The Cleveland Society for the Blind

YEARS ENDED DECEMBER 31, 2023 AND 2022

HW&Co.® CPAs & Advisors

THE CLEVELAND SOCIETY FOR THE BLIND

YEARS ENDED DECEMBER 31, 2023 AND 2022

CONTENTS

Independent Auditor's Report

Board of Trustees
The Cleveland Society for the Blind
Cleveland, Ohio

Opinion

We have audited the accompanying financial statements of The Cleveland Society for the Blind, which comprise the statements of financial position as of December 31, 2023 and 2022, and 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 financial statements referred to above present fairly, in all material respects, the financial position of The Cleveland Society for the Blind as of December 31, 2023 and 2022, 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 (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 Cleveland Society for the Blind 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 GAAS, 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 Cleveland Society for the Blind'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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 Cleveland Society for the Blind'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 Cleveland Society for the Blind'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.

HW&Co.

Cleveland, Ohio
March 22, 2024

THE CLEVELAND SOCIETY FOR THE BLIND

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
Assets:		
Cash and cash equivalents	$ 2,245,830	$ 3,333,117
Receivables, net of allowance for credit losses of $13,947 in 2023 and $11,763 in 2022	997,325	685,311
Promises to give, net	205,741	238,006
Endowment receivable	615,000	21,893,160
Endowment investments	116,547,802	83,603,653
Inventories	106,836	84,270
Prepaid expenses	48,411	77,423
Beneficial interest trusts	17,329,409	15,851,195
	138,096,354	125,766,135
Property and equipment:		
Land and land improvements	1,910,209	2,047,670
Buildings and improvements	14,979,106	13,878,854
Equipment, furniture, and fixtures	2,036,373	2,050,033
Construction-in-progress	20,961	499,147
	18,946,649	18,475,704
Less accumulated depreciation	8,624,666	8,603,769
	10,321,983	9,871,935
	$ 148,418,337	**$ 135,638,070**

LIABILITIES AND NET ASSETS

	2023	2022
Liabilities:		
Accounts payable	$ 242,390	$ 473,373
Accrued expenses	546,968	484,197
Obligations under annuity agreements	199,715	215,922
Refundable advances	11,973	13,537
Total liabilities	1,001,046	1,187,029
Net assets:		
Without donor restrictions	66,951,601	60,635,719
With donor restrictions	80,465,690	73,815,322
Total net assets	147,417,291	134,451,041
	$ 148,418,337	**$ 135,638,070**

See notes to financial statements.

THE CLEVELAND SOCIETY FOR THE BLIND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2023

	Net assets without donor restrictions			Net assets	
	General Fund	Board Designated	Total	with donor restrictions	Total
Public support and revenue					
Public support:					
Contributions and grants	$ 816,281	$ 531,076	$ 1,347,357	$ 843,507	$ 2,190,864
Fundraising, net	60,001		60,001		60,001
Restricted funds released for current program activities	467,152		467,152	(467,152)	
Total public support	1,343,434	531,076	1,874,510	376,355	2,250,865
Revenue:					
Retail sales, net	70,994		70,994		70,994
Program service fees	5,031,234		5,031,234		5,031,234
Other revenue	113,355		113,355		113,355
Total revenue	5,215,583		5,215,583		5,215,583
Investment income:					
Investment income, net		1,551,248	1,551,248	1,255,521	2,806,769
Investment income released per spending policy	4,268,904	(2,359,224)	1,909,680	(1,909,680)	
Earnings from beneficial trusts				1,797,470	1,797,470
Earnings from beneficial trusts released from restriction	1,797,470		1,797,470	(1,797,470)	
Total investment income	6,066,374	(807,976)	5,258,398	(654,159)	4,604,239
Total public support, revenue and investment income/(loss)	12,625,391	(276,900)	12,348,491	(277,804)	12,070,687
Expenses:					
Program services	10,169,225		10,169,225		10,169,225
Management and general	1,350,651		1,350,651		1,350,651
Fundraising	811,988		811,988		811,988
Total expenses	12,331,864		12,331,864		12,331,864
Net unrealized gain on equity securities		6,712,873	6,712,873	5,276,649	11,989,522
Changes in net assets before other changes to net assets	293,527	6,435,973	6,729,500	4,998,845	11,728,345
Other changes to net assets:					
Net unrealized gain on debt securities				157,101	157,101
Change in value of annuity agreements				16,208	16,208
Change in value of beneficial trusts				1,478,214	1,478,214
Net asset reclassification	147,661	(147,661)			
Depreciation expense	(380,591)		(380,591)		(380,591)
Loss on disposal of assets	(33,027)		(33,027)		(33,027)
Changes in net assets	27,570	6,288,312	6,315,882	6,650,368	12,966,250
Net assets, beginning of year	12,324,996	48,310,723	60,635,719	73,815,322	134,451,041
Net assets, end of year	**$ 12,352,566**	**$ 54,599,035**	**$ 66,951,601**	**$ 80,465,690**	**$ 147,417,291**

