



**Atlanta Children's Shelter, Inc.**

**FINANCIAL STATEMENTS**

**December 31, 2022 with Comparative Totals for 2021**

|   | <b>Page</b> |
|---|-------------|
| <b>REPORT</b>                           |             |
| Independent Auditors' Report .....      | 1           |
| <b>FINANCIAL STATEMENTS</b>             |             |
| Statements of Financial Position.....   | 3           |
| Statements of Activities .....          | 4           |
| Statements of Functional Expenses ..... | 5           |
| Statements of Cash Flows .....          | 7           |
| Notes to Financial Statements .....     | 8           |



# REPORT





Carr, Riggs & Ingram, LLC  
4004 Summit Boulevard NE  
Suite 800  
Atlanta, GA 30319

770.394.8000  
770.451.2873 (fax)  
CRIcpa.com

## **INDEPENDENT AUDITORS' 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 statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows 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 Atlanta Children's Shelter, Inc. as of December 31, 2022, and the changes in 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 Auditors' 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 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 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.

## **Auditors' 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 auditors' 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 audit.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia  
July 20, 2023



# FINANCIAL STATEMENTS



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

| <i>December 31,</i>                  | <b>2022</b>  | <b>2021</b>  |
|--------------------------------------|--------------|--------------|
| <b>Assets</b>                        |              |              |
| Current assets                       |              |              |
| Cash and cash equivalents            | \$ 2,580,499 | \$ 2,219,436 |
| Contributions receivable             | 138,301      | 126,176      |
| Prepaid expenses                     | 18,809       | 48,186       |
| <hr/>                                |              |              |
| Total current assets                 | 2,737,609    | 2,393,798    |
| Non-current assets                   |              |              |
| Investments in marketable securities | 2,729,126    | 3,162,568    |
| Property and equipment, net          | 570,211      | 471,039      |
| <hr/>                                |              |              |
| Total assets                         | \$ 6,036,946 | \$ 6,027,405 |
| <hr/> <hr/>                          |              |              |
| <b>Liabilities and Net Assets</b>    |              |              |
| Current liabilities                  |              |              |
| Accounts payable                     | \$ 17,594    | \$ 4,591     |
| Accrued expenses                     | 44,299       | 25,284       |
| <hr/>                                |              |              |
| Total current liabilities            | 61,893       | 29,875       |
| Net assets                           |              |              |
| Without donor restrictions           | 5,752,578    | 5,698,671    |
| With donor restrictions              | 222,475      | 298,859      |
| <hr/>                                |              |              |
| Total net assets                     | 5,975,053    | 5,997,530    |
| <hr/>                                |              |              |
| Total liabilities and net assets     | \$ 6,036,946 | \$ 6,027,405 |
| <hr/> <hr/>                          |              |              |

*The accompanying notes are an integral part of these financial statements.*

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

| <i>For the years ended December 31,</i> | <b>2022</b>                   |                            |                     | 2021                 |
|---|-------------------------------|----------------------------|---------------------|----------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | <b>Total</b>        | Comparative<br>Total |
| <b>Revenue and other support</b>        |                               |                            |                     |                      |
| Contributions                           | \$ 1,236,458                  | \$ 215,448                 | <b>\$ 1,451,906</b> | \$ 1,348,662         |
| Grants                                  | -                             | 211,740                    | <b>211,740</b>      | 244,325              |
| Special events                          | 541,155                       | -                          | <b>541,155</b>      | 463,422              |
| Contributions of non-financial assets   | 193,848                       | -                          | <b>193,848</b>      | 199,080              |
| Interest and dividends                  | 105,266                       | -                          | <b>105,266</b>      | 122,515              |
| Investment income (loss), net           | (531,380)                     | -                          | <b>(531,380)</b>    | 220,570              |
| Miscellaneous income                    | -                             | -                          | -                   | 1,005                |
| Net assets released from restrictions   | 503,572                       | (503,572)                  | -                   | -                    |
| <b>Total revenue and other support</b>  | <b>2,048,919</b>              | <b>(76,384)</b>            | <b>1,972,535</b>    | <b>2,599,579</b>     |
| <b>Expenses</b>                         |                               |                            |                     |                      |
| <i>Program services</i>                 | 1,540,809                     | -                          | <b>1,540,809</b>    | 1,336,374            |
| <i>Supporting services</i>              |                               |                            |                     |                      |
| Management and general                  | 199,849                       | -                          | <b>199,849</b>      | 186,292              |
| Fundraising                             | 254,354                       | -                          | <b>254,354</b>      | 212,056              |
| <b>Total supporting services</b>        | <b>454,203</b>                | <b>-</b>                   | <b>454,203</b>      | <b>398,348</b>       |
| <b>Total expenses</b>                   | <b>1,995,012</b>              | <b>-</b>                   | <b>1,995,012</b>    | <b>1,734,722</b>     |
| Change in net assets                    | 53,907                        | (76,384)                   | <b>(22,477)</b>     | 864,857              |
| Net assets at beginning of year         | 5,698,671                     | 298,859                    | <b>5,997,530</b>    | 5,132,673            |
| <b>Net assets at end of year</b>        | <b>\$ 5,752,578</b>           | <b>\$ 222,475</b>          | <b>\$ 5,975,053</b> | <b>\$ 5,997,530</b>  |

