# Atlanta Children's Shelter, Inc. **FINANCIAL STATEMENTS** December 31, 2024 and 2023

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### **REPORT**



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#### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Atlanta Children's Shelter, Inc.

#### **Opinion**

We have audited the accompanying financial statements of Atlanta Children's Shelter, Inc. (a nonprofit organization herein after referred to as the Organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Atlanta Children's Shelter, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Correction of a Misstatement**

As discussed in Note 3 to the financial statements, the 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Organization'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits.

CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ungram, L.L.C.

Atlanta, Georgia May 22, 2025



## **FINANCIAL STATEMENTS**

# Atlanta Children's Shelter, Inc. Statements of Financial Position

December 31,	2024	Restated 2023
Assets		
Cash and cash equivalents	\$ 508,547	\$ 680,676
Promises to give, net	-	161,669
Promises to give - contributed space, net	1,192,367	1,354,234
Prepaid expenses	5,835	4,001
Investments in marketable securities	5,288,670	4,718,947
Operating lease right-of-use assets, net	8,707	15,397
Property and equipment, net	447,624	513,413
		_
Total assets	\$ 7,451,750	\$ 7,448,337
Liabilities and Net Assets		
Accounts payable	\$ 45,817	\$ 20,664
Accrued expenses	36,354	30,920
Operating lease liabilities	8,707	15,397
Total liabilities	90,878	66,981
Net assets		
Without donor restrictions	6,041,401	5,815,043
With donor restrictions	1,319,471	1,566,313
Total net assets	7,360,872	7,381,356
Total liabilities and net assets	\$ 7,451,750	\$ 7,448,337

## Atlanta Children's Shelter, Inc. Statements of Activities

	Without Donor With Dor Restrictions Restriction				Total
Revenue and Other Support					
Contributions and grants	\$ 1,384,070	\$	261,500	\$	1,645,570
Special events	277,399	•	-	•	277,399
Contributions of non-financial assets	17,005		20,228		37,233
Interest income	9,962		, -		9,962
Investment income, net	441,442		_		441,442
Net assets released from restrictions	528,570		(528,570)		-
Total revenue and other support	2,658,448		(246,842)		2,411,606
Expenses					
Program services	1,870,831		-		1,870,831
Supporting services					
Management and general	217,409		-		217,409
Fundraising	343,850		_		343,850
Total supporting services	561,259		-		561,259
Total expenses	2,432,090		-		2,432,090
Change in net assets	226,358		(246,842)		(20,484)
Net assets at beginning of year, as restated	5,815,043		1,566,313		7,381,356
Net assets at end of year	\$ 6,041,401	\$	1,319,471	\$	7,360,872

# Atlanta Children's Shelter, Inc. Statements of Activities (Continued)

	Restated nout Donor testrictions	Restated ith Donor		Restated Total
Revenue and Other Support		246 700	_	4 075 000
Contributions and grants	\$ 929,230	\$ 346,700	\$	1,275,930
Special events	456,432	-		456,432
Contributions of non-financial assets	3,623	22,764		26,387
Interest income	3,721	-		3,721
Investment income, net	427,660	-		427,660
Loss on disposal of property and equipment	(12,423)	-		(12,423)
Other income	501	-		501
Net assets released from restrictions	539,191	(539,191)		
Total revenue and other support	2,347,935	(169,727)		2,178,208
Expenses				
Program services	1,821,571	-		1,821,571
Supporting services				
Management and general	177,077	_		177,077
Fundraising	286,822	-		286,822
	,			· · · · · ·
Total supporting services	 463,899	-		463,899
Total expenses	2,285,470	-		2,285,470
Change in net assets	62,465	(169,727)		(107,262)
Net assets at beginning of year, as previously reported	5,752,578	222,475		5,975,053
Correction of a misstatement	-	1,513,565		1,513,565
Net assets at beginning of year, as restated	5,752,578	1,736,040		7,488,618
Net assets at end of year, as restated	\$ 5,815,043	\$ 1,566,313	\$	7,381,356

