

AUDITED FINANCIAL STATEMENTS AND
REPORTS

OF

**CONSUMER CREDIT COUNSELING SERVICE
OF THE MID-OHIO VALLEY, INC.**

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021



SOMERVILLE & COMPANY^{P.L.C.}

CPAs & CONSULTANTS

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

For the years ended December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of the Board of Directors
Consumer Credit Counseling Service of the Mid-Ohio Valley, Inc.
Parkersburg, West Virginia

Opinion

We have audited the accompanying financial statements of Consumer Credit Counseling Service of the Mid-Ohio Valley, Inc. (a nonprofit organization), 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 Consumer Credit Counseling Service of the Mid-Ohio Valley, 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 States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Consumer Credit Counseling Service of the Mid-Ohio Valley, 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 these 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 Consumer Credit Counseling Service of the Mid-Ohio Valley, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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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 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 Consumer Credit Counseling Service of the Mid-Ohio Valley, 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 Consumer Credit Counseling Service of the Mid-Ohio Valley, 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.

Somerille & Company, P.L.L.C.

Huntington, West Virginia

June 22, 2023

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

ASSETS	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 158,685	\$ 114,062
Cash and cash equivalents - restricted for client funds	1,887,517	1,817,183
Accounts receivable	12,010	420
Beneficial interest in assets held by community foundation	14,507	16,489
Prepaid expenses	219	3,660
	<hr/>	<hr/>
Total Current Assets	2,072,938	1,951,814
Noncurrent Assets		
Furniture and equipment, net	7,670	984
Operating lease right-of-use asset	88,248	-
	<hr/>	<hr/>
Total Noncurrent Assets	95,918	984
	<hr/>	<hr/>
Total Assets	<u>\$ 2,168,856</u>	<u>\$ 1,952,798</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 6,365	\$ 6,887
Accrued expenses	240	543
Refundable advances	50,520	10,075
Client funds payable	1,887,517	1,817,183
Operating lease liability, current	12,265	-
	<hr/>	<hr/>
Total Current Liabilities	1,956,907	1,834,688
Long-term Liabilities		
Operating lease liability, long-term	75,983	-
	<hr/>	<hr/>
Total Liabilities	2,032,890	1,834,688
	<hr/>	<hr/>
Net Assets		
Without donor restrictions	121,459	101,621
With donor restrictions	14,507	16,489
	<hr/>	<hr/>
Total Net Assets	135,966	118,110
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 2,168,856</u>	<u>\$ 1,952,798</u>

The accompanying notes are an integral part of these financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Fees - RepPayee	\$ 288,092	\$ -	\$ 288,092
Fees - financial counseling	36,636	-	36,636
Grants	125,579	-	125,579
Donations	30,082	-	30,082
Fundraising income	22,320	-	22,320
Investment income, net	(1,984)	-	(1,984)
	<u>500,725</u>	<u>-</u>	<u>500,725</u>
Total Revenues and Support			
	500,725	-	500,725
Net Assets Released From Restrictions	<u>1,982</u>	<u>(1,982)</u>	<u>-</u>
Total Increase (Decrease)	<u>502,707</u>	<u>(1,982)</u>	<u>500,725</u>
Expenses			
Program Services			
Client services	<u>392,830</u>	<u>-</u>	<u>392,830</u>
Supporting Services			
Management and general	81,161	-	81,161
Fundraising	<u>8,878</u>	<u>-</u>	<u>8,878</u>
Total Supporting Services	90,039	-	90,039
Total Expenses	<u>482,869</u>	<u>-</u>	<u>482,869</u>
Net Increase (Decrease)	19,838	(1,982)	17,856
PPP loan forgiveness	-	-	-
Reclassifications	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	19,838	(1,982)	17,856
Net Assets at Beginning of Year	<u>101,621</u>	<u>16,489</u>	<u>118,110</u>
Net Assets at End of Year	<u>\$ 121,459</u>	<u>\$ 14,507</u>	<u>\$ 135,966</u>