*The accompanying notes are an integral part of these financial statements.*



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

***For the year ended December 31, 2022***

|                                       | Program<br>Services | Supporting Services       |                   | Total               |
|---------------------------------------|---------------------|---------------------------|-------------------|---------------------|
|                                       |                     | Management<br>and General | Fundraising       |                     |
| <b>Personnel Expenses</b>             |                     |                           |                   |                     |
| Salaries                              | \$ 539,002          | \$ 107,291                | \$ 130,299        | \$ 776,592          |
| Employee benefits                     | 168,898             | 36,314                    | 46,590            | 251,802             |
| Payroll taxes                         | 44,157              | 9,534                     | 10,157            | 63,848              |
| Retirement plan                       | 6,997               | 2,971                     | 1,371             | 11,339              |
| <b>Total personnel expenses</b>       | <b>759,054</b>      | <b>156,110</b>            | <b>188,417</b>    | <b>1,103,581</b>    |
| <b>Other Expenses</b>                 |                     |                           |                   |                     |
| Direct client services                | 201,522             | -                         | -                 | 201,522             |
| In-kind rent                          | 160,243             | 12,747                    | 9,105             | 182,095             |
| Contract services                     | 122,803             | 507                       | 94                | 123,404             |
| Depreciation                          | 82,127              | -                         | -                 | 82,127              |
| Utilities                             | 53,876              | 4,217                     | 3,057             | 61,150              |
| Equipment, maintenance<br>and repairs | 38,207              | 2,280                     | 9,677             | 50,164              |
| IT services and supplies              | 33,612              | 2,663                     | 2,181             | 38,456              |
| Dues and fees                         | 17,158              | 6,276                     | 5,872             | 29,306              |
| Special events                        | -                   | -                         | 22,426            | 22,426              |
| Insurance                             | 15,563              | 3,364                     | 811               | 19,738              |
| Accounting and legal fees             | 16,720              | 1,330                     | 950               | 19,000              |
| Training                              | 6,619               | 75                        | 7,176             | 13,870              |
| Miscellaneous                         | 8,080               | 2,112                     | 1,701             | 11,893              |
| Travel                                | 8,510               | 1,012                     | 838               | 10,360              |
| Telecommunications                    | 9,104               | 724                       | 517               | 10,345              |
| Office supplies                       | 2,583               | 864                       | 1,075             | 4,522               |
| Board expenses                        | -                   | 3,820                     | -                 | 3,820               |
| Food and food supplies                | 3,207               | -                         | -                 | 3,207               |
| Printing                              | 879                 | 1,646                     | 404               | 2,929               |
| Postage                               | 942                 | 102                       | 53                | 1,097               |
| <b>Total other expenses</b>           | <b>580,233</b>      | <b>43,739</b>             | <b>65,937</b>     | <b>689,909</b>      |
| <b>Total expenses</b>                 | <b>\$ 1,540,809</b> | <b>\$ 199,849</b>         | <b>\$ 254,354</b> | <b>\$ 1,995,012</b> |