See notes to financial statements.

THE CLEVELAND SOCIETY FOR THE BLIND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2022

	Net assets without donor restrictions			Net assets	
	General Fund	Board Designated	Total	with donor restrictions	Total
Public support and revenue					
Public support:					
Contributions and grants	$ 884,402	$ 725,635	$ 1,610,037	$ 22,242,600	$ 23,852,637
Fundraising, net	41,247		41,247		41,247
Restricted funds released for current program activities	232,963		232,963	(232,963)	
Total public support	1,158,612	725,635	1,884,247	22,009,637	23,893,884
Revenue:					
Retail sales, net	59,942		59,942		59,942
Program service fees	4,629,860		4,629,860		4,629,860
Other revenue	59,996		59,996		59,996
Total revenue	4,749,798		4,749,798		4,749,798
Investment income:					
Investment income, net	(1,125)	243,594	242,469	197,178	439,647
Investment income released per spending policy	3,646,379	(2,015,184)	1,631,195	(1,631,195)	
Earnings from beneficial trusts				1,829,291	1,829,291
Earnings from beneficial trusts released from restriction	1,829,291		1,829,291	(1,829,291)	
Total investment income	5,474,545	(1,771,590)	3,702,955	(1,434,017)	2,268,938
Total public support, revenue and investment income/(loss)	11,382,955	(1,045,955)	10,337,000	20,575,620	30,912,620
Expenses:					
Program services	9,166,508		9,166,508		9,166,508
Management and general	1,261,986		1,261,986		1,261,986
Fundraising	750,694		750,694		750,694
Total expenses	11,179,188		11,179,188		11,179,188
Net unrealized loss on equity securities		(7,794,031)	(7,794,031)	(6,134,261)	(13,928,292)
Changes in net assets before other changes to net assets	203,767	(8,839,986)	(8,636,219)	14,441,359	5,805,140
Other changes to net assets:					
Net unrealized loss on debt securities				(265,364)	(265,364)
Change in value of annuity agreements				(90,053)	(90,053)
Change in value of beneficial trusts				(4,572,112)	(4,572,112)
Net asset reclassification	6,975,448	(6,975,448)			
Depreciation expense	(331,782)		(331,782)		(331,782)
Gain on disposal of assets	1,900		1,900		1,900
Changes in net assets	6,849,333	(15,815,434)	(8,966,101)	9,513,830	547,729
Net assets, beginning of year	5,475,663	64,126,157	69,601,820	64,301,492	133,903,312
Net assets, end of year	**$ 12,324,996**	**$ 48,310,723**	**$ 60,635,719**	**$ 73,815,322**	**$ 134,451,041**

See notes to financial statements.

