



**CHILDREN'S DEVELOPMENT ACADEMY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2023 AND 2022**



**BRADY WARE**  
& SCHOENFELD

## TABLE OF CONTENTS

---

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 19
<b>OTHER INFORMATION REQUIRED BY THE STATE OF GEORGIA</b>	
Independent Auditors' Report on Other Information	20
Schedule of State Contractual Assistance	21



**BRADY WARE**  
& SCHOENFELD

## INDEPENDENT AUDITORS' REPORT

---

To the Board of Directors  
**Children's Development Academy**

### Opinion

We have audited the accompanying financial statements of **Children's Development Academy** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 **Children's Development Academy** as of June 30, 2023 and 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Children's Development Academy** 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 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 **Children's Development Academy's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

3601 Rigby Road • Suite 400 • Dayton, Ohio • 45342-4981  
2206 Chester Blvd. • Richmond, Indiana • 47374-1219  
3 Easton Oval • Suite 300 • Columbus, Ohio • 43219-6287  
11175 Cicero Drive • Suite 300 • Alpharetta, Georgia • 30022-1166

[www.bradyware.com](http://www.bradyware.com)

## INDEPENDENT AUDITORS' REPORT - CONTINUED

---

### 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, including omissions, 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 **Children's Development Academy'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 **Children's Development Academy'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.



Atlanta, Georgia  
October 30, 2023

**CHILDREN'S DEVELOPMENT ACADEMY****STATEMENTS OF FINANCIAL POSITION****JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 723,771	\$ 759,813
Grants receivable	141,832	42,700
Other receivable	-	160,495
Prepaid expenses	<u>22,077</u>	<u>13,763</u>
Total current assets	887,680	976,771
PROPERTY AND EQUIPMENT, NET	1,944,482	2,046,657
INVESTMENTS	<u>204,825</u>	<u>202,084</u>
	<u>\$ 3,036,987</u>	<u>\$ 3,225,512</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 17,939	\$ 17,673
Accrued payroll and related expenses	80,550	54,349
Deferred revenue and refundable advances	<u>5,775</u>	<u>100,667</u>
Total current liabilities	<u>104,264</u>	<u>172,689</u>
NET ASSETS:		
Without donor restrictions	2,704,656	2,819,360
With donor restrictions	<u>228,067</u>	<u>233,463</u>
Total net assets	<u>2,932,723</u>	<u>3,052,823</u>
	<u>\$ 3,036,987</u>	<u>\$ 3,225,512</u>

**CHILDREN'S DEVELOPMENT ACADEMY**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2023**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Government grants and contracts	\$ 1,397,668	\$ -	\$ 1,397,668
Foundation grants	106,972	-	106,972
United Way	3,772	-	3,772
Contributions	192,340	175,432	367,772
Tuition and fees net of scholarships and discounts of \$728,721	240,488	-	240,488
Contributions of non-financial assets	119,652	-	119,652
Rental income	55,100	-	55,100
Net investment gain	19	743	762
Net realized and unrealized gain on investments	-	14,148	14,148
Special events	363,618	-	363,618
Other revenue	3,814	-	3,814
Net assets released from restrictions:	<u>195,719</u>	<u>(195,719)</u>	<u>-</u>
Total revenues, gains and other support	<u>2,679,162</u>	<u>(5,396)</u>	<u>2,673,766</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services	2,085,903	-	2,085,903
Supporting services			
Fundraising	345,287	-	345,287
General and administrative	<u>362,676</u>	<u>-</u>	<u>362,676</u>
Total functional expenses	<u>2,793,866</u>	<u>-</u>	<u>2,793,866</u>
<b>CHANGE IN NET ASSETS</b>	(114,704)	(5,396)	(120,100)
<b>NET ASSETS</b>			
Beginning of year	<u>2,819,360</u>	<u>233,463</u>	<u>3,052,823</u>
End of year	<u>\$ 2,704,656</u>	<u>\$ 228,067</u>	<u>\$ 2,932,723</u>

