JOBSOHIO
(A Component Unit of the State of Ohio)

Basic Financial Statements

September 30, 2021 and 2020

(With Independent Auditors' Review Report Thereon)

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Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors of JobsOhio:

We have reviewed the accompanying statements of net position of JobsOhio, a component unit of the State of Ohio, and its sole component unit JobsOhio Beverage System (collectively the "Entity") as of September 30, 2021 and June 30, 2021, and the related statements of revenues, expenses, and changes in net position for the three-month periods ended September 30, 2021 and 2020, and of cash flows for the three-month periods ended September 30, 2021 and 2020, and the related notes (the "interim financial information").

Management's Responsibility for the Interim Financial Information

The Entity's management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditors' Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Required Supplementary Information

Management's Discussion and Analysis on pages 3-9 although not a part of the interim financial information, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the interim financial information in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the interim financial information, and other knowledge we obtained during our review of the interim financial information. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the interim financial information referred to above for it to be in accordance with accounting principles generally accepted in the United States of America.

Report on Combined Financial Statements as of and for year ended June 30, 2021

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the statement of net position of the Entity as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2021. In our opinion, the accompanying statement of net position of the Entity as of June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Deloitte & Touche LLP

November 29, 2021

The management of JobsOhio offers this narrative overview and analysis of the financial activities of JobsOhio for the three months ended September 30, 2021 and 2020. The information presented in this overview and analysis should be considered in conjunction with JobsOhio's basic financial statements, which follow this material. Financial statements prepared by JobsOhio include its component units, JobsOhio Growth Capital ("JOGC") and JobsOhio Beverage System ("JOBS"), however the following information is solely based on JobsOhio's financial activities and is presented in a non-blended format. Management's discussion and analysis of JOBS is included in that corporation's separately issued basic financial statements.

Financial Highlights

- Total assets decreased 1% in the three months ended September 30, 2021 from $999,163 in the fiscal year ended June 30, 2021 to $993,001 in the three months ended September 30, 2021. Total assets stayed relatively flat in the three months ended September 30, 2020 from $907,157 in the fiscal year ended June 30, 2020 to $906,489 in the three months ended September 30, 2020.

- Total liabilities increased 22% in the three months ended September 30, 2021 from $223,812 in the fiscal year ended June 30, 2021 to $271,950 in the three months ended September 30, 2021. Total liabilities increased 28% in the three months ended September 30, 2020 from $116,511 in the fiscal year ended June 30, 2020 to $148,769 in the three months ended September 30, 2020.

- Operating and non-operating revenues decreased 10% in the three months ended September 30, 2021 when compared to the same time period one-year prior from $54,488 in the three months ended September 30, 2020 to $48,816 in the three months ended September 30, 2021. Operating and non-operating revenues decreased 34% in the three months ended September 30, 2020 when compared to the same time period one year prior from $82,793 in the three months ended September 30, 2019 to $54,488 in the three months ended September 30, 2020.

- Total operating expenses increased 18% in the three months ended September 30, 2021 when compared to the same time period one-year prior from $87,414 in the three months ended September 30, 2020 to $103,116 in the three months ended September 30, 2021. Total operating expenses increased 16% in the three months ended September 30, 2020 when compared to the same time period one year prior from $75,384 in the three months ended September 30, 2019 to $87,414 in the three months ended September 30, 2020.

Overview

JobsOhio is a 501(c)(4) non-profit organization formed under chapters 1702 and 187 of the Ohio Revised Code to promote economic development, job creation, job retention, job training, and the recruitment of business to the state of Ohio (State). JobsOhio is the sole member of JobsOhio Growth Capital, which makes debt and equity investments in companies with operations in Ohio. JobsOhio is also the sole member of the JobsOhio Beverage System, which operates the franchise for the sale of spirituous liquor throughout the State. The purchase was financed in fiscal year 2013 by JOBS' issuance of $1,510,685 of special obligation bonds.

The Franchise and Transfer Agreement ("Transfer Agreement") calls for JOBS to pay the State an annual "Supplemental Payment" as additional consideration for the liquor enterprise, when profits of the franchise exceed a predetermined level. The Supplemental Payment to the State is based upon a formula specified in the Transfer Agreement and is paid based on results of the fiscal year. In accordance with this provision, JOBS recorded Supplemental Payment expense of $30,283 and $22,164, respectively, for the three months ended September 30, 2021 and 2020. The final payment amount due to the State is calculated at the conclusion of the fiscal year.

During each of the three months ended September 30, 2021 and 2020, JobsOhio received grants and contributions from JOBS totaling $50,000. These grants comprise funding from operating income of the liquor franchise by JOBS and proceeds of the bond issue.

Discussion of Basic Financial Statements

The activities of JobsOhio are accounted for on a fiscal year basis, comprising 12 calendar months ending June 30 of each year. These activities are accounted for as an enterprise fund, reporting all financial activity, assets, and liabilities using the accrual basis of accounting in the same manner as with private sector businesses. Financial statements prepared by JobsOhio include its component units, JOGC and JOBS, and include the blended statements of net position; statements of revenues, expenses, and changes in net position; statements of cash flows and the related notes. This information is also presented in a non-blended format in the notes to basic financial statements.

The statements of net position provide information about assets and liabilities and reflects the financial position at fiscal year-end. The statements of revenues, expenses, and changes in net position reports the revenue activity and the expenses related to such activity for the quarter and current fiscal year to date. The statements of cash flows outline the cash inflows and outflows for the current fiscal year to date. These statements provide current and long-term information about JobsOhio's financial position.

The financial statements also include notes that provide additional information essential to a full understanding of the information provided in the statements.

(In thousands)

Financial Analysis

Net Position

	September 30, 2021	June 30, 2021
Assets:		
Current assets:		
Cash and cash equivalents - unrestricted	$ 86,700	$ 135,638
Investments at fair value	687,882	665,663
Loans	9,750	9,328
Receivables, net of allowance for uncollectable accounts	18,538	4,681
Prepaid expenses	2,122	1,443
Due from related entities	2,507	1,778
Total current assets	807,499	818,531
Long-term assets:		
Equity method investments	52,770	52,770
Other long-term investments	12,249	11,973
Loans, net of loss allowance	117,565	114,124
Capital assets, net of accumulated depreciation	2,884	1,755
Intangible asset - trademark, net of amortization	34	10.00
Total long-term assets	185,502	180,632
Total assets	**993,001**	**999,163**
Liabilities:		
Current liabilities:		
Accounts payable	9,922	6,969
Accrued liabilities - current portion	240,984	195,793
Community bank loan guarantee - current portion	487	487
Capital lease payable - current portion	25	25
Total current liabilities	251,418	203,274
Long-term liabilities:		
Accrued liabilities	20,000	20,000
Community bank loan guarantee	487	487
Capital lease payable	45	51
Total long-term liabilities	20,532	20,538
Total liabilities	**271,950**	**223,812**
Net position:		
Net investment in capital assets	2,884	1,755
Unrestricted	718,167	773,596
Total net position	**$ 721,051**	**$ 775,351**

Current assets consist of cash in demand deposits, investments, prepaid expenses, receivables due from JOBS and JOGC, as well as outstanding principal from loans to promote economic development due within the following twelve months. Current assets decreased 1% in the three months ended September 30, 2021 from $818,531 in the fiscal year ended June 30, 2021 to $807,499 in the three months ended September 30, 2021. Current assets decreased 2% in the three months ended September 30, 2020 from $776,218 in the fiscal year ended June 30, 2020 to $764,426 in the three months ended September 30, 2020. The decreases were primarily due to a decreased cash balance.

Long-term assets consist of investment in subsidiary company and other investments, outstanding principal from loans made for economic development programs due after the following twelve months, software, furniture, equipment and leasehold improvements, as well as an intangible asset for a trademark. Long-term assets increased 3% in the three months ended September 30, 2021 from $180,632 in the fiscal year ended June 30, 2021 to $185,502 in the three months ended September 30, 2021, which was primarily due to assets related to JobsOhio's loan programs, including innovation loans that converted to equity during the period. Long-term assets increased 8% in the three months ended September 30, 2020 from $130,939 in the fiscal year ended June 30, 2020 to $142,063 in the three months ended September 30, 2020, which was primarily due to assets related to JobsOhio's loan programs.

Current liabilities represent accounts payable and accrued liabilities, as well as amounts due within the following twelve months for a capital lease. Current liabilities increased 24% in the three months ended September 30, 2021 from $203,274 in the fiscal year ended June 30, 2021 to $251,418 in the three months ended September 30, 2021. Current liabilities increased 28% in the three months ended September 30, 2020 from $116,085 in the fiscal year ended June 30, 2020 to $148,217 in the three months ended September 30, 2020. These changes in current liabilities are primarily due to increases in grants that JobsOhio has awarded to companies to promote economic development in the State in support of its mission.

Long-term liabilities consist of amounts due for capital leases and accrued liabilities after the following twelve months, as well as an economic development program designed to support community banks. Long-term liabilities stayed relatively flat in the three months ended September 30, 2021 from $20,538 in the fiscal year ended June 30, 2021 to $20,532 in the three months ended September 30, 2020. Long-term liabilities increased 30% in the fiscal year ended June 30, 2021 from $426 in the fiscal year ended June 30, 2020 to $552 in the three months ended September 30, 2020, which was primarily due to the addition of an economic development program to support community bank loans.

Net position decreased by $54,300 for the three months ended September 30, 2021, from a net position of $775,351 in the fiscal year ended June 30, 2021 to a net position of $721,051 as of the three months ended September 30, 2021. Net position decreased by $32,926 for the three months ended September 30, 2020, from a net position of $790,646 in the fiscal year ended June 30, 2020 to a net position of $757,720 as of the three months ended September 30, 2020. The changes in net position are primarily due JobsOhio's economic development programs and the amount of grant funds received from JOBS.

(In thousands)

Revenues, Expenses, and Changes in Net Position

The following is a summary of revenues, expenses, and changes in net position for the three months ended September 30, 2021 and 2020:

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020
Operating revenues:		
Interest income - loans	$ 1,280	$ 888
Fees and other	2,538	2,309
Total operating revenues	3,818	3,197
Operating expenses:		
Economic development programs	81,591	71,471
Salaries and benefits	4,527	3,984
Economic development purchased services	3,716	3,815
Professional services	3,658	2,951
Insurance	68	55
Administrative and support	1,712	1,451
Marketing	7,844	3,687
Total operating expenses	103,116	87,414
Operating loss	**(99,298)**	**(84,217)**
Nonoperating revenues:		
Grants	50,000	50,000
Investment income	(5,002)	1,291
Total nonoperating revenues	44,998	51,291
Change in net position	**(54,300)**	**(32,926)**
Net position, beginning of year	775,351	790,646
Net position, end of year	**$ 721,051**	**$ 757,720**

The primary source of revenue for JobsOhio is grants from JOBS, however JobsOhio also earns revenue from its investments, as well as interest on loans made for economic development programs. For the three months ended September 30, 2021, total operating and nonoperating revenues were $48,816, a decrease of $5,672 over the same time period one-year prior of $54,488. This change is primarily due to a decrease in the amount of investment income due to market fluctuations. For the three months ended September 30, 2020, total operating and nonoperating revenues were $54,488, a decrease of $28,305 over the same time period one year prior of $82,793. This change is primarily due to a decrease in the amount of grant revenue received from JOBS, as well as a decrease in the amount of investment income due to market fluctuations.