THE CLEVELAND SOCIETY FOR THE BLIND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	$ 7,771,605	$ 1,138,834	$ 716,224	$ 9,626,663
Professional and contracted fees	1,543,040	136,320	61,631	1,740,991
Supplies and related	129,226	11,416	5,161	145,803
Occupancy	488,057	43,117	19,494	550,668
Program transportation	6,378	563	255	7,196
Staff travel	46,897	4,143	1,873	52,913
Other	95,396	8,428	3,810	107,634
Funded depreciation	88,626	7,830	3,540	99,996
Total expenses before other expenses	10,169,225	1,350,651	811,988	12,331,864
General fund depreciation	337,318	29,800	13,473	380,591
Total expenses reported by function	**$ 10,506,543**	**$ 1,380,451**	**$ 825,461**	**$ 12,712,455**

See notes to financial statements.

THE CLEVELAND SOCIETY FOR THE BLIND

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	$ 6,836,476	$ 1,090,744	$ 661,317	$ 8,588,537
Professional and contracted fees	1,494,318	109,823	57,320	1,661,461
Supplies and related	137,892	10,134	5,289	153,315
Occupancy	465,787	34,232	17,867	517,886
Program transportation	11,966	879	459	13,304
Staff travel	37,856	2,782	1,452	42,090
Other	92,277	6,782	3,540	102,599
Funded depreciation	89,936	6,610	3,450	99,996
Total expenses before other expenses	9,166,508	1,261,986	750,694	11,179,188
General fund depreciation	298,405	21,931	11,446	331,782
Total expenses reported by function	**$ 9,464,913**	**$ 1,283,917**	**$ 762,140**	**$ 11,510,970**

See notes to financial statements.

THE CLEVELAND SOCIETY FOR THE BLIND

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Changes in net assets	$ 12,966,250	$ 547,729
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	480,587	431,778
Loss (gain) on disposal of assets	33,027	(1,900)
Realized and unrealized (gains) losses on investments, net	(16,750,862)	11,924,718
Change in value of beneficial trusts	(1,478,214)	4,572,111
Endowment receivable		(21,893,160)
Decrease (increase) in assets:		
Receivables, net	(312,014)	253,468
Promises to give, net	32,265	99,427
Inventories	(22,566)	18,436
Prepaid expenses	29,012	(48,863)
Increase (decrease) in liabilities:		
Accounts payable	(230,983)	148,717
Accrued expenses	62,771	54,567
Refundable advances	(1,564)	(1,586)
Net cash used in operating activities	(5,192,291)	(3,894,558)
Cash flows from investing activities:		
Proceeds from the sale of investments	4,268,904	8,079,831
Purchase of investments	(20,462,191)	(3,473,945)
Proceeds from sale of assets	4,100	1,900
Purchase of property and equipment	(967,762)	(635,147)
Net cash provided by (used in) investing activities	(17,156,949)	3,972,639
Cash flows from financing activities:		
Endowment receivable	21,278,160	
Proceeds from annuity obligations		50,000
Payments on annuity obligations	(16,207)	(14,414)
Net cash provided by financing activities	21,261,953	35,586
Net increase (decrease) in cash and cash equivalents	(1,087,287)	113,667
Cash and cash equivalents, beginning of period	3,333,117	3,219,450
Cash and cash equivalents, end of period	**$ 2,245,830**	**$ 3,333,117**

See notes to financial statements.

1. Description of Society and summary of significant accounting policies:

Nature of activities:

The Cleveland Society for the Blind ("Society"), also known as Cleveland Sight Center, is a private not-for-profit (Ohio) Corporation formed in 1906 to provide services to children, working-age adults, and older adults who are blind or visually impaired. The Organization is primarily supported through donor contributions, earnings from beneficial trusts, earnings from an endowment based on a spending policy, income generated through a social enterprise, and program service fees.

Cleveland Sight Center's mission is to provide individualized support and tools to navigate the visual world.

Cleveland Sight Center's vision is a world where the quality of one's sight does not determine the quality of one's life.

Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Furthermore, the accounting policies adhered to by the Society are generally consistent with the *Audit and Accounting Guide Not-for-Profit Entities* issued by the American Institute of Certified Public Accountants.

Basis of presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its accounting standards for not-for-profit entities. Under these standards, the Society is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions – Net assets are not subject to donor-imposed restrictions.

Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees. Such net assets are recorded as board designated.

Net assets with donor restrictions – Net assets are subject to donor-imposed restrictions or to a specific time period or purpose. Net assets with donor restrictions includes contributions the donor stipulates must be held in perpetuity and some contributions that may be removed by the passage of time or actions of the Society to meet the restrictions. Earnings accumulated on donor restricted endowments and not appropriated by the Board of Trustees for expenditure are also included in net assets with donor restrictions.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1. Description of Society and summary of significant accounting policies (continued):

Recently adopted accounting pronouncement:

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*: Measurement of Credit Losses on Financial Instruments which significantly changed how companies measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model which requires the measurement of expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. The ASU requires disclosures to provide users of the financial statements with useful information in analyzing a company's exposure to credit risk and the measurement of credit losses. Financial assets held by the Society that are subject to the guidance in ASU 2016-13 were receivables, net and debt securities investment included with endowment investments in the statements of financial positions.

As a result of the utilizing the modified retrospective transition method, there was no effect to the opening balance of the allowance for credit losses or net assets at January 1, 2023.

Cash and cash equivalents:

The Society considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The cash accounts are insured by the Federal Deposit Insurance Corporation. All cash held in the investment accounts is deemed an investment and is not insured by the Federal Deposit Insurance Corporation.

Liquidity and availability:

The Society’s financial assets available within one year of the statements of financial position as of December 31, 2023 and 2022 for general expenditures are as follows:

	2023	2022
Cash and cash equivalents	$ 2,245,830	$ 3,333,117
Receivable, net	997,325	685,311
Current portion of promises to give	107,752	118,140
Investments estimated to be appropriated for current year	4,600,000	4,270,000
	$ 7,950,907	$ 8,406,568

As part of the Society’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Society invests cash in excess of daily requirements in short-term investments. Additionally, the Society’s endowment funds consist of donor-restricted endowments, whose income is not restricted for specific purposes and, therefore is available for general expenditure. Based on the Society’s investment and spending policy, $4,600,000 and $4,270,000 of earnings on endowment funds were available for use at December 31, 2023 and 2022, respectively, and can be released from restriction upon need for expenditure and a board resolution. Earnings on endowment funds are included in investments. The Society also has a demand line of credit in the amount of $1,000,000, which it could draw upon to help manage unanticipated liquidity needs as they arise.

1. Description of Society and summary of significant accounting policies (continued):

Promises to give, net:

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are recognized as promises to give and related contribution reserve when received or when the donor makes an unconditional promise to give. Promises to give which span over multiple years are discounted at an adjusted risk-free rate at the time of the promise (historically between 1.00% and 2.21%). Management individually reviews promises to give and those deemed uncollectible are written off to bad debt expense. There was no bad debt expense related to promises to give at December 31, 2023 and 2022.

Endowment receivable:

Endowment receivable is stated at the amount management expects to collect from balances outstanding at year end. Amounts are recorded as performance obligations are satisfied. During 2022, the Society was informed it was the beneficiary of 50% of a trust liquidated to cash from an anonymous donor. As of December 31, 2023 and 2022, management calculated and recorded a receivable equal to the Society's share of the estimated value of future distributions from the trust of $615,000 and $21,893,160, respectively. The proceeds are restricted by the trust for use in the Society's programs and services and the amount was recorded as contribution revenue within net assets with donor restrictions in the statement of activities and changes in net assets in 2023 and 2022. The proceeds will be deposited into endowment investments when received and will be subject to the Society's endowment spending policy (Note 5).