# Atlanta Children's Shelter, Inc. Statement of Functional Expenses

			Supporting Services					
		Program	Ma	anagement				
		Services	а	nd General	F	undraising		Total
Personnel Expenses Salaries	\$	678,291	\$	107,343	\$	206,223	\$	001 957
	Ş	•	Ş	•	Ş		Ą	991,857
Employee benefits		164,655		26,556 8,789		49,411		240,622
Payroll taxes		53,015		•		16,706		78,510
Retirement plan		5,665		1,454		2,361		9,480
Total personnel expenses		901,626		144,142		274,701		1,320,469
Other Expenses								
Accounting and legal fees		21,120		14,415		1,200		36,735
Board expenses		-		1,551		-		1,551
Contract services		114,163		11,446		6,715		132,324
Depreciation		97,813		-		-		97,813
Direct client services		334,739		-		-		334,739
Dues and fees		35,303		12,543		10,860		58,706
Equipment, maintenance								
and repairs		16,044		569		326		16,939
Contributed rent		160,244		12,747		9,104		182,095
Insurance		21,656		3,512		1,263		26,431
IT services and supplies		50,062		4,036		3,265		57,363
Miscellaneous		25,950		2,981		1,194		30,125
Office supplies		3,646		2,031		6,651		12,328
Postage		2,455		310		683		3,448
Printing		2,280		861		268		3,409
Special events		-		-		20,736		20,736
Telecommunications		8,819		707		501		10,027
Training		7,263		140		1,225		8,628
Travel		8,064		1,041		1,819		10,924
Utilities		59,584		4,377	_	3,339		67,300
Total other expenses		969,205		73,267		69,149		1,111,621
Total expenses	\$	1,870,831	\$	217,409	\$	343,850	\$	2,432,090

# Atlanta Children's Shelter, Inc. Statement of Functional Expenses (Continued)

				Supportin	ıg Se	rvices		
		Restated		Restated				
		Program	Μ	lanagement		Restated		Restated
		Services	ã	and General	F	undraising		Total
Personnel Expenses	_		_		_		_	
Salaries	\$	606,761	\$	,	\$	144,059	\$	844,938
Employee benefits		190,645		21,885		53,797		266,327
Payroll taxes		52,178		7,469		10,220		69,867
Retirement plan		5,455		-		2,330		7,785
Total personnel expenses		855,039		123,472		210,406		1,188,917
Other Expenses								
Accounting and legal fees		17,600		1,400		1,000		20,000
Board expenses				4,913		_,;;;		4,913
Contract services		161,618		8,088		5,205		174,911
Depreciation		95,310		-		-		95,310
Direct client services		342,626		_		_		342,626
Dues and fees		9,353		9,874		7,741		26,968
Equipment, maintenance		2,222		5,57		,,, .=		_0,000
and repairs		18,032		1,513		4,398		23,943
Contributed rent		160,244		12,747		9,104		182,095
Insurance		15,901		3,215		704		19,820
IT services and supplies		40,765		3,683		2,304		46,752
Miscellaneous		28,864		1,710		1,226		31,800
Office supplies		2,961		-,, -		850		3,811
Postage		1,911		160		107		2,178
Printing		189		93		1,929		2,211
Special events		-		-		30,466		30,466
Telecommunications		10,139		806		577		11,522
Training		3,262		530		7,698		11,490
Travel		8,947		493		438		9,878
Utilities		48,810		4,380		2,669		55,859
Total other expenses		966,532		53,605		76,416		1,096,553
Total expenses	\$	1,821,571	\$	177,077	\$	286,822	\$	2,285,470

# Atlanta Children's Shelter, Inc. Statements of Cash Flows

For the years ended December 31,		2024	Restated 2023
Operating Activities			
Change in net assets	\$	<b>(20,484)</b> \$	(107,262)
Adjustments to reconcile change in net assets to	Ą	(20,464) \$	(107,262)
net cash provided by (used in) operating activities:			
Depreciation		97,813	95,310
Unrealized and realized (gain) loss on investments		(243,009)	(300,687)
Amortization of right-of-use assets		6,690	5,902
Loss on disposal of property		-	12,423
Changes in operating assets and liabilities:			12, 123
Promises to give, net		161,669	(23,368)
Promises to give - contributed space, net		161,867	159,331
Prepaid expenses		(1,834)	14,808
Accounts payable		25,153	3,070
Accrued expenses		5,434	(13,379)
Operating lease liabilities		(6,690)	(5,902)
Net cash provided by (used in) operating activities		186,609	(159,754)
Investing Activities			
Purchase of property and equipment		(32,024)	(50,935)
Purchase of investments		(7,975,532)	(5,624,813)
Proceeds from sale of investments		7,648,818	5,193,528
Net cash provided by (used in) investing activities		(358,738)	(482,220)
Net change in cash and cash equivalents		(172,129)	(641,974)
Cash and cash equivalents, at beginning of year		680,676	1,322,650
Cash and cash equivalents, at end of year	\$	<b>508,547</b> \$	680,676