Operating expenses increased by $15,702 in the three months ended September 30, 2021, from $103,116 in the three months ended September 30, 2020 to $87,414 in the three months ended September 30, 2021. This change is primarily due to a change of expense in grant funds, as well as increases in professional services and marketing expense. Operating expenses increased by $12,030 in the three months ended September 30, 2020, from $75,384 in the fiscal year ended June 30, 2020 to $87,414 in the three months ended September 30, 2020. This change was primarily due to an increase in the amount of grants issued as part of JobsOhio's mission and reported as economic development program expense.

JobsOhio experienced a change in net position of ($54,300) in the three months ended September 30, 2021, which was a decrease of $39,005 from the change in net position as of September 30, 2020 of ($15,295). JobsOhio experienced a change in net position of ($32,926) in the three months ended September 30, 2020, which was a decrease of $40,335 from the change in net position as of September 30, 2019 of $7,409. The major factor affecting these changes was the amount of economic development program grants issued to support JobsOhio's mission.

Capital Asset Activity

Capital asset additions of $1,129 in the three months ended September 30, 2021 were due to expenses related to a new website. Capital asset additions of $725 in the fiscal year ended June 30, 2021 were due to expenses related to a new website. Refer to pages 27-28 of the notes to the financial statements for further information on capital assets.

JobsOhio Growth Capital

JobsOhio Growth Capital ("JOGC") was formed as a nonprofit limited liability company on April 15, 2021, pursuant to and in accordance with Chapter 1705 of the Ohio Revised Code, as amended from time to time, and as superseded by Chapter 1706 of the Ohio Revised Code effective January 1, 2022 (the "LLCA"), with JobsOhio as the sole member. The purpose of JOGC is to make debt and equity investments in companies with operations in Ohio through the JobsOhio Growth Capital Program, to operate other programs supporting economic development in Ohio, and to engage in any lawful act or activity for which limited liability companies may be formed under the LLCA and to engage in any and all necessary or incidental activities, in all cases that support the not-for-profit purposes and activities of JobsOhio. JobsOhio made an initial investment in JOGC in the fiscal year ended June 30, 2021 of $52,770, which is reported as equity method investments on the Statements of Net Position.

Requests for Information

This report is designed to provide a general overview of JobsOhio's finances. The report of its component unit JOBS is issued separately by that corporation. Questions concerning information presented in this report should be addressed to Brian Faust, Chief Financial Officer, JobsOhio at faust@jobsohio.com.

JOBSOHIO

(A Component Unit of the State of Ohio)

Statements of Net Position

September 30, 2021 and 2020

(In thousands)

	September 30, 2021	June 30, 2021
Assets:		
Current assets:		
Cash and cash equivalents - unrestricted	$ 122,792	$ 179,723
Cash and cash equivalents - restricted	153,000	229,444
Investments at fair value	688,569	666,350
Inventory	91,713	94,012
Loans	9,750	9,328
Receivables, net of allowance for uncollectable accounts	20,696	6,453
Prepaid expenses	9,674	13,249
Total current assets	1,096,194	1,198,559
Long-term assets:		
Other long-term investments	24,559	17,283
Accounts receivable - long-term	58,849	58,849
Loans, net of loss allowance	123,565	117,499
Capital assets, net of accumulated depreciation	10,082	8,484
Intangible asset - liquor franchise, net of amortization	901,550	915,349
Intangible asset - trademark, net of amortization	40	16
Total long-term assets	1,118,645	1,117,480
Total assets	**2,214,839**	**2,316,039**
Deferred outflow of resources:		
Deferred outflow on bond defeasance	14,540	17,448
Total deferred outflow of resources	**14,540**	**17,448**
Liabilities:		
Current liabilities:		
Accounts payable	34,923	29,721
Accrued liabilities - current portion	306,305	364,732
Special obligation bonds payable - current portion	52,460	52,460
Bond interest payable	11,485	22,969
Community bank loan guarantee - current portion	487	487
Capital lease payable - current portion	25	25
Total current liabilities	405,685	470,394
Long-term liabilities:		
Special obligation bonds payable	1,190,334	1,193,690
Accrued liabilities	20,000	20,000
Community bank loan guarantee	487	487
Capital lease payable	45	51
Total long-term liabilities	1,210,866	1,214,228
Total liabilities	**1,616,551**	**1,684,622**
Net position:		
Net investment in capital assets	10,082	8,484
Unrestricted	602,746	640,381
Total net position	**$ 612,828**	**$ 648,865**

See accompanying notes to financial statements

JOBSOHIO
(A Component Unit of the State of Ohio)

Statements of Revenues, Expenses, and Changes in Net Position

Three months ended September 30, 2021 and 2020

(In thousands)

	Three months ended September 30, 2021	Three months ended September 30, 2020
Operating revenues:		
Net liquor sales	$ 433,979	$ 411,971
Less: wholesale rebates	-	(1,202)
Distribution center revenue	2,239	2,323
Interest income - loans	1,364	888
Fees and other	86	46
Total operating revenues	437,668	414,026
Operating expenses:		
Cost of goods sold	256,054	241,309
Sales commissions	26,360	25,941
Liquor gallonage taxes	14,830	14,504
Amortization of intangible asset - liquor franchise	13,799	13,799
Service fees	5,883	4,926
Supplemental Payment	30,283	22,164
Economic development programs	81,591	71,471
Salaries and benefits	4,527	3,984
Economic development purchased services	3,716	3,815
Professional services	6,272	4,963
Insurance	189	155
Administrative and support	6,217	2,625
Marketing	7,844	3,687
Other	115	52
Total operating expenses	457,680	413,395
Operating income (loss)	**(20,012)**	**631**
Nonoperating revenues (expenses):		
Bond interest, net	(11,036)	(11,427)
Investment income	(5,002)	1,291
Other, net	13	9
Total nonoperating revenues (expenses)	(16,025)	(10,127)
Change in net position	**(36,037)**	**(9,496)**
Net position, beginning of year	648,865	661,242
Net position, end of year	**$ 612,828**	**$ 651,746**

See accompanying notes to financial statements

JOBSOHIO
(A Component Unit of the State of Ohio)

Statements of Cash Flows

Three months ended September 30, 2021 and 2020

(In thousands)

	2021	2020
Cash flows from operating activities:		
Receipts from fees and other	$ 998	$ 502
Receipts from customers	433,806	410,581
Receipts from suppliers	2,111	2,290
Payments to employees	(4,671)	(3,643)
Payments to suppliers	(282,466)	(279,595)
Payments for economic development programs	(41,134)	(49,825)
Payments for commissions	(37,570)	(34,825)
Receipts from sales taxes	26,120	26,842
Payments for sales tax collections to State and county	(26,535)	(27,169)
Payments for gallonage tax collections to State	(15,005)	(14,738)
Payments for servicing fees	(3,559)	(4,933)
Payments for Supplemental Payment to State	(125,820)	(71,218)
Net cash used by operating activities	(73,725)	(45,731)
Cash flows from noncapital financing activities:		
Payments for other nonoperating expenses	-	(10,032)
Net cash used in noncapital financing activity	-	(10,032)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(2,192)	(1,957)
Payments for capital lease	(6)	(6)
Payments for bond interest	(22,968)	(22,779)
Net cash used in capital and related financing activities	(25,166)	(24,742)
Cash flows from investing activities:		
Conversion of loans to equity	(7,276)	-
Dividends and interest income	8,974	4,162
Purchases of investments	(285,091)	(56,679)
Proceeds from maturities of investments	248,909	65,804
Net cash provided (used) by investing activities	(34,484)	13,287
Net decrease in cash and cash equivalents	(133,375)	(67,218)
Cash and cash equivalents, beginning of year	409,167	267,385
Cash and cash equivalents, end of year	**$ 275,792**	**$ 200,167**
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	$ (20,012)	$ 631
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Amortization of intangible asset - liquor franchise	13,799	13,799
Increase in intangble asset - trademark	(24)	-
Depreciation and amortization expense	902	300
Decrease (increase) in loans	(5,898)	(32,791)
Increase (decrease) in loan valuation allowance	(590)	20,526
Increase in inventory	2,299	3,966
(Increase) decrease in receivables, net of allowance for doubtful accounts	(14,243)	(823)
(Decrease) increase in prepaid expenses	3,575	(541)
(Decrease) increase in accounts payable	4,894	(29,150)
Increase in community bank guarantee	-	269
Increase in accrued liabilities	(58,427)	(21,917)
Total adjustments	(53,713)	(46,362)
Net cash used by operating activities	**$ (73,725)**	**$ (45,731)**
Noncash capital and related financing activities:		
Purchases of capital assets on account	$ 904	$ 480
Amortization of bonds payable	$ 449	$ 449

See accompanying notes to financial statements

(1) Unaudited Financial Statements

The financial information included in these financial statements is unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows for the period presented have been made on a consistent basis.

These financial statements should be read in conjunction with the financial statements and notes contained in JobsOhio's audited financial statements for the year ended June 30, 2021.

(2) Summary of Significant Accounting Policies

(a) Organization

JobsOhio was formed under the laws of the state of Ohio ("State") and was established to encourage business development in the State. JobsOhio was incorporated on July 5, 2011, as a nonprofit corporation under Chapters 1702 and 187, Revised Code, to promote economic development, job creation, job retention, job training, and the recruitment of business to Ohio. JobsOhio is governed by a Board of Directors appointed by the Governor of Ohio.

The accompanying financial statements include the accounts of JobsOhio Growth Capital ("JOGC") and JobsOhio Beverage System ("JOBS"), its component units (collectively the "Entity"). JOGC and JOBS are considered blended component units of JobsOhio.

JOGC was formed as a nonprofit limited liability company on April 15, 2021, pursuant to and in accordance with Chapter 1705 of the Ohio Revised Code, as amended from time to time, and as superseded by Chapter 1706 of the Ohio Revised Code effective January 1, 2022 (the "LLCA"), with JobsOhio as the sole member. The purpose of JOGC is to make debt and equity investments in companies with operations in Ohio through the JobsOhio Growth Capital Program, to operate other programs supporting economic development in Ohio, and to engage in any lawful act or activity for which limited liability companies may be formed under the LLCA and to engage in any and all necessary or incidental activities, in all cases that support the not-for-profit purpose and activities of JobsOhio.

