

GEORGIA SHERIFFS' YOUTH HOMES FOUNDATION, INC.

MADISON, GEORGIA

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

GEORGIA SHERIFFS' YOUTH HOMES FOUNDATION, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-15



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Georgia Sheriffs' Youth Homes Foundation, Inc. (a Georgia nonprofit organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Sheriffs' Youth Homes Foundation, Inc. as of June 30, 2023, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about Georgia Sheriffs' Youth Homes Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Kelly D. Lunceford, CPA • Robert C. Wynens, CPA • Corey L. Lewis, CPA
Zachary R. Richards, CPA • Yesenia Granados, CPA • Curtis G. Fowler, II, CPA, MBA, MACC

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Georgia Sheriffs' Youth Homes Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Georgia Sheriffs' Youth Homes Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Georgia Sheriffs' Youth Homes Foundation, Inc.'s June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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
March 18, 2024

GEORGIA SHERIFFS' YOUTH HOMES FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

ASSETS

	<u>JUNE 30,</u>	
	<u>2023</u>	<u>2022</u>
Cash, Note 1	\$ 291,911	243,740
Cash-Tribute Fund, Note 1	140,045	152,250
Certificates of deposit, Note 1	463,775	460,558
Investments, Notes 1, 2 and 8	15,544,489	15,287,249
Accounts receivable	6,841	2,450
Interest and other receivables	96,081	89,685
Prepaid expenses	26,569	17,400
Property and intangibles, net of accumulated depreciation and amortization, Notes 1 and 3	10,241,016	8,748,579
Other assets	135	135
	<u>135</u>	<u>135</u>
Total Assets	<u>\$ 26,810,862</u>	<u>25,002,046</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable, trade	\$ 386,264	784,214
Accounts payable, other, Note 5	4,444,934	4,336,414
Deferred revenue, Note 1	210	65
Accrued compensated absences, Note 1	45,752	34,054
Construction loan line of credit, Notes 3 and 12	6,913,778	4,666,613
	<u>6,913,778</u>	<u>4,666,613</u>
Total Liabilities	<u>11,790,938</u>	<u>9,821,360</u>
Net Assets:		
Without donor restrictions	10,161,625	10,367,197
With donor restrictions	4,858,299	4,813,489
	<u>4,858,299</u>	<u>4,813,489</u>
Total Net Assets	<u>15,019,924</u>	<u>15,180,686</u>
Total Liabilities and Net Assets	<u>\$ 26,810,862</u>	<u>25,002,046</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, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	WITHOUT	WITH	TOTAL	
	DONOR	DONOR	YEAR ENDED JUNE 30,	
	RESTRICTIONS	RESTRICTIONS	2023	2022
Revenues:				
Investment income	\$ 491,358	48,650	540,008	503,746
Gains (losses) on sales of investments	445,200	(11,298)	433,902	706,553
Unrealized gain (loss) on investments	205,107	87,566	292,673	(3,137,028)
Gains (losses) on sales of other property	48,837	-	48,837	18,813
Contributions and bequests-Foundation	16,877	28,240	45,117	112,055
Contributions and bequests, Non-cash-Foundation	4,917	-	4,917	500
Contributions-Tribute Fund, Notes 10	-	78,745	78,745	120,686
Grant Income	1,189	-	1,189	1,314
Scholarships	-	4,750	4,750	5,400
Miscellaneous income	-	-	-	51
Total Revenues	<u>1,213,485</u>	<u>236,653</u>	<u>1,450,138</u>	<u>(1,667,910)</u>
Net assets released from restriction	<u>105,591</u>	<u>(105,591)</u>	<u>-</u>	<u>-</u>
Total Revenues and Support	<u>1,319,076</u>	<u>131,062</u>	<u>1,450,138</u>	<u>(1,667,910)</u>
Expenses:				
Program Services:				
Program Services	<u>832,090</u>	<u>-</u>	<u>832,090</u>	<u>1,022,541</u>
Total Program Services Expenses	<u>832,090</u>	<u>-</u>	<u>832,090</u>	<u>1,022,541</u>
Supporting Services:				
Management and general	<u>444,148</u>	<u>-</u>	<u>444,148</u>	<u>315,244</u>
Fund raising	<u>334,662</u>	<u>-</u>	<u>334,662</u>	<u>300,139</u>
Total Supporting Services Expenses	<u>778,810</u>	<u>-</u>	<u>778,810</u>	<u>615,383</u>
Total Expenses	<u>1,610,900</u>	<u>-</u>	<u>1,610,900</u>	<u>1,637,924</u>
Change in Net Assets Before Transfers	<u>(291,824)</u>	<u>131,062</u>	<u>(160,762)</u>	<u>(3,305,834)</u>
Transfers Between Funds, Note 9	<u>86,252</u>	<u>(86,252)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	<u>(205,572)</u>	<u>44,810</u>	<u>(160,762)</u>	<u>(3,305,834)</u>
Net Assets, Beginning of Year	<u>10,367,197</u>	<u>4,813,489</u>	<u>15,180,686</u>	<u>18,486,520</u>
Net Assets, End of Year	<u>\$ 10,161,625</u>	<u>4,858,299</u>	<u>15,019,924</u>	<u>15,180,686</u>

