

GEORGIA SHERIFF'S YOUTH HOMES FOUNDATION, INC.

STOCKBRIDGE, GEORGIA

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

GEORGIA SHERIFF'S YOUTH HOMES FOUNDATION, INC.

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Fowler, Holley, Rambo & Stalvey, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Officers
Georgia Sheriff's Youth Homes Foundation, Inc.

We have audited the accompanying financial statements of Georgia Sheriff's Youth Homes Foundation, Inc. (a Georgia nonprofit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Robert D. Elliott, CPA • Joanna J. Tanner, CPA • Kelly D. Lunceford, CPA • Robert C. Wynens, CPA
Christine Grier, CPA • Curt G. Fowler, CPA, MBA, MACC

To the Board of Directors and Officers
Georgia Sheriff's Youth Homes Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Sheriff's Youth Homes Foundation, Inc. as of June 30, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Organization adopted FASB ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Georgia Sheriff's Youth Homes Foundation, Inc.'s June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fowler, Holley, Rambo & Stalvey, P.C.

Valdosta, Georgia
November 14, 2019

GEORGIA SHERIFF'S YOUTH HOMES FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

ASSETS

	JUNE 30,	
	<u>2019</u>	<u>2018</u>
Cash, Note 1	\$ 124,629	137,047
Cash-Tribute Fund, Notes 1 and 10	80,943	30,475
Certificate of deposit	-	307,722
Investments, Notes 1, 2 and 8	16,357,136	15,951,897
Accounts receivable, Note 5	2,922	66
Interest and other receivables	102,949	97,000
Prepaid expenses	10,347	15,018
Property, net of accumulated depreciation, Notes 1 and 3	193,041	130,723
Other assets	<u>966</u>	<u>1,800</u>
 Total Assets	 <u>\$ 16,872,933</u>	 <u>16,671,748</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable, trade	\$ 2,954	-
Accounts payable, other, Note 5	1,633,682	1,663,868
Deferred revenue, Note 1	1,500	-
Accrued compensated absences, Note 1	<u>20,772</u>	<u>22,728</u>
 Total Liabilities	 <u>1,658,908</u>	 <u>1,686,596</u>
Net Assets:		
Without donor restrictions	12,009,113	11,776,501
With donor restrictions	<u>3,204,912</u>	<u>3,208,651</u>
Total Net Assets	<u>15,214,025</u>	<u>14,985,152</u>
 Total Liabilities and Net Assets	 <u>\$ 16,872,933</u>	 <u>16,671,748</u>

Note: The accompanying notes to financial statements are an integral part of this statement.

GEORGIA SHERIFFS YOUTH HOMES FOUNDATION, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL YEAR ENDED JUNE 30,	
			2019	2018
Revenues:				
Investment income	\$ 384,180	21,954	406,134	442,300
Gains (losses) on sales of investments	429,742	8,588	438,330	231,020
Unrealized gain (loss) on investments	424,533	21,774	446,307	307,994
Gains (losses) on sales of other property	-	-	-	16,437
Contributions and bequests-Foundation, Note 5	96,743	-	96,743	154,123
Special events	-	-	-	-
Contributions-Non-cash-Foundation	27,750	-	27,750	-
Contributions-Tribute Fund, Notes 5, 6 and 10	-	82,368	82,368	107,761
Scholarships	-	1,500	1,500	-
Miscellaneous income	10	-	10	158
Total Revenues	<u>1,362,958</u>	<u>136,184</u>	<u>1,499,142</u>	<u>1,259,793</u>
Net assets released from restriction	<u>124,356</u>	<u>(124,356)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>1,487,314</u>	<u>11,828</u>	<u>1,499,142</u>	<u>1,259,793</u>
Expenses:				
Program Services:				
Program Services	871,638	-	871,638	815,917
Total Program Services Expenses	<u>871,638</u>	<u>-</u>	<u>871,638</u>	<u>815,917</u>
Supporting Services:				
Management and general	139,916	-	139,916	163,863
Fund raising	258,715	-	258,715	245,781
Total Supporting Services Expenses	<u>398,631</u>	<u>-</u>	<u>398,631</u>	<u>409,644</u>
Total Expenses	<u>1,270,269</u>	<u>-</u>	<u>1,270,269</u>	<u>1,225,561</u>
Change in Net Assets Before Transfers	217,045	11,828	228,873	34,232
Transfers Between Funds, Note 9	<u>15,567</u>	<u>(15,567)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	232,612	(3,739)	228,873	34,232
Net Assets, Beginning of Year	<u>11,776,501</u>	<u>3,208,651</u>	<u>14,985,152</u>	<u>14,950,920</u>
Net Assets, End of Year	<u>\$ 12,009,113</u>	<u>3,204,912</u>	<u>15,214,025</u>	<u>14,985,152</u>

Note: The accompanying notes to financial statements are an integral part of this statement.