JOBS is governed by a Board of Directors appointed by JobsOhio as the sole member of JOBS. JOBS, previously known as the Ohio Business Development Coalition ("OBDC"), was incorporated on June 3, 2004, as a nonprofit corporation under Chapter 1702, Revised Code, for the promotion of business and economic development in the State. On July 6, 2011, by action of its Board of Directors, the OBDC amended its Articles of Incorporation to transfer control of OBDC to JobsOhio. The Internal Revenue Service determined that JOBS qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code for federal income tax purposes.

On February 1, 2013, JOBS effected a major change in its business model, acquiring an exclusive 25-year franchise for the sale of spirituous liquor in the State to fund economic development activities by JobsOhio, its sole member. See note 1(u), below, for information on this transaction.

The accounting policies and financial reporting practices of JobsOhio, JOGC, and JOBS conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units.

(b) Basic Financial Statements

As a special-purpose primary reporting entity engaged only in business-type activities, JobsOhio presents financial statements required for enterprise funds. For such entities, the basic financial statements include the statements of net position; statements of revenues, expenses, and changes in net position; statements of cash flows; and notes to basic financial statements.

(c) Measurement Focus and Basis of Accounting

The Entity reports its financial statements using the economic resources measurement focus (i.e., full accrual) and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

(d) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount 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 differ from those estimates.

(e) Cash and Cash Equivalents

Cash equivalents includes all demand deposits with commercial banks and money market accounts, as well as all short-term, highly liquid investments that are readily convertible to cash and all short-term debt securities purchased with an original maturity of three months or less. Cash equivalents include money market investment funds in overnight investments.

(f) Restricted Assets

In accordance with a Master Trust Indenture and related agreements associated with JOBS' bond issuance, separate restricted accounts are required to be established. Assets held in these accounts are restricted for specific uses, including debt service and other special reserve requirements.

(g) Investments

Investments are reported at fair value. Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian. Accordingly, changes in fair value are included in net income in the period earned.

(h) Other long-term investments

Other long-term investments represent equity holdings in unrelated companies. These holdings were originally recognized as loan receivable balances and converted to investments upon borrowers achieving certain criteria.

(i) Inventory

The Entity's inventory of spirituous liquor consists of inventory withdrawn from bailment for shipment to agency stores, inventory in transit in commercial carriers, and inventory in agency stores. Inventory is valued at the lower of cost or net realizable value with costs determined using the first-in, first-out method ("FIFO"). The costs of liquor product, warehouse services, transportation services, and transfer movements are reported as part of merchandise inventory and are charged to cost of goods sold as product is sold.

In the business model used by the Entity, spirituous liquor inventory is purchased at warehouses, transported by freight companies under contract to the Entity, and delivered to agency stores. Although the freight companies and the agency stores contractually assume the risk of loss, the ultimate risk of loss remains with the Entity. Legal title to the inventory is held by the Entity to the point of sale by the agency stores, which collect sale proceeds as agents for the Entity and make daily remittances to the Entity. A commission for the sales is subsequently paid to the agency stores by the Entity.

In regard to a subset of agency stores known as "interim agency stores," under the terms of the Franchise and Transfer Agreement ("Transfer Agreement"), at the point inventory is delivered to an interim agency store, title to such inventory transfers to the Ohio Division of Liquor Control on a cost-free basis. However, the economic substance of such transactions does not differ from that for regular agency stores. On the basis of the Entity's contractual rights and the status of the interim agency stores as agents of the Entity, such inventory is considered an asset of the Entity, is reported as inventory on the Entity's statements of net position, and upon sale the cost of such inventory is included in cost of goods sold. Inventory at interim agency stores as of September 30, 2021 and June 30, 2021 was $18,306 and $18,706, respectively.

(j) Loans

Loans are carried at the unpaid principal balance outstanding, less the allowance for estimated loan losses. They are included in current assets, except for maturities greater than twelve months after the statements of net position date, which are classified as long-term assets.

(k) Allowance for Loan Losses

The allowance for loan losses is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating future loan losses. Management's estimate considers such factors as the payment history of the loans, guarantees, historical loss experience, and overall economic conditions. Based on the review of the factors, an amount is calculated and a provision is made to reflect the estimated balance. While management uses available information to recognize losses, future adjustments to the allowance may be necessary based on changes in economic conditions. At September 30, 2021 and June 30, 2021, the amount of allowance for loan losses was $3,329 and $3,919, respectively, and is reported in the Entity's statements of net position as part of "loans, net of loss allowance".

(l) Receivables

Receivables are reported at the actual outstanding balance, less the allowance for uncollectable accounts. Interest is not accrued on overdue receivables.

(m) Allowance for Uncollectable Accounts

The allowance for uncollectable accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating future uncollectable accounts. Management's estimate considers such factors as inventory reconciliation and historical experience. Based on the review of the factors, an amount is calculated and a provision is made to reflect the estimated balance. While management uses available information to recognize losses, future adjustments to the allowance may be necessary. At September 30, 2021 and June 30, 2021, the amount of allowance for uncollectable accounts was $5,078 and is reported in the Entity's statements of net position as part of "receivables, net of allowance for uncollectible accounts".

(n) Prepaid Expenses

Payments to vendors representing costs applicable to future accounting periods are recorded as prepaid expenses in the financial statements. The cost of prepaid expenses is recorded as expenses when consumed rather than when purchased.

(o) Amortization of Premiums

Bond premiums are recorded as an addition to bonds payable. Bond premiums are amortized using the effective-interest method over the term of the related bonds and are included as a component of interest expense.

(p) Intangible Assets

The intangible asset represents both an exclusive franchise for the sale of spirituous liquor in the State, as well as a trademarks for the OHLQ logos and slogans. The liquor franchise is amortized on a straight-line basis over the 25-year term of the franchise. Amortization expense for the liquor franchise for the three months ended September 30, 2021 and 2020 was $13,799.

(q) Capital Assets

Capital assets, which include property and equipment, are reported in the financial statements. The Entity defines capital assets as assets with an expected useful life of one year or more from the time of acquisition and a cost of five thousand dollars or more. Such assets are recorded at historical cost.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Software	3 – 5 years
Furniture and equipment	3 – 10 years
Leasehold improvements	Lesser of 10-year amortization period or lease term

(r) Net Position

Net position is displayed in three components as follows:

- Net investment in capital assets – represents capital assets, net of accumulated depreciation less the outstanding balances of bonds, notes, and other borrowings used to acquire, construct, or improve those assets.
- Restricted – consists of net position that is legally restricted externally by creditors, contributors, laws, or regulations or internally by enabling legislation.
- Unrestricted – consists of net position that does not meet the definition of net investment in capital assets or restricted.

The Entity's restricted assets relate to the debt service and other amounts owed as required by the debt service agreements and are reported as part of "cash and cash equivalents – restricted" on the statements of net position. However, such amounts are always less than or equal to the liabilities that are used in the calculation of the restricted assets. As a result, the restricted component of net position, as defined above, would be negative or zero, and it would be irrelevant to present this line separately if the balance is negative (deficit) or zero.

(s) Classification of Revenues and Expenses

Revenues and expenses are classified as operating or nonoperating and are recognized in the period received. Under the Entity's definition:

- "Operating revenues" includes all revenues resulting from transactions and activities, other than financing and investing activities, related to the distribution, merchandising, and sale of spirituous liquor in the State under the authority of the liquor franchise sold to the Entity by the State on February 1, 2013, as well as rebates on those sales. Included are revenues for services performed in the distribution centers related to receiving and preparing product for distribution, as well as loan application fees and loan interest.
- "Operating expenses" includes all expenses resulting from transactions and activities, other than financing and investing activities, related to the distribution, merchandising, and sale of spirituous

liquor in the State under the authority of the liquor franchise sold to the Entity by the State on February 1, 2013, as well as costs that support economic development activities.

All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The Entity has initiated loan and grant programs to private businesses in the State to support economic development. For the fiscal years ended June 30, 2021 and 2020, the Entity issued grants for such purposes, reported in the Entity's statements of revenues, expenses, and changes in net position as "economic development programs" expense.

As part of the loan program, the Entity charges applicants an application fee, which is used to offset the cost of having a loan agreement drafted by outside counsel. Total revenue from application fees received during the three months ended September 30, 2021 and 2020 was $25 and $0, respectively. Revenue from application fees is included in the Entity's statements of revenues, expenses, and changes in net position as "fees and other".

(t) Risk Management/Insurance

The Entity is exposed to various risks of loss related to torts and general liability; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Entity procures commercial insurance policies for commercial crime, management liability, directors' and officers' liability, employment practices, automobile liability, employers' liability, general liability, crime, and property. No claims have been submitted against the Entity since its incorporation and no liabilities have been identified or recorded. It is the Entity's policy that liabilities are to be reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Since no claims have been submitted, settled claims have not exceeded commercial coverage.

(u) Liquor Franchise

On February 1, 2013, the Entity and the State, through the Ohio Department of Commerce and the Ohio Office of Budget and Management, entered into a Transfer Agreement. Under the terms of the Transfer Agreement, the Entity purchased from the State an exclusive franchise for the sale of spirituous liquor throughout the State. In return, the Entity transferred cash to the State and committed to Supplemental Payments (described below), to the State based upon sales of spirituous liquor by the Entity. Pursuant to the Transfer Agreement, the Entity will receive all gross revenue from the distribution, merchandising, and sale of spirituous liquor in the State.

The liquor franchise established by the Transfer Agreement terminates 25 years from February 1, 2013. During the term of the franchise, the Entity is responsible for operating the "Liquor Business", as that term is defined in the Transfer Agreement, while the State will, under contract with the Entity, perform merchandising as a contract service, and will retain all liquor regulatory functions.

"Supplemental Payments," are payments to the State based upon a formula specified in the Transfer Agreement. Beginning with the fiscal year ended June 30, 2014, if "Liquor Business Profits," as that term is defined in the Transfer Agreement, for a fiscal year exceed a threshold amount of Liquor Business Profits set for that fiscal year (Base Franchise Profits ($335,979 for fiscal year ending June 30, 2022 and $326,193 for fiscal year ending June 30, 2021)), then the Entity is required to make a cash payment to the State equal to 75 percent of the amount by which Liquor Business Profits exceed Base Franchise Profits. Total Supplemental Payment expense for the three months ended September 30, 2021 and 2020 was $30,283 and $22,164, respectively.