Inventories:

Inventories consist of retail merchandise and are stated at cost, determined by the first-in, first-out method, but not in excess of net realizable value.

Property and equipment:

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The policy of the Society is to capitalize assets greater than $1,000 in value. Depreciation is computed using primarily the straight-line method over the expected useful lives of the assets, as follows:

	Years
Land improvements	5-30 years
Buildings and improvements	5-50 years
Equipment, furniture, and fixtures	2-10 years

At December 31, 2022, the Society had construction-in-progress related to renovations being performed in its clinic and retail store. The project was completed in February 2023.

1. Description of Society and summary of significant accounting policies (continued):

Endowment:

Endowment balance consisted of investments during 2023 and 2022. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income, net includes realized gains and losses, interest, and dividends, net of investment fees and are reported within the changes in net assets of the accompanying statements of activities and changes in net assets, and are recognized in the year it is earned. Total investment management fees were $151,781 in 2023 and $126,805 in 2022.

Functional allocation of expenses:

The costs of providing the Society's various programs and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. The Society classifies expenses directly to the categories they are attributed to based on the expense. Certain costs have been allocated among the programs and supporting services benefited. Functional expenses are allocated based on an analysis by management of employee time spent within each functional area. Overhead costs are allocated pro-rata to total employees within each functional area.

Revenue recognition:

The Society recognizes revenue in accordance with FASB Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers.* The core principal of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps, (1) identify the contract(s), (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

The Society primarily generates revenues from payments received from contributions and grants, program service fees, fundraising, and retail sales.

Contributions and grants received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. If the grant is for a specific program provided by the Society, it is classified with program service fees; if it is for a general purpose it is classified with contributions and grants revenue in the statements of activities and changes in net assets.

Revenue is reported at the amount that reflects the consideration to which the Society expects to be entitled in exchange for providing the goods and services. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the goods and services provided by the Society. The Society recognizes revenue in the statements of activities and changes in net assets and contract assets in the statements of financial position only when the goods and services have been sold and delivered or have been provided. Since the Society has performed its obligations under the contracts, it has unconditional rights to the consideration recorded as contract assets and therefore, classifies those billed contract assets as accounts receivable.

1. Description of Society and summary of significant accounting policies (continued):

Revenue recognition (continued):

Revenues from program services are recognized as performance obligations are satisfied, which in most cases are when the services are provided and billed.

Revenues from non-exchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied. In addition, the Society has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized.

Unconditional promises to give are recognized as revenues or support in the period the promise is received. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give in subsequent years are recorded at their present value using an appropriate discount rate commensurate with the risks involved. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Revenue from certain government contract agreements is derived from cost-reimbursable government contract agreements, which are conditioned upon certain performance requirements and once the goods and services are provided by the Society. Receivables related to government agreements where services have been performed but have yet to be reimbursed by government entities are included in accounts receivable. At December 31, 2023 and 2022, receivables due from government entities totaled $801,294 and $475,609, respectively. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Program service fees are recognized as revenues when services have been rendered. Program service fees received in advance are deferred to the applicable year in which the related services are performed or expenditures are incurred and represent contract liabilities which are recorded as refundable advances in the statements of financial position.

The Society allocates the transaction price for retail sales to each distinct product based on their relative standalone selling price. Revenue is recognized when control of the product is transferred to the customer (i.e., when the Society’s performance obligation is satisfied), which typically occurs at the point of sale.

Receivables, net of allowance for credit losses:

Receivables are recorded as performance obligations are satisfied. Accounts receivable are expected to be received within 30 days from the date billed. Interest is not charged on past due receivables. The Soceity's accounts receivable are derived from various customers, government entities and financial institutions. The Society recognizes an expected allowance for credit losses at each statement of financial position date. In addition, this estimate is updated at each reporting date to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. Accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

1. Description of Society and summary of significant accounting policies (continued):

Receivables, net and allowance for credit losses (continued):

The allowance estimate is derived from a review of the Society's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Society. The Society provides for uncollectible amounts when specific credit problems are identified. In doing so, the Society analyzes historical bad debt trends, customer credit worthiness, current economic trends and changes in customer payment patterns when evaluating the adequacy of the allowance for expected credit losses on customer accounts. Credit loss expense was $3,600 during 2023 and 2022.

