CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Center for Christian Virtue and Affiliates

Consolidated Financial Statements
June 30, 2023
with Independent Auditors' Report

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BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Center for Christian Virtue and Affiliates

Opinion

We have audited the accompanying consolidated financial statements of Center for Christian Virtue and Affiliates (an Ohio not-for-profit corporation), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the period from January 1, 2022 through June 30, 2023, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Center for Christian Virtue and Affiliates as of June 30, 2023 and changes in its net assets and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Center for Christian Virtue and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Christian Virtue and Affiliates ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 Center for Christian Virtue and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Christian Virtue and Affiliate'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.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
January 4, 2024

Center for Christian Virtue and Affiliates
Consolidated Statement of Financial Position
June 30, 2023

Assets		
Current assets:		
Cash	$	789,725
Cash - restricted		1,534,404
Pledges receivable		105,365
Prepaid expenses		6,416
		2,435,910
Property and equipment:		
Computers and equipment		24,817
Less accumulated depreciation		10,773
		14,044
Other assets:		
Construction in process		1,542,584
Operating right-of-use asset		26,269
Deposits		80,866
		1,649,719
	$	4,099,673
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$	106,002
Accrued expenses		222,878
Operating lease liability, current portion		10,176
		339,056
Operating lease liability, less current portion		16,093
Net assets:		
Without donor restrictions		2,135,670
With donor restrictions		1,608,854
Total net assets		3,744,524
	$	4,099,673

See accompanying notes to the consolidated financial statements.

Center for Christian Virtue and Affiliates
Consolidated Statement of Activities
18-month period January 1, 2022 to June 30, 2023

		Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:				
Contributions	$	5,076,065	1,534,404	6,610,469
Memberships		73,121	-	73,121
Event income		639,600	-	639,600
Other income		10,409	-	10,409
Net assets released from restriction		26,350	(26,350)	-
		5,825,545	1,508,054	7,333,599
Expenses:				
Program		4,549,807	-	4,549,807
Advocacy		67,660	-	67,660
Management and general		676,594	-	676,594
Fundraising		101,487	-	101,487
		5,395,548	-	5,395,548
Change in net assets		429,997	1,508,054	1,938,051
Net assets at beginning of period		1,705,673	100,800	1,806,473
Net assets at end of period	$	2,135,670	1,608,854	3,744,524

See accompanying notes to the consolidated financial statements.

Center for Christian Virtue and Affiliates
Consolidated Statement of Functional Expenses
18-month period January 1, 2022 to June 30, 2023

	Program	Advocacy	Management and General	Fundraising	Total
Salary and benefits	$ 1,623,152	43,284	432,840	64,926	2,164,202
Rent	83,723	2,233	22,326	3,349	111,631
Professional services	276,433	7,372	73,715	11,057	368,577
Banking	7,703	205	2,054	308	10,270
Office expense	35,151	937	9,374	1,406	46,868
Utilities	10,385	277	2,769	415	13,846
Advertising	17,912	478	4,777	716	23,883
Travel	43,226	1,153	11,527	1,729	57,635
Printing	225,801	6,021	60,214	9,032	301,068
Dues and subscriptions	58,039	1,548	15,477	2,322	77,386
Postage	71,417	1,904	19,045	2,857	95,223
Meals and entertainment	22,656	604	6,042	906	30,208
Events	425,676	-	-	-	425,676
Grants	1,494,299	-	-	-	1,494,299
Meeting expenses	3,287	88	877	131	4,383
Speaker fees	92,607	-	-	-	92,607
Real estate tax	51,584	1,375	13,756	2,063	68,778
Other fees	3,774	101	1,006	151	5,032
Depreciation	2,982	80	795	119	3,976
	$ 4,549,807	67,660	676,594	101,487	5,395,548

See accompanying notes to the consolidated financial statements.

Center for Christian Virtue and Affiliates
Consolidated Statement of Cash Flows
18-month period January 1, 2022 to June 30, 2023

Change in net assets	$	1,938,051
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation		3,976
Contributions restricted for long-term purposes		(1,729,000)
Amortization of operating lease right-of-use asset		14,316
Effects of changes in operating assets and liabilities:		
Pledges receivable		(4,565)
Prepaid expenses		15,438
Operating lease liability		(14,316)
Deposits		(79,582)
Accounts payable		74,035
Accrued expenses		144,821
Net cash flows from operating activities		363,174
Cash flows used by investing activities:		
Purchase of property and equipment		(267,674)
Cash flows from financing activities:		
Capital contributions - restricted for long-term purposes		1,729,000
Change in cash		1,824,500
Cash, beginning of year		499,629
Cash, end of year	$	2,324,129
Supplemental disclosure:		
Commencement of operating lease right-of-of use asset and lease liability	$	40,585

See accompanying notes to the consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of Center for Christian Virtue and Affiliates (collectively the ”Center”), are set forth to facilitate the understanding of data presented in the consolidated financial statements:

Nature of operations
The Center for Christian Virtue is non-profit organization that seeks the good of their neighbors by advocating for public policy that reflects the truth of the Gospel. This includes advocating for laws that uphold the truth of the Gospel to protect and promoting fundamental freedoms, networking, equipping, and empowering business, churches and families to have an active voice in government and local communities, and educating individuals on the political and cultural issues facing Christians.

