

Consolidated Financial Statements

THE ABILITY CENTER OF GREATER TOLEDO



**AND
SUPPORTING ORGANIZATION**

Years Ended September 30, 2024 and 2023
with Independent Auditor's Report

The Ability Center of Greater Toledo and Supporting Organization

Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

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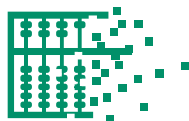
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MIRA+KOLENA



Charles J. Mira, J.D., CPA (1957-2019)
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Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

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Board of Directors

The Ability Center of Greater Toledo and Supporting Organization

Opinion

We have audited the accompanying consolidated financial statements of The Ability Center of Greater Toledo and Supporting Organization (a not-for-profit organization), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated 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 The Ability Center of Greater Toledo and Supporting Organization as of September 30, 2024 and 2023, and the changes in its net position 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Ability Center of Greater Toledo and Supporting Organization 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 Ability Center of Greater Toledo and Supporting Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Ability Center of Greater Toledo and Supporting Organization'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 Ability Center of Greater Toledo and Supporting Organization'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.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mira + Kolena, Ltd.

Toledo, Ohio
January 22, 2025

The Ability Center of Greater Toledo and Supporting Organization

Consolidated Statements of Financial Position

September 30, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 1,319,809	\$ 1,162,709
Receivables:		
Grant and other	917,421	498,571
Pledge	45,250	20,000
	<u>962,671</u>	<u>518,571</u>
Inventory	10,783	12,124
Investments	58,645,115	48,539,971
Deposits	60,000	-
Prepaid expenses	24,956	22,738
Total current assets	<u>61,023,334</u>	<u>50,256,113</u>
Net property and equipment	3,162,452	3,056,788
Other assets:		
Beneficial interests in perpetual trusts	963,771	831,452
Pledge receivable	10,400	17,400
Intangible property held for investment	12,545	12,540
Total other assets	<u>986,716</u>	<u>861,392</u>
Total assets	<u><u>\$ 65,172,502</u></u>	<u><u>\$ 54,174,293</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 120,712	\$ 92,273
Current portion of finance lease liabilities	24,532	8,377
Accrued liabilities:		
Paid time off	489,010	429,129
Payroll	142,749	112,814
Other	2,122	1,980
	<u>633,881</u>	<u>543,923</u>
Total current liabilities	<u>779,125</u>	<u>644,573</u>
Finance lease liabilities, net of current portion	79,644	36,197
Deferred revenue:		
Grant	2,902,500	1,221
Deferred oil and gas lease	60,971	77,600
	<u>2,963,471</u>	<u>78,821</u>
Total liabilities	<u>3,822,240</u>	<u>759,591</u>
Net assets:		
Without donor restrictions:		
Undesignated	59,957,963	52,219,701
Board-designated	228,739	219,122
	<u>60,186,702</u>	<u>52,438,823</u>
With donor restrictions	1,163,560	975,879
Total net assets	<u>61,350,262</u>	<u>53,414,702</u>
Total liabilities and net assets	<u><u>\$ 65,172,502</u></u>	<u><u>\$ 54,174,293</u></u>

See accompanying notes to financial statements.

The Ability Center of Greater Toledo and Supporting Organization

Consolidated Statements of Activities

Years Ended September 30, 2024 and 2023

	2024			2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
Revenues and support:						
Contributions and support:						
Grants	\$ 1,743,503	\$ -	\$ 1,743,503	\$ 1,431,337	\$ -	\$ 1,431,337
Bequest	150,070	-	150,070	41,000	-	41,000
Contributions	341,958	192,362	534,320	343,662	137,000	480,662
	2,235,531	192,362	2,427,893	1,815,999	137,000	1,952,999
Program service fees	99,433	-	99,433	103,857	-	103,857
Equipment sales	17,759	-	17,759	17,525	-	17,525
Miscellaneous	13,331	-	13,331	8,275	-	8,275
Interest income	18,041	-	18,041	815	-	815
	2,384,095	192,362	2,576,457	1,946,471	137,000	2,083,471
Net assets released from restrictions	137,000	(137,000)	-	6,000	(6,000)	-
Total revenues and other support	2,521,095	55,362	2,576,457	1,952,471	131,000	2,083,471
Expenses:						
Program	5,020,778	-	5,020,778	4,506,071	-	4,506,071
Fund raising	250,758	-	250,758	225,624	-	225,624
Management and general	1,146,456	-	1,146,456	1,085,444	-	1,085,444
Total expenses	6,417,992	-	6,417,992	5,817,140	-	5,817,140
Excess expenses over revenues and support before non-operating revenue (expense)	(3,896,897)	55,362	(3,841,535)	(3,864,669)	131,000	(3,733,669)
Non-operating revenue:						
Net investment income	11,582,326	-	11,582,326	6,547,620	-	6,547,620
Distributions from trusts	62,300	-	62,300	60,314	-	60,314
Change in value in perpetual trusts	-	132,319	132,319	-	48,032	48,032
Loss on disposal of property and equipment	150	-	150	-	-	-
Total non-operating revenue	11,644,776	132,319	11,777,095	6,607,934	48,032	6,655,966
Change in net assets	7,747,879	187,681	7,935,560	2,743,265	179,032	2,922,297
Net assets at beginning of year	52,438,823	975,879	53,414,702	49,695,558	796,847	50,492,405
Net assets at end of year	\$ 60,186,702	\$ 1,163,560	\$ 61,350,262	\$ 52,438,823	\$ 975,879	\$ 53,414,702