GEORGIA SHERIFF'S YOUTH HOMES FOUNDATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Increase (Decrease) in net assets	\$ 228,873	34,232
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	7,660	9,063
(Gains) losses on sale of capital assets	-	(16,437)
Non-cash contributions	(27,750)	(113,800)
(Gains) losses on sale of investments	(438,330)	(231,020)
Unrealized (Gain) loss on investments	(446,307)	(307,994)
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(2,856)	29,934
(Increase) Decrease in accrued interest and other receivables	(5,949)	(5,338)
(Increase) Decrease in prepaid expenses	4,671	(12,735)
(Increase) Decrease in other assets	834	6,200
Increase (Decrease) in other accounts payable	(30,186)	158,534
Increase (Decrease) in trade accounts payable	2,954	(800)
Increase (Decrease) in deferred revenue	1,500	-
Increase (Decrease) in accrued compensated absences	(1,956)	(3,604)
Net Cash Provided (Used) By Operating Activities	<u>(706,842)</u>	<u>(453,765)</u>
Cash Flows From Investing Activities:		
Capital expenditures	(42,228)	(16,032)
Net proceeds from sale of capital assets	-	205,000
Purchase of securities	(978,839)	(813,853)
Proceeds from the redemption of certificate of deposit	307,722	-
Net proceeds from sale of securities	<u>1,458,237</u>	<u>1,023,912</u>
Net Cash Provided (Used) By Investing Activities	<u>744,892</u>	<u>399,027</u>
Net Increase (Decrease) In Cash And Cash Equivalents	38,050	(54,738)
Cash And Cash Equivalents At Beginning of Year	<u>167,522</u>	<u>222,260</u>
Cash And Cash Equivalents At End of Year	<u>\$ 205,572</u>	<u>167,522</u>
<u>Disclosure of Non-Cash Investing and Financing Activities</u>		
Non-cash contributions of land, securities and other assets	<u>\$ 27,750</u>	<u>113,800</u>

Note: The accompanying notes to financial statements are an integral part of this statement.

GEORGIA SHERIFFS YOUTH HOMES FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2018)

	SUPPORTING SERVICES			TOTALS	
	PROGRAM SERVICES	MANAGEMENT	FUNDRAISING	YEAR ENDED JUNE 30,	
		AND GENERAL		2019	2018
Contribution to GSYH, Inc.	\$ 747,281	-	-	747,281	747,554
Salaries	-	-	165,452	165,452	163,255
Payroll taxes and retirement	-	-	36,275	36,275	35,401
Insurance	5,912	5,362	49,351	60,625	49,473
Postage	1,614	70	-	1,684	4,956
Telephone	1,513	1,124	-	2,637	1,796
Travel	-	-	3,257	3,257	2,918
Public relations	-	155	-	155	501
Dues and subscriptions	-	-	1,543	1,543	1,044
Special events	-	-	2,837	2,837	-
Professional services	-	632	-	632	2,548
Allowances	9,913	-	-	9,913	4,316
Hospital, drugs and medical	1,588	-	-	1,588	1,444
Clothing	2,310	-	-	2,310	1,065
Utilities	2,348	-	-	2,348	-
Vehicle operating costs	23,451	11,591	-	35,042	29,568
Fees, taxes and licenses	-	612	-	612	-
Food	9,101	-	-	9,101	3,125
Household items and fixtures	2,606	-	-	2,606	404
Bank charges	49	28	-	77	273
Advertising	-	-	-	-	21
Awards	-	300	-	300	557
Educational expense and tuition	33,160	-	-	33,160	17,216
Student housing and occupancy	17,301	-	-	17,301	5,860
Repairs maintenance-buildings	-	12,436	-	12,436	8,274
Personal care	478	-	-	478	125
Lawn care expense	-	-	-	-	980
Legal and auditing	-	55,521	-	55,521	55,996
Office supplies	-	1,540	-	1,540	7,742
Printing	5,581	7,893	-	13,474	14,474
Property taxes	-	2,937	-	2,937	5,514
Training and conferences	-	966	-	966	5,099
Computer expense	-	5,000	-	5,000	5,164
Investment fees	4,671	23,615	-	28,286	29,091
Rent	-	3,600	-	3,600	3,600
Credit card processing fees	1,009	31	-	1,040	663
Meetings	-	595	-	595	6,481
Total Expenses Before Depreciation	869,886	134,008	258,715	1,262,609	1,216,498
Depreciation, Notes 1 and 3	1,752	5,908	-	7,660	9,063
	<u>\$ 871,638</u>	<u>139,916</u>	<u>258,715</u>	<u>1,270,269</u>	<u>1,225,561</u>

Note: The accompanying notes to financial statements are an integral part of this statement.