**CHILDREN'S DEVELOPMENT ACADEMY**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2022**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Government grants and contracts	\$ 1,338,462	\$ -	\$ 1,338,462
Foundation grants	147,231	-	147,231
United Way	2,889	-	2,889
Contributions	240,852	64,600	305,452
Tuition and fees net of scholarships and discounts of \$776,015	255,068	-	255,068
Contributions of non-financial assets	146,559	-	146,559
Rental income	53,866	-	53,866
Net investment gain (loss)	22	(1,052)	(1,030)
Net realized and unrealized loss on investments	-	(27,653)	(27,653)
Funding from government agency	450,395	-	450,395
Special events	304,370	-	304,370
Other revenue	16,536	-	16,536
Net assets released from restrictions:	<u>69,831</u>	<u>(69,831)</u>	<u>-</u>
Total revenues, gains and other support	<u>3,026,081</u>	<u>(33,936)</u>	<u>2,992,145</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services	1,973,341	-	1,973,341
Supporting services			
Fundraising	338,967	-	338,967
General and administrative	<u>327,338</u>	<u>-</u>	<u>327,338</u>
Total functional expenses	<u>2,639,646</u>	<u>-</u>	<u>2,639,646</u>
<b>CHANGE IN NET ASSETS</b>	386,435	(33,936)	352,499
<b>NET ASSETS</b>			
Beginning of year	<u>2,432,925</u>	<u>267,399</u>	<u>2,700,324</u>
End of year	<u>\$ 2,819,360</u>	<u>\$ 233,463</u>	<u>\$ 3,052,823</u>

**CHILDREN'S DEVELOPMENT ACADEMY**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2023**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>Fundraising</b>	<b>General and Administrative</b>	
In-kind:				
Supplies and other goods	\$ 83,545	\$ 31,480	\$ -	\$ 115,025
Professional services	-	-	4,627	4,627
Total In-kind	83,545	31,480	4,627	119,652
Salaries	1,359,163	185,766	181,106	1,726,035
Payroll taxes and benefits	191,417	24,380	29,002	244,799
Food	93,651	-	-	93,651
Insurance	15,944	981	7,604	24,529
Janitorial services	30,614	1,884	14,601	47,099
Repairs and maintenance	41,292	393	4,323	46,008
Utilities	28,908	1,779	13,787	44,474
Telephone	7,525	1,048	953	9,526
Supplies	105,573	6	595	106,174
Small equipment expense	8,204	1,026	1,026	10,256
Printing and postage	-	342	526	868
Training and professional development	5,124	-	1,145	6,269
Technology	14,024	1,778	2,511	18,313
Professional fees	-	-	43,459	43,459
Marketing and promotion	72	3,700	8,770	12,542
Dues and subscriptions	1,334	496	5,377	7,207
Travel	324	-	-	324
Other expenses	11,050	3,120	530	14,700
Special events	-	81,684	698	82,382
Depreciation	88,139	5,424	42,036	135,599
Total functional expenses	\$ 2,085,903	\$ 345,287	\$ 362,676	\$ 2,793,866
Percent of total	75%	12%	13%	100%



