

GEORGIA SHERIFFS' YOUTH HOMES FOUNDATION, INC.

MADISON, GEORGIA

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

GEORGIA SHERIFFS' YOUTH HOMES FOUNDATION, INC.

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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, 2025, 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, 2025, 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.

SERVING VALDOSTA AND SOUTH GEORGIA SINCE 1956

Kelly D. Lunceford, CPA • Robert C. Wynens, CPA • Zachary R. Richards, CPA • Yesenia Granados, CPA

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, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Valdosta, Georgia
December 19, 2025

GEORGIA SHERIFFS' YOUTH HOMES FOUNDATION, INC.

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)**

ASSETS

	JUNE 30,	
	2025	2024
Current Assets:		
Cash and cash equivalents, Note 1	\$ 266,716	459,518
Cash-Tribute Fund, Note 1	200,131	98,787
Certificates of deposit, Note 1	377,106	473,099
Investments, Notes 1, 2 and 8	18,132,889	15,858,129
Accounts receivable	11,054	5,631
Interest and other receivables	246,731	216,694
Prepaid expenses	4,506	3,740
Total Current Assets	<u>19,239,133</u>	<u>17,115,598</u>
Property and intangibles, net of accumulated depreciation and amortization, Notes 1 and 3	<u>9,831,534</u>	<u>10,152,637</u>
Total Assets	<u>\$ 29,070,667</u>	<u>27,268,235</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable, trade	\$ 2,000	737
Accounts payable, other, Note 5	5,385,221	4,905,395
Deferred revenue, Note 1	330	235
Accrued compensated absences, Note 1	9,803	55,551
Current portion of long-term debt, Notes 3 and 12	484,555	461,204
Total Current Assets	<u>5,881,909</u>	<u>5,423,122</u>
Long-Term Liabilities:		
Long-term debt, less current portion, Notes 3 and 12	<u>5,773,966</u>	<u>6,578,698</u>
Total Long-Term Liabilities	<u>5,773,966</u>	<u>6,578,698</u>
Net Assets:		
Without donor restrictions	13,785,240	10,503,062
With donor restrictions	3,629,552	4,763,353
Total Net Assets	<u>17,414,792</u>	<u>15,266,415</u>
Total Liabilities and Net Assets	<u>\$ 29,070,667</u>	<u>27,268,235</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, 2025
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	WITHOUT DONOR	WITH DONOR	TOTAL	
	RESTRICTIONS	RESTRICTIONS	YEAR ENDED JUNE 30, 2025	2024
Revenues:				
Investment income	\$ 919,354	52,264	971,618	759,425
Gains (losses) on sales of investments	261,712	(2,677)	259,035	3,255,440
Unrealized gain (loss) on investments	1,120,226	(164,108)	956,118	(2,770,983)
Gains (losses) on sales of other property	-	-	-	(1,385)
Contributions and bequests-Foundation	176,592	-	176,592	179,224
Contributions and bequests-Tribute Fund, Notes 10	-	201,602	201,602	66,574
Grant Income	2,982	-	2,982	682
Scholarships	-	3,500	3,500	4,250
Rent and lease income	503,625	-	503,625	487,491
Miscellaneous income	6,791	-	6,791	12,237
Total Revenues	2,991,282	90,581	3,081,863	1,992,955
Net assets released from restriction	112,156	(112,156)	-	-
Total Revenues and Support	3,103,438	(21,575)	3,081,863	1,992,955
Expenses:				
Program Services:				
Program Services	839,503	-	839,503	833,153
Total Program Services Expenses	839,503	-	839,503	833,153
Supporting Services:				
Management and general	746,265	-	746,265	572,327
Fund raising	83,750	-	83,750	340,984
Total Supporting Services Expenses	830,015	-	830,015	913,311
Total Expenses	1,669,518	-	1,669,518	1,746,464
Change in Net Assets Before Transfers	1,433,920	(21,575)	1,412,345	246,491
Transfers From Other Funds, Note 9	736,032	-	736,032	-
Transfers Between Funds, Note 9	1,112,226	(1,112,226)	-	-
Increase (Decrease) in Net Assets	3,282,178	(1,133,801)	2,148,377	246,491
Net Assets, Beginning of Year	10,503,062	4,763,353	15,266,415	15,019,924
Net Assets, End of Year	\$ 13,785,240	3,629,552	17,414,792	15,266,415