See accompanying notes to financial statements.

The Ability Center of Greater Toledo and Supporting Organization

Statement of Functional Expenses

Year Ended September 30, 2024

	2024								
	Program Services				Supporting Services				
	Housing and Advocacy Services	Youth and Transition Services	Assistance Dogs	Total Program	Fund Raising	Management and General		Total Management and General	Totals
						ACT	SO		
Salaries	\$ 1,246,368	\$ 414,675	\$ 615,387	\$ 2,276,430	\$ 180,672	\$ 557,035	\$ -	\$ 557,035	\$ 3,014,137
Payroll taxes	112,194	35,585	51,554	199,333	14,790	45,684	-	45,684	259,807
Fringe benefits	206,910	115,779	110,002	432,691	12,375	203,228	-	203,228	648,294
	<u>1,565,472</u>	<u>566,039</u>	<u>776,943</u>	<u>2,908,454</u>	<u>207,837</u>	<u>805,947</u>	<u>-</u>	<u>805,947</u>	<u>3,922,238</u>
Program	908,634	67,842	254,692	1,231,168	-	8,847	-	8,847	1,240,015
Professional fees	107,526	51,611	51,611	210,748	9,642	134,833	15,428	150,261	370,651
Depreciation and amortization	94,347	16,352	85,315	196,014	-	29,489	-	29,489	225,503
Occupancy	73,732	42,452	53,759	169,943	-	35,790	-	35,790	205,733
Supplies	23,202	7,765	28,467	59,434	3,433	46,182	-	46,182	109,049
Travel and transportation	33,021	6,749	30,720	70,490	1,935	8,720	-	8,720	81,145
Advertising and printing	51,085	-	5,783	56,868	11,053	9,774	-	9,774	77,695
Miscellaneous	9,250	7,610	16,410	33,270	943	19,685	459	20,144	54,357
Scholarship	-	39,040	-	39,040	-	11,138	-	11,138	50,178
Telephone	5,497	7,179	4,228	16,904	-	5,057	-	5,057	21,961
Development and training	3,471	1,515	6,609	11,595	275	8,859	-	8,859	20,729
Specific assistance	15,916	-	-	15,916	-	-	-	-	15,916
Special events	-	-	-	-	13,629	-	-	-	13,629
Postage and shipping	63	123	748	934	2,011	6,248	-	6,248	9,193
Total expenses	<u>\$ 2,891,216</u>	<u>\$ 814,277</u>	<u>\$ 1,315,285</u>	<u>\$ 5,020,778</u>	<u>\$ 250,758</u>	<u>\$ 1,130,569</u>	<u>\$ 15,887</u>	<u>\$ 1,146,456</u>	<u>\$ 6,417,992</u>

See accompanying notes to financial statements.