**CHILDREN'S DEVELOPMENT ACADEMY**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2022**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>Fundraising</b>	<b>General and Administrative</b>	
In-kind:				
Program supplies	\$ 98,199	\$ 38,860	\$ -	\$ 137,059
Professional services	<u>3,861</u>	<u>468</u>	<u>5,171</u>	<u>9,500</u>
Total In-kind	<u>102,060</u>	<u>39,328</u>	<u>5,171</u>	<u>146,559</u>
Salaries	1,256,479	152,576	171,876	1,580,931
Payroll taxes and benefits	197,860	20,871	29,510	248,241
Food	85,465	-	-	85,465
Insurance	7,424	1,077	3,751	12,252
Janitorial services	25,638	1,578	12,227	39,443
Repairs and maintenance	28,918	1,780	13,792	44,490
Utilities	30,390	1,870	14,494	46,754
Telephone	6,309	799	878	7,986
Supplies	116,242	2,115	1,865	120,222
Printing and postage	-	428	174	602
Training and professional development	4,740	-	1,243	5,983
Technology	12,853	3,183	1,864	17,900
Professional fees	-	-	22,059	22,059
Marketing and promotion	124	3,094	1,018	4,236
Dues and subscriptions	760	2,872	4,482	8,114
Travel	338	-	-	338
Other expenses	9,014	1,948	2,605	13,567
Special events	4,165	100,244	-	104,409
Depreciation	<u>84,562</u>	<u>5,204</u>	<u>40,329</u>	<u>130,095</u>
Total functional expenses	<u>\$ 1,973,341</u>	<u>\$ 338,967</u>	<u>\$ 327,338</u>	<u>\$ 2,639,646</u>
Percent of total	<u>75%</u>	<u>13%</u>	<u>12%</u>	<u>100%</u>

**CHILDREN'S DEVELOPMENT ACADEMY**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (120,100)	\$ 352,499
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	135,599	130,095
Net realized and unrealized (gains) losses on investments	(14,148)	27,653
Paycheck Protection Program loan forgiveness	<u>-</u>	<u>(289,900)</u>
	1,351	220,347
Changes in operating assets and liabilities:		
Grants receivable	(99,132)	4,997
Other receivable	160,495	(160,495)
Prepaid expenses	(8,314)	5,859
Accounts payable	266	(20,618)
Accrued payroll and related expenses	26,201	19,399
Deferred revenue and refundable advances	<u>(94,892)</u>	<u>58,502</u>
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>(14,025)</u>	<u>127,991</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	15,077	15,581
Purchases of investments	(3,670)	(2,382)
Purchases of property and equipment	<u>(33,424)</u>	<u>(189,090)</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>(22,017)</u>	<u>(175,891)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(36,042)</b>	<b>(47,900)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>759,813</u>	<u>807,713</u>
End of year	<u><b>\$ 723,771</b></u>	<u><b>\$ 759,813</b></u>

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Children's Development Academy** (the Academy) is a Georgia nonprofit organization which was formed in 1968 to provide high-quality learning programs to children whose families otherwise couldn't afford it. The Academy provides preschool to kindergarten class education and receives grants and contributions for tuition scholarships. The Academy's primary programs are as follows:

**Children's Center** - provides NAEYC (National Association for the Education of Young Children) accredited full-day early care and learning programs five days per week for toddlers and preschoolers, as well as under the Georgia Pre-K program for four-year olds. In all, there are ten classes serving over 165 children.

**Community Center** - as directed in its original charter, the Academy leases space in its CDA Community Center facility to other nonprofits, making the Center a focal point for charitable activities in North Fulton County. During 2023 and 2022, other nonprofit organizations leased space in the Center. They include organizations which provide housing alternatives to families at risk of homelessness, and The Grove Way Community Group, the oldest nonprofit in Roswell, that provides assistance to the elderly and youth in the community, and a church.

In April 2023, the organization changed its name from North Fulton Child Development Association, Inc. d/b/a Children's Development Academy to **Children's Development Academy**

**Basis of Presentation** - The financial statement presentation follows the recommendations of generally accepted accounting principles. The Academy 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.

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These net assets may be used at the discretion of Academy management or designated by the board of directors.

**Net Assets With Donor Restrictions** - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Financial Estimates** - The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities are summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include telephone, supplies, printing and postage, technology, professional fees, marketing and promotion, dues and subscriptions, travel and other expenses, which are allocated based on estimates of how the expenses support the programs and supporting services. Insurance, janitorial services, repairs and maintenance, utilities, and depreciation are allocated on a square foot basis. Lastly, salaries, payroll and related expenses, not directly charged, are allocated based on estimates of time and effort. The tenant's portion of insurance, janitorial services, repairs and maintenance and supplies are included in administrative expenses.