Receivables, net at December 31, 2023 and 2022 consist of the following:

	2023	2022
Private pay receivables, net of allowance for credit losses	$ 123,414	$ 135,931
Governmental receivables	801,294	475,609
Interest receivable	72,417	53,916
Donation receivables		13,000
Other	200	6,855
	$ 997,325	$ 685,311

Donated services:

A number of volunteers have donated time to the Society’s program services and fundraising campaigns. However, these services are not reflected in the financial statements since the services did not require specialized skills.

Tax positions:

The Society is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes, and is not a private foundation under Section 509(a)(2). In addition, the Society qualifies for charitable contribution deduction under Section 170(b)(1)(a).

The Society did not identify any material unrecognized tax benefits upon evaluation of tax positions taken and therefore, there was no material effect on the Society’s financial condition or results of operations.

The Society evaluates at each statement of financial position date uncertain tax positions taken, if any, to determine the need to record liabilities for taxes, penalties, and interest. The Society’s policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of December 31, 2023 and 2022, the Society had no accrued taxes, interest or penalties related to uncertain tax positions. The Society estimates the unrecognized tax benefit will not change significantly within the next twelve months.

2. Promises to give:

Unconditional promises to give at December 31, 2023 and 2022 are comprised of the following:

	2023	2022
Receivable in less than one year	$ 107,752	$ 118,140
Receivable in one to five years	100,200	124,042
Total unconditional promises to give	207,952	242,182
Less present value adjustment	2,211	4,176
Net unconditional promises to give	$ 205,741	$ 238,006

3. Line of credit:

The Society has a line of credit with a bank, secured by unrestricted endowment investments which provides for maximum borrowing of $1,000,000 through June 30, 2024. During 2023 and 2022, the credit agreement required monthly payments of interest at SOFR Index (1.11% at December 31, 2023 and 1.06 % at December 31, 2022) plus 0.10% index adjustment plus 1.50%. There were no amounts outstanding on the line of credit at December 31, 2023 or 2022. The agreement includes covenants which require, among other considerations, annual audited financial statements.

4. Fair value:

Financial and nonfinancial assets and liabilities are required to be remeasured on an annual basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and establishes a fair value hierarchy based upon the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities (for example, exchange quoted prices).

Level 2 – Inputs to the valuation methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not sufficiently active to qualify as Level 1, other observable inputs, or inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Society's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

4. Fair value (continued):

The Society's endowment investments, beneficial interest and comment collective trusts accounted for at fair value at December 31, 2023 and 2022 are summarized below:

December 31, 2023	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents:				
Money market funds	$ 6,525,257	$ 6,525,257		
Debt securities:				
Treasury securities	21,351,110	21,351,110		
Corporate bonds	8,423,130	8,423,130		
	29,774,240	29,774,240		
Equity securities:				
Basic industry	13,424,501	13,424,501		
Capital goods	12,673,916	12,673,916		
Consumer cyclical	9,345,801	9,345,801		
Consumer staples	4,457,629	4,457,629		
Energy and utilities	10,732,897	10,732,897		
Financial	12,492,615	12,492,615		
Technology	16,694,173	16,694,173		
	79,824,192	79,824,192		
Beneficial interest trusts	17,329,409		$ 17,329,409	
Common collective trusts	414,338		414,338	
	17,743,747		17,743,747	
Net assets in fair value hierarchy	133,864,776	$116,121,029	$ 17,743,747	$
Investments reported at net asset value (common fund) (A)	12,435			
	$133,877,211			