The Ability Center of Greater Toledo and Supporting Organization

Statement of Functional Expenses

Year Ended September 30, 2023

2023

	Program Services				Supporting Services				
	Housing and Advocacy Services	Youth and Transition Services	Assistance Dogs	Total Program	Fund Raising	Management and General		Total Management and General	Totals
						ACT	SO		
Salaries	\$ 1,169,986	\$ 442,991	\$ 529,959	\$ 2,142,936	\$ 160,766	\$ 524,760	\$ -	\$ 524,760	\$ 2,828,463
Payroll taxes	104,459	40,024	43,813	188,297	13,500	37,660	-	37,660	239,457
Fringe benefits	237,980	95,559	75,372	408,911	10,285	187,158	-	187,158	606,354
	1,512,425	578,575	649,144	2,740,144	184,551	749,578	-	749,578	3,674,274
Program	538,713	79,668	216,198	834,579	-	2,570	-	2,570	837,149
Professional fees	82,511	51,244	77,427	211,182	9,006	154,201	14,484	168,685	388,873
Occupancy	139,794	10,635	22,966	173,395	-	48,770	-	48,770	222,165
Depreciation and amortization	75,317	12,120	83,201	170,638	-	18,729	-	18,729	189,367
Advertising and printing	115,001	232	8,938	124,171	11,957	11,150	-	11,150	147,278
Supplies	21,990	10,620	26,863	59,473	1,158	39,505	-	39,505	100,136
Scholarship	22,500	21,560	-	44,060	-	17,915	-	17,915	61,975
Travel and transportation	21,602	7,972	27,492	57,066	386	4,224	-	4,224	61,676
Miscellaneous	7,665	2,051	13,583	23,299	752	10,325	245	10,570	34,621
Specific assistance	35,506	-	-	35,506	-	-	-	-	35,506
Telephone	5,156	6,980	3,552	15,688	-	5,073	-	5,073	20,761
Development and training	8,757	4,016	3,131	15,904	2,315	2,121	-	2,121	20,340
Special events	-	-	-	-	12,417	-	-	-	12,417
Postage and shipping	234	58	174	466	3,082	6,554	-	6,554	10,102
Bad debts	500	-	-	500	-	-	-	-	500
Total expenses	\$ 2,587,671	\$ 785,731	\$ 1,132,669	\$ 4,506,071	\$ 225,624	\$ 1,070,715	\$ 14,729	\$ 1,085,444	\$ 5,817,140

See accompanying notes to financial statements.

The Ability Center of Greater Toledo and Supporting Organization

Statements of Cash Flows

Years Ended September 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 7,935,560	\$ 2,922,297
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	225,504	188,264
Change in value in beneficial interests in perpetual trusts	(132,319)	(48,032)
Net realized and unrealized gains	(9,773,101)	(4,460,992)
Gain on sale of property and equipment	(150)	-
Changes in assets and liabilities:		
Receivables	(437,100)	(152,290)
Inventory	1,341	2,476
Deposits	(60,000)	-
Prepaid expenses	(2,218)	5,030
Other assets	(5)	1
Accounts payable	28,439	(203,900)
Accrued liabilities	89,958	55,282
Deferred revenue	2,884,650	65,304
Net cash provided by (used in) operating activities	760,559	(1,626,560)
Cash flows from investing activities:		
Capital expenditures	(247,990)	(95,108)
Purchase of investments	(4,787,060)	(3,028,119)
Proceeds from sale of investments	4,455,017	4,344,743
Net cash provided by (used in) investing activities	(580,033)	1,221,516
Cash flows from financing activities:		
Payments on finance lease obligation	(23,426)	(2,962)
Net cash used in financing activities	(23,426)	(2,962)
Increase (decrease) in cash	157,100	(408,006)
Cash at beginning of year	1,162,709	1,570,715
Cash at end of year	\$ 1,319,809	\$ 1,162,709
Supplemental cash flow information:		
Cash paid for interest	\$ 5,758	\$ 896
Non-cash financing activities:		
Equipment acquired through finance lease	\$ 83,028	\$ 47,536

See accompanying notes to financial statements.

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements

September 30, 2024 and 2023

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

The Ability Center of Greater Toledo (the “Center”) was founded in 1920 and has evolved through the years to meet the changing needs of people with disabilities. Today, as an Independent Living Center, the Center’s resources are committed to providing services, advocacy and opportunities that enable people with disabilities to achieve and maintain the highest possible level of self-sufficiency and control over their own lives. Services include Independent Living Skills Training, Peer Support, Information and Referral, Advocacy, Accessible Housing Coordination and Training Assistance Dogs.

The Center is a not-for-profit corporation which serves eighteen counties in Ohio. The main office is located in Sylvania, Ohio with an outreach office in Bryan, Ohio. The Center receives a majority of its funding from endowments, bequests, contributions, and grants from public and private entities.

In 2001, The Ability Center of Greater Toledo Supporting Organization (the “Supporting Organization”) was established as a separate not-for-profit supporting organization. The Supporting Organization was established principally to hold certain investments of the Center. The Supporting Organization has engaged the Toledo Community Foundation to provide administrative services to Supporting Organization (see Note 10).

Basis of Presentation

The consolidated financial statements include the accounts of the Center and the Supporting Organization (collectively, referred to as the “Organization”) as required by generally accepted accounting principles and have been prepared on the accrual basis of accounting. All account balances and activity between the Center and the Supporting Organization have been eliminated in consolidation. The accompanying financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*.