**Contributions and Revenue** - Contributions received are recorded as support and revenue without donor restrictions and with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional grants are recorded as revenue in the year the conditions are met. The continuation of the grants is subject to certain requirements.

The Academy recognized revenue for certain services received at the fair value of those services. These services include professional services that require specialized skill and services that create a non-financial asset. Donations of nonfinancial assets are recorded as contributions at their estimated fair value at the date of donation.

The Academy receives donated services from unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition have not been satisfied.

**Concentration of Credit Risk** - Financial instruments which potentially subject the Academy to concentrations of credit risk consist principally of cash and investments. The Academy's investment policies provide for the investment of excess cash balances in deposits with major institutions and in other high quality short-term liquid money market instruments. The Academy maintains cash balances at three financial institutions. At various times during 2023 and 2022, the cash balance was in excess of FDIC insured limits.

The exposure to concentrations of credit risk relative to the Academy's investments is limited due to the Academy's investment objectives and policies which require, among other things, that securities be diversified, meet certain quality criteria, and utilize only high credit quality institutions for investments. The investments are not insured for market risk.

**Cash and Cash Equivalents** - The Academy considers all highly liquid investments with a maturity of three months or less when at the date of acquisition to be cash equivalents.

**Allowance for Doubtful Accounts** - The Academy uses an allowance method to determine uncollectible contracts and other receivables. The allowance is based on prior years' experience and management's analysis of specific promises made and amounts billed and to be reimbursed. All contract and other receivables were considered collectible at June 30, 2023 and 2022, and accordingly, no allowance for doubtful accounts was recorded.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Grants receivable** - Grants receivable represent amounts awarded by various government agencies as well as non-government entities. Grants receivable are due within one year and are recorded at their net realizable value.

**Investments** - Investments in marketable securities with readily determinable fair values are reported at fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets.

**Property and Equipment** - Property and equipment are stated at cost or if donated, at estimated fair value at time of donation. The Academy follows the practice of capitalizing all expenditures and donations of property and equipment in excess of \$1,000 and with an estimated useful life greater than one year. Depreciation is computed by the straight-line method over the estimated useful lives as stated below. At June 30, 2023 the estimated useful lives of property and equipment were as follows:

Building	40 Years
Leasehold improvements	7 - 40 Years
Furniture, fixtures and equipment	5 - 15 Years

The Academy reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at June 30, 2023 and 2022.

**Deferred Revenue and Refundable Advances** - Deferred revenue and refundable advances primarily represent funds received for programs and services to be conducted in the next fiscal year. Certain grants require the Academy to perform specific services to earn the related revenue. In some cases, cash payments are received from the grantor in advance of the Academy performing the related services. Deferred revenue and refundable advances are recognized as revenue in the statement of activities in the year when earned.

**Grants and Contracts** - The Academy received approximately 52% and 50% of its funding through the Georgia Department of Early Care and Learning for the years 2023 and 2022. For the year 2023, approximately 70% of the Academy's accounts receivable was from those government agencies. Receivables arise from fees for services provided under and to a lesser extent, reimbursement owed through these government contracts. The Academy's ability to collect amounts due is affected by the outside agencies' acceptance of reimbursable expenses and performance-based outcomes, which meet contract requirements. Programs service fees and payments under cost reimbursable grants received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred.

In addition, the Academy depends heavily on grants and contributions for its revenue. The ability of certain of the Academy's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon overall economic conditions. While the Academy's Board of Directors believes the Academy has the resources to continue its program, its ability to do so and the extent to which it continues may be dependent on the above factors.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Rental Income** - Rental income is recognized when earned. The Academy leases space to various other nonprofit organizations.

**Income Taxes** - The Academy is a nonprofit organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is presented in these financial statements. The Academy is not considered to be a private foundation.

**Uncertainty in Tax Positions** - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Academy's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Academy has taken any material uncertain tax positions, including any position that would place the Academy's exempt status in jeopardy, as of June 30, 2023 and 2022.

