into an agreement with a third-party buyer and sold the land and building at its Columbus, Ohio headquarters in a sale-leaseback transaction (See Note 12). The Center continued to maintain its primary operations at the same building and entered into a lease with the third-party buyer for a term of five years commencing on February 1, 2022, with monthly payments of approximately $21,000. Five additional renewal options are available to the Center in three year increments after the initial term of the lease. In April 2022, the Center entered into a lease for office space in Westerville, Ohio requiring monthly payments of approximately $2,400 per month through June 2027. The following is a schedule of future minimum rental payments required under operating leases for office facilities that have remaining noncancelable lease terms in excess of one year:

2022	$ 266,692
2023	282,243
2024	282,863
2025	283,482
2026	284,101
Thereafter	31,433
	$ 1,430,814

Rental expense related to these leases amounted to $26,653 and $0 at December 31, 2021 and 2020, respectively.

Lease income: The Center leased a portion of its building to third parties under long-term agreements expiring at various dates through July 2025, with renewal options for additional periods in certain cases. The Center generally paid insurance and specified maintenance costs. The leases were assigned to the buyer of the building (See Note 12).

Note 9. Paycheck Protection Program

On March 27, 2020, the CARES Act was signed into law. The CARES Act legislation is intended to provide relief for small businesses that have been negatively impacted by the COVID-19 pandemic. One of the many provisions of the CARES Act, the Paycheck Protection Program (PPP) provides loans to small businesses to prevent layoffs and business closures during the pandemic.

On April 9, 2020, the Center received PPP loan proceeds of $592,000. Although there were no assurances, if certain conditions of the PPP loan program were met, the PPP loan was forgivable. The funding was initially recorded as a liability and was subsequently recognized into income as forgivable expenses under the program incurred by the Center. Forgivable expenses included eligible payroll expenses incurred by the Center for the period subsequent to receipt of the funding. As of December 31, 2020, the Center had applied for forgiveness and $592,000 had been recognized within Paycheck Protection Program income on the accompanying statement of activities and changes in net assets. The PPP loan was formally forgiven by the United States Small Business Administration in February 2021.

On January 23, 2021, the Center received additional PPP loan proceeds of $546,788. Although there were no assurances, if certain conditions of the PPP loan program were met, the PPP loan was forgivable. The funding was initially recorded as a liability and was subsequently recognized into income as forgivable expense under the program incurred by the Center. Forgivable expenses included eligible payroll expenses incurred by the Center for the period subsequent to receipt of the funding. As of December 31, 2021, the Center had applied for forgiveness and $546,788 had been recognized within Paycheck Protection Program income on the accompanying statement activities and changes in net assets. The PPP loan was formally forgiven by the United States Small Business Administration in August 2021.

Note 10. Commitments and Contingencies

The Center is subject to claims and lawsuits in the ordinary course of business. In the opinion of management, the Center has adequate legal defenses and/or adequate insurance coverage for such matters. If not insured, management believes that such matters will not, in the aggregate, have a materially adverse impact on the Center’s financial position, results of future operations or cash flows.

Note 11. COVID-19 Pandemic and Economic Uncertainty

The impact of COVID-19 could continue to negatively impact the Center’s operations, suppliers or other vendors, and customer base. The operations for the Center’s services could continue to be negatively impacted by the regional and global outbreak of COVID-19 for an unknown period of time. Any quarantines, labor shortages or other disruptions to the Center’s operations, or those of their customers, may continue to adversely impact the Center’s revenues, ability to provide its services and operating results. The extent to which the coronavirus continues to impact the Center’s results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

Note 12. Assets and Liabilities Held for Sale and Subsequent Event

The Center classifies long-lived assets to be sold as held for sale in the period in which all of the following criteria are met: management, having the authority to approve the action, commits to a plan to sell the asset or disposal group; the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups; an active program to locate a buyer and other actions required to complete the plan to sell the asset or disposal group have been initiated; the sale of the asset or disposal group is probable and transfer of the asset or disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the asset or disposal group beyond one year; the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The Center initially measures a long-lived asset or disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held-for-sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset or disposal group until the date of sale. The Center assesses the fair value of a long-lived asset or disposal group less any costs to sell each reporting period, it remains classified as held for sale and reports any subsequent changes as an adjustment to the carrying value of the asset or disposal group, as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale.

Upon determining that a long-lived asset or disposal group meets the criteria to be classified as held for sale, the Center ceases depreciation and reports long-lived assets and/or the assets and liabilities of the disposal group, if material, in the line items assets held for sale and liabilities held for sale, respectively, in the statement of financial position.

The assets held for sale consist of land and building. The carrying value of the land was $240,000 for the years ended December 31, 2021 and 2020. The carrying value of the building was $1,439,880 and 1,640,101 for the years ended December 31, 2021 and 2020, respectively.

In January 2022, the Center entered into an agreement with a third-party buyer and sold the land and building at its Columbus, Ohio headquarters for a total sale price of $2,500,000 in a sale-leaseback transaction. The sale of the building was determined to be a strategic decision to discontinue the efforts of being a building landlord so the Center could instead prioritize time and resources toward the main operations and continue the primary mission of serving the community. The sale of the building also resulted in the Center scaling back on the amount of space that is used by the Center’s primary operations in the building. The total amount of the gain on the sale was approximately $677,700 net of fees. As part of the sale, the buyer assumed all long-term lease agreements with third parties. In conjunction with the sale of the building, the Center paid off the balance of the promissory notes and the line of credit was terminated (See Note 4). The total balance of the notes as of December 31, 2021, was $566,017.