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

GEORGIA SHERIFFS' YOUTH HOMES FOUNDATION, INC.

STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Increase (Decrease) in net assets	\$ (160,762)	(3,305,834)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	64,729	73,832
Amortization	6,292	5,767
(Gains) losses on sale of capital assets	(48,837)	(18,813)
Non-cash contributions	(4,917)	(500)
(Gains) losses on sale of investments	(433,902)	(706,553)
Unrealized (Gain) loss on investments	(292,673)	3,137,028
Change in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(4,391)	14,188
(Increase) Decrease in accrued interest and other receivables	(6,396)	(6,059)
(Increase) Decrease in prepaid expenses	(9,169)	(7,418)
(Increase) Decrease in other assets	-	831
Increase (Decrease) in other accounts payable	108,520	2,368,728
Increase (Decrease) in trade accounts payable	(397,950)	761,540
Increase (Decrease) in deferred revenue	145	(70)
Increase (Decrease) in accrued compensated absences	11,698	5,047
Net Cash Provided (Used) By Operating Activities	<u>(1,167,613)</u>	<u>2,321,714</u>
Cash Flows From Investing Activities:		
Capital expenditures	(3,609,182)	(7,646,579)
Net proceeds from sale of capital assets	2,099,478	68,191
Purchase of securities	(626,734)	(2,232,964)
(Increase) Decrease in certificates of deposit	(3,217)	(103,223)
Net proceeds from sale of securities	1,096,069	2,876,424
Net Cash Provided (Used) By Investing Activities	<u>(1,043,586)</u>	<u>(7,038,151)</u>
Cash Flows From Financing Activities:		
Net proceeds from construction loan	2,247,165	4,666,613
Net Cash Provided (Used) By Financing Activities	<u>2,247,165</u>	<u>4,666,613</u>
Net Increase (Decrease) In Cash And Cash Equivalents	35,966	(49,824)
Cash And Cash Equivalents At Beginning of Year	395,990	445,814
Cash And Cash Equivalents At End of Year	<u>\$ 431,956</u>	<u>395,990</u>
<u>Disclosure of Non-Cash Investing and Financing Activities</u>		
Non-cash contributions of land, securities and other assets	<u>\$ 4,917</u>	<u>500</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Net cash paid during the year for interest expensed	<u>\$ 127,481</u>	<u>-</u>
Net cash paid during the year for interest capitalized	<u>\$ 39,557</u>	<u>38,269</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, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTALS	
		MANAGEMENT AND GENERAL	FUNDRAISING	YEAR ENDED JUNE 30,	
				2023	2022
Contribution to GSYH, Inc.	\$ 724,379	-	-	724,379	885,386
Salaries	-	-	201,681	201,681	183,797
Payroll taxes and retirement	-	-	40,839	40,839	38,422
Insurance	538	29,749	84,316	114,603	97,440
Postage	1,193	1,324	-	2,517	3,341
Telephone	2,240	14,668	-	16,908	4,064
Travel	-	1,471	7,612	9,083	1,317
Public relations	-	-	-	-	332
Dues and subscriptions	-	-	214	214	1,098
Special events	2,121	-	-	2,121	4,644
Professional services	-	11,428	-	11,428	8,733
Allowances	11,200	-	-	11,200	7,700
Hospital, drugs and medical	277	-	-	277	1,832
Clothing	2,307	-	-	2,307	4,464
Utilities	4,447	16,773	-	21,220	31,419
Vehicle operating costs	6,491	37,699	-	44,190	39,210
Fees, taxes and licenses	-	30	-	30	1,152
Food	7,567	-	-	7,567	7,693
Household items and fixtures	991	-	-	991	2,784
Gifts	-	160	-	160	-
Bank charges	227	74	-	301	485
Awards	86	-	-	86	-
Educational expense and tuition	13,163	-	-	13,163	14,479
Student housing and occupancy	42,661	-	-	42,661	58,529
Repairs maintenance-buildings	-	11,693	-	11,693	33,777
Personal care	152	-	-	152	539
Lawn care expense	-	4,922	-	4,922	7,415
Legal and auditing	-	57,421	-	57,421	58,215
Office supplies	11	12,602	-	12,613	771
Printing	6,772	3,402	-	10,174	10,463
Property taxes	-	8,494	-	8,494	9,479
Training and conferences	-	-	-	-	77
Computer expense	-	10,917	-	10,917	4,964
Investment fees	4,248	21,340	-	25,588	30,644
Rent	-	-	-	-	300
Credit card processing fees	1,019	81	-	1,100	1,269
Meetings	-	1,398	-	1,398	2,091
Amortization	-	6,292	-	6,292	5,767
Interest expense	-	127,481	-	127,481	-
Total Expenses Before Depreciation	832,090	379,419	334,662	1,546,171	1,564,092
Depreciation, Notes 1 and 3	-	64,729	-	64,729	73,832
	<u>\$ 832,090</u>	<u>444,148</u>	<u>334,662</u>	<u>1,610,900</u>	<u>1,637,924</u>