**Reclassifications** - Certain prior year amounts have been reclassified to conform with current year presentation.

**Subsequent Events** - The Academy has evaluated subsequent events through October 30, 2023, the date the financial statements were available to be issued.

**NOTE 2 - REVENUE RECOGNITION**

The Academy derives its revenue primarily from contributions, grants, tuition and fees, rental income, and special events. Contributions and grants are accounted for under contribution guidance established by ASU 2018-08. The Academy conducts classes year-round. Tuition and fees are received for students enrolled. Tuition and fees are recognized as classroom learning and related activities are delivered to students, and financial aid provided, by the Academy, to students reduces the amount of revenue recognized. Rental income is recognized monthly as the benefits of the property usage is consumed and special events revenue is recognized at the time of the event, in amounts that reflect the consideration the Academy expects to be entitled to and in exchange for the value provided from the goods sold and benefit received during the event. Sales and other taxes the Academy collects concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contracts are recognized as expense. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year.

The Academy's contracts are cancelable at any time by either party. Students may withdraw at any time but generally do not receive a refund of amounts paid, except under special circumstances. Tuition payments are typically due weekly, rental income is typically due monthly and registrations for special events are typically due before the scheduled event. Payment terms can vary based on the entity that is paying. The Academy does not have any significant financing components. There is no variable consideration related to services provided.

## CHILDREN'S DEVELOPMENT ACADEMY

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 2 - REVENUE RECOGNITION - CONTINUED

Contract assets consist of other receivables in connection with sponsorship revenue for special events, and contract liabilities consist of unearned sponsorship revenue at June 30, 2023 and 2022. At July 1, 2021, other receivables was \$0 and unearned revenue totaled \$42,163.

Disaggregation of revenue from contracts with customers for the years ended June 30, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Tuition and fees, net of scholarships and discounts	\$ 240,488	\$ 255,068
Rental income	55,100	53,866
Special events	<u>363,618</u>	<u>304,370</u>
Performance obligations satisfied at a point in time	<u>\$ 659,206</u>	<u>\$ 613,304</u>

#### NOTE 3 - DEFERRED REVENUE AND REFUNDABLE ADVANCES

Deferred revenue and refundable advances consist of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Daycare deposits	\$ 5,775	\$ -
Deferred revenue	-	27,750
Refundable advances on grants	<u>-</u>	<u>72,917</u>
Total deferred revenue and refundable advances	<u>\$ 5,775</u>	<u>\$ 100,667</u>

#### NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Academy is substantially supported by grants, contracts, tuition, fees, contributions, special events revenues, and rental income. The Academy also receives contributions with donor restrictions for various programs as well as for scholarships and capital projects. Because a donor's restrictions require funds to be used in a particular manner or in a future period, the Academy maintains those funds with donor restrictions so that they are available to meet those responsibilities as they are required to be met. Accordingly, these financial assets are not available to the Academy for its general expenditures. General expenditures may be incurred for program, fundraising, or administrative purposes.

## CHILDREN'S DEVELOPMENT ACADEMY

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - CONTINUED

The Academy monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of its excess operating cash. The Academy has the following financial assets less those unavailable for general expenditure within one year from the date of the financial statements.

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash and cash equivalents	\$ 723,771	\$ 759,813
Grants receivable	141,832	42,700
Other receivable	-	160,495
Investments	<u>204,825</u>	<u>202,084</u>
	1,070,428	1,165,092
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions	<u>228,067</u>	<u>233,463</u>
Financial assets available within one year of statement of financial position date for general expenditure	<u>\$ 842,361</u>	<u>\$ 931,629</u>

In addition to financial assets available to meet general expenditures over the year, the Academy anticipates covering its general expenditures by collecting tuition and fees, grants and contributions, rental income, proceeds from special events and by appropriating the investment return on its investments and in accordance with the spending policy of the endowment.

#### NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment, net consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 152,585	\$ 152,585
Building	4,049,272	4,022,988
Furniture, fixtures, and equipment	<u>250,752</u>	<u>243,612</u>
	4,452,609	4,419,185
Less accumulated depreciation	<u>(2,508,127)</u>	<u>(2,372,528)</u>
Total property and equipment, net	<u>\$ 1,944,482</u>	<u>\$ 2,046,657</u>

In 1978, in connection with grants received from various foundations to fund construction, the Academy transferred title to the original land and building of the CDA Community Center to the Community Foundation of Greater Atlanta (Foundation) in an agreement to lease these assets back under a \$1 per year lease. The purpose of this arrangement was to ensure this property will always be used for the charitable purposes of the Academy. All costs of operating and maintaining the facility remain with the Academy, and neither the Academy nor the Foundation may enter into any arrangement which places a lien on the property. In April 2007, the lease was amended and expires December 31, 2106. Because of the terms of the agreement, as well as the intent of the parties for the rights and obligations to remain with the Academy, these assets were and are continued to be carried on the books of the Academy at original cost, less depreciation. Depreciation expense was \$135,599 and 130,095 for the years ended June 30, 2023 and 2022.



## CHILDREN'S DEVELOPMENT ACADEMY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 6 - FAIR VALUE MEASUREMENTS

The fair value of the Academy's assets measured on a recurring basis at June 30, 2023 and 2022 are as follows:

	2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 14,614	\$ -	\$ -	\$ 14,614
Equities	121,162	-	-	121,162
Fixed income	54,787	-	-	54,787
Other exchange traded funds	<u>14,262</u>	<u>-</u>	<u>-</u>	<u>14,262</u>
Total	<u>\$ 204,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,825</u>

  

	2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 24,801	\$ -	\$ -	\$ 24,801
Equities	100,488	-	-	100,488
Fixed income	51,543	-	-	51,543
Other exchange traded funds	<u>25,252</u>	<u>-</u>	<u>-</u>	<u>25,252</u>
Total	<u>\$ 202,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,084</u>

The Academy's assets carried at fair value are classified and disclosed in one of the following categories:

Level 1 - Valuations are based on quoted market prices in active markets for identical assets.

Level 2 - Valuations are based on observable market information, including quoted prices from actual market transactions for similar assets in markets that are not active.

Level 3 - Fair values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about the assumptions market participants would use in pricing the investments. The Academy had no Level 3 assets at June 30, 2023 and 2022.

The fair values of *money market funds, equity funds, fixed income and exchange traded funds* are based on quoted market prices.

#### NOTE 7 - FUNDING FROM GOVERNMENT AGENCIES

During February 2021, the Academy received a \$289,900 loan from the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP), which was established to assist with operating cash flow during the global coronavirus pandemic. The Academy believes it has used the loan proceeds for purposes consistent with the PPP. In July 2021, the Academy was notified that the full balance of the second PPP loan was forgiven and included in funding from government agency on the statement of activities.

## CHILDREN'S DEVELOPMENT ACADEMY

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 7 - FUNDING FROM GOVERNMENT AGENCIES - CONTINUED

The Academy was closed due to government shutdown during the pandemic. Due to the shutdown the Academy qualified for the Employee Retention Credit ("ERC"). The ERC was provided for under the CARES Act, including subsequent amendments. For the year 2021, the ERC was equal to 70% of qualified wages paid to employees during a qualifying quarter, capped at \$10,000 of qualified wages per employee. This payroll tax credit was available to offset certain employment taxes with any excess being refunded. The ERC for 2021 was \$160,495 and is reported as other receivables on the statement of financial position and included in funding from government agency on the statement of activities. The refund was received in December 2022.

#### NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of funds the Academy has received subject to donor-imposed restrictions and consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net Assets with Purpose Restrictions		
Building improvements	\$ 17,500	\$ 17,500
Tuition scholarships	54,806	52,084
Program supplies	<u>5,761</u>	<u>13,879</u>
Total net assets with purpose restrictions	78,067	83,463
Net Assets Perpetual in Nature		
Tuition assistance	<u>150,000</u>	<u>150,000</u>
Total net assets with donor restrictions	<u>\$ 228,067</u>	<u>\$ 233,463</u>

#### NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Tuition assistance and scholarships	\$ 157,150	\$ 42,147
Staff and teacher positions	12,500	10,000
Building improvements	-	3,600
COVID support	-	8,703
Special events	12,500	-
Program supplies	<u>13,569</u>	<u>5,381</u>
Net assets released from restrictions	<u>\$ 195,719</u>	<u>\$ 69,831</u>

## CHILDREN'S DEVELOPMENT ACADEMY

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 10 - ENDOWMENT NET ASSETS

The Academy follows the requirements of Georgia's Uniform Prudent Management of Institutional Funds Act (the Act). The Academy is required to evaluate any gift instruments and related information to determine the intentions of the donor. The Academy classifies gifts that are not immediately expendable as either net assets with purpose restrictions or net assets perpetual in nature, depending on the restrictions that the donor has imposed. Net assets perpetual in nature for both of the years 2023 and 2022 was \$150,000 and was comprised of funds the Academy received to establish an endowment for need-based tuition assistance.

##### Investment and Spending Policies

The endowment is overseen by a committee comprised of various Board and Finance Committee members as well as community representatives appointed by the Board of Directors. The endowment is currently being managed by an investment advisor under the Finance Committee's oversight, using a long term growth and income strategy.

The assets are donor restricted for tuition, preferably for Hispanic and Latino children. Income from this endowment may be disbursed for the restricted purpose. The Endowment Committee of the Academy has determined that no funds will be appropriated for scholarships until a minimum balance of \$175,000 is achieved. At such time, the greater of 5% of the previous year-end fund balance or the income generated by the fund for the previous year is available for appropriation. When funds are available under this policy, the Academy's Board will review tuition requests and determine whether they are consistent with donor intentions.

The following table shows the change in donor-restricted endowment net assets for the years ended June 30, 2023 and 2022:

	2023		2022	
	Net Assets With Purpose Restrictions	Net Assets Perpetual In Nature	Net Assets With Purpose Restrictions	Net Assets Perpetual In Nature
Beginning of year	\$ 52,084	\$ 150,000	\$ 92,936	\$ 150,000
Distributions	(12,150)	-	(12,147)	-
Investment return:				
Net investment gain (loss)	743	-	(1,052)	-
Net realized and unrealized gains (loss)	14,148	-	(27,653)	-
Total investment return	14,891	-	(28,705)	-
End of year	\$ 54,825	\$ 150,000	\$ 52,084	\$ 150,000

#### NOTE 11 - RETIREMENT PLAN

The Academy has a 401(K) Safe Harbor plan for its employees. Under this plan, the Academy makes a safe harbor matching contribution equal to 100% of the first 3% of the employee's eligible earnings that are deferred as an elective deferral, and an additional 50% contribution on the next 2% of the employee's eligible earnings that are deferred as an elective deferral. Employer contributions for the years 2023 and 2022 totaled \$54,576 and \$54,380.

## CHILDREN'S DEVELOPMENT ACADEMY

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 12 - RENTAL INCOME

The Academy sub-leases space in its building to various other nonprofit organizations. Average monthly rental income approximates \$4,354 and \$4,300 for the years 2023 and 2022. The future minimum rental income expected to be received under the leases is as follows:

Years ended June 30

2024	\$	48,850
2025		40,600
2026		24,000
2027		<u>2,000</u>
	\$	<u>115,450</u>

#### NOTE 13 - COMMITMENTS AND CONTINGENCIES

Certain grants and contracts often require fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of the Academy deems the contingency unlikely. The grants and contracts are subject to audit by the grantor, or in the case of federal, state or local funds, the related governmental unit or agency. They have the authority to determine liabilities or limit or suspend participation in the various sponsored programs.