The Entity also contemporaneously contracted with the Ohio Department of Commerce for the continued operation and management of the Liquor Business under an Operations Services Agreement ("Services Agreement"). Under the Services Agreement, the Ohio Department of Commerce will provide ongoing operations, management, and administrative services related to the Liquor Business. Covered services include administrative support, tax support and reporting, information technology, agency operation and review, merchandise marketing and advertising, real property leasing, and management. Total service fees expense in the three months ended September 30, 2021 and 2020, was $5,883 and $4,926, respectively.

Contemporaneously with the execution of the Transfer Agreement and the Services Agreement, special obligation revenue bonds were issued by the Entity under the provisions of a Master Trust Indenture and first and second Supplemental Trust Indentures, dated February 1, 2013 (collectively referred to as the "Indenture") between the Entity and Huntington National Bank ("Trustee"). The bonds and any additional obligations are paid solely from the Trust Estate, which consists primarily of the Liquor Business Profits, the Revenue Fund, the Tax Fund, the Debt Service Fund, and Supplemental Payment Reserve Fund, maintained by the Trustee. The bonds are special, limited obligations of the Entity, payable solely from assets held in the Trust Estate, and are not general obligations of the Entity or the State.

The Entity is required to maintain certain accounts with the Trustee as specified by the Indenture. The Entity grants, assigns, pledges, and transfers to the Trustee, for the benefit of the bondholders, all right, title, and interest in the Liquor Business Profits to provide for debt service of the bonds. Funds established by the Indenture are restricted for payments of tax related to the sale of liquor, operating expenses of the Liquor Business, debt service, and Supplemental Payments to the State.

(v) Use of Restricted and Unrestricted Resources

In the event that the Entity is to fund outlays for a particular purpose from both restricted and unrestricted resources, in order to calculate the amounts to report as restricted and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Entity's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(In thousands)

(w) Compensated Absences

The Entity provides no paid time off to part-time employees. Full-time employees (nonexecutive) are granted paid time off in annual amounts which increase with the individual employees' years of service on the basis of the following schedule:

Years of Service	Annual Paid Time Off
0 - 2	3 weeks
3 - 6	4 weeks
7+	5 weeks

Paid time off is not contingent upon services already rendered and no payment is made for unused paid time off at termination or retirement.

(x) New Accounting Pronouncements

GASB Statement No. 87, *Leases*, addresses improving accounting and financial reporting for leases. The definition of a lease is a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. This Statement provides guidance for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2021. The Entity is in the process of implementing GASB Statement No. 87.

GASB Statement No. 90, *Majority Equity Interests,* defines a majority equity interest and specifies how a majority equity interest in a legally separate organization should be reported as an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. The requirements of this statement are effective for financial statements for fiscal years beginning after December 15, 2019. The Entity has implemented GASB Statement No. 90 for the financial statements for three months ended September 30, 2021, resulting in JOGC, which was established in the fiscal year ended June 30, 2021, being broken out in the combining information in note 2(e) below.

(y) Subsequent Events

The Entity has evaluated subsequent events through November 29, 2021, the date of basic financial statement issuance, to determine if any other recognition or disclosure of significant events or transactions was required. No subsequent events requiring additional disclosure were identified.

(3) Detailed Notes on Activities and Funds

(a) Assets

1. Cash Deposits and Investments with Financial Institutions

The Entity is not subject to statutory restrictions on deposits or investments on certain accounts. All deposit and investment activity is governed by a policy adopted by the Entity's Board of Directors. Cash deposits consist of amounts held in demand accounts.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Entity's deposits may not be returned. The Entity's investment policy adopted by the Board of Directors provided that the Entity minimizes credit risk as to cash deposits by prequalifying financial institutions with which the Entity will do business. Of the total bank balance at September 30, 2021 and June 30, 2021, $750 was insured through the Federal Deposit Insurance Corporation (FDIC). The remaining $127,814 and $141,903, respectively, was uninsured and exposed to custodial credit risk.

The Entity has a checking account that is linked to an overnight sweep account, under which total uninvested cash is automatically transferred (or swept) from the primary cash accounts into a money market mutual fund that invests primarily in short-term, high-quality, fixed-income, domestic-sourced securities issued by banks, corporations, and the U.S. government, rated in the highest short-term category or of comparable quality. The money market mutual fund was rated Aaa-mf by Moody's. The amount invested in the money market mutual fund was $132,226 and $214,500 at September 30, 2021 and June 30, 2021, respectively.

Certain Investments Classified as Cash Equivalents

Pursuant to the terms of the Indenture, the Transfer Agreement, and the Services Agreement, the Entity is required to comply with various covenants and requirements. All financial covenants associated with the agreements executed in connection with the franchise transaction have been fully complied with as of September 30, 2021 and June 30, 2021.

The Entity is required to maintain certain accounts with the Trustee as specified by the Indenture. The Entity grants, assigns, pledges, and transfers to the Trustee, for the benefit of the bondholders, all right, title, and interest in the Liquor Business Profits to provide for debt service of the bonds. Funds maintained in certain accounts are restricted for State tax payments, operating expenses of the Liquor Business, debt service, costs of bond issuance, and Supplemental Payments. The following funds have been established by the Indenture:

(In thousands)

Fund	Fund custody	September 30, 2021 Unrestricted	September 30, 2021 Restricted
Revenue fund	Trustee	$ -	$ 50,917
Operations fund	Entity	-	6,726
Debt service fund	Trustee	-	60,996
General purpose fund	Entity	420	-
Supplemental Payment reserve fund	Trustee	-	20,313
	Total funds required by indenture	420	138,952
Cash		121,159	-
Cash held at fiscal agents		1,210	14,048
Other		3	-
	Total cash and cash equivalents	$ 122,792	$ 153,000

Fund	Fund custody	June 30, 2021 Unrestricted	June 30, 2021 Restricted
Revenue fund	Trustee	$ -	$ 51,233
Operations fund	Entity	-	742
Debt service fund	Trustee	-	54,446
General purpose fund	Entity	-	32
Supplemental Payment reserve fund	Trustee	-	108,786
	Total funds required by indenture	-	215,239
Cash		179,723	-
Cash held at fiscal agents		-	14,202
Other		-	3
	Total cash and cash equivalents	$ 179,723	$ 229,444

2. Cash with Fiscal Agents

As indicated in note 1(i) above, agency stores under contract with the Entity collect sale proceeds as agents for the Entity and are contractually required to segregate such proceeds and to remit them to the Entity on a daily basis. The agency stores are responsible for any risk of loss while in their possession and such amounts are typically swept into the Entity's bank accounts within two to three business days. The balance of these sale proceeds under such contractual arrangements as of September 30, 2021 and June 30, 2021 was $15,258 and $14,202, respectively. Custodial credit risk as to these amounts was addressed by surety bond coverage required under the contracts between the Entity and each agent.

(In thousands)

3. Investments

The Entity is not subject to statutory restrictions on investments. The Entity's formal investment policy statement, as adopted by the Board, is the basis for all investment activity. Authorized investments under the Board policy include cash and cash equivalents, investment-grade bonds, high yield bank loans, high yield bonds, emerging market bonds, United States public equities, international public equities, private real estate, and private equity.

The Entity categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The following is a summary of the investments by fair value category as of September 30, 2021:

		Fair Value Measurements Using		
	September 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. government obligations	$ 86,080	$ 59,054	$ 27,026	$ -
U.S. government agency obligations	79,496	27,422	52,074	-
Non agency obligations	44,798	-	44,798	-
Other government obligations	11,529	-	11,529	-
International bonds	950	-	950	-
Corporate bonds	112,235	25,885	86,350	-
Equities	12,047	12,047	-	-
Bond mutual funds	207,942	207,942	-	-
Equity mutual funds	59,129	59,129	-	-
Corporate bond and note funds	45,344	-	-	45,344
Private equity	29,019	-	-	29,019
Total	$ 688,569	$ 391,479	$ 222,727	$ 74,363

The following is a summary of the investments by fair value category as of June 30, 2021:

s

(In thousands)

		Fair Value Measurements Using		
	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. government obligations	$ 162,793	$ 133,519	$ 29,274	$ -
U.S. government agency obligations	190,546	147,593	42,953	-
Non agency obligations	22,831	-	22,831	-
Other government obligations	6,821	-	6,821	-
International bonds	649	-	649	-
Corporate bonds	142,434	42,628	99,806	-
Equities	5,453	5,453	-	-
Bond mutual funds	88,096	88,096	-	-
Equity mutual funds	24,063	7,962	-	-
Corporate bond and note funds	18,063	-	18,063	-
Private equity	4,601	-	-	4,601
Total	$ 666,350	$ 425,251	$ 220,397	$ 4,601

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets.

Investments classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources the investment managers.

The Entity may, from time to time, have investments where the funds have been sent to the investment managers, but the investment transaction has not settled as of the end of financial statement period. These investments are referred to as investments in transit. The Entity had investments in transit of $0 and $10,500 as of September 30, 2021 and June 30, 2021, respectively.

Liquidity and Interest Rate Risk – As a means of limiting exposure to fair value losses arising from rising interest rates, the Entity's investment policy generally requires that the investment portfolio remain sufficiently liquid to meet all operating and economic development programmatic needs.