Net Asset Classifications

Resources for accounting and financial reporting purposes into net asset categories established according to their nature and purpose as follows:

- Net assets without donor restrictions - Net assets without donor restrictions represent funds which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services. At September 30, 2024 and 2023, the Organization has board-designated net assets of \$228,739 and \$219,122, respectively, for the support of education of individuals with disabilities.
- Net assets with donor restrictions – Net assets with donor restrictions are comprised of funds which are restricted by donors for specific purposes. This includes net assets that are subject to time or purpose restrictions and donor-restricted endowments. Net assets with time or purpose restrictions are satisfied either by the passage of time or by actions of the Organization. Funds which are restricted by donors for specific purposes for which the donor-imposed conditions and restrictions are met in the same reporting period are reported as revenue without donor restrictions on the statement of activities. Donor-restricted endowments include donor-imposed

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements - continued

September 30, 2024 and 2023

1. Summary of Significant Accounting Policies - continued

Net Asset Classifications - continued

restrictions which require the assets to be maintained in perpetuity but permit the Organization to expend all or part of the income derived from the donated assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could vary from the estimates that were used as a basis for these financial statements.

Cash

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Money market funds managed by investment advisors are classified as investment securities.

Concentrations of Credit Risk and Revenue

The Center maintains cash deposits in financial institutions which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation. The maximum loss that would have resulted from that risk is the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance up to \$250,000. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash deposits.

The Center has approximately 63% and 75% of its accounts receivable from three government agencies as of September 30, 2024 and 2023, respectively.

Receivables

Pledges receivable are recorded at their net realizable value at the time the promises are received (see Note 2). The Center considers the fact that all receivables may not be fully collectible; accordingly, an allowance for doubtful accounts is reflected in the accompanying financial statements, when appropriate. It is the Center's policy to charge-off uncollectible accounts receivable when management determines the receivable will not be collected.

Investments

Investments in marketable securities with readily determinable fair values are reported at fair value in the statements of financial position. Investment income and unrealized gains/losses are reported in the statement of activities. Investment management and administrative fees are netted with realized and unrealized gains.

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements - continued

September 30, 2024 and 2023

1. Summary of Significant Accounting Policies - continued

Beneficial Interests in Perpetual Trusts

Beneficial interests in three trusts provide for payments to the Center based on the income earned on the related investment. Assets held under these arrangements are reported at fair value in the accompanying consolidated statement of financial position. The distributions from these trusts can be used to support the Organization's general activities and are reported as unrestricted revenue. The change in value of these assets is reported as donor restricted gains or losses from perpetual trusts in the consolidated statements of activities.

Property and Equipment

Property and equipment are carried at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The Center provides for depreciation and amortization using the straight-line method over the estimated useful lives of the depreciable assets. The Center capitalizes all expenditures for property and equipment in excess of \$2,500 and having a useful life of three years or greater.

Income Taxes

The Center and Supporting Organization qualify as charitable organizations under Internal Revenue Code Section 501(c)(3) and, accordingly, are exempt from federal income taxes and are not classified as a private foundation. The Organization has evaluated the guidelines related to uncertain tax positions and has concluded that the Organization has no significant financial statement exposure to uncertain tax positions at September 30, 2024 and 2023. The Center and Supporting Organization's federal tax returns for the years after 2020 remain subject to examination by the Internal Revenue Service.

Risks and Uncertainties

The Organization holds funds in various investments. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Revenue Recognition

Grants

The Center receives financial assistance from governmental agencies in the form of grants. Grants are awarded on an annual basis and there is no assurance as to their future continuance or the amounts to be awarded. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Center. However, in the opinion of management, disallowed claims, if any, will not have a material adverse effect on the overall financial position of the Center at September 30, 2024 and 2023. Revenue is recognized as conditions are satisfied, primarily as expenses are incurred.

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements- continued

September 30, 2024 and 2023

1. Summary of Significant Accounting Policies – continued

Revenue Recognition - continued

Grants - continued

In August 2024, the Center entered into a grant agreement with Ohio Office of Budget and Management for \$2,900,000 to build a new Inclusive Multigenerational Community and Recreation Center (“IMCRC”). The IMCRC will become a community hub to expand and provide additional inclusivity in all programs and facilities as well as provide opportunities for private partnerships. The Center received \$2,900,000 in August 2024 and the funds must be used by June 30, 2026. The grant is classified as conditional and \$2,900,000 is recognized as deferred revenue on the 2024 statement of financial position. Revenues will be recognized as the conditions on which the grant depends have been satisfied, primarily as the funds are spent.