December 31, 2022	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents:				
Money market funds	$ 3,156,818	$ 3,156,818		
Debt securities:				
Treasury securities	17,093,592	17,093,592		
Corporate bonds	5,780,002	5,780,002		
	22,873,594	22,873,594		

4. Fair value (continued):

December 31, 2022 (continued)	Fair Value	Level 1	Level 2	Level 3
Equity securities:				
Basic industry	9,298,038	9,298,038		
Capital goods	10,528,006	10,528,006		
Consumer cyclical	6,040,255	6,040,255		
Consumer staples	3,760,139	3,760,139		
Energy and utilities	8,090,888	8,090,888		
Financial	8,596,571	8,596,571		
Technology	10,808,995	10,808,995		
	57,122,892	57,122,892		
Beneficial interest trusts	15,851,195		$ 15,851,195	
Common collective trusts	408,229		408,229	
	16,259,424		16,259,424	
Net assets in fair value hierarchy	99,412,728	$ 83,153,303	$ 16,259,424	$
Investments reported at net asset value (common fund) (A)	42,120			
	$ 99,454,848			

(A) In accordance with Subtopic 820-10, investments that are measured at net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2023 and 2022. There have been no changes between the methodologies used at December 31, 2023 and 2022.

The cash and cash equivalents, debt securities and equity securities are valued at the quoted market prices in active markets of shares held by the Society at year end.

The fair value of the common collective trusts are valued based on the unit value of the funds. Unit values are determined by the trust companies sponsoring such fund by dividing the fund's net assets at fair value by its units outstanding at the valuation dates. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the funds will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily.

4. Fair value (continued):

The beneficial interest trusts are valued at the fair value of the assets contributed to the trust, which is estimated to approximate the present value of expected future distributions from the trusts.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

Allowance for Credit Losses – available for sale debt securities:

For treasury securities and corporate bond debt securities, management evaluates all investments in an unrealized loss position on an annual basis, and more frequently when economic or market conditions warrant such evaluation. If the Society has the intent to sell the security or it is more likely than not that the Society will be required to sell the security, the security is written down to fair value and the entire loss is recorded in earnings. If either of the above criteria is not met, the Society evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, the Society may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected are compared to the amortized cost basis of the security and any excess is recorded as an allowance for credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any amount of unrealized loss that has not been recorded through an allowance for credit loss is recognized in other changes in net assets.

Changes in the allowance for credit loss are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance for credit loss when management believes an available for sale debt security is confirmed to be uncollectible or when either of the criteria regarding intent or requirement to sell is met. At December 31, 2023, there was no allowance for credit loss related to the available for sale portfolio.

5. Endowments:

The Society's endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The management and Board of Trustees of the Society have interpreted the Unified Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Ohio, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

5. Endowments (continued):

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Society, and (7) the Society's investment policies.

Investment return objectives, risk parameters, and strategies:

The Society has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes cash, equity and debt securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Society expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending policy:

The Society has a policy of appropriating for distribution each year 5% of its board designated and permanently restricted endowment fund's average fair value of the prior 36 months ending September 30th preceding the fiscal year in which the distribution is planned. In establishing this policy, the Society considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Society expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3% annually. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. As a result of its spending policy the Society transferred $4,268,904 during 2023 and $3,646,379 during 2022.

Endowment net asset composition by the type of fund as of December 31, 2023 and 2022 are as follows:

	2023	2022
Net assets without donor restrictions	$ 54,734,627	$ 48,310,723
Net assets with donor restrictions	79,893,176	73,037,285
	$134,627,803	$121,348,008