*The accompanying notes are an integral part of these financial statements.*

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

*For the year ended December 31, 2021*

|                                       | Program<br>Services | Supporting Services       |                   | Total               |
|---------------------------------------|---------------------|---------------------------|-------------------|---------------------|
|                                       |                     | Management<br>and General | Fundraising       |                     |
| <b>Personnel Expenses</b>             |                     |                           |                   |                     |
| Salaries                              | \$ 512,989          | \$ 112,384                | \$ 115,361        | \$ 740,734          |
| Employee benefits                     | 143,618             | 30,342                    | 39,022            | 212,982             |
| Payroll taxes                         | 37,985              | 8,947                     | 9,088             | 56,020              |
| Retirement plan                       | 8,458               | 1,304                     | 1,263             | 11,025              |
| <b>Total personnel expenses</b>       | <b>703,050</b>      | <b>152,977</b>            | <b>164,734</b>    | <b>1,020,761</b>    |
| <b>Other Expenses</b>                 |                     |                           |                   |                     |
| In-kind rent                          | 160,243             | 12,747                    | 9,105             | 182,095             |
| Direct client services                | 135,810             | -                         | -                 | 135,810             |
| Contract services                     | 120,199             | 98                        | 70                | 120,367             |
| Depreciation                          | 60,770              | -                         | -                 | 60,770              |
| Utilities                             | 39,976              | 3,132                     | 2,237             | 45,345              |
| IT services and supplies              | 35,110              | 2,662                     | 1,902             | 39,674              |
| Dues and fees                         | 10,510              | 5,841                     | 4,708             | 21,059              |
| Equipment, maintenance<br>and repairs | 12,763              | 589                       | 6,235             | 19,587              |
| Insurance                             | 14,343              | 3,151                     | 659               | 18,153              |
| Accounting and legal fees             | 14,520              | 1,155                     | 825               | 16,500              |
| Special events                        | -                   | -                         | 11,534            | 11,534              |
| Telecommunications                    | 9,032               | 718                       | 513               | 10,263              |
| Miscellaneous                         | 5,537               | 1,473                     | 1,273             | 8,283               |
| Training                              | 609                 | -                         | 7,021             | 7,630               |
| Office supplies                       | 2,936               | 690                       | 827               | 4,453               |
| Food and food supplies                | 4,350               | -                         | -                 | 4,350               |
| Travel                                | 2,650               | -                         | -                 | 2,650               |
| Printing                              | 2,133               | 49                        | 312               | 2,494               |
| Postage                               | 1,833               | 142                       | 101               | 2,076               |
| Board expenses                        | -                   | 868                       | -                 | 868                 |
| <b>Total other expenses</b>           | <b>633,324</b>      | <b>33,315</b>             | <b>47,322</b>     | <b>713,961</b>      |
| <b>Total expenses</b>                 | <b>\$ 1,336,374</b> | <b>\$ 186,292</b>         | <b>\$ 212,056</b> | <b>\$ 1,734,722</b> |

*The accompanying notes are an integral part of these financial statements.*

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

| <i>For the years ended December 31,</i>  | <b>2022</b>         | <b>2021</b>         |
|--|---------------------|---------------------|
| <b>Operating Activities</b>  |                     |                     |
| Change in net assets   | \$ (22,477)         | \$ 864,857          |
| Adjustments to reconcile change in net assets<br>to net cash provided by (used in) operating activities: |                     |                     |
| Depreciation   | 82,127              | 60,770              |
| Realized and unrealized (gain) loss on investments   | 531,380             | (220,570)           |
| Changes in operating assets and liabilities:   |                     |                     |
| Contributions receivable   | (12,125)            | (17,928)            |
| Prepaid expenses   | 29,377              | (29,646)            |
| Accounts payable   | 13,003              | (14,531)            |
| Accrued expenses   | 19,015              | 630                 |
| <b>Net cash provided by operating activities</b>   | <b>640,300</b>      | <b>643,582</b>      |
| <b>Investing Activities</b>  |                     |                     |
| Purchase of property and equipment   | (181,299)           | (29,993)            |
| Purchase of investments  | (97,938)            | (567,897)           |
| Proceeds from sale of investments  | -                   | 451,596             |
| <b>Net cash used in investing activities</b>   | <b>(279,237)</b>    | <b>(146,294)</b>    |
| <b>Net change in cash and cash equivalents</b>   | <b>361,063</b>      | <b>497,288</b>      |
| <b>Cash and cash equivalents at beginning of year</b>  | <b>2,219,436</b>    | <b>1,722,148</b>    |
| <b>Cash and cash equivalents at end of year</b>  | <b>\$ 2,580,499</b> | <b>\$ 2,219,436</b> |

*The accompanying notes are an integral part of these 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 leased facility in Atlanta, Georgia.

**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 support and other income 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 allowance for doubtful accounts, the fair value of investments, allocation of functional expenses and gifts in-kind.