Program Service Fees

Revenue from contracts with customers is recorded based on the accrual basis of accounting and is derived primarily from program and service fees. The Center has contracts with third parties that stipulate the charges for services. Program service fee revenue is recognized when the Center satisfies a performance obligation under a contract with a customer. Thus, revenue is recognized in the period that the services are performed. Prices are specific to distinct performance obligations stipulated by a contract and do not consist of multiple transactions. The Center records program service fees under these contracts at the estimated net realizable value of such charges. Depending on the program or service, revenue is recognized at the point in time that the services are delivered. Payment is typically due prior to the date that the assistance dog is received.

Contributions

Contributions are recorded as revenue when received or promised unconditionally at their fair value. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a donor time restriction ends or purpose or other restriction is fulfilled, 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. Conditional contributions, such as bequests, are recognized as revenue when all conditions on which they depend have been satisfied. There were no conditional promises to give at September 30, 2024 and 2023. Distributions received from the Supporting Organization are recorded as revenue upon final approval by the Supporting Organization (see Note 10).

Donated Assets and Services

Donated assets and services, when received, are recorded as contributions in the accompanying financial statements at the estimated fair value at the date of receipt. For the years ended September 30, contributed nonfinancial assets recognized within the statement of activities included:

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements - continued

September 30, 2024 and 2023

1. Summary of Significant Accounting Policies - continued

Revenue Recognition – continued

Donated Assets and Services - continued

	2024	2023
Equipment	\$ 35,618	\$ -
Other	60	109
Rent	-	2,500
	<u>\$ 35,678</u>	<u>\$ 2,609</u>

Unless otherwise noted, contributed nonfinancial assets do not have donor-imposed restrictions. A portion of the Center's functions, such as fundraising and special events, is conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition.

Functional Expenses

The costs of providing the program services and activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Directly identifiable costs are charged to programs and supporting services. Certain costs not directly attributable to specific program services or functions have been allocated to program services and supporting services using various allocation methods. These expenses include employee wages and other payroll-related expenses which are primarily directly or partially allocated based on estimates of time spent within each function. Occupancy and depreciation expenses are allocated based on payroll that is allocated to the program or function. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising

The Center uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising expense for the years ended September 30, 2024 and 2023 was \$47,898 and \$43,113, respectively.

Accrued Personal Time Off

Employees are entitled to paid vacation and personal days depending on their length of service. The Center has recorded a liability of \$489,010 and \$429,129 for future compensated absences as of September 30, 2024 and 2023, respectively.

Subsequent Events

The Organization has evaluated all subsequent events for potential recognition and/or disclosure in the September 30, 2024 financial statements through January 22, 2025, the date these financial statements are available to be issued, and has determined there are no subsequent events requiring disclosure under FASB ASC 855, *Subsequent Events*.

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements - continued

September 30, 2024 and 2023

1. Summary of Significant Accounting Policies - continued

Reclassifications

Certain reclassifications have been made in the 2023 financial statements to conform with the financial presentation in 2024.

2. Pledges Receivable

At September 30, 2024 and 2023, there are pledges receivable of \$55,650 and \$37,400, respectively. At September 30, 2024, the Organization had pledges receivable of \$51,150 and \$4,500, respectively, restricted to the assistance dogs program and construction of a new facility. Pledges receivable at September 30, 2024 are due as follows: 2025 – \$45,650; 2026 - \$5,000; and 2027 - \$5,000. Unconditional promises are recorded at net realizable value. A discount of unconditional promises to give in future years has not been reflected as it is not significant to the financial statements.

3. Property and Equipment

Property and equipment consists of the following at September 30, 2024 and 2023:

	2024	2023
Land and land improvements	\$ 689,150	\$ 689,150
Building and building improvements	4,387,444	4,360,711
Equipment and software	787,509	656,071
Equipment for loan	13,188	9,570
Vehicles	290,917	203,329
Construction in process	78,362	16,141
	<u>6,246,570</u>	<u>5,934,972</u>
Less accumulated depreciation and amortization	3,084,118	2,878,184
Net property and equipment	<u>\$ 3,162,452</u>	<u>\$ 3,056,788</u>

4. Beneficial Interests in Perpetual Trusts

The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) provides classification and disclosure guidelines for endowment fund net assets for states (such as Ohio) that have enacted a version of UPMIFA. The Center has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Center classifies as permanently restricted net assets (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. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements - continued

September 30, 2024 and 2023

4. Beneficial Interests in Perpetual Trusts - continued

Beneficial interests in charitable trusts at September 30, 2024 and 2023 and distributions received for the years then ended are as follows:

	Investments		Distributions	
	2024	2023	2024	2023
10.1626% beneficial interest in the Arthur S. Hickok Trust	\$ 202	\$ 29,674	\$ 8,890	\$ 12,641
25% beneficial interest in the Allie Ritter Memorial Trust	476,222	390,152	32,891	23,637
33.33% beneficial interest in the Eleanor A. Bainbridge Trust	487,347	411,626	20,519	24,036
	<u>\$ 963,771</u>	<u>\$ 831,452</u>	<u>\$ 62,300</u>	<u>\$ 60,314</u>

5. Investments and Fair Value Information

Accounting principles generally accepted in the United States define fair value, establishes a framework for measuring fair value using a three-tier hierarchy, and requires certain fair value disclosures. The following is a list of the different levels in the fair value hierarchy based on the data and/or methods used to determine fair value:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data for substantially the full terms of the asset or liability.
- Level 3: Unobservable inputs that may be supported by little or no market activity and reflects management's assumptions that are significant to the measurement of fair value

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

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 Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

- *Corporate stocks and real estate investment trusts* – Valued at the closing price reported in the active market value where the securities are traded.
- *Mutual funds* – Valued at the closing price reported in the active market where securities are traded at year end.

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements - continued

September 30, 2024 and 2023

5. Investments and Fair Value Information - continued

- *Money market funds* – Valued at closing price reported in the active market.
- *Corporate bonds and government agency securities* – Valued based on recent trade activity, market quotations and new issuances.
- *Certificates of deposit* – Valued at the account value plus accrued interest, if any.
- *Beneficial interest in perpetual trusts* – Valued based on the Organization's pro rata share of the underlying assets within the trust.

The following tables set forth, by level, within the fair value hierarchy, the Organization's assets carried at fair value at September 30, 2024 and 2023:

	2024			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Corporate stocks	\$ 1,387,755	\$ -	\$ -	\$ 1,387,755
Mutual funds:				
Equity funds	39,711,156	-	-	39,711,156
International equity fund	1,049,951	-	-	1,049,951
Bond funds	8,720,770	-	-	8,720,770
Specialty funds	5,026,696	-	-	5,026,696
Certificate of deposit	2,400,000	-	-	2,400,000
Government agency securities	-	49,018	-	49,018
Corporate bonds	-	48,496	-	48,496
Money market funds	250,012	1,261	-	251,273
	<u>58,546,340</u>	<u>98,775</u>	<u>-</u>	<u>58,645,115</u>
Beneficial interests in perpetual trusts	-	-	963,771	963,771
	<u>\$ 58,546,340</u>	<u>\$ 98,775</u>	<u>\$ 963,771</u>	<u>\$ 59,608,886</u>

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements - continued

September 30, 2024 and 2023

5. Investments and Fair Value Information - continued

	2023			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Corporate stocks	\$ 1,096,176	\$ -	\$ -	\$ 1,096,176
Mutual funds:				
Equity funds	34,168,784	-	-	34,168,784
International equity fund	872,870	-	-	872,870
Bond funds	8,333,787	-	-	8,333,787
Specialty funds	3,710,013	-	-	3,710,013
Government agency securities	-	46,908	-	46,908
Corporate bonds	-	46,012	-	46,012
Money market funds	240,798	1,030	-	241,828
Real estate investment trusts	23,593	-	-	23,593
	48,446,021	93,950	-	48,539,971
Beneficial interests in perpetual trusts	-	-	831,452	831,452
	\$ 48,446,021	\$ 93,950	\$ 831,452	\$ 49,371,423

The following tables present a reconciliation of beginning and ending balances of investments classified as Level 3 as of September 30, 2024 and 2023:

	2024	2023
Balance at beginning of year	\$ 831,452	\$ 783,421
Net gain from perpetual trusts	132,319	48,031
Balance at end of year	<u>\$ 963,771</u>	<u>\$ 831,452</u>

Total investment income consists of the following at September 30, 2024 and 2023:

	2024	2023
Interest and dividends	\$ 1,858,098	\$ 2,134,124
Management fees	(48,873)	(47,496)
Unrealized gain on investments	8,019,689	2,707,580
Realized gain on investments	1,753,412	1,753,412
Total investment income	<u>\$ 11,582,326</u>	<u>\$ 6,547,620</u>

6. Intangible Property Held for Investment

In 2017, the Center received a 25% ownership interest in mineral rights valued at \$11,463 located on property in Ohio which has been reflected as a contribution and intangible property held for investment. In May 2018, the Center entered into a lease for the mineral rights in exchange for a lease bonus payment of \$83,142 and the right to receive a 17.5% royalty from all oil and/or gas revenue received from the property which is recorded as a contribution. The lease has a primary

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements - continued

September 30, 2024 and 2023

6. Intangible Property Held for Investment - continued

term of five years with the lessee being granted the option to extend the lease term an additional five years. In May 2023, the lease was renewed for an additional five years and the Center received a bonus payment of \$83,142. The lease bonus payments received are being amortized over the primary term of the lease.