## Atlanta Children's Shelter, Inc. Notes to Financial Statements

#### **Note 1: DESCRIPTION OF THE ORGANIZATION**

Atlanta Children's Shelter, Inc. (the Organization) is a not-for-profit corporation organized exclusively for religious, charitable and/or educational purposes under Section 501(c)(3) of the Internal Revenue Code. The Organization provides loving, quality child development and support services for homeless families striving to become self-sufficient. Services are provided free of charge to homeless families with children ages one month to five years of age residing in homeless shelters in metropolitan Atlanta and surrounding areas. The Organization operates from a single donated facility in Atlanta, Georgia.

The Organization's program services consist of the following:

Education – The Organization provides high-quality early childhood education for the children of homeless families in metro Atlanta.

Family Services – The Organization provides various services to homeless families to enable them to become self-sufficient. These services include finding both employment and permanent housing, educating and building social relationships.

#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### **Use of Estimates**

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the present value calculation of promises to give, estimated useful lives assigned to various classes of long lived assets, the fair value of investments in marketable securities, right-of-use assets and lease liabilities, valuation of contributions of non-financial assets and the allocation of expenses between program and supporting services.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Promises to Give**

Promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

#### **Investments**

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

#### **Property and Equipment**

All acquisitions of property and equipment in excess of \$500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

#### Leases

The Organization leases office equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Net Assets**

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### Revenue Recognition

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which contributions are received are classified as net assets without donor restrictions.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The contribution element is recognized immediately, unless there is a right of return if the special event does not take place.

Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

#### **Donated Assets**

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Donated Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

#### **Functional Allocation of Expenses**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries, payroll taxes, retirement plan and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to contributed rent, IT service and supplies, telecommunications, office supplies and postage are allocated across functional areas based on a square footage basis.

#### **Income Taxes**

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. The Organization had no unrelated business income for the years ended December 31, 2024 and 2023.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when its more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2024 and 2023, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

#### Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

#### **Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 22, 2025, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### **Note 3: CORRECTION OF A MISSTATEMENT**

Net assets with donor restrictions as of December 31, 2023 and 2022 have been restated to recognize promises to give - contributed space, net, which was not previously recorded on the statements of financial position and statements of activities.

Below is a summary of the line items in the 2023 financial statements impacted by the correction.

	As	previously				
		stated	А	djustment	A	As restated
Statement of financial position						
Promises to give - contributed space, net	\$	-	\$	1,354,234	\$	1,354,234
Ending net assets with donor restrictions	\$	212,079	\$	1,354,234	\$	1,566,313
Ending total net assets	\$	6,027,122	\$	1,354,234	\$	7,381,356
Statement of activities						
Contributions of non-financial assets						
without donor restrictions	\$	193,523	\$	(189,900)	\$	3,623
Contributions of non-financial assets						
with donor restrictions	\$	-	\$	22,764	\$	22,764
Net assets released from restrictions						
without donor restrictions	\$	357,096	\$	182,095	\$	539,191
Net assets released from restrictions						
with donor restrictions	\$	(357,096)	\$	(182,095)	\$	(539,191)
Expenses program services	\$	1,828,439	\$	(6,868)	\$	1,821,571
Expenses management and general	\$	177,623	\$	(546)	\$	177,077
Expenses fundraising	\$	287,213	\$	(391)	\$	286,822
Beginning net assets with donor restrictions	\$	222,475	\$	1,513,565	\$	1,736,040
Beginning total net assets	\$	5,975,053	\$	1,513,565	\$	7,488,618
Ending net assets with donor restrictions	\$	212,079	\$	1,354,234	\$	1,566,313
Ending total net assets	\$	6,027,122	\$	1,354,234	\$	7,381,356

## Atlanta Children's Shelter, Inc. Notes to Financial Statements

#### **Note 4: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

The Organization maintains its financial assets primarily in cash and cash equivalents and investments in marketable securities to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

December 31,		2024		Restated 2023
			,	
Total assets at year end	\$	7,451,750	Ş	7,448,337
Less non-financial assets				
Prepaid expenses		(5,835)		(4,001)
Operating lease right-of-use assets, net		(8,707)		(15,397)
Property and equipment, net		(447,624)		(513,413)
Financial assets at year-end		6,989,584		6,915,526
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		(4.040.474)		(4.566.040)
Restricted by donor with purpose or time restrictions Undesignated investments not intended to be liquidated		(1,319,471)		(1,566,313)
within one year		(5,288,670)		(4,718,947)
Financial assets available to meet cash needs for general		004 455	_	500.055
expenditures within one year	Ş	381,443	Ş	630,266

The Organization is principally supported by contributions and investment income. The goal of the Organization is to maintain available financial assets to meet its next 90 days of operating expenses. In the event of unanticipated liquidity needs, the undesignated investments could be made available.