#### NOTE 14 - RELATED PARTY TRANSACTIONS

Three members of the Board of Directors were employed by separate banks in which the Academy held cash accounts totaling \$401,390 and \$759,813 at June 30, 2023 and 2022. For the years 2023 and 2022, the Academy paid a company \$26,184 and \$118,395 for property improvements. This company is owned by an employee of the Academy.

#### NOTE 15 - STUDENT SCHOLARSHIP ORGANIZATION FUNDING

The School has an agreement with Apogee Georgia School Choice Scholarship Fund ("Apogee"), a 501(c)(3) tax-exempt organization and a registered student scholarship organization ("SSO"), wherein both the School and Apogee solicit amounts from donors in the State of Georgia as part of the Georgia Private School Tax Credit Program. Under this law, taxpayers may make a contribution up to \$2,500 to a SSO and effectively redirect a portion of their Georgia income tax dollars to a school participating in the SSO and receive a "dollar for dollar" Georgia tax credit equal to the amount of their donation, provided the taxpayer itemizes.

Participation is subject to approval from the Georgia Department of Revenue and is subject to annual program dollars of availability of the tax credits by the Georgia General Assembly. Funds contributed to Apogee and designated for the Academy are held in trust by Apogee until scholarship awards are approved and disbursed to eligible students. When received, the Academy recognizes this as tuition revenue in the school year to which it relates.

At June 30, 2023 and 2022, Apogee held contributions totaling approximately \$20,368 and \$30,941 for the Academy students.

## CHILDREN'S DEVELOPMENT ACADEMY

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 16 - CONTRIBUTIONS OF NON-FINANCIAL ASSETS

	<u>2023</u>	<u>2022</u>
Silent auction items	\$ 31,480	\$ 38,860
School supplies, toys, food and other supplies	83,545	98,199
Professional services	<u>4,627</u>	<u>9,500</u>
	<u>\$ 119,652</u>	<u>\$ 146,559</u>

The Academy recognized contributed school supplies, toys, food and other supplies, auction items for fundraising events, and professional services.

School supplies, toys, food, other supplies are distributed to students and their families and used in educational programs, and are valued based on the estimated current market price on the date of the donation.

Silent auction items are sold during fundraising events to raise cash to support the school and provide tuition assistance. Silent auction items are valued based on the estimated current market price on the date of the donation.

Professional services consist of professional hours donated in connection with speaker fees, marketing, and promotional services in connection with the Academy's logo and design, and photography services and audio visual services for fundraising event. Professional services are valued based on the estimated current market price at the date of donation.



**BRADY WARE**  
& SCHOENFELD

## INDEPENDENT AUDITORS' REPORT ON OTHER INFORMATION

---

To the Board of Directors  
**Children's Development Academy**

We have audited the financial statements of **Children's Development Academy** for the year ended June 30, 2023, and have issued our report thereon dated October 30, 2023, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of state contractual assistance is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Brady, Ware & Schoenfeld, Inc.*

Atlanta, Georgia  
October 30, 2023

3601 Rigby Road • Suite 400 • Dayton, Ohio • 45342-4981  
2206 Chester Blvd. • Richmond, Indiana • 47374-1219  
3 Easton Oval • Suite 300 • Columbus, Ohio • 43219-6287  
11175 Cicero Drive • Suite 300 • Alpharetta, Georgia • 30022-1166

[www.bradyware.com](http://www.bradyware.com)

**CHILDREN'S DEVELOPMENT ACADEMY**

**SCHEDULE OF STATE CONTRACTUAL ASSISTANCE**

**YEAR NEEDED JUNE 30, 2023**

<u>Program</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Amount Due From Agency</u>
Bright from the Start: Georgia and Learning: Pre-K Program	\$ 321,528	\$ 352,181	\$ 30,653
Bright from the Start: Georgia Department of Early Care and Learning: Rising K Program	-	26,300	26,300
Bright from the Start: Georgia