7. 401(k) Retirement Plan

The Center has a 401(k) retirement plan for eligible employees. Employees must complete one year of service and work at least 975 hours a year to receive the Center's contribution. The Center contributes 1.5% of employee compensation and a safe harbor match of 100% of the first 4% contributed by the employee. To be eligible for the safe harbor match, the employee must complete 90 days of service. The Center's 401(k) retirement plan expense for the fiscal years ended September 30, 2024 and 2023 was \$161,888 and \$128,750, respectively.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions at September 30, 2024 and 2023 are as follows:

	2024	2023
Pledges and notes receivable	\$ 55,650	\$ 37,400
Assistance dogs	100,752	107,027
Veterans funds	43,387	-
Beneficial interests in perpetual trusts	963,771	831,452
	<u>\$1,163,560</u>	<u>\$ 975,879</u>

9. Lease Commitments

The Center leases certain equipment under finance leases which are classified in property and equipment. Costs expensed on the consolidated statements of activities related to the Center's right-of-use finance leases are \$31,408 and \$4,284 at September 30, 2024 and 2023, respectively. A lease discount rate of 5% was used for recording the lease transactions. Right-of-use assets related to finance leases includes the following at September 30, 2024:

Financing lease right-of-use assets	\$ 133,742
Less accumulated amortization	32,473
	<u>\$ 101,269</u>

Annual minimum lease payments for the subsequent years under the finance lease obligations at September 30, 2024 are as follows:

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements - continued

September 30, 2024 and 2023

9. Lease Commitments - continued

2025	\$ 29,184
2026	29,184
2027	27,325
2028	25,366
2029	4,185
Total payments	<u>115,244</u>
Less amount representing interest	<u>(11,068)</u>
Present value of lease obligation	<u>\$ 104,176</u>

10. Related Party Transactions

The Ability Center of Greater Toledo Supporting Organization

The Supporting Organization was established principally to hold certain assets of trusts, bequests, or other funds that are received by the Center. During the years ended September 30, 2024 and 2023, the Center received distributions of \$3,639,185 and \$3,175,000, respectively, from the Ability Center of Greater Toledo Supporting Organization. These distributions are eliminated in consolidation. In addition, certain individuals are board members of both organizations.

The Auxiliary of The Ability Center of Greater Toledo

The Center receives periodic contributions from The Auxiliary of The Ability Center of Greater Toledo ("Auxiliary"), a fundraising organization under the control of a separate Board of Directors which exists for the sole benefit of the Organization. The Center received \$45,461 and \$40,300 of contributions from the Auxiliary in the years ended September 30, 2024 and 2023, respectively. The Auxiliary has net assets of \$93,436 and \$65,486 as of September 30, 2024 and 2023, respectively. As the Center is the sole beneficiary of Auxiliary activities, a beneficial interest in these net assets should be reflected in the accompanying financial statements. However, an asset has not been reflected in these financial statements as the amount is not significant to the accompanying financial statements.

11. Liquidity and Availability

The Organization has \$60,499,067 of financial assets available at September 30, 2024 for use within one year of the balance sheet date, which consists of cash, receivables, and investments to meet cash needs for general expenditures. Financial assets that are subject to donor or other contractual restrictions include \$963,771 in perpetual trusts, \$100,752 for the assistance dogs program, \$43,387 for veterans funds, and \$55,650 in pledges and notes receivable. The following table reflects the Organization's financial assets as of September 30, 2024 and 2023, reduced by amounts not available for general use within one year of the balance sheet date because of donor-imposed restrictions:

The Ability Center of Greater Toledo and Supporting Organization

Notes to Consolidated Financial Statements - continued

September 30, 2024 and 2023

11. Liquidity and Availability - continued

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,319,809	\$ 1,570,715
Accounts receivable	962,671	379,281
Investments	59,608,886	46,179,023
Board-designated funds	(228,739)	(219,122)
Donor-imposed restrictions	<u>(1,163,560)</u>	<u>(796,847)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 60,499,067</u>	<u>\$ 47,113,050</u>