#### Note 5: PROMISES TO GIVE – CONTRIBUTED SPACE

Promises to give – contributed space consist of the following:

		Restated
December 31,	2024	2023
Receivable with in one year	\$ 182,095	\$ 182,095
Receivable in one to five years	910,475	910,475
Receivable in over five years	166,920	349,015
Total promise to give	1,259,490	1,441,585
Discounted at 1.58%	(67,123)	(87,351)
Promises to give - contributed space, net	\$ 1,192,367	\$ 1,354,234

There were no promises to give write-offs for the years ended December 31, 2024 and 2023.

In November 2021, North Avenue Presbyterian Church granted the Organization a lease of its building. The lease has an initial term of ten years. The lease value was determined using a 1.58% discount rate on the annual fair market value of \$182,095 for ten years. Amortization of the discount during the years ended December 31, 2024 and 2023 was \$20,228 and \$22,764, respectively, and is included in contributions with donor restrictions on the statements of activities.

**Note 6: INVESTMENTS** 

Investments in marketable securities consist of the following:

December 31, 2024		Cost		Fair Value
U.S. Treasury bills	\$	1,770,068	\$	1,752,305
Mutual funds and equity securities		1,309,385		1,985,288
Bonds and other fixed income securities		1,634,919		1,551,077
Total investments in marketable securities	\$	4,714,372	\$	5,288,670
				_
December 31, 2023		Cost		Fair Value
U.S. Treasury bills	\$	1,663,000	\$	1,653,055
Mutual funds and equity securities		1,305,175		1,755,746
Bonds and other fixed income securities		1,409,315		1,310,146
Total investments in marketable securities	Ċ	4,377,490	ς	4,718,947

#### **Note 7: PROPERTY AND EQUIPMENT**

The components of property and equipment consist of the following at December 31, 2024 and 2023:

	<b>Estimated Useful</b>		
	Lives (years)	2024	2023
Leasehold improvements	7-20	\$ 1,320,323	\$ 1,315,035
Furniture and fixtures	5-7	151,023	132,572
Vehicles	5	55,680	55,680
Software	5	212,138	208,874
			_
Total depreciable property and equipment		1,739,164	1,712,161
Less accumulated depreciation		(1,291,540)	(1,198,748)
Total property and equipment, net		\$ 447,624	\$ 513,413

Depreciation expense for the years ended December 31, 2024 and 2023 amounted to \$97,813 and \$95,310 respectively.

#### **Note 8: LEASES**

The Organization has operating leases for equipment. The leases have remaining lease terms of 1 to 3 years.

The components of lease expense consist of the following:

For the years ended December 31,		2024	2023
Operating lease cost	\$	6,930	\$ 6,653
Short-term lease cost	\$	20,713	\$ 59,858
Weighted average remaining lease term and discount rates consist	st of t	he following:	
For the years ended December 31,		2024	2023
Right-of-use assets obtained in exchange for lease obligations Operating leases	\$	-	\$ 21,299
Weighted average remaining lease term Operating leases		1.83 years	2.58 years
Weighted average discount rate Operating leases		2.12%	1.87%

#### **Note 8: LEASES (Continued)**

Future minimum lease payments under non-cancellable leases as of December 31, 2024, were as follows:

	Operating
For the years ending December 31,	Leases
2025	\$ 6,446
2026	1,110
2027	1,110
2028	278
Total future minimum lease payments Less imputed interest	8,944
Less imputed interest	(237)
Present value of lease liabilities	\$ 8,707

#### **Note 9: NET ASSETS**

A summary of net assets with donor restrictions consists of the following:

		Restated
December 31,	2024	2023
Purpose restricted		
Childcare expenses	\$ 52,369	\$ 145,790
Social services expenses	4,735	6,289
Salary bonuses	70,000	60,000
Time restricted		
Promises to give - contributed space	1,192,367	1,354,234
		_
Total net assets with donor restrictions	\$ 1,319,471	\$ 1,566,313

A summary of the release of donor restrictions consists of the following:

December 31,	2024	Restated 2023
Purpose restricted Childcare expenses Social services expenses Salary bonuses	\$ 284,921 1,554 60,000	\$ 285,912 11,184 60,000
Time restricted Promises to give - contributed space	182,095	182,095
Total net assets released from donor restrictions	\$ 528,570	\$ 539,191

#### **Note 10: CONTRIBUTIONS OF NON-FINANCIAL ASSETS**

All donated space, goods and services were utilized by the Organization's program and supporting services. There were no donor-imposed restrictions associated with the contributed space, goods or services.