First Freedom Ohio and CCV are related organizations established to promote Christian values as guidance in the establishment of laws and regulations.

Equal Rights Not Special Rights is a charitable organization that works to advocate for Christian values in our education system.

Citizens for Community Values Foundation is an organization that promotes and Christian values.

Ohio Christian Education Network Scholarship Granting Organization is a corporation established to receive contributions from donors and grant educational scholarships to eligible students in Ohio.

Basis of accounting
The financial statements of the Center have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation
The financial statements of the Center have been prepared in accordance with accounting principles generally accepted in the United States of America, which requires the Center to report information regarding its financial position and activities according to the following net asset classifications:

> Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center’s management and Board of Directors.
>
> Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Center had no net assets with perpetual restrictions as of June 30, 2023.

Principles of consolidation
The consolidated financial statements include accounts of the Center for Christian Virtue and Affiliates. All material inter-association transactions have been eliminated.

Use of estimates
The preparation of the 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, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Adoption of new accounting standards
In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*. The ASU and all subsequently issued clarifying ASU's supersedes existing guidance for accounting for leases under *Leases (Topic 840)*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the consolidated statements of financial position. The ASU also requires expanded disclosures relating to the lease discount rates and average remaining lease term.

The Center adopted the new standard effective January 1, 2022, using the modified retrospective method applied to all leases as of January 1, 2022. The Center also elected multiple practical expedients. These included transaction elections that permitted the Center to not reassess prior conclusion about lease identification and lease classification. In addition, the Center adopted ongoing accounting policies to not recognize right-of-use assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets.

The most significant impact of the adoption of the standard was the recognition of right-of-use assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. The adoption of the standard resulted in the recognition of operating leases right-of-use assets and operating lease liabilities totaling $17,297 as of January 1, 2022.

Pledges receivable
Pledge receivables are recorded at the amount of pledge less a discount representing interest over the life of the pledge. All pledge receivables are due within one year. The receivables are stated at the amount management expects to collect. No allowance for doubtful pledges is deemed necessary as of June 30, 2023.

Property and equipment
Property and equipment are recorded at cost or fair value if donated and depreciated by the straight-line method over their estimated useful lives, which approximate three years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the consolidated statement of activities.

Leases
The determination of whether an arrangement is a lease is made at the lease's inception. Under Topic 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Right-of-use assets represents the right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Center has elected to adopt the practical expedient that allows the Center to use the risk free rate as of the date of the lease's inception. Operating lease right-of-use assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Center's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option. The Center has lease agreements with lease and non-lease components and has elected to account for the lease and non-lease components as a single lease.

Revenue recognition
Significant revenue sources of the Center are membership dues and event registrations. Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Event registration revenues are based on the satisfaction of performance obligations at a point in time, which is the completion of the event. Membership dues are based on the satisfaction of performance obligations over time which is one year.

Restricted and unrestricted revenue and support
Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished) in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restriction.

Functional allocation of expenses
The costs of providing the various programs and activities have been summarized on the functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related expenses are charged to program services based on an estimate of time spent by personnel on the related programs. All other expenses are allocated to programs based on personnel salary costs.

Income taxes
The Internal Revenue Service has ruled that the Center and Affiliates are tax-exempt organizations as defined under Section 501(c)(3) and 501(c)(4) of the Internal Revenue Code.

Concentrations
The Center maintains its cash balances in deposit accounts which, which at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Advertising expenses
Advertising costs are expensed as incurred. Advertising expense were $23,883 for the period ended June 30, 2023.

Subsequent events
The Center evaluates events and transactions occurring subsequent to January 4, 2024, the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through Date the date on which the consolidated financial statements were available to be issued.

2. OPERATING LEASES:

The Center leases office equipment under various lease agreements expiring through 2027.

For the period ended June 30, 2023 total operating lease expense was $14,316.

As of June 30, 2023 the following information on leases is presented:

Other Information	
Weighted-average remaining lease term in years for operating leases	3.12
Weighted-average discount rate for operating leases	1.39%

The following is a schedule by years of future minimum lease payments required under the lease obligations as of June 30, 2023:

Year Ending June 30	Operating Leases
2024	$ 10,470
2025	7,544
2026	4,617
2027	4,232
	26,863
Less: amount representing interest	(594)
Present value of future minimum lease payments	26,269
Less: current portion of leases	10,176
Leases, net of current portion	$ 16,093

3. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes or periods on June 30:

Time restriction	$ 74,450
Scholarship restriction	78,771
Capital restriction	1,455,633
	$ 1,608,854

4. PROFIT SHARING PLAN:

The Center has adopted a SIMPLE IRS plan that covers all full-time and part-time employees. Regular full-time employees are eligible after one year of employment for an annual employer discretionary contribution. For the period ended June 30, 2023 the total employer discretionary contribution were $17,232.

5. LIQUIDITY DISCLOSURES:

The consolidated entities are supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Center'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.

The following table presents the financial assets available to meet cash needs for general expenditures within one year as of June 30, 2023:

Financial assets:		
Cash	$	2,324,129
Pledges receivable		105,365
Financial assets available at year-end		2,429,494
Less those unavailable for general expenditures within one year due to:		
Donor restrictions		1,608,854
Financial assets available to meet cash needs for general expenditures within one year	$	820,640