As of September 30, 2021, the maturities of the Entity's investments are as follows:

(In thousands)

	Fair Value	Investment maturity: 1 year or less	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
U.S. government obligations	$ 86,080	$ -	$ 70,437	$ 11,019	$ 4,624
U.S. government agency obligations	79,496	149	34,395	5,987	38,965
Non agency obligations	44,798	-	5,301	9,257	30,240
Other government obligations	11,529	-	752	6,069	4,708
International bonds	948	-	948	-	-
Corporate bonds	112,235	7,878	49,587	32,467	22,303
Total	$ 335,086	$ 8,027	$ 161,420	$ 64,799	$ 100,840

As of June 30, 2021, the maturities of the Entity's investments are as follows:

	Fair Value	Investment maturity: 1 year or less	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
U.S. government obligations	$ 162,793	$ 4,052	$ 148,480	$ 8,226	2,035
U.S. government agency obligations	190,546	20,198	134,140	3,721	32,487
Non agency obligations	22,831	-	3,429	5,125	14,277
Other government obligations	6,821	-	-	2,081	4,740
International bonds	649	-	649	-	-
Corporate bonds	142,434	26,967	70,617	26,194	18,656
Total	$ 526,074	$ 51,217	$ 357,315	$ 45,347	$ 72,195

Credit Risk – To minimize credit risk, the Entity prequalifies the financial institutions, broker/dealers, intermediaries, and advisors with whom the Entity will do business. In addition, the investment portfolio is diversified to minimize risk of loss. The Entity's investments were rated as follows by Standard & Poor's or Moody's Investor Services as of September 30, 2021:

	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	Not Rated
U.S. government obligations	$86,080	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 86,080
U.S. government agency obligations	79,496	575	31,390	-	-	-	-	-	-	-	-	47,531
Non agency obligations	43,551	10,306	-	-	1,722	-	202	-	-	-	-	31,321
Other government obligations	12,775	2,116	1,282	1,942	1,520	2,398	-	500	-	747	-	2,270
International bonds	947	-	-	-	-	-	798	149	-	-	-	-
Corporate bonds	112,237	1,289	2,677	4,751	4,966	12,206	18,297	22,762	15,231	12,329	9,046	8,683
Total	$ 335,086	$ 14,286	$ 35,349	$ 6,693	$ 8,208	$ 14,604	$ 19,297	$ 23,411	$ 15,231	$ 13,076	$ 9,046	$ 175,885

The Entity's investments were rated as follows by Standard & Poor's or Moody's Investor Services as of June 30, 2021:

(In thousands)

	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	Not Rated
U.S. government obligations	$ 162,793	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 162,793
U.S. government agency obligations	190,546	582	152,555	-	-	-	-	-	-	-	-	37,409
Non agency obligations	22,831	5,606	-	-	500	-	231	-	-	750	-	15,744
Other government obligations	6,821	-	1,298	-	1,532	2,400	-	-	-	-	-	1,591
International bonds	649	-	-	-	-	-	649	-	-	-	-	-
Corporate bonds	142,434	3,207	1,269	6,004	6,653	21,802	38,918	26,480	13,417	11,114	8,746	4,824
Total	$ 526,074	$ 9,395	$ 155,122	$ 6,004	$ 8,685	$ 24,202	$ 39,798	$ 26,480	$ 13,417	$ 11,864	$ 8,746	$ 222,361

Concentration of Credit Risk – To limit exposure to the risk of loss due to the magnitude of the Entity's investments in a single issuer, investments are to be diversified in accordance with allocations determined by the Board of Directors, after consultation with the Board's Investment Committee.

Custodial Credit Risk – For an investment, this is the risk that in the event of the failure of the counterparty, the Entity will not be able to recover the value of its investments that are in the possession of an outside party. The Entity's investments of $688,569 and $666,350 as of September 30, 2021 and June 30, 2021, respectively, are uninsured and held in the name of its investment managers.

Investment activity for the three months ended September 30, 2021 is summarized as follows:

	Balance, July 1, 2021	Purchases	Maturities	Accrued income (loss)	Balance, September 30, 2021
U.S. government obligations	$ 162,793	$ 6,531	$ (82,263)	$ (980)	$ 86,081
U.S. government agency obligations	190,546	12,460	(120,219)	(3,291)	79,496
Non agency obligations	22,831	23,361	(558)	(837)	44,797
Other government obligations	6,821	4,787	-	(79)	11,529
International bonds	649	300	-	-	949
Corporate bonds	142,434	18,755	(45,784)	(3,170)	112,235
Equities	5,453	7,049	(84)	(370)	12,048
Bond mutual funds	88,096	124,214	-	(4,368)	207,942
Equity mutual funds	24,063	36,115	-	(1,049)	59,129
Corporate bond and note funds	18,063	27,000	-	281	45,344
Private equity	4,601	24,520	-	(102)	29,019
Total	$ 666,350	$ 285,092	$ (248,908)	$ (13,965)	$ 688,569

(In thousands)

Investment activity for the fiscal year ended June 30, 2021 is summarized as follows:

	Balance, July 1, 2020	Purchases	Maturities	Accrued income (loss)	Balance, June 30, 2021
U.S. government obligations	$ 313,860	$ 247,097	$ (391,566)	$ (6,598)	$ 162,793
U.S. government agency obligations	236,454	62,756	(98,278)	(10,386)	190,546
Non agency obligations	-	21,087	-	1,744	22,831
Other government obligations	-	5,108	-	1,713	6,821
International bonds	-	644	-	5	649
Corporate bonds	173,807	86,338	(117,278)	(433)	142,434
Equities	-	5,612	(116)	(43)	5,453
Bond mutual funds	-	87,441	-	655	88,096
Equity mutual funds	-	23,970	-	93	24,063
Corporate bond and note funds	-	18,000	-	63	18,063
Private equity	-	4,601	-	-	4,601
Total	$ 724,121	$ 562,654	$ (607,238)	$ (13,187)	$ 666,350

Interest income accrues on U.S. government and agency bonds over the bond term. Interest income is redeemed upon bond maturity. Income (loss) realized from maturities during the three months ended September 30, 2021 and 2020 totaled ($151) and ($105), respectively. Interest on public corporate income securities accrues over the term of the holding and is redeemed at various times until maturity. Accrued loss of ($13,965) and ($13,187) as of September 30, 2021 and June 30, 2021, respectively, represents unrealized bond interest earned, but not redeemed. Accrued income increases bond value, which is reported at fair value in the financial statements.

(In thousands)

4. Capital Assets

Capital assets activity for the three months ended September 30, 2021 is as follows:

	Balance, July 1, 2021	Additions	Reductions	Balance, September 30, 2021
Furniture and equipment	$ 823	$ -	$ -	$ 823
Leasehold improvements	3,420	237	-	3,657
Software	9,182	2,212	-	11,394
Equipment	70	50	-	120
Total capital assets being depreciated	13,495	2,499	-	15,994
Less: accumulated depreciation				
Furniture and equipment	(697)	(15)	-	(712)
Leasehold improvements	(2,007)	(176)	-	(2,183)
Software	(2,291)	(706)	-	(2,997)
Equipment	(16)	(4)	-	(20)
Total accumulated depreciation	(5,011)	(901)	-	(5,912)
Total capital assets being depreciated, net	$ 8,484	$ 1,598	$ -	$ 10,082

Capital assets activity for the fiscal year ended June 30, 2021 is as follows:

	Balance, July 1, 2020	Additions	Reductions	Balance, June 30, 2021
Furniture and equipment	$ 823	$ -	$ -	$ 823
Leasehold improvements	2,854	566	-	3,420
Software	2,900	6,282	-	9,182
Equipment	38	32	-	70
Total capital assets being depreciated	6,615	6,880	-	13,495
Less: accumulated depreciation				
Furniture and equipment	(628)	(69)	-	(697)
Leasehold improvements	(1,370)	(637)	-	(2,007)
Software	(1,650)	(641)	-	(2,291)
Equipment	(2)	(14)	-	(16)
Total accumulated depreciation	(3,650)	(1,361)	-	(5,011)
Total capital assets being depreciated, net	$ 2,965	$ 5,519	$ -	$ 8,484

5. Loans Receivable

The Entity's economic development initiatives include loans to companies that have limited access to capital and funding from conventional private sources of funding. In order to obtain a disbursement, the borrower submits to the Entity a draw request that identifies the applicable costs that have been incurred. The Entity recognizes the receivable at time of disbursement to the borrower.

The Entity established a loan program to support companies during the COVID-19 pandemic. The Workforce Retention Loan was a forgivable loan program that allowed companies to borrow funds to support their payroll over the course of six months. At the end of the six-month period, the companies were required to provide documentation to the Entity that illustrated they were able to maintain certain payroll metrics over the period. For borrowers that were able to maintain those certain payroll metrics, the loan was forgiven with no balance due. As of September 30, 2021 and June 30, 2021, 84 and 83, respectively, of the 84 companies that participated in the program had their loan balance forgiven. The remaining 0 and 1, respectively, company had an outstanding balance of $0 and $168, respectively, that is included in Loans, net of loss allowance. The terms of the loans outstanding at September 30, 2021 and June 30, 2021 provide for disbursements of up to $50,000. The outstanding balance of the commitments as of September 30, 2021 and June 30, 2021 was $0.

The Entity also established a loan program to support early-stage companies in their efforts to promote economic development across the State. The Innovation Loan program was designed to provide loans to companies that are convertible to equity in the event the borrower meets certain qualified financing requirements. As of September 30, 2021 and June 30, 2021, disbursements associated with the Innovation Loan program were made to 32 and 25 companies, respectively, totaling $35,473 and $29,723, respectively, and are included in Loans, net of loss allowance. The terms of the loans outstanding at September 30, 2021 and June 30, 2021 provide for disbursements of up to $35,473 and $29,723 respectively. The outstanding balance of the commitments as of September 30, 2021 and June 30, 2021 was $0.

The remaining loans receivable balance of $97,822 as of September 30, 2021 relates to disbursements to 54 companies, and is net of loss allowance of $3,329. Loans receivable balance of $96,936 as of June 30, 2021 relates to disbursements to 51 companies and is net of loss allowance of $3,919. The current portion of the loans receivable balance of $9,750 and $9,328 as of September 30, 2021 and June 30, 2021, respectively, represent principal payments due within the following twelve months. The terms of the loans outstanding at September 30, 2021 and June 30, 2021 provide for disbursements of up to $141,200 and $142,700, respectively. The outstanding balance of the commitments as of September 30, 2021 and June 30, 2021 were $13,097 and $19,395, respectively.

The Entity's loans are held at amortized cost less a valuation allowance. A loan is impaired when, based on current information and events, it is probable that the Entity will be unable to collect all amounts due according to the contractual terms of the loan agreement. If determined that a loan requires a valuation allowance, a provision for loss is established equal to the difference between the carrying value and either the fair value of the collateral less costs to sell or the present value of expected future cash flows discounted at the loan's effective interest rate. The amount of valuation allowance was $3,329 and $3,919, respectively, as of September 30, 2021 and June 30, 2021.

6. Accounts Receivable Balances

Accounts receivable comprise amounts due from liquor agency stores and liquor vendors, and the Ohio Department of Administrative Services ("DAS"). The amounts due from liquor agency stores and liquor vendors are attributable to inventory adjustments from audits, store manager adjustments, distribution center services, and other miscellaneous claims. Accounts receivable also includes interest receivable on investments and loans. Accounts receivable balance of $20,716 and $6,453 as of September 30, 2021 and June 30, 2021, respectively, is net of allowance for uncollectable accounts of $5,101 and $5, respectively.

The amount due from DAS as of September 30, 2021 and June 30, 2021 of $58,849 is attributable to the Entity's purchases of Personal Protective Equipment on behalf of DAS in response to the COVID-19 pandemic. The amount due from DAS is included in Accounts receivable – long-term.

7. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the basic financial statements. This includes $6,824 and $10,928 of service fees to the Ohio Department of Commerce as of September 30, 2021 and June 30, 2021, respectively, as well as $350 as of September 30, 2021 and June 30, 2021, for prepaid rent payments on two separate operating lease agreements. See note 3(b)6 below.