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

GEORGIA SHERIFFS' YOUTH HOMES FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Organization and nature of activities: Georgia Sheriffs' 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 Sheriffs' 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, 2023 and 2022, the Organization had \$2,080 and \$1,956, 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 and intangibles, net of accumulated depreciation and amortization: Purchased property is recorded at cost. Donated property is reflected as contributions in the accompanying statements at their estimated values. For the year ended June 30, 2023 the Organization received \$4,917 in donated sod, and for the year ended June 30, 2022, the Organization received \$500 in donated supplies. 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. Intangible assets include amortizable fees associated with the new headquarters facility located in Madison, Georgia. These fees are being amortized over a period of twenty years.

Deferred revenue: The Organization had \$210 and \$65 for the years ended June 30, 2023 and 2022, 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 Sheriffs' 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. FASB ASC 958 also 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.

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, 2022 have been made to conform to the classifications for the year ended June 30, 2023, without affecting financial position, changes in net assets or cash flows.

New Accounting Standards Implemented:

In February 2016, the FASB issued ASU No. 2016-02 Leases (Topic 842) (ASU 2016-02). The amendments in ASU 2016-02 create FASB ASC Topic 842, Leases and supersede the requirements in ASC Topic 840, Leases. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. The ASU, as extended, was effective for fiscal years beginning after December 15, 2021 and was implemented during the year beginning July 1, 2022. There was no material effect on the Organization's financial statements.

Note 2 – Investments

Investments consist of the following:

	JUNE 30, 2023			JUNE 30, 2022		
	COST	MARKET VALUE	UNREALIZED APPRECIATION (DEPRECIATION)	COST	MARKET VALUE	UNREALIZED APPRECIATION (DEPRECIATION)
Equity securities	\$ 816,981	1,020,735	203,754	814,311	965,551	151,240
Money and mutual funds	5,183,543	8,751,515	3,567,972	5,394,535	8,593,863	3,199,328
Fixed income securities	6,282,843	5,772,239	(510,604)	6,109,954	5,727,835	(382,119)
	<u>\$ 12,283,367</u>	<u>15,544,489</u>	<u>3,261,122</u>	<u>12,318,800</u>	<u>15,287,249</u>	<u>2,968,449</u>

Note 3 – Property and Intangibles, Net of Accumulated Depreciation and Amortization

Property and intangibles, net of accumulated depreciation and amortization, consists of the following:

	JUNE 30,		ESTIMATED USEFUL LIVES
	2023	2022	
Land	\$ 902,428	3,002,428	
Construction in progress	8,941,136	5,557,550	
Equipment	222,633	3,420	5 years
Vehicles and machinery	150,047	138,747	5 years
Other depreciable assets	31,755	31,755	7 years
Amortizable fees	125,835	125,835	20 years
	<u>10,373,834</u>	<u>8,859,735</u>	
Accumulated amortization	(12,059)	(5,767)	
Accumulated depreciation	(120,759)	(105,389)	
	<u>\$ 10,241,016</u>	<u>8,748,579</u>	