***Comparative Financial Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

***Program Services***

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.

***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)**

***Cash and Cash Equivalents***

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

***Contributions Receivable***

Contributions receivable are stated at unpaid balances, less an allowance for doubtful receivables. Contributions receivable are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional contributions receivable that are expected to be collected within one year are recorded at net realizable 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 contributions are received. Amortization of the discounts is included in contribution revenue. The Organization had no unconditional contributions receivable that were expected to be collected in more than one year at December 31, 2022 or 2021.

The Organization provides for doubtful receivables equal to the estimated collection losses that will be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of all receivables. Management considers all outstanding accounts receivable to be fully collectible at December 31, 2022 and 2021.

***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.

***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.

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

***Net Assets (continued)***

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. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program 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 removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the 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 are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met.

***Donated Assets***

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

***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 also provide fund-raising 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, taxes and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to rent and upkeep of the facility are allocated across functional areas based on a square footage basis.

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

***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, 2022 and 2021.

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, 2022 and 2021, 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, July 20, 2023, 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.

***Recent Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the standard effective January 1, 2022. The standard did not have an impact on the Organization's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU specifies requirements for the recognition and initial measurement of contributions and disclosure requirements for contributed serves. The ASU is effective for fiscal years beginning after June 15, 2021. The Organization adopted this ASU for the year ended December 31, 2022. This change in accounting principal did not have a material impact on the financial statements.

**Atlanta Children’s Shelter, Inc.**  
**Notes to Financial Statements**

**Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

The Organization maintains its financial assets primarily in cash and cash equivalents and investments 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.

| <i>December 31,</i>   | <b>2022</b>         | 2021         |
|---|---------------------|--------------|
| Total assets at year end  | \$ 6,036,946        | \$ 6,027,405 |
| Less non-financial assets   |                     |              |
| Prepaid expenses  | (18,809)            | (48,186)     |
| Property and equipment, net   | (570,211)           | (471,039)    |
| Total financial assets at year-end  | <b>5,447,926</b>    | 5,508,180    |
| Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions |                     |              |
| Restricted by donor with purpose restrictions   | (222,475)           | (298,859)    |
| Undesignated investments not intended to be liquidated within one year  | (2,729,126)         | (3,162,568)  |
| Total amounts not available to be used within one year  | <b>(2,951,601)</b>  | (3,461,427)  |
| Financial assets available to meet cash needs for general expenditures within one year                              | <b>\$ 2,496,325</b> | \$ 2,046,753 |

The Organization is principally supported by its contributions received. The goal of the Organization is to maintain available financial assets to meet its next 90 days of operating expenses.

**Note 4: INVESTMENTS**

Investments in marketable securities consist of the following:

| <i>December 31, 2022</i>                   | Cost                | Market Value        |
|--|---------------------|---------------------|
| Mutual funds and equity securities         | \$ 1,195,772        | \$ 1,397,791        |
| Bonds and other fixed income securities    | 1,477,615           | 1,331,335           |
| Total investments in marketable securities | <b>\$ 2,673,387</b> | <b>\$ 2,729,126</b> |
| <i>December 31, 2021</i>                   | Cost                | Market Value        |
| Mutual funds and equity securities         | \$ 1,159,631        | \$ 1,679,644        |
| Bonds and other fixed income securities    | 1,415,278           | 1,482,924           |
| Total investments in marketable securities | <b>\$ 2,574,909</b> | <b>\$ 3,162,568</b> |



**Atlanta Children’s Shelter, Inc.**  
**Notes to Financial Statements**

**Note 5: PROPERTY AND EQUIPMENT**

The components of property and equipment at December 31, 2022 and 2021, are as follows:

| <i>December 31,</i>                      | Estimated Useful<br>Lives (years) | <b>2022</b>         | 2021         |
|--|-----------------------------------|---------------------|--------------|
| Leasehold improvements                   | 7-20                              | \$ <b>1,315,035</b> | \$ 1,315,035 |
| Furniture and fixtures                   | 5-7                               | <b>168,030</b>      | 94,368       |
| Vehicles                                 | 5                                 | <b>82,703</b>       | 27,023       |
| Software                                 | 5                                 | <b>196,606</b>      | 144,577      |
| Total depreciable property and equipment |                                   | <b>1,762,374</b>    | 1,581,003    |
| Less accumulated depreciation            |                                   | <b>(1,192,163)</b>  | (1,109,964)  |
| <b>Total property and equipment, net</b> |                                   | <b>\$ 570,211</b>   | \$ 471,039   |

Depreciation expense for the years ended December 31, 2022 and 2021 was approximately \$82,000 and \$61,000, respectively.