8. Intangible Asset – Liquor Franchise

As a result of the purchase of the franchise for the sale of spirituous liquor, the Entity recorded an intangible asset of $1,379,924, reflecting the net franchise fee paid to the State, net of certain tangible assets received in the transfer pursuant to the Transfer Agreement.

The intangible asset – liquor franchise, is amortized over its useful life that coincides with the related contractual rights of the Transfer Agreement of 25 years. Amortization expense was $13,799 for each of the three months ended September 30, 2021 and 2020.

Intangible asset – liquor franchise activity for the three months ended September 30, 2021 is as follows:

(In thousands)

	Balance, July 1, 2021	Additions	Reductions	Balance, September 30, 2021
Liquor franchise	$ 1,379,924	$ -	$ -	$ 1,379,924
Less: Accumulated amortization	(464,575)	(13,799)	-	(478,374)
Liquor franchise, net of amortization	$ 915,349	$ (13,799)	$ -	$ 901,550

Intangible asset – liquor franchise activity for the fiscal year ended June 30, 2021 is as follows:

	Balance, July 1, 2020	Additions	Reductions	Balance, June 30, 2021
Liquor franchise	$ 1,379,924	$ -	$ -	$ 1,379,924
Less: Accumulated amortization	(409,378)	(55,197)	-	(464,575)
Liquor franchise, net of amortization	$ 970,546	$ (55,197)	$ -	$ 915,349

(In thousands)

(b) Liabilities

1. Accrued Liabilities

Accrued liabilities – current portion reported at September 30, 2021 and June 30, 2021 are as follows:

	September 30, 2021	June 30, 2021
Economic development programs	$ 239,009	$ 192,063
Liquor purchases	14,315	10,775
Agency commissions	6,252	17,462
Taxes	13,109	13,699
Supplemental Payment	30,283	125,820
Professional services	1,367	1,662
Payroll	240	486
Legal services	139	102
Liquor operations	145	179
Paid time off	411	373
Deferred rent	580	622
Employee benefits	64	-
Other	391	1,489
Total	$ 306,305	$ 364,732

The Entity recognizes accrued liabilities that are payable in greater than 12 months as long-term accrued liabilities. As of September 30, 2021 and June 30, 2021, the balance of long-term accrued liabilities was $20,000 and was associated with economic development programs.

2. Economic Development Programs – Grants

The Entity operates eight grant programs to encourage economic development within the State. These comprise:

- Economic Development Grants – The Economic Development grant program focuses on fixed asset and infrastructure investment.

- Workforce Grants – The Workforce grant program focuses on training costs associated with new or incumbent employees.

- Revitalization Grants – The Revitalization grant program is designed to support the acceleration of redeveloping sites in Ohio, with the primary focus on projects where the cost of redevelopment and remediation is more than the value of the land in question.

- Revitalization Phase II Assessment Grants – The Revitalization Phase II Assessment grant program is designed to assist in the review of potential environmental risks on a project site where redevelopment for job creation or retention is likely to occur.

- Research and Development Grants – The Research and Development grant program provides opportunity to collaborate and partner on new discoveries that can further companies' competitive advantage and impact their respective industries.

- Innovation District Grants – The Innovation District grant program provides funds for Innovation hubs across the State in support of research and STEM projects within the districts and provides the opportunity for businesses to operate from a centralized location to promote economic development growth.

- Inclusion Grants – The Inclusion grant program provides financial support in designated distressed communities and/or businesses owned by underrepresented populations across the State.

- Speculative Development Grants – The Ohio Site Inventory Program (OSIP) offers funding to support speculative site and building development projects with no identified end user.

As of September 30, 2021, the Entity had executed 1,523 grants, including 579 economic development grants, 403 workforce grants, 294 revitalization grants, 21 research and development grants, 11 innovation district grants, 187 inclusion grants, and 28 speculative development grants with a total committed amount of $1,026,782. As of September 30, 2021, the Entity had $470,580 in committed, but unpaid grants. As of June 30, 2021, the Entity had executed 1,419 grants, including 548 economic development grants, 391 workforce grants, 279 revitalization grants, 20 research and development grants, 8 innovation district grants, 151 inclusion grants, and 22 speculative development grants with a total committed amount of $868,852. As of June 30, 2021, the Entity had $349,209 in committed, but unpaid grants. The grants are historically funded on a reimbursement basis where the grantee must provide documentation illustrating where applicable costs have been incurred. In light of the COVID-19 pandemic, the Entity implemented a Rapid Deployment Initiative program where grantees could request funds on a non-reimbursement basis to support their cash needs during the crisis.

The Entity recognizes grant expense and the related liability for allowable costs where the transaction is reasonably estimable in amount and probable of distribution. This process includes the use of estimates in the absence of information as to costs incurred, but unclaimed by the grantee. The Entity has developed a methodology to produce an estimate of the liability as of the financial statement date, based upon the anticipated progress of the related project. The corresponding result is recorded as accrued economic development programs and is included in accrued liabilities in the statements of net position. Some of the economic development programs which have been accrued have terms that result in payment to be made outside of the subsequent twelve months, resulting in a long-term liability. The accrued economic development programs were $259,009 and $212,063 as of September 30, 2021 and June 30, 2021, respectively.

3. Economic Development Programs – Community Banks Loan Guarantee

The Entity has partnered with two community banks in Ohio to bolster their lending capability to assist small, lifestyle businesses. The Entity is providing a loan guarantee of up to $50,000 to support the banks in the event of default on the additional lending to their borrowers.

As of September 30, 2021 and June 30, 2021, the community banks had provided loans totaling $10,823. The outstanding commitment for the program as of September 30, 2021 and June 30, 2021 was $0. As of September 30, 2021 and June 30, 2021 there were no reported defaults. The Entity estimates that the program will have a default rate of 10%, with a portion of the estimated default occurring in the next twelve months. The Entity recognized an expense associated with the program of $0 and $269, respectively, as of September 30, 2021 and June 30, 2021, which is included in economic development programs expense. The Entity recorded current and long-term liabilities associated with the program totaling $487 and $487, respectively, as of September 30, 2021 and June 30, 2021.

4. 401(k) Savings Plan

The Entity operates a defined contribution pension plan titled JobsOhio 401(k) Plan (herein referred to as the "Plan") created in accordance with Internal Revenue Code Section 401(k). The Plan, available to all qualified employees of the Entity, permits employees to defer a percentage of their salary up to the maximum percentage allowed by the Internal Revenue Service. The Entity matches 100 percent of the first three percent of the employee contribution, plus 50 percent of the employee contribution over three percent but not greater than five percent, bringing the maximum match percentage to four percent. Employees are fully vested in the Plan at the time contributions begin and there are no forfeitures. Participants must be over 21 years of age and have completed three consecutive months of service.

The Entity is the plan administrator of the Plan and the Plan trustee is Great-West Trust Company. The Entity may amend the Plan to add new features or to change or eliminate various provisions, but may not take away or reduce protected benefits under the Plan. Participants direct the allocation of their deferral based on several investment options. The assets of the Plan are not included in the Entity's financial statements and cannot be used for purposes other than the exclusive benefit of the participants or their beneficiaries or to pay the reasonable expenses of plan administration.

The Plan was implemented in February 2014 and updated in January 2020. For the three months ended September 30, 2021, the total 401(k) match expense was $123 on total employee contributions of $299. For the three months ended September 30, 2020, the total 401(k) match expense was $103 on total employee contributions of $221. As of September 30, 2021, and June 30, 2021, accrued employee 401(k) deferrals and accrued employer match was $60 and $0, respectively, and are included in the statements of net position as accrued liabilities.

(In thousands)

5. Commitments and Contingencies – Litigation

No litigation is currently pending against the Entity.

6. Lease Obligations

The Entity has an agreement for an office facilities lease and pays monthly rent. Rent expense was $157 and $155, respectively, for the three months ended September 30, 2021 and 2020.

Minimum future lease payments as of September 30, 2021 under this operating lease are as follows:

Year ending June 30:		
2022	$	230
2023		396
2024		404
2025		412
2026 - 2027		705
Total	$	2,147

In fiscal years 2019 and 2015, the Entity entered into lease agreements for office equipment, which are classified as capital leases. The leased equipment is amortized on a straight-line basis over 5 years. Total accumulated amortization related to the leased equipment at September 30, 2021 and June 30, 2021 was $103 and $87 respectively. Property on capital lease as of September 30, 2021 is as follows:

Office equipment	$	163
Less: accumulated amortization		(103)
Total	$	60

Property on capital lease as of June 30, 2021 is as follows:

Office equipment	$	163
Less: accumulated amortization		(87)
Total	$	76

(In thousands)

The interest rate related to the 2019 lease obligation is 0% and the maturity date is August 2024. Minimum future lease payments as of September 30, 2021 under this capital lease are as follows:

Year ending June 30:		
2022	$	18
2023		24
2024		24
2025		4
Total	$	70

In the fiscal year ended June 30, 2017, the Entity entered into two separate lease agreements for the use of distribution center facilities in Green, Ohio and Groveport, Ohio. Rent expense on the two facilities was $753 and $780, respectively, for the three months ended September 30, 2021 and 2020.

The lease agreement for the distribution center in Green, Ohio has a term of seven years with a commencement date of April 1, 2017.

Minimum future lease payments as of September 30, 2021 under this operating lease are as follows:

Year ending June 30:		
2022	$	1,118
2023		1,491
2024		1,118
Total	$	3,727

The lease agreement for the distribution center in Groveport, Ohio has a term of 63 full months with a commencement date of April 3, 2017.

Minimum future lease payments as of September 30, 2021 under this operating lease are as follows:

Year ending June 30:		
2022	$	697
2023		79
Total	$	776

(In thousands)

7. Long-Term Liabilities

Special obligation revenue bonds were issued on February 1, 2013, by the Entity to finance payment of consideration in connection with the purchase of a franchise to operate the Liquor Business including the transfer of certain Liquor Business assets and bond transaction costs. The obligations were issued as bonds with (approximately) level debt service (principal and interest) maturing each year with maturities that range from one to 25 years.

On February 5, 2020, the Entity issued special obligation revenue bonds to advance refund the 2038 maturity of the Series 2013A Bonds and finance certain costs of the refunding transaction. The Series 2020A Bonds were issued in the amount of $371,025. The obligations were issued as bonds with approximately level debt service, including both principal and interest, maturing each year with maturities that range from one to 18 years.