SUPPLEMENTAL INFORMATION

The Ability Center of Greater Toledo and Supporting Organization

Consolidating Statements of Financial Position

September 30, 2024

(See Independent Auditor's Report)

	The Ability Center of Greater Toledo	The Ability Center of Greater Toledo Supporting Organization	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,312,510	\$ 7,299	\$ -	\$ 1,319,809
Receivables:				
Grant and other	917,421	-	-	917,421
Pledges	45,250	-	-	45,250
	962,671	-	-	962,671
Inventory	10,783	-	-	10,783
Investments	7,296,614	51,348,501	-	58,645,115
Deposits	60,000	-	-	60,000
Prepaid expenses	24,956	-	-	24,956
Total current assets	9,667,534	51,355,800	-	61,023,334
Property and equipment - net	3,162,452	-	-	3,162,452
Other assets:				
Beneficial interest in perpetual trusts	963,771	-	-	963,771
Intangible property held for investment	12,545	-	-	12,545
Pledge and notes receivable	10,400	-	-	10,400
Total other assets	986,716	-	-	986,716
Total assets	<u>\$ 13,816,702</u>	<u>\$ 51,355,800</u>	<u>\$ -</u>	<u>\$ 65,172,502</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 120,712	\$ -	\$ -	\$ 120,712
Current portion of finance lease liabilities	24,532	-	-	24,532
Accrued liabilities:				
Paid time off	489,010	-	-	489,010
Payroll	142,749	-	-	142,749
Other	2,122	-	-	2,122
	633,881	-	-	633,881
Finance lease liabilities, net of current portion	79,644	-	-	79,644
Deferred revenue:				
Deferred oil and gas lease	60,971	-	-	60,971
Other	2,902,500	-	-	2,902,500
	2,963,471	-	-	2,963,471
Total liabilities	3,822,240	-	-	3,822,240
Net assets:				
Without donor restrictions:				
Undesignated	8,602,163	51,355,800	-	59,957,963
Board-designated	228,739	-	-	228,739
	8,830,902	51,355,800	-	60,186,702
With donor restrictions	1,163,560	-	-	1,163,560
Total net assets	9,994,462	51,355,800	-	61,350,262
Total liabilities and net assets	<u>\$ 13,816,702</u>	<u>\$ 51,355,800</u>	<u>\$ -</u>	<u>\$ 65,172,502</u>

The Ability Center of Greater Toledo and Supporting Organization

Consolidating Statements of Activities

Year Ended September 30, 2024

(See Independent Auditor's Report)

	The Ability Center of Greater Toledo	The Ability Center of Greater Toledo Supporting Organization	Eliminations	Total
Revenues and support:				
Contributions and support:				
Contributions from Supporting Organization	\$ 3,639,185	\$ -	\$ (3,639,185)	\$ -
Contributions - other	513,632	-	-	513,632
Grants	1,743,503	-	-	1,743,503
Bequest	150,070	-	-	150,070
	<u>6,046,390</u>	<u>-</u>	<u>(3,639,185)</u>	<u>2,407,205</u>
Program service fees	99,433	-	-	99,433
Royalties and mineral rights	20,688	-	-	20,688
Interest and dividends	18,041	-	-	18,041
Equipment sales	17,759	-	-	17,759
Miscellaneous	13,331	-	-	13,331
Total revenue and support	<u>6,215,642</u>	<u>-</u>	<u>(3,639,185)</u>	<u>2,576,457</u>
Expenses and transfers:				
Program	5,020,778	-	-	5,020,778
Fund raising	250,758	-	-	250,758
Management and general	1,130,569	15,887	-	1,146,456
Contributions to Ability Center of Greater Toledo	-	3,639,185	(3,639,185)	-
Total expenses	<u>6,402,105</u>	<u>3,655,072</u>	<u>(3,639,185)</u>	<u>6,417,992</u>
Excess expenses and transfers over revenue and support	(186,463)	(3,655,072)	-	(3,841,535)
Non-operating revenue:				
Net investment gain	947,224	10,635,102	-	11,582,326
Gain on disposal of property and equipment	150	-	-	150
Distributions from trusts	62,300	-	-	62,300
Change in value in perpetual trusts	132,319	-	-	132,319
Total non-operating revenue	<u>1,141,993</u>	<u>10,635,102</u>	<u>-</u>	<u>11,777,095</u>
Change in net assets	955,530	6,980,030	-	7,935,560
Net assets at beginning of year	<u>9,038,932</u>	<u>44,375,770</u>	<u>-</u>	<u>53,414,702</u>
Net assets at end of year	<u><u>\$ 9,994,462</u></u>	<u><u>\$ 51,355,800</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,350,262</u></u>