5. Endowments (continued):

Changes in endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

December 31, 2023	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment assets, beginning of year	$ 48,310,723	$ 73,037,285	$121,348,008
Investment return:			
Earnings from beneficial trusts		1,797,470	1,797,470
Investment income	1,551,248	1,255,521	2,806,769
Net appreciation	6,712,873	6,911,964	13,624,837
	8,264,121	9,964,955	18,229,076
Appropriation of beneficial trusts for expenditure		(1,797,470)	(1,797,470)
Appropriation of endowment assets for expenditure	(2,359,224)	(1,909,680)	(4,268,904)
Annuity		16,208	16,208
Net asset reclassification	(147,661)		(147,661)
Contributions	531,076	581,878	1,112,954
Endowment assets, end of year	$ 54,599,035	$ 79,893,176	$134,492,211

December 31, 2022	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment assets, beginning of year	$ 57,003,048	$ 63,554,515	$120,557,563
Investment return:			
Earnings from beneficial trusts		1,829,291	1,829,291
Investment income	243,594	197,178	440,772
Net depreciation	(7,794,031)	(10,971,737)	(18,765,768)
	(7,550,437)	(8,945,268)	(16,495,705)
Appropriation of beneficial trusts for expenditure		(1,829,291)	(1,829,291)
Appropriation of endowment assets for expenditure	(2,015,184)	(1,631,195)	(3,646,379)
Annuity		14,414	14,414
Net asset reclassification	147,661		147,661
Contributions	725,635	21,874,110	22,599,745
Endowment assets, end of year	$ 48,310,723	$ 73,037,285	$121,348,008

6. Split interest agreements:

Charitable gift annuities and charitable remainder trusts:

The Society is the beneficiary of several charitable gift annuities and a charitable remainder trust that are managed by third-party trustees. The assets held in trust are recorded at fair value at the date of initial recognition. The Society received new charitable gift annuities totaling $50,000 in 2022. No new gift annuities were received during 2023. At December 31, 2023 and 2022, total assets of $414,338 and $408,229, respectively, were held by the Society, which are included in investments on the statements of financial position.

Under the terms of the trust agreements, designated beneficiaries are to receive regular payments from the trust assets for the beneficiaries' remaining life. Upon death of the beneficiaries, the assets are to be retained for the Society's use. At December 31, 2023 and 2022, liabilities of $199,715 and $215,922, respectively, were recognized as obligations under annuity agreements. The liabilities represent the present value of the expected beneficiary payments calculated based on the estimated life of the beneficiary and a discount rate. The discount rates used to calculate the present value range from 2.7% to 9.8%.

Beneficial interest trusts:

The Society is the beneficiary of a number of perpetual trusts held by banks from which trust income is received annually for the Society's use. The assets are held by third-party trustees. Under the terms of the trusts, the Society has the irrevocable right to receive a certain percentage of the income earned on the trust assets in perpetuity. As of December 31, 2023 and 2022, assets of $17,329,409 and $15,851,195, respectively, were held in trust funds, and are included with assets with donor restrictions. The assets are recorded at fair value, which is estimated to approximate the present value of expected future distributions from the trusts. The change in value of the perpetual trusts is recognized as revenue in the statements of activities and changes in net assets.

7. Defined contribution retirement plans:

The Society sponsors a defined contribution retirement plan under Internal Revenue Code 401(k) that covers essentially all employees. Employer's matching and nonelective contributions to the plan and corresponding expenses amounted to $332,429 in 2023 and $245,604 in 2022.

The Society sponsors a 403(b) retirement plan, which was frozen in 1997. Since the plan was frozen, no contributions were made since then.

8. Contingencies:

Grants, bequests, and endowments require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to grantors. Management believes the Society has fulfilled the conditions set forth within all grant instruments.

9. Net assets with donor restrictions:

Net assets with donor restrictions are detailed as follows as of December 31, 2023 and 2022:

	2023	2022
Restricted according to split-interest agreements	$ 214,673	$ 192,307
For use within the Society's various program services	357,841	585,730
Endowment	79,893,176	73,037,285
	$ 80,465,690	$ 73,815,322

10. Subsequent events:

The Society has evaluated subsequent events through March 22, 2024, the date the financial statements were available to be issued.