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, 2025
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	YEAR ENDED JUNE 30,	
	2025	2024
Cash Flows From Operating Activities:		
Increase (Decrease) in net assets	\$ 2,148,377	246,491
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	315,292	115,318
Amortization	6,292	6,292
(Gains) losses on sale of capital assets	-	1,385
(Gains) losses on sale of investments	(259,035)	(3,255,440)
Unrealized (Gain) loss on investments	(956,118)	2,770,983
Change in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(5,423)	1,210
(Increase) Decrease in accrued interest and other receivables	(30,037)	(120,613)
(Increase) Decrease in prepaid expenses	(766)	22,829
(Increase) Decrease in other assets	-	135
Increase (Decrease) in other accounts payable	479,826	460,461
Increase (Decrease) in trade accounts payable	1,263	(385,527)
Increase (Decrease) in deferred revenue	95	25
Increase (Decrease) in accrued compensated absences	(45,748)	9,799
Net Cash Provided (Used) By Operating Activities	<u>1,654,018</u>	<u>(126,652)</u>
Cash Flows From Investing Activities:		
Capital expenditures	(481)	(38,116)
Net proceeds from sale of capital assets	-	3,500
Purchase of securities	(5,302,639)	(14,699,894)
(Increase) Decrease in certificates of deposit	95,993	(9,324)
Net proceeds from sale of securities	<u>4,243,032</u>	<u>14,870,711</u>
Net Cash Provided (Used) By Investing Activities	<u>(964,095)</u>	<u>126,877</u>
Cash Flows From Financing Activities:		
Net proceeds from construction loan	-	(500,000)
Principal payments on long-term debt	<u>(781,381)</u>	<u>626,124</u>
Net Cash Provided (Used) By Financing Activities	<u>(781,381)</u>	<u>126,124</u>
Net Increase (Decrease) In Cash And Cash Equivalents	(91,458)	126,349
Cash And Cash Equivalents At Beginning of Year	<u>558,305</u>	<u>431,956</u>
Cash And Cash Equivalents At End of Year	<u>\$ 466,847</u>	<u>558,305</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 (CONTINUED)
YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	YEAR ENDED JUNE 30,	
	2025	2024
<u>Supplemental Disclosure of Cash Flow Information</u>		
Net cash paid during the year for interest expensed	<u>\$ 200,220</u>	<u>212,338</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, 2025
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTALS	
		MANAGEMENT AND GENERAL	FUNDRAISING	YEAR ENDED JUNE 30, 2025	2024
Contribution to GSYH, Inc.	\$ 727,338	-	-	727,338	715,514
Salaries	-	-	47,815	47,815	205,120
Payroll taxes and retirement	-	-	11,396	11,396	42,058
Insurance	811	26,071	24,464	51,346	124,028
Postage	1,316	1,221	-	2,537	1,983
Telephone	2,760	16,013	-	18,773	9,962
Travel	-	-	-	-	2,473
Public relations	-	341	-	341	407
Dues and subscriptions	-	-	75	75	-
Special events	9	-	-	9	1,085
Professional services	-	829	-	829	1,225
Allowances	13,930	-	-	13,930	12,800
Hospital, drugs and medical	367	-	-	367	-
Clothing	1,278	-	-	1,278	2,340
Utilities	3,736	13,805	-	17,541	15,693
Vehicle operating costs	11,516	23,138	-	34,654	43,788
Fees, taxes and licenses	-	35	-	35	30
Food	1,243	-	-	1,243	5,690
Household items and fixtures	890	1,347	-	2,237	2,980
Bank charges	27	-	-	27	39
Educational expense and tuition	25,914	-	-	25,914	29,682
Student housing and occupancy	37,678	-	-	37,678	37,989
Repairs maintenance-buildings	-	22,720	-	22,720	15,993
Personal care	311	-	-	311	95
Lawn care expense	-	4,774	-	4,774	4,505
Legal and auditing	-	59,368	-	59,368	61,013
Office supplies	-	1,453	-	1,453	1,169
Printing	3,942	1,839	-	5,781	8,424
Property taxes	-	7,785	-	7,785	14,729
Training and conferences	-	126	-	126	-
Computer expense	3	15,070	-	15,073	24,004
Investment fees	5,123	22,118	-	27,241	25,736
Credit card processing fees	1,311	109	-	1,420	1,134
Meetings	-	438	-	438	828
Timber productino maintenance	-	5,861	-	5,861	-
Amortization	-	6,292	-	6,292	6,292
Interest expense	-	200,220	-	200,220	212,338
Total Expenses Before Depreciation	839,503	430,973	83,750	1,354,226	1,631,146
Depreciation, Notes 1 and 3	-	315,292	-	315,292	115,318
	<u>\$ 839,503</u>	<u>746,265</u>	<u>83,750</u>	<u>1,669,518</u>	<u>1,746,464</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, 2025 and 2024, the Organization had \$150,378 and \$60,448, 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 years ended June 30, 2025 and 2024, respectively, the Organization received \$0 and \$0 in donated property. 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 \$330 and \$235 for the years ended June 30, 2025 and 2024, respectively, related to deferred memorial 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, 2024 have been made to conform to the classifications for the year ended June 30, 2025, without affecting financial position, changes in net assets or cash flows.