The accompanying notes are an integral part of these financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Fees - RepPayee	\$ 256,294	\$ -	\$ 256,294
Fees - financial counseling	44,868	-	44,868
Grants	111,542	-	111,542
Donations	30,106	464	30,570
Fundraising income	26,209	-	26,209
Investment income, net	2,305	-	2,305
	<u>471,324</u>	<u>464</u>	<u>471,788</u>
Total Revenues and Support	471,324	464	471,788
Net Assets Released From Restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total Increase (Decrease)	<u>471,324</u>	<u>464</u>	<u>471,788</u>
Expenses			
Program Services			
Client services	<u>369,844</u>	<u>-</u>	<u>369,844</u>
Supporting Services			
Management and general	73,913	-	73,913
Fundraising	<u>10,143</u>	<u>-</u>	<u>10,143</u>
Total Supporting Services	84,056	-	84,056
Total Expenses	<u>453,900</u>	<u>-</u>	<u>453,900</u>
Net Increase (Decrease)	17,424	464	17,888
PPP loan forgiveness	60,498	-	60,498
Reclassifications	<u>(1,963)</u>	<u>1,963</u>	<u>-</u>
Change in Net Assets	75,959	2,427	78,386
Net Assets at Beginning of Year	<u>25,662</u>	<u>14,062</u>	<u>39,724</u>
Net Assets at End of Year	<u>\$ 101,621</u>	<u>\$ 16,489</u>	<u>\$ 118,110</u>

The accompanying notes are an integral part of these financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022

	Program Services	Supporting Services			Total
	Client Services	Management and General	Fundraising	Sub-Total	
Salaries and wages	\$ 198,620	\$ 51,924	\$ -	\$ 51,924	\$ 250,544
Employee benefits	1,686	731	-	731	2,417
Payroll taxes	16,203	3,751	-	3,751	19,954
Total Salaries and Related Expenses	216,509	56,406	-	56,406	272,915
Advertising	9,515	-	-	-	9,515
Bank fees	-	4,644	-	4,644	4,644
Bankruptcy expense	362	-	-	-	362
CWCID expense	927	-	-	-	927
Dues and subscriptions	14,962	1,663	-	1,663	16,625
Education - public relations	2,384	-	-	-	2,384
Fundraising	-	-	8,878	8,878	8,878
Insurance	46,448	-	-	-	46,448
Legal and accounting	-	8,550	-	8,550	8,550
Licensing	5,146	-	-	-	5,146
Miscellaneous expense	1,415	157	-	157	1,572
Office expense	41,359	4,595	-	4,595	45,954
Postage	11,713	1,301	-	1,301	13,014
Rent	15,309	1,701	-	1,701	17,010
Repairs and maintenance	3,469	386	-	386	3,855
Telephone	6,337	704	-	704	7,041
Travel and meals	6,607	-	-	-	6,607
Utilities	9,482	1,054	-	1,054	10,536
Total Expenses Before Depreciation	391,944	81,161	8,878	90,039	481,983
Depreciation	886	-	-	-	886
Total Expenses	\$ 392,830	\$ 81,161	\$ 8,878	\$ 90,039	\$ 482,869

The accompanying notes are an integral part of these financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2021

	Program Services	Supporting Services			Total
	Client Services	Management and General	Fundraising	Sub-Total	
Salaries and wages	\$ 193,269	\$ 46,793	\$ -	\$ 46,793	\$ 240,062
Employee benefits	2,967	534	-	534	3,501
Payroll taxes	14,153	3,528	-	3,528	17,681
Total Salaries and Related Expenses	210,389	50,855	-	50,855	261,244
Advertising	6,345	-	-	-	6,345
Bank fees	-	4,138	-	4,138	4,138
Bankruptcy expense	433	-	-	-	433
CWCID expense	431	-	-	-	431
Dues and subscriptions	14,730	1,637	-	1,637	16,367
Education - public relations	778	-	-	-	778
Fundraising	-	-	10,143	10,143	10,143
Insurance	46,119	-	-	-	46,119
Legal and accounting	-	8,691	-	8,691	8,691
Licensing	6,426	-	-	-	6,426
Miscellaneous expense	1,087	121	-	121	1,208
Office expense	33,115	3,680	-	3,680	36,795
Postage	10,811	1,201	-	1,201	12,012
Rent	15,120	1,680	-	1,680	16,800
Repairs and maintenance	2,891	321	-	321	3,212
Telephone	6,255	695	-	695	6,950
Travel and meals	6,421	-	-	-	6,421
Utilities	8,043	894	-	894	8,937
Total Expenses Before Depreciation	369,394	73,913	10,143	84,056	453,450
Depreciation	450	-	-	-	450
Total Expenses	\$ 369,844	\$ 73,913	\$ 10,143	\$ 84,056	\$ 453,900