**Note 6: NET ASSETS**

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

| <i>December 31,</i>                             | <b>2022</b>       | 2021       |
|---|-------------------|------------|
| Purpose restricted                              |                   |            |
| Childcare expenses                              | \$ <b>142,003</b> | \$ 96,750  |
| Capital improvements                            | -                 | 68,742     |
| Social services expenses                        | <b>20,472</b>     | 73,367     |
| Salary bonuses                                  | <b>60,000</b>     | 60,000     |
| <b>Total net assets with donor restrictions</b> | <b>\$ 222,475</b> | \$ 298,859 |

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

| <i>December 31,</i>         | <b>2022</b>       | 2021       |
|-----------------------------|-------------------|------------|
| <b>Purpose restrictions</b> | <b>\$ 503,572</b> | \$ 304,402 |

**Atlanta Children’s Shelter, Inc.**  
**Notes to Financial Statements**

**Note 7: CONTRIBUTIONS IN-KIND**

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

The components of donated space, services and goods contributed to the Organization consists of the following for the years ended December 31, 2022 and 2021:

| <i><b>For the year ended December 31, 2022</b></i> | Donated<br>Space  | Donated<br>Goods | Total             |
|--|-------------------|------------------|-------------------|
| Program services                                   |                   |                  |                   |
| Rent   | \$ 182,095        | \$ -             | \$ 182,095        |
| Supplies   | -                 | 6,439            | 6,439             |
| Gift Cards   | -                 | 5,315            | 5,315             |
| <b>Total contributed space, services and goods</b> | <b>\$ 182,095</b> | <b>\$ 11,754</b> | <b>\$ 193,849</b> |

| <i><b>For the year ended December 31, 2021</b></i> | Donated<br>Space  | Donated<br>Goods | Total             |
|--|-------------------|------------------|-------------------|
| Program services                                   |                   |                  |                   |
| Rent   | \$ 182,095        | \$ -             | \$ 182,095        |
| Supplies   | -                 | 8,176            | 8,176             |
| Gift Cards   | -                 | 8,810            | 8,810             |
| <b>Total contributed space, services and goods</b> | <b>\$ 182,095</b> | <b>\$ 16,986</b> | <b>\$ 199,081</b> |

Donated space is valued at the fair value of similar properties available in commercial real estate listings.

**Note 8: 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.

**Atlanta Children’s Shelter, Inc.**  
**Notes to Financial Statements**

**Note 8: FAIR VALUE MEASUREMENTS (Continued)**

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, 2022 and 2021. All have been valued using Level 1 inputs.

*Corporate 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.

*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.

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.

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

| <b><i>December 31, 2022</i></b>         | Level 1             | Level 2     | Level 3     | Total               |
|---|---------------------|-------------|-------------|---------------------|
| Mutual funds and equity securities      | \$ 2,033,649        | \$ -        | \$ -        | \$ <b>2,033,649</b> |
| Bonds and other fixed income securities | 695,477             | -           | -           | <b>695,477</b>      |
| <b>Total investments at fair value</b>  | <b>\$ 2,729,126</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,729,126</b> |
| <hr/>                                   |                     |             |             |                     |
| <b><i>December 31, 2021</i></b>         | Level 1             | Level 2     | Level 3     | Total               |
| Mutual funds and equity securities      | \$ 2,325,826        | \$ -        | \$ -        | \$ 2,325,826        |
| Bonds and other fixed income securities | 836,742             | -           | -           | 836,742             |
| <b>Total investments at fair value</b>  | <b>\$ 3,162,568</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 3,162,568</b> |

**Note 8: FAIR VALUE MEASUREMENTS (Continued)**

***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, 2022 and 2021, there were no significant transfers in or out of Levels 1, 2 or 3.

**Note 9: CONCENTRATIONS OF CREDIT RISK**

The Organization maintains cash deposits with financial institutions at December 31, 2022 and 2021 in excess of federally insured limits of \$716,606 and \$198,535 respectively.

**Note 10: 403(b) TAX DEFERRED ANNUITY**

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, 2022 and 2021, the Organization made matching contributions of approximately \$11,000.