Note 2 – Investments

Investments consist of the following:

	JUNE 30, 2025			JUNE 30, 2024		
	COST	MARKET VALUE	UNREALIZED APPRECIATION	COST	MARKET VALUE	UNREALIZED APPRECIATION
			(DEPRECIATION)			(DEPRECIATION)
Equity securities	\$ 71,154	116,602	45,448	810,199	1,064,699	254,500
Money and mutual funds	9,462,120	10,727,859	1,265,739	8,736,484	9,010,156	273,672
Fixed income securities	7,147,445	7,281,693	134,248	5,821,307	5,783,274	(38,033)
Commodities	5,913	6,735	822	-	-	-
	<u>\$ 16,686,632</u>	<u>18,132,889</u>	<u>1,446,257</u>	<u>15,367,990</u>	<u>15,858,129</u>	<u>490,139</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
	2025	2024	
Building, land, and improvements	\$ 9,764,892	9,764,412	40+ years
Equipment	334,031	334,031	5 years
Vehicles and machinery	150,047	150,047	5 years
Other depreciable assets	28,317	28,317	7 years
Amortizable fees	125,835	125,835	20 years
	10,403,122	10,402,642	
Accumulated amortization	(24,643)	(18,351)	
Accumulated depreciation	(546,945)	(231,654)	
	<u>\$ 9,831,534</u>	<u>10,152,637</u>	

The accompanying statement of activities include charges for depreciation of \$315,292 and \$115,318 and charges for amortization of \$6,292 and \$6,292 for the years ended June 30, 2025 and 2024, respectively. In August of 2023, the construction period on the new headquarters facility in Madison ended, and the loan began amortizing. As of June 30, 2025 and 2024, the loan had a balance of \$6,258,521 and \$7,039,902, 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. For the year ended June 30, 2025, 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, 2025 or the statement of activities for the year then ended. Further, all years subsequent to June 30, 2022 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.

During the years ended June 30, 2025 and 2024, Georgia Sheriffs' Youth Homes Foundation, Inc. paid or accrued contribution support for the activities of the Georgia Sheriffs' Youth Homes, Inc. of \$727,338 and \$715,514, respectively.

As of June 30, 2025 and 2024, Georgia Sheriffs' Youth Homes Foundation, Inc. owes a net \$3,274,211 and \$2,805,163, respectively, to Georgia Sheriffs' Youth Homes, Inc. for accrued support and expense reimbursements.

As of June 30, 2025 and 2024, Georgia Sheriffs' Youth Homes Foundation, Inc. had net receivables/(payables) from/(to) the Georgia Sheriffs' Association, Inc. of \$2,150 and of (\$153), respectively.

During the years ended June 30, 2025 and 2024, Georgia Sheriffs' Youth Homes Foundation, Inc. collected rental income of \$0 and \$7,818, respectively from the Georgia Sheriffs' Youth Homes, Inc. and \$0 and \$10,878, respectively from the Georgia Sheriffs' Association, Inc. for tenant occupancy purposes.

During the years ended June 30, 2025 and 2024, Georgia Sheriffs' Youth Homes Foundation, Inc. collected lease income of \$152,413 and \$139,712, respectively from the Georgia Sheriffs' Youth Homes, Inc. and \$212,053 and \$194,382, respectively from the Georgia Sheriffs' Association, Inc. for tenant occupancy purposes.