The accompanying notes are an integral part of these financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 17,856	\$ 78,386
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	886	450
(Increase) Decrease in assets		
Accounts receivable	(11,590)	(420)
Prepaid expenses	3,441	(3,078)
Increase (Decrease) in liabilities		
Accounts payable	(522)	2,696
Accrued expenses	(303)	6,160
Refundable advances	40,445	-
Client funds payable	70,334	92,863
Total adjustments	<u>102,691</u>	<u>98,671</u>
Net Cash Provided By Operating Activities	<u>120,547</u>	<u>177,057</u>
Cash Flows From Investing Activities		
Change in beneficial interest in assets held by community foundation	1,982	(2,426)
Purchase of fixed assets	<u>(7,572)</u>	<u>-</u>
Net Cash Used In Investing Activities	<u>(5,590)</u>	<u>(2,426)</u>
Net Increase in Cash and Cash Equivalents	114,957	174,631
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>1,931,245</u>	<u>1,756,614</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 2,046,202</u>	<u>\$ 1,931,245</u>
Supplemental Information:		
Reconciliation:		
Cash and cash equivalents	\$ 158,685	\$ 114,062
Cash and cash equivalents - restricted for client funds	<u>1,887,517</u>	<u>1,817,183</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 2,046,202</u>	<u>\$ 1,931,245</u>

Supplemental Schedule of Noncash Investing and Financial Activities:

During 2022, the Organization recorded a right-of-use asset and related lease liabilities in connection with an operating lease in the amount of \$99,667.

The accompanying notes are an integral part of these financial statements.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

1. Organization and nature of activities:

Consumer Credit Counseling Service of the Mid-Ohio Valley, Inc. (the Organization) is a nonprofit organization, separately incorporated and affiliated with the National Foundation for Credit Counseling (NFCC). The Organization provides direct counseling services and public education for residents of the Mid-Ohio Valley.

2. Summary of significant accounting policies:

A. Basis of accounting:

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the accrual basis of accounting.

B. Accounting estimates:

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

C. Cash and cash equivalents:

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

D. Receivable and credit policies:

The Organization chooses to use the direct write-off method for accounts receivable. This is not consistent with generally accepted accounting principles; however, any variance between the direct write-off method and the allowance method is believed to be immaterial. The Organization provides various services to low-to-moderate income individuals on a third-party reimbursement basis. The Organization bills the various funding sources in accordance with contractual agreements without requiring collateral or any other security. Accounts and grants receivable have been adjusted for all known uncollectible accounts. An allowance for bad debts has not been set up as the amount is not considered material. Charitable adjustments related to non-billable services due to inadequate client income levels are recognized when services occur. Discounts related to billable services that are based on client income levels and other contractual requirements are recognized and recorded upon final collection settlement. Such uncollectible amounts at the Statements of Financial Position date are considered insignificant.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

2. Summary of significant accounting policies (Continued):

E. Furniture and equipment, net:

Capital assets include furniture and equipment and are defined by the Organization as assets with an initial, individual cost of greater than \$5,000 and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of individual assets are not capitalized.

The Organization's capital assets are depreciated using the straight-line method over the following estimated useful lives:

Furniture	7 years
Equipment	3 - 7 years

F. Leases:

The Organization leases office space. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The provisions of ASC 842 will be applied using the modified retrospective approach with January 1, 2022 as the date of initial adoption. Control is defined under the standard 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") asset, operating lease liability, current, and operating lease liability, long-term in our Statements of Financial Position.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since the Organization's lease does not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

2. Summary of significant accounting policies (Continued):

G. Contributions:

All contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

H. Net assets:

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 Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

I. Support and revenue recognition:

Contributions and grants are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

J. Depreciation:

Depreciation is recognized on the straight-line basis in amounts adequate to amortize costs over the estimated useful lives of the assets.