JobsOhio Beverage System Statewide Senior Lien Liquor Profits Tax-Exempt Revenue Bonds, Series 2013A; JobsOhio Beverage System Statewide Senior Lien Liquor Profits Taxable Revenue Bonds, 2013B; and JobsOhio Beverage System Statewide Senior Lien Liquor Profits Taxable Revenue Bonds, 2020A outstanding at September 30, 2021 and June 30, 2021 are as follows:

Special obligation bonds	Original issue date	Outstanding as of September 30, 2021 and June 30, 2021	Interest rates to maturity	Final maturity
Series 2013A	Feb. 2013	$ 10,000	4.0% – 5.0%	2023
Series 2013B	Feb. 2013	$ 847,975	3.1% – 4.5%	2035
Series 2020A	Feb. 2020	$ 368,035	1.7% – 2.8%	2038

The bonds have maturities that started in 2015 and continue through 2038. Maturities due within one year at September 30, 2021 and June 30, 2021 are $52,460. The bond series are subject to mandatory sinking fund redemption starting in 2024 and each year thereafter to maturity. The bonds will be repaid from Liquor Business Profits. All proceeds from the Liquor Business are pledged to the Trustee to pay obligations under the Indenture. The Indenture imposes certain restrictions and requirements whereby all Liquor Business revenues are required to be deposited in a trust fund held by the Trustee to settle obligations under the Indenture, including amounts sufficient to cover annual debt service for each fiscal year on account for all outstanding revenue bonds.

Liquor Business Profits must meet the minimum debt service coverage ratio of 135 percent for each fiscal year pursuant to the Transfer Agreement. Certain amounts are released from the lien of the Indenture and certain other amounts are held in funds pursuant to the terms of the Indenture for which amounts will not be pledged for the benefit of the owners of the bonds. These funds include the Tax Fund, the Operations Fund, and the General Purpose Fund. The bonds are not general obligations of the Entity or the State, and neither the faith nor credit are pledged as security for payment of the bonds.

(In thousands)

Debt service requirements related to the bonds as of September 30, 2021 are as follows:

	Principal	Interest	Total
Year ending June 30:			
2022	$ 52,460	$ 22,969	$ 75,429
2023	54,135	44,253	98,388
2024	55,925	42,461	98,386
2025	58,090	40,280	98,370
2026	60,350	38,011	98,361
2027 – 2031	339,350	152,292	491,642
2032 – 2036	417,805	72,933	490,738
2037 – 2038	187,895	8,022	195,917
Total	1,226,010	$ 421,221	$ 1,647,231
Unamortized premium	16,784		
Less current portion	(52,460)		
Total debt, long-term portion	$ 1,190,334		

Debt service activity for the three months ended September 30, 2021 is as follows:

	Balance, July 1, 2021	Additions	Reductions	Balance, September 30, 2021	Current portion
Bond principal	$ 1,226,010	$ -	$ -	$ 1,226,010	$ 52,460
Bond premium	59,663	-	-	59,663	-
Less: Accumulated amortization	(39,523)	(3,356)	-	(42,879)	-
Total debt	$ 1,246,150	$ (3,356)	$ -	$ 1,242,794	$ 52,460

(In thousands)

Debt service activity for the fiscal year ended June 30, 2021 is as follows:

	Balance, July 1, 2020	Additions	Reductions	Balance, June 30, 2021	Current portion
Bond principal	$ 1,277,890	$ -	$ (51,880)	$ 1,226,010	$ 52,460
Bond premium	59,663	-	-	59,663	-
Less: Accumulated amortization	(26,096)	(13,427)	-	(39,523)	-
Total debt	$ 1,311,457	$ (13,427)	$ (51,880)	$ 1,246,150	$ 52,460

Bonds are subject to redemption prior to their stated maturity dates at the option of the Entity, in whole or in part on any date on or after January 1, 2023 at a redemption price equal to the principal amount of bonds to be redeemed plus accrued interest. For Series 2013B Bonds, the redemption price is the greater of (1) the principal amount or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date plus accrued interest. Series 2020A Bonds maturing in 2038 are subject to mandatory sinking fund redemption on January 1, 2035 and each year thereafter to maturity. Series 2013B Bonds maturing in 2029 and 2035 are subject to mandatory sinking fund redemption on January 1, 2024 and 2030, respectively, and each year thereafter to maturity. Redemptions are from moneys in the Debt Service Fund established under the Indenture, at a redemption price equal to 100 percent of the principal amount to be redeemed plus accrued interest.

Pursuant to the terms of the Indenture, the Transfer Agreement, and the Services Agreement, the Entity is required to comply with various covenants and requirements.

(c) Revenues

Liquor sales revenues are reported net of wholesale discounts, sales taxes, and an allowance for uncollectible accounts. For the three months ended September 30, 2021, operating revenues were reported net of discounts of $6,544, sales tax of $26,120, and uncollectable accounts of $18. For the three months ended September 30, 2020, operating revenues were reported net of discounts of $4,372, sales tax of $26,842, and uncollectable accounts of $29.

Distribution center revenues are for services performed in the distribution centers related to receiving and preparing product for distribution.

In March 2020, the Entity temporarily implemented a liquor buyback program to allow bars and restaurants to return unused product that was purchased in the thirty days prior to their shutdown due to COVID-19. Returns are reported as part of net liquor sales on the statements of revenues, expenses, and changes in net position and totaled $0 and $1,202 in the three months ended September 30, 2021 and 2020, respectively.

(In thousands)

(d) Deferred Outflow

For the defeasance of the 2038 maturity of the Series 2013A Bonds, proceeds from the Series 2020A bonds were deposited in and held in trust in an escrow account. The proceeds were used to purchase certain direct noncallable obligations of the United States of America having such maturities or redemption dates and interest payment dates and bearing such interest as will be, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon sufficient, together with any other moneys in the escrow account after such purchase, for the payment of all principal of and interest on the 2038 maturity of the series 2013A Bonds through and including their January 1, 2023 optional redemption date. Upon the purchase of those noncallable obligations, according to the terms of the Indenture, the 2038 maturity of the series 2013A Bonds were deemed paid and discharged and legally defeased.

The difference between the reacquisition price and the net carrying amount of the bonds defeased with refunding debt is reported as a deferred outflow of resources and recognized as a component of Bond interest, net over the remaining life of the refunded debt. Deferred outflow activity for the three months ended September 30, 2021 is as follows:

	Balance, July 1, 2021	Additions	Reductions	Balance, September 30, 2021
Deferred outflow	$ 34,896	$ -	$ -	$ 34,896
Less: Accumulated amortization	(17,448)	(2,908)	-	(20,356)
Total deferred outflow	$ 17,448	$ (2,908)	$ -	$ 14,540

Deferred outflow activity for the fiscal year ended June 30, 2021 is as follows:

	Balance, July 1, 2020	Additions	Reductions	Balance, June 30, 2021
Deferred outflow	$ 34,896	$ -	$ -	$ 34,896
Less: Accumulated amortization	(5,816)	(11,632)	-	(17,448)
Total deferred outflow	$ 29,080	$ (11,632)	$ -	$ 17,448

Combining Schedule of Net Position

(In thousands)

(e) Combining Information

	September 30, 2021					June 30, 2021				
		Component Unit	Component Unit				Component Unit	Component Unit		
	JobsOhio	**JobsOhio Beverage System**	**JobsOhio Growth Capital**	**Eliminating Entries**	**Combined Balance**	**JobsOhio**	**JobsOhio Beverage System**	**JobsOhio Growth Capital**	**Eliminating Entries**	**Combined Balance**
Assets:										
Current assets:										
Cash and cash equivalents - unrestricted	$ 86,700	$ 1,633	$ 34,459	$ -	$ 122,792	$ 135,638	$ -	$ 44,085	$ -	$ 179,723
Cash and cash equivalents - restricted	-	153,000	-	-	153,000	-	229,444	-	-	229,444
Investments at fair value	687,882	-	687	-	688,569	665,663	-	687	-	666,350
Inventory	-	91,713	-	-	91,713	-	94,012	-	-	94,012
Loans	9,750	-	-	-	9,750	9,328	-	-	-	9,328
Receivables, net of allowance of uncollectible accounts	18,538	2,044	114	-	20,696	4,681	1,743	29	-	6,453
Prepaid expenses	2,122	7,552	-	-	9,674	1,443	11,806	-	-	13,249
Due from related entities	2,507	-	-	(2,507)	-	1,778	-	-	(1,778)	-
Total current assets	807,499	255,942	35,260	(2,507)	1,096,194	818,531	337,005	44,801	(1,778)	1,198,559
Long-term assets:										
Intangible asset - liquor franchise, net of amortization	-	901,550	-	-	901,550	-	915,349	-	-	915,349
Intangible asset - trademark, net of amortization	34	6	-	-	40	10	6	-	-	16
Equity method investments	52,770	-	-	(52,770)	-	52,770	-	-	(52,770)	-
Other long-term investments	12,249	-	12,310	-	24,559	11,973	-	5,310	-	17,283
Accounts receivable - long-term	-	58,849	-	-	58,849	-	58,849	-	-	58,849
Capital assets, net of accumulated depreciation	2,884	7,198	-	-	10,082	1,755	6,729	-	-	8,484
Loans, net of loss allowance	117,565	-	6,000	-	123,565	114,124	-	3,375	-	117,499
Total long-term assets	185,502	967,603	18,310	(52,770)	1,118,645	180,632	980,933	8,685	(52,770)	1,117,480
Total assets	**993,001**	**1,223,545**	**53,570**	**(55,277)**	**2,214,839**	**999,163**	**1,317,938**	**53,486**	**(54,548)**	**2,316,039**
Deferred outflow of resources:										
Deferred outflow on bond defeasance	-	14,540	-	-	14,540	-	17,448	-	-	17,448
Total deferred outflow of resources	**-**	**14,540**	**-**	**-**	**14,540**	**-**	**17,448**	**-**	**-**	**17,448**
Liabilities:										
Current liabilities:										
Accounts payable	9,922	25,001	-	-	34,923	6,969	22,752	-	-	29,721
Accrued liabilities - current portion	240,984	65,321	-	-	306,305	195,793	168,939	-	-	364,732
Special obligation bonds payable - current portion	-	52,460	-	-	52,460	-	52,460	-	-	52,460
Bond interest payable	-	11,485	-	-	11,485	-	22,969	-	-	22,969
Community bank loan guarantee - current portion	487	-	-	-	487	487	-	-	-	487
Capital lease payable - current portion	25	-	-	-	25	25	-	-	-	25
Due to JobsOhio	-	1,682	825	(2,507)	-	-	953	825	(1,778)	-
Total current liabilities	251,418	155,949	825	(2,507)	405,685	203,274	268,073	825	(1,778)	470,394
Long-term liabilities:										
Special obligation bonds payable	-	1,190,334	-	-	1,190,334	-	1,193,690	-	-	1,193,690
Accrued liabilities	20,000	-	-	-	20,000	20,000	-	-	-	20,000
Community bank loan guarantee	487	-	-	-	487	487	-	-	-	487
Capital lease payable	45	-	-	-	45	51	-	-	-	51
Total long-term liabilities	20,532	1,190,334	-	-	1,210,866	20,538	1,193,690	-	-	1,214,228
Total liabilities	**271,950**	**1,346,283**	**825**	**(2,507)**	**1,616,551**	**223,812**	**1,461,763**	**825**	**(1,778)**	**1,684,622**
Net position:										
Net investment in capital assets	2,884	7,198	-	-	10,082	1,755	6,729	-	-	8,484
Unrestricted	718,167	(115,396)	52,745	(52,770)	602,746	773,596	(133,106)	52,661	(52,770)	640,381
Total net position	**$ 721,051**	**$ (108,198)**	**$ 52,745**	**$ (52,770)**	**$ 612,828**	**$ 775,351**	**$ (126,377)**	**$ 52,661**	**$ (52,770)**	**$ 648,865**