As of June 30, 2025 and 2024, 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,	
	2025	2024
With donor restrictions:		
Restricted by the donor to support the activities of the Georgia Sheriffs' Youth Homes, Inc.	\$ 879,807	2,013,909
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.	<u>2,374,745</u>	<u>2,374,444</u>
	<u>\$ 3,629,552</u>	<u>4,763,353</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 \$6,766 and \$29,482 for the years ended June 30, 2025 and 2024, respectively.

Note 8 – Fair Value Measurements

Generally accepted accounting principles define fair value, establish a framework for measuring fair value and establish 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, 2025 and 2024:

ASSETS AT FAIR VALUE JUNE 30, 2025				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Equity securities	\$ 116,602	-	-	116,602
Money and mutual funds	10,727,859	-	-	10,727,859
Commodities	6,735	-	-	6,735
Fixed income securities	<u>7,281,693</u>	<u>-</u>	<u>-</u>	<u>7,281,693</u>
 Total assets at fair value	 <u>\$ 18,132,889</u>	 <u>-</u>	 <u>-</u>	 <u>18,132,889</u>
ASSETS AT FAIR VALUE JUNE 30, 2024				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Equity securities	\$ 1,064,699	-	-	1,064,699
Money and mutual funds	9,010,156	-	-	9,010,156
Fixed income securities	<u>5,783,274</u>	<u>-</u>	<u>-</u>	<u>5,783,274</u>
 Total assets at fair value	 <u>\$ 15,858,129</u>	 <u>-</u>	 <u>-</u>	 <u>15,858,129</u>

Note 9 – Transfers between Net Asset Classifications

Transfers between net asset classifications consist of the following:

	YEAR ENDED JUNE 30,	
	2025	2024
Transfer from (to) net assets without donor restrictions	\$ (1,112,226)	(182,963)
Transfer (to) from net net assets with donor restrictions	<u>1,112,226</u>	<u>182,963</u>
Net transfers between funds	\$ -	-

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

During the year ended June 30, 2025, the Organization received securities totaling \$707,491 from the Georgia Sheriffs' Youth Homes, Inc. that had been previously noted as needing to be transferred. The Organization also had a transfer of \$28,541 related to previously accrued compensated absences for an employee who was moved from the Youth Homes to the Foundation.

Note 10 – College Tribute Fund

Activity in the College Tribute Fund consists of the following:

	YEAR ENDED JUNE 30,	
	2025	2024
Net assets beginning of year	\$ 719,656	709,649
Wills and Bequests	97,231	-
Contributions-Other	104,371	66,574
Scholarships	3,500	4,250
Grant Income	682	685
Investment Income	20,915	20,033
Unrealized Gain (Loss)	48,436	21,941
Gain (Loss) on Disposal	(2,677)	13,078
Expenses	<u>(112,156)</u>	<u>(116,554)</u>
Net assets end of year	\$ 879,958	719,656

Note 11 – Liquidity and Availability of Financial Assets

The following represents the Organization's financial assets as of June 30, 2025, 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	\$ 843,953
Investments	18,132,889
Accounts receivable	11,054
Interest and other receivables	246,731
	<hr/>
	19,234,627

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

Accounts payable - related entities	5,385,221
Current portion of long term debt	484,555
Net assets with donor restrictions	3,629,552
Less net assets with purpose restrictions expected to be met in	
less than a year	<hr/> -
	<hr/> 9,499,328

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

\$ 9,735,299

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 and Long-Term Debt

On 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 on June 30, 2023 and the loan converted to permanent financing in August 2023. The loan balance on June 30, 2025 and 2024 to Morris Bank was \$6,258,521 and \$7,039,902, 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.

Note 12 – Construction Loan Line of Credit and Long-Term Debt (Continued)

Long-term indebtedness consists of the following:

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2025</u>	<u>2024</u>
Note payable to Morris Bank, payable in 163 monthly installments of \$55,222, 2.95% interest, maturing March 2037, secured by real estate and equipment.	\$ 6,258,521	7,039,902
Less: Current Portion	<u>(484,555)</u>	<u>(461,204)</u>
Long-Term Portion	<u>\$ 5,773,966</u>	<u>6,578,698</u>
 <u>YEAR ENDING JUNE 30,</u>		
2026	\$ 484,555	
2027	499,045	
2028	513,967	
2029	529,336	
2030	545,164	
Thereafter	3,686,454	
	<u>\$ 6,258,521</u>	

Note 13 – Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 19, 2025, the date on which the financial statements were available to be issued.