K. Income taxes:

The Organization has qualified under Internal Revenue Code Section 501(c)(3) as a tax-exempt entity. Consequently, the accompanying financial statements do not include any provision for federal and state income taxes.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

2. Summary of significant accounting policies (Continued):

L. Accounting for uncertain tax positions:

The Organization follows the provisions of Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, relating to unrecognized tax benefits. This standard requires an organization to recognize a liability for tax positions when there is a 50% or greater likelihood that the position will not be sustained upon examination. The Organization is liable for taxes to the extent of any unrelated business income as defined by IRS regulations. The Organization believes that it has not engaged in any unrelated business income as defined by IRS regulations and that it is more likely than not that this position would be sustained upon examination. As such, there were no liabilities recorded for uncertain tax positions as of December 31, 2022 and 2021.

M. Advertising costs:

Advertising costs are charged to operations when incurred. Advertising expenses charged to operations for the years ended December 31, 2022 and 2021, amounted to \$9,515 and \$6,345, respectively.

N. Functional expense and cost allocation:

The costs of providing program and other activities have been listed on a function basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among program and management and general expenses. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Dues and subscriptions	Department usage
Miscellaneous expense	Department usage
Office expense	Department usage
Postage	Department usage
Rent	Department usage
Repairs and maintenance	Department usage
Telephone	Department usage
Utilities	Department usage

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

3. Liquidity and availability:

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the Statements of Financial Position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,046,202	\$ 1,931,245
Accounts receivable	<u>12,010</u>	<u>420</u>
Total financial assets	2,058,212	1,931,665
Less amounts not available to be used within one year:		
Restricted cash	<u>(1,887,517)</u>	<u>(1,817,183)</u>
Total financial assets available to meet general expenditures	<u>\$ 170,695</u>	<u>\$ 114,482</u>

Restricted funds consist of client funds and are required to be held in separate accounts.

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in money market funds, short-term investments, and long-term investments.

4. Beneficial interest in assets held by community foundation (endowment):

The Organization has transferred assets to the Parkersburg Area Community Foundation (the "Foundation") which is holding them as endowed component funds ("Fund") for the benefit of the Organization. The Organization has granted the Foundation variance power which gives the Foundation's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies. The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held by Community Foundation in the Statements of Financial Position and reports appreciation/depreciation of the fund as investment income. Changes in the value of the Fund are reported as investment income, net in the Statements of Activities. Changes in the fund for the year ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 16,489	\$ 14,062
Additional amounts invested in funds	9,804	464
Share of appreciation (depreciation) of funds	(2,252)	2,173
Investment fees	(234)	(210)
Distributions received	<u>(9,300)</u>	<u>(-)</u>
Balance at December 31	<u>\$ 14,507</u>	<u>\$ 16,489</u>

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

5. Fair value measurements:

The following is a summary of assets held at fair value at December 31, 2022 and 2021:

Fair Value Measurements at Reporting Date Using:

	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2022</u>				
Beneficial interest in assets held by community foundation	\$ <u>14,507</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,507</u>

Fair Value Measurements at Reporting Date Using:

	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2021</u>				
Beneficial interest in assets held by community foundation	\$ <u>16,489</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>16,489</u>

The beneficial interest in assets held at the Foundation has been valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which may include private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The Foundation is authorized in its discretion to prudently invest any part or all of the Fund in securities or in other property, real or personal. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based on unobservable inputs. There were no Level 1 or Level 2 inputs for the years ended December 31, 2022 and 2021.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

5. Fair value measurements (Continued):

Financial instruments classified as Level 3 in the fair value hierarchy represent the Organization's investment in financial instruments in which management has used at least one significant unobservable input in the valuation model. See Note 4 for reconciliation of the activities for Level 3 financial instruments:

The fair value of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, accrued expenses, and client funds payable approximate those assets' and liabilities' carrying amounts reported in the Statements of Financial Position.