GEORGIA SHERIFF'S YOUTH HOMES FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Organization and nature of activities: Georgia Sheriff's Youth Homes Foundation, Inc. (The Organization) is responsible for the management and investment of cash, securities and other assets which have been contributed to the Georgia Sheriff's Youth Homes Foundation, Inc.

Cash and cash equivalents: The Organization considers funds held in money market investment accounts and other highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At June 30, 2019 and 2018, the Organization had \$1,684 and \$3,626, respectively, in cash equivalent assets included in cash.

Investments: In conformity with FASB ASC 958-320, all investments are carried at fair value based on quoted market values. Unrealized gains and losses on securities are recognized in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Cost of securities sold is determined by the specific identification method.

Property, net of accumulated depreciation: Purchased property is recorded at cost. Donated property is reflected as contributions in the accompanying statements at their estimated values. Depreciation of property is computed on the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs, removals and betterments which do not materially prolong the useful lives of the assets are charged to revenues as incurred. The cost of property retired or sold, and the related accumulated depreciation, is removed from the accounts and any gain or loss is transferred to revenues.

Deferred revenue: The Organization had \$1,500 and \$- for the years ended June 30, 2019 and 2018, respectively, related to deferred scholarship funds.

Compensated absences: Compensated absences are accrued as a liability as the benefits are earned if the employee's right to receive compensation are attributable to services already rendered and it is probable that the Organization will compensate employees for the benefits through paid time off or some other means. The Organization accrues a liability for unused leave when earned; however, upon termination of employment, the maximum amount of annual leave that can be paid is 30 days.

Cost allocation: The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Administrative and clerical services of the entity are performed by personnel of the Georgia Sheriffs Youth Homes, Inc. All salaries allocated to the Foundation are reimbursed to Georgia Sheriffs Youth Homes, Inc to cover the cost of payroll taxes, group insurance, retirement and other related costs. Substantially all other expenses incurred are directly chargeable to program or supporting function and are not allocated.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization did not have any outstanding uncollected contributions that were, in substance, unconditional. Also, the Organization had no donated services.

Note 1 – Summary of Significant Accounting Policies (Continued)

Financial statement presentation and accounting for contributions received and contributions made: The financial statement presentation is in conformity with the requirements of the Financial Accounting Standards Board in FASB ASC 958. Under FASB ASC 958, the Georgia Sheriff's Youth Homes Foundation, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, include a statement of cash flows and a statement of function expenses. Under FASB ASC 958, contributions are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative data: Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Organization's financial position and operations. However, full comparative data for the prior year has not been included since such inclusion would make the financial statements unduly complex and difficult to read.

Concentrations of credit risk: At various times, the Organization has cash deposits in excess of federally insured limits deposited in financial institutions. The Organization has not experienced any losses from cash deposits exceeding federally insured limits.

Accounting for uncertainty in income taxes: The Organization evaluates any income tax benefits generated from uncertain tax positions using a more-likely-than-not of being sustained upon examination analysis. If a tax benefit is not more-likely-than-not of being sustained upon examination, the Organization records a liability for the recognized income tax benefit. The Organization recognizes accrued interest associated with uncertain tax positions as part of interest expense and penalties associated with uncertain tax positions as part of other expenses.

Reclassifications: Certain reclassifications of information presented for the year ended June 30, 2018 have been made to conform to the classifications for the year ended June 30, 2019, without affecting financial position, changes in net assets or cash flows.

New accounting pronouncement: On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* with a deferred effective date until periods beginning after December 15, 2017. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these financial statements and the disclosures in these financial statements accordingly.

Subsequent events: The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 14, 2019, the date on which the financial statements were available to be issued.