JOBSOHIO
(A Component Unit of the State of Ohio)

Notes to Financial Statements

Combining Schedule of Revenues, Expenses, and Changes in Net Position

(In thousands)

	Three Months Ended September 30, 2021					Three Months Ended September 30, 2020			
	JobsOhio	Component Unit JobsOhio Beverage System	Component Unit JobsOhio Growth Capital	Eliminating Entries	Combined Balance	JobsOhio	Component Unit JobsOhio Beverage System	Eliminating Entries	Combined Balance
Operating revenues:									
Net liquor sales	$ -	$ 433,979	$ -	$ -	$ 433,979	$ -	$ 411,971	$ -	$ 411,971
Less: wholesale rebates	-	-	-		-	-	(1,202)	-	(1,202)
Distribution center revenue	-	2,239	-	-	2,239	-	2,323	-	2,323
Interest income - loans	1,280	-	84	-	1,364	888	-	-	888
Fees and other	2,538	-	-	(2,452)	86	2,309	-	(2,263)	46
Total operating revenues	3,818	436,218	84	(2,452)	437,668	3,197	413,092	(2,263)	414,026
Operating expenses:									
Cost of goods sold	-	256,054	-	-	256,054	-	241,309	-	241,309
Sales commissions	-	26,360	-	-	26,360	-	25,941	-	25,941
Liquor gallonage taxes	-	14,830	-	-	14,830	-	14,504	-	14,504
Amortization of intangible asset - liquor franchise	-	13,799	-	-	13,799	-	13,799	-	13,799
Service fees	-	5,883	-	-	5,883	-	4,926	-	4,926
Supplemental Payment	-	30,283	-	-	30,283	-	22,164	-	22,164
JobsOhio management fees	-	2,452	-	(2,452)	-	-	2,263	(2,263)	-
Economic development programs	81,591	-	-	-	81,591	71,471	-	-	71,471
Salaries and benefits	4,527	-	-	-	4,527	3,984	-	-	3,984
Economic development purchased services	3,716	-	-	-	3,716	3,815	-	-	3,815
Professional services	3,658	2,614	-	-	6,272	2,951	2,012	-	4,963
Insurance	68	121	-	-	189	55	100	-	155
Administrative and support	1,712	4,505	-	-	6,217	1,451	1,174	-	2,625
Marketing	7,844	-	-	-	7,844	3,687	-	-	3,687
Other	-	115	-	-	115	-	52	-	52
Total operating expenses	103,116	357,016	-	(2,452)	457,680	87,414	328,244	(2,263)	413,395
Operating income (loss)	**(99,298)**	**79,202**	**84**	**-**	**(20,012)**	**(84,217)**	**84,848**	**-**	**631**
Nonoperating revenues (expenses):									
Grants	50,000	(50,000)	-	-	-	50,000	(50,000)	-	-
Bond interest, net	-	(11,036)	-	-	(11,036)	-	(11,427)	-	(11,427)
Investment income	(5,002)	-	-	-	(5,002)	1,291	-	-	1,291
Other, net	-	13	-	-	13	-	9	-	9
Total nonoperating revenues (expenses)	44,998	(61,023)	-	-	(16,025)	51,291	(61,418)	-	(10,127)
Change in net position	(54,300)	18,179	84	-	(36,037)	(32,926)	23,430	-	(9,496)
Net position (deficit), beginning of year	775,351	(126,377)	52,661	(52,770)	648,865	790,646	(129,404)	-	661,242
Net position (deficit), end of year	**$ 721,051**	**$ (108,198)**	**$ 52,745**	**$ (52,770)**	**$ 612,828**	**$ 757,720**	**$ (105,974)**	**$ -**	**$ 651,746**

JOBSOHIO

(A Component Unit of the State of Ohio)

Notes to Financial Statements

Combining Schedule of Cash Flows

(In thousands)

	Three Months Ended September 30, 2021					Three Months Ended September 30, 2020			
	JobsOhio	Component Unit JobsOhio Beverage System	Component Unit JobsOhio Growth Capital	Eliminating Entries	Combined Balance	JobsOhio	Component Unit JobsOhio Beverage System	Eliminating Entries	Combined Balance
Cash flows from operating activities:									
Receipts from fees and other	$ 998	$ -	$ -	$ -	$ 998	$ 502	$ -	$ -	$ 502
Receipts from customers	-	433,806	-	-	433,806	-	410,581	-	410,581
Receipts from suppliers	-	2,111	-	-	2,111	-	2,290	-	2,290
Payments to employees	(4,671)	-	-	-	(4,671)	(3,643)	-	-	(3,643)
Payments to suppliers	(29,558)	(252,908)	-	-	(282,466)	(14,281)	(265,314)	-	(279,595)
Payments for economic development programs	(38,508)	-	(2,626)	-	(41,134)	(49,825)	-	-	(49,825)
Payments for commissions	-	(37,570)	-	-	(37,570)	-	(34,825)	-	(34,825)
Receipts from sales taxes	-	26,120	-	-	26,120	-	26,842	-	26,842
Payments for sales tax collections to State and county	-	(26,535)	-	-	(26,535)	-	(27,169)	-	(27,169)
Payments for gallonage tax collections to State	-	(15,005)	-	-	(15,005)	-	(14,738)	-	(14,738)
Payments for servicing fees	-	(3,559)	-	-	(3,559)	-	(4,933)	-	(4,933)
Payments for Supplemental Payment to State	-	(125,820)	-	-	(125,820)	-	(71,218)	-	(71,218)
Receipts (payments) between JobsOhio and component unit	1,724	(1,724)	-	-	-	1,021	(1,021)	-	-
Net cash provided by (used in) operating activities	(70,015)	(1,084)	(2,626)	-	(73,725)	(66,226)	20,495	-	(45,731)
Cash flows from noncapital financing activities:									
Receipts (payments) between JobsOhio and component unit for grants	50,000	(50,000)	-	-	-	50,000	(50,000)	-	-
Payments for other nonoperating expenses	-	-	-	-	-	-	(10,032)	-	(10,032)
Net cash provided by (used in) noncapital financing activities	50,000	(50,000)	-	-	-	50,000	(60,032)	-	(10,032)
Cash flows from capital and related financing activities:									
Acquisition of capital assets	(1,420)	(772)	-	-	(2,192)	(664)	(1,293)	-	(1,957)
Payments for capital lease	(6)	-	-	-	(6)	(6)	-	-	(6)
Payments for bond interest	-	(22,968)	-	-	(22,968)	-	(22,779)	-	(22,779)
Net cash used in capital and related financing activities	(1,426)	(23,740)	-	-	(25,166)	(670)	(24,072)	-	(24,742)
Cash flows from investing activities:									
Conversion of loans to equity	(276)	-	(7,000)	-	(7,276)	-	-	-	-
Dividends and interest income	8,961	13	-	-	8,974	4,135	27	-	4,162
Purchases of investments	(285,091)	-	-	-	(285,091)	(56,679)	-	-	(56,679)
Proceeds from maturities of investments	248,909	-	-	-	248,909	65,804	-	-	65,804
Net cash provided by (used in) investing activities	(27,497)	13	(7,000)	-	(34,484)	13,260	27	-	13,287
Net Increase (decrease) in cash and cash equivalents	(48,938)	(74,811)	(9,626)	-	(133,375)	(3,636)	(63,582)	-	(67,218)
Cash and cash equivalents, beginning of year	135,638	229,444	44,085	-	409,167	39,491	227,894	-	267,385
Cash and cash equivalents, end of year	**$ 86,700**	**$ 154,633**	**$ 34,459**	**$ -**	**$ 275,792**	**$ 35,855**	**$ 164,312**	**$ -**	**$ 200,167**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:									
Operating income (loss)	$ (99,298)	$ 79,202	$ 84	$ -	$ (20,012)	$ (84,217)	$ 84,848	$ -	$ 631
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:									
Amortization of intangible asset - liquor franchise	-	13,799	-	-	13,799	-	13,799	-	13,799
Increase in intangble asset - trademark	(24)	-	-	-	(24)	-	-		-
Depreciation and amortization expense	291	611	-	-	902	210	90	-	300
Decrease in loans	(3,273)	-	(2,625)	-	(5,898)	(32,791)	-	-	(32,791)
Decrease in loan valuation allowance	(590)	-	-	-	(590)	20,526	-	-	20,526
Increase in inventory	-	2,299	-	-	2,299	-	3,966	-	3,966
(Increase) decrease in receivables, net of allowance for doubtful accounts	(13,857)	(301)	(85)	-	(14,243)	(604)	(219)	-	(823)
(Increase) decrease in prepaid expenses	(679)	4,254	-	-	3,575	(500)	(41)	-	(541)
(Increase) decrease in due from/to component unit (net)	(729)	729	-	-	-	(1,241)	1,241	-	-
Increase (decrease) in accounts payable	2,953	1,941	-	-	4,894	(1,359)	(27,791)	-	(29,150)
Increase in community bank guarantee	-	-	-	-	-	269	-	-	269
Increase (decrease) in accrued liabilities	45,191	(103,618)	-	-	(58,427)	33,481	(55,398)	-	(21,917)
Total adjustments	29,283	(80,286)	(2,710)	-	(53,713)	17,991	(64,353)	-	(46,362)
Net cash provided by (used in) operating activities	**$ (70,015)**	**$ (1,084)**	**$ (2,626)**	**$ -**	**$ (73,725)**	**$ (66,226)**	**$ 20,495**	**$ -**	**$ (45,731)**
Noncash capital and related financing activities:									
Purchases of capital assets on account	$ -	$ 904	$ -	$ -	$ 904	$ -	$ 480	$ -	$ 480
Amortization of bonds payable	$ -	$ 449	$ -	$ -	$ 449	$ -	$ 449	$ -	$ 449