6. Furniture and equipment, net:

A summary of furniture and equipment as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 32,508	\$ 24,936
Less accumulated depreciation	<u>(24,838)</u>	<u>(23,952)</u>
	<u>\$ 7,670</u>	<u>\$ 984</u>

Depreciation expense charged to operations for the years ended December 31, 2022 and 2021 amounted to \$886 and \$450, respectively.

7. Leasing activities:

The Organization has an operating lease for office space with remaining lease terms of approximately two years.

The Organization shall have the right to renew this Lease Agreement, along with any renewal period, and be required to exercise such renewal period(s) by giving written notice via certified mail to the Lessor no less than 60 days prior to the expiration of the initial term or any subsequent renewal period. The Lessee shall have a total of three renewal periods which will continue to abide by the same covenants, conditions and provisions as provided in this Lease Agreement as described:

The first renewal period was exercised beginning on October 1, 2022 and will end on September 30, 2024 with the rent to be paid per month with the rent for the renewal period to be negotiated in good faith upon the Organization providing notice of their intention to renew.

The second renewal period shall begin on October 1, 2024 and end on September 30, 2026 with the rent to be paid per month with the rent for the renewal period to be negotiated in good faith upon the Organization providing notice of their intention to renew.

The third renewal period shall begin on October 1, 2026 and end on September 30, 2028 with the rent to be paid per month with the rent for the renewal period to be negotiated in good faith upon the Organization providing notice of their intention to renew.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

7. Leasing activities (Continued):

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	<u>2022</u>
Average Remaining Lease Term	
Operating leases	2 years
Average Discount Rate	
Operating leases	6.5%

The maturities of lease liabilities as of December 31, 2022 were as follows:

Year ending December 31:	
2023	\$ 17,640
2024	17,861
2025	18,522
2026	18,754
2027	19,448
Thereafter	<u>14,120</u>
 Total lease payments	 106,345
Less interest	<u>(18,097)</u>
 Present value of lease liabilities	 <u>\$ 88,248</u>

The following line item is included in the Statements of Functional Expenses which include the components of lease expense for the year ended December 31:

	<u>2022</u>
Rent expense	<u>\$ 17,010</u>

8. Payroll Protection Program note payable:

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Securities (CARES) Act was signed into law. The CARES Act stimulus package included a new forgivable loan product offered through the Small Business Administration. The Paycheck Protection Program (PPP) was designed to assist employers with employee retention and the continuation of payroll during the COVID-19 pandemic.

On January 28, 2021, the Organization received a second PPP loan from the bank in the amount of \$60,498. This loan was forgiven on June 14, 2021.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

9. Net assets without donor restrictions:

Net assets without donor restrictions at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ <u>121,459</u>	\$ <u>101,621</u>

10. Net assets with donor restrictions:

Net assets with donor restrictions at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Beneficial interest in the Parkersburg Area Community Foundation	\$ <u>14,507</u>	\$ <u>16,489</u>

11. Operating lease obligations:

As of December 31, 2021 the Organization leased its office facilities under an operating lease. Rental expense for the year ended December 31, 2021 amounted to \$16,800.

12. Concentration of credit risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various local bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. The Organization is establishing a Sweep account, which will be effective July 3, 2023, to address cash and cash equivalents exceeding federally insured limits.

The Organization services clients of the local communities of Wood County, West Virginia and Washington County, Ohio. The Organization's sources of revenue are therefore dependent and subject to risk based on the economic climate primarily in these areas.

13. Retirement plan:

In order to provide retirement benefits for its employees, the Organization adopted a defined contribution plan under Section 403(b) of the Internal Revenue Code in 2007 that covers eligible employees. Employees can contribute a portion of their compensation, not to exceed the maximum allowable under the Internal Revenue Code. The Organization agreed to match the employee's contribution by 50% up to 6%, giving the employee a maximum matched contribution of 3%. Contributions to the plan charged to operations for the years ended December 31, 2022 and 2021 amounted to \$2,417 and \$3,501, respectively.

CONSUMER CREDIT COUNSELING SERVICE OF THE MID-OHIO VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

14. Reclassifications:

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

15. Subsequent events:

The Organization has evaluated all subsequent events through June 22, 2023, the date the financial statements were available to be issued.