Note 2 – Investments

Investments consist of the following:

	JUNE 30, 2019			JUNE 30, 2018		
	COST	MARKET VALUE	UNREALIZED APPRECIATION (DEPRECIATION)	COST	MARKET VALUE	UNREALIZED APPRECIATION (DEPRECIATION)
Equity securities	\$ 59,297	100,459	41,162	60,492	93,962	33,470
Money and mutual funds	6,004,598	9,732,339	3,727,741	6,146,413	9,834,463	3,688,050
Fixed income securities	6,225,745	6,524,338	298,592	6,123,802	6,023,472	(100,330)
	<u>\$12,289,641</u>	<u>16,357,136</u>	<u>4,067,495</u>	<u>12,330,707</u>	<u>15,951,897</u>	<u>3,621,190</u>

Note 3 – Property, Net of Accumulated Depreciation

Property, net of accumulated depreciation, consists of the following:

	JUNE 30,		ESTIMATED USEFUL LIVES
	2019	2018	
Land	\$ 141,300	113,800	
Equipment	3,420	3,420	5 years
Vehicles and machinery	62,480	37,200	5 years
Other depreciable assets	22,448	5,250	7 years
	229,648	159,670	
Accumulated depreciation	(36,607)	(28,947)	
	<u>\$ 193,041</u>	<u>130,723</u>	

The accompanying statements of activities include charges for depreciation of \$7,660 and \$9,063 for the years ended June 30, 2019 and 2018, respectively.

Note 4 – Income Taxes

Income taxes have not been provided as the Organization is a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and therefore no provision is necessary.

For the year ended June 30, 2019, management believes there are no material amounts of uncertain tax positions. Additionally, there were no amounts of interest or penalties recognized in the statement of financial position as of June 30, 2019 or the statement of activities for the year then ended. Further, all years subsequent to June 30, 2016 remain subject to examination.

Note 5 – Related Party Transactions

The Georgia Sheriff's Youth Homes Foundation, Inc. is a supporting organization of the Georgia Sheriffs Youth Homes, Inc.

The Georgia Sheriffs Youth Homes, Inc. made contributions of cash in the amount of \$75,244 and \$57,660 to the Georgia Sheriff's Youth Homes Foundation, Inc. during the years ended June 30, 2019 and 2018, respectively. The current-year amount was a contribution of timber proceeds from a campus location of the Georgia Sheriffs Youth Homes, Inc., and the prior-year amount was a contribution from the GSYH Memorial Fund to the College Tribute Fund.

During the years ended June 30, 2019 and 2018, Georgia Sheriff's Youth Homes Foundation, Inc. paid or accrued contribution support for the activities of the Georgia Sheriffs Youth Homes, Inc. of \$747,281 and \$747,554, respectively.

As of June 30, 2019 and 2018, Georgia Sheriff's Youth Homes Foundation, Inc. owes \$1,627,360 and \$1,661,909, respectively, to Georgia Sheriffs Youth Homes, Inc. for accrued support and expense reimbursements.

As of June 30, 2019 and 2018, Georgia Sheriff's Youth Homes Foundation, Inc. had accounts payable to the Georgia Sheriffs Association, Inc. of \$466 and of \$452, respectively.

Note 6 – Restrictions on Net Assets

Net assets with donor restrictions are available for the following purposes:

	<u>JUNE 30,</u>	
	<u>2019</u>	<u>2018</u>
With donor restrictions:		
Restricted by the donor to support the activities of the Georgia Sheriffs Youth Homes, Inc.	\$ 456,122	459,861
Restricted by the donor, the income from which is expendable to support the activities of the Georgia Sheriffs Youth Homes, Inc.	<u>2,748,790</u>	<u>2,748,790</u>
	<u>\$ 3,204,912</u>	<u>3,208,651</u>

In August 2009, the Financial Accounting Standards Board (FASB) issued FASB ASC 958-205 (formerly Staff Position No. FAS 117-1, "Endowments of Not-for-Profit Foundations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds"). FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 6 – Restrictions on Net Assets (Continued)

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of fair value of the original gift as of the gift date if the donor-restricted endowment funds do not include explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

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

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. The Organization engages the services of professional investment advisors to assist in monitoring compliance with its policies in this area.

Spending Policy. The current spending policy is based upon an allocation of 100% of the realized and unrealized income earned as available for current and future expenditures, except where restricted by the donor. However, spending is limited to reasonable and necessary expenses for management, general and fundraising and a contribution to the Georgia Sheriffs Youth Homes, Inc. of 5% of the net assets of the Organization as of the beginning of the year.

Management, Reporting and Monitoring. Endowment and other funds are managed by the Organization through management and the Board of Directors with the assistance of professional investment advisors. Investment results are compared to certain predetermined benchmarks.

Note 7 – Retirement Plan

The Organization participates with the Georgia Sheriffs Youth Homes, Inc. in a defined contribution employee benefit plan that has money purchase and 401(k) components. The Organization makes matching contributions to the individual account of each eligible participant equal to 100 percent of the amount of the employee's elective deferrals that do not exceed three percent of compensation, plus 50 percent of the amount of the employee's elective deferrals that exceed three percent of the employee's compensation but do not exceed five percent of the employee's compensation. In addition, the Organization may elect to make additional discretionary contributions to the Plan on an annual basis, but is not required to do so. The Organization made contributions to the plan totaling \$24,647 and \$23,810 for the years ended June 30, 2019 and 2018, respectively.

Note 8 – Fair Value Measurements

Generally accepted accounting principles define fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization’s own data.)

The following table presents the Organization’s fair value hierarchy for the financial assets measured at fair value on a recurring basis as of June 30, 2019 and 2018:

	ASSETS AT FAIR VALUE JUNE 30, 2019			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Mutual Funds:				
Balanced funds	\$ 882,960	-	-	882,960
Blended funds	4,460,102	-	-	4,460,102
Growth funds	4,366,242	-	-	4,366,242
Fixed income funds	6,524,338	-	-	6,524,338
Other funds	23,035	-	-	23,035
Total mutual funds	<u>16,256,677</u>	<u>-</u>	<u>-</u>	<u>16,256,677</u>
Equity Securities:				
Common Stocks:				
Consumer	25,070	-	-	25,070
Energy	5,490	-	-	5,490
Finance-Banking	16,278	-	-	16,278
Healthcare-Biotechnology	14,533	-	-	14,533
Industrial	4,316	-	-	4,316
Technology	29,799	-	-	29,799
Telecommunications	4,973	-	-	4,973
Total common stocks	<u>100,459</u>	<u>-</u>	<u>-</u>	<u>100,459</u>
Total assets at fair value	<u>\$ 16,357,136</u>	<u>-</u>	<u>-</u>	<u>16,357,136</u>

Note 8 – Fair Value Measurements (Continued)

	ASSETS AT FAIR VALUE JUNE 30, 2018			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Mutual Funds:				
Balanced funds	\$ 912,030	-	-	912,030
Blended funds	4,270,222	-	-	4,270,222
Growth funds	4,627,004	-	-	4,627,004
Fixed income funds	6,023,472	-	-	6,023,472
Other funds	25,208	-	-	25,208
Total mutual funds	15,857,936	-	-	15,857,936
Equity Securities:				
Common Stocks:				
Consumer	22,426	-	-	22,426
Energy	4,607	-	-	4,607
Finance-Banking	10,577	-	-	10,577
Healthcare-Biotechnology	15,435	-	-	15,435
Industrial	7,411	-	-	7,411
Technology	26,451	-	-	26,451
Telecommunications	4,783	-	-	4,783
Transportation	2,271	-	-	2,271
Total common stocks	93,961	-	-	93,961
Total assets at fair value	\$ 15,951,897	-	-	15,951,897

Note 9 – Transfers between Net Asset Classifications

Transfers between net asset classifications consist of the following:

	YEAR ENDED JUNE 30,	
	2019	2018
Transfer to net assets without donor restrictions	\$ (15,567)	(15,544)
Transfer from net net assets with donor restrictions	15,567	15,544
Net transfers between funds	\$ -	-

Note 10 – College Tribute Fund

Activity in the College Tribute Fund consists of the following:

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2019</u>	<u>2018</u>
Net assets beginning of year	\$ 39,541	-
Transferred from Foundation	655,790	-
Contributions-Ga. Sheriff's Youth Homes, Inc. Memorial Fund	-	57,660
Contributions-Other	82,368	50,101
Scholarships	1,500	-
Investment Income	17,585	143
Unrealized Gain (Loss)	17,418	-
Gain (Loss) on Disposal	7,123	-
Expenses	<u>(124,356)</u>	<u>(68,363)</u>
Net assets end of year	<u>\$ 696,969</u>	<u>39,541</u>

Note 11 – Liquidity and Availability of Financial Assets

The following represents the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual, donor-imposed or Board designated restrictions within one year of the statement of financial position date:

Financial assets at year end:

Cash and certificates of deposit	\$ 205,572
Investments	16,357,136
Accounts receivable	2,922
Interest and other receivables	<u>102,949</u>
	<u>16,668,579</u>

Less amounts not available to be used within one year, due to:

Accounts payable - related entities	1,633,682
Net assets with donor restrictions	3,204,912
Less net assets with purpose restrictions expected to be met in less than a year	<u>-</u>
	<u>4,838,594</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 11,829,985

The Organization engages the services of investment advisors and money managers to ensure that assets are invested for a reasonable return. These professionals in consultation with management plan the composition of investment assets such as to provide sufficient liquidity for operating purposes.