The accompanying statements of activities include charges for depreciation of \$64,729 and \$73,832 and charges for amortization of \$6,292 and \$5,767 for the years ended June 30, 2023 and 2022, respectively. The accompanying statements of financial position include construction-in-progress of \$8,941,136 and \$5,557,550 as of June 30, 2023 and 2022, respectively for costs associated with the construction of a new headquarters building. Capitalized interest costs of \$77,826 and \$38,269 are included in construction-in-progress costs as of as of June 30, 2023 and 2022, respectively. Total remaining estimated construction costs are approximately \$500,000. The Organization has acquired a Line of Credit to finance the construction of a new headquarters facility in Madison, GA. The balance of the Line of Credit is \$6,913,778 and \$4,666,613 as of June 30, 2023 and 2022, respectively. Although the project was substantially complete in November 2022, which allowed the Organization to move in, construction continued throughout the year. In August of 2023 the construction period ended and the loan began amortizing. The assets will be broken out and placed in service at this time.

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. For the year ended June 30, 2023, 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, 2023 or the statement of activities for the year then ended. Further, all years subsequent to June 30, 2020 remain subject to examination.

Note 5 – Related Party Transactions

The Georgia Sheriffs' 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 \$65,725 to the Georgia Sheriffs' Youth Homes Foundation, Inc. during the year ended June 30, 2022. The amount was contributions of PPP Loan forgiveness proceeds from the Georgia Sheriffs' Youth Homes, Inc.

During the years ended June 30, 2023 and 2022, Georgia Sheriffs' Youth Homes Foundation, Inc. paid or accrued contribution support for the activities of the Georgia Sheriffs' Youth Homes, Inc. of \$724,379 and \$885,386, respectively.

As of June 30, 2023 and 2022, Georgia Sheriffs' Youth Homes Foundation, Inc. owes \$2,344,375 and \$2,236,237, respectively, to Georgia Sheriffs' Youth Homes, Inc. for accrued support and expense reimbursements.

As of June 30, 2023 and 2022, Georgia Sheriffs' Youth Homes Foundation, Inc. had accounts payable to the Georgia Sheriffs' Association, Inc. of \$457 and of \$167, respectively.

During the years ended June 30, 2023 and 2022, Georgia Sheriffs' Youth Homes Foundation, Inc. collected rental income of \$38,419 and \$41,802, respectively from the Georgia Sheriffs' Youth Homes, Inc. and \$53,452 and \$45,246, respectively from the Georgia Sheriffs' Association, Inc. for tenant occupancy purposes.

As of June 30, 2023 and 2022, Georgia Sheriffs' Youth Homes Foundation, Inc. had notes payable to the Georgia Sheriffs' Youth Homes, Inc. of \$1,113,005 and \$1,113,005, respectively and to the Georgia Sheriffs' Association, Inc. of \$987,005 and \$987,005, respectively. The notes payable are consideration and related to the disposition and sale of the McDonough, Georgia Headquarters location to the Georgia Sheriffs' Youth Homes Foundation, Inc. The notes payable are expected to be paid off once the new headquarter's loan is paid off.

Note 6 – Restrictions on Net Assets

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

	JUNE 30,	
	2023	2022
With donor restrictions:		
Restricted by the donor to support the activities of the Georgia Sheriffs' Youth Homes, Inc.	\$ 2,110,021	2,063,641
Permanently restricted education endowment	375,000	375,000
Restricted by the donor, the income from which is expendable to support the activities of the Georgia Sheriffs' Youth Homes, Inc.	2,373,278	2,374,848
	<u>\$ 4,858,299</u>	<u>4,813,489</u>

Note 6 – Restrictions on Net Assets (Continued)

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. 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 \$28,681 and \$26,921 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022:

	<u>ASSETS AT FAIR VALUE JUNE 30, 2023</u>			
	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Equity securities	\$ 1,020,735	-	-	1,020,735
Money and mutual funds	8,751,515	-	-	8,751,515
Fixed income securities	<u>5,772,239</u>	-	-	<u>5,772,239</u>
Total assets at fair value	<u>\$ 15,544,489</u>	<u>-</u>	<u>-</u>	<u>15,544,489</u>
	<u>ASSETS AT FAIR VALUE JUNE 30, 2022</u>			
	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Equity securities	\$ 965,551	-	-	965,551
Money and mutual funds	8,593,863	-	-	8,593,863
Fixed income securities	<u>5,727,835</u>	-	-	<u>5,727,835</u>
Total assets at fair value	<u>\$ 15,287,249</u>	<u>-</u>	<u>-</u>	<u>15,287,249</u>

Note 9 – Transfers between Net Asset Classifications

Transfers between net asset classifications consist of the following:

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2023</u>	<u>2022</u>
Transfer from (to) net assets without donor restrictions	\$ (86,252)	154,041
Transfer (to) from net net assets with donor restrictions	<u>86,252</u>	<u>(154,041)</u>
Net transfers between funds	<u>\$ -</u>	<u>-</u>

Transfers between funds occur when net assets are released from donor restrictions.

Note 10 – College Tribute Fund

Activity in the College Tribute Fund consists of the following:

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2023</u>	<u>2022</u>
Net assets beginning of year	\$ 693,107	778,805
Contributions-Other	78,745	120,686
Scholarships	4,750	5,400
Grant Income	689	1,314
Refunds and Reimbursements	-	26
Investment Income	14,292	16,618
Unrealized Gain (Loss)	30,845	(119,036)
Gain (Loss) on Disposal	(7,188)	21,805
Expenses	<u>(105,591)</u>	<u>(132,511)</u>
Net assets end of year	<u>\$ 709,649</u>	<u>693,107</u>

Note 11 – Liquidity and Availability of Financial Assets

The following represents the Organization’s financial assets as of June 30, 2023, 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	\$ 895,731
Investments	15,544,489
Accounts receivable	6,841
Interest and other receivables	96,081
	<u>16,543,142</u>

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

Accounts payable - related entities	4,444,934
Net assets with donor restrictions	4,858,299
Less net assets with purpose restrictions expected to be met in less than a year	-
	<u>9,303,233</u>

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

\$ 7,239,909

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.

Note 12 – Construction Loan Line of Credit

As of August 1, 2021, the Georgia Sheriffs’ Youth Homes Foundation, Inc. (the “Borrower”), entered into a Loan Agreement with the Development Authority of Morgan County, Georgia (“the Issuer”). The Borrower requested that the Issuer issue a Series 2021 Bond (the “Bond”) in the principal face amount of \$10,000,000 for the purpose of financing the costs of a new headquarters facility in Morgan County, Georgia for the Borrower and related entities and paying the costs of issuing the Bond. Morris Bank, located in Houston County, Georgia, purchased the bond issuance and financed the Loan. The Facility was financed for up to 20 years at a rate of 2.95%, with a mortgage payment of \$55,222 per month. The Georgia Sheriffs’ Youth Homes Foundation is the borrower of record, with the Georgia Sheriffs’ Youth Homes, Inc. being the loan guarantor. Land was purchased at the proposed location of Madison, Georgia on December 29, 2020, in the amount of \$784,370. Construction-in-process amounts were \$8,941,136 and \$5,557,550 on June 30, 2023 and 2022, respectively. The Construction Loan payable balance on June 30, 2023 and 2022 to Morris Bank was \$6,913,778 and \$4,666,613, respectively. The Loan began normal amortization in August 2023. In addition to the Georgia Sheriffs’ Youth Homes Foundation, Inc. and the Georgia Sheriffs’ Youth Homes, Inc., the Georgia Sheriffs’ Association, Inc. and the Sheriffs’ Retirement Fund of Georgia each contribute their equitable share of costs associated with the construction, operations and maintenance of the facility as tenants. The construction of the new headquarters was substantially completed in November 2022, but additional construction and updates continued through year end June 30, 2023. In August of 2023, the loan began amortizing.

Note 13 – Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 18, 2024, the date on which the financial statements were available to be issued.

Subsequent to June 30, 2023, in August 2023, the Morris Bank building loan converted from interest-only to interest and principal and began amortizing. New lease agreements were signed to detail the percentage of the payment that will be paid by each entity. The lease agreement term is for only one year; however, the lease is expected to be renewed until the loan has been paid in full.