The components of donated space, goods and services contributed to the Organization consists of the following for the years ended December 31, 2024 and 2023:

	D	onated	Donated	Donated	
For the year ended December 31, 2024		Space	Goods	Services	Total
Program services					
Rent	\$	17,801	\$ -	\$ -	\$ 17,801
Supplies		-	-	-	-
Gift Cards		-	4,270	-	4,270
Supporting Services					
Management and general		1,416	-	12,735	14,151
Fundraising		1,011	-	-	1,011
Total contributed space, goods,					
and services	\$	20,228	\$ 4,270	\$ 12,735	\$ 37,233
	D	onated	Donated	Donated	Restated
For the year ended December 31, 2023	D	onated Space	Donated Goods	Donated Services	Restated Total
	D				
For the year ended December 31, 2023 Program services		Space			Total
	D \$		\$ 	\$ 	\$
Program services		Space	\$ 	\$ 	\$ Total
Program services Rent		Space	\$ Goods	\$ 	\$ Total 20,033
Program services Rent Supplies		Space	\$ Goods - 1,058	\$ 	\$ Total 20,033 1,058
Program services Rent Supplies Gift Cards		Space	\$ Goods - 1,058	\$ 	\$ Total 20,033 1,058
Program services Rent Supplies Gift Cards Supporting Services		Space 20,033	\$ Goods - 1,058	\$ 	\$ 20,033 1,058 2,565
Program services Rent Supplies Gift Cards Supporting Services Management and general		Space 20,033 - - 1,593	 Goods - 1,058	 	\$ 20,033 1,058 2,565 1,593

Donated space is valued at the fair value of similar properties available in commercial real estate listings. Donated goods are valued at the wholesale prices that would be received for selling similar products. Donated services are valued at the invoiced amount of legal services received.

## Atlanta Children's Shelter, Inc. Notes to Financial Statements

#### **Note 11: FAIR VALUE MEASUREMENTS**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

U.S. Treasury Bills: Valued at par with premium or discount amortized over life of the Treasury Bills.

Mutual funds and equity securities: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily Net Asset Value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Bonds and other fixed income securities: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. The bonds and securities are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### **Note 11: FAIR VALUE MEASUREMENTS (Continued)**

Assets measured at fair value on a recurring basis, consists of the following:

December 31, 2024	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	\$ 1,752,305	\$ -	\$ -	\$ 1,752,305
Mutual funds and equity securities	1,985,288	-	-	1,985,288
Bonds and other fixed income securities	1,551,077	-	-	1,551,077
Total investments at fair value	\$ 5,288,670	\$ -	\$ -	\$ 5,288,670
D / 24 2022				
December 31, 2023	Level 1	Level 2	Level 3	Total
December 31, 2023	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	\$ 1,653,055	\$	\$ Level 3	\$ Total 1,653,055
,	\$	\$	\$ Level 3 - -	\$ -
U.S. Treasury bills	\$ 1,653,055	\$	\$ Level 3	\$ 1,653,055
U.S. Treasury bills Mutual funds and equity securities	\$ 1,653,055 1,755,746	\$	\$ Level 3	\$ 1,653,055 1,755,746

#### Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets. For the years ended December 31, 2024 and 2023, there were no significant transfers in or out of Levels 1, 2 or 3.

#### **Note 12: CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash deposits with financial institutions at December 31, 2024 and 2023 in excess of federally insured limits of \$155,508 and \$22,455, respectively.

#### **Note 13: DEFINED CONTRIBUTION PLAN**

The Organization maintains a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code (the Plan). Employees become eligible to participate in the Plan on the first day of the month after they are hired. Participants can defer up to 10% of their salary, on which the Organization can elect on an annual basis to match up to 3% for all employees. All full-time employees are eligible to enroll in the Plan. Employees are fully vested and eligible for employer match only after one year of service in which at least 1,000 hours are served. Contributions to the Plan are made by employees through salary deferral. During the years ended December 31, 2024 and 2023, the Organization made matching contributions of \$9,480 and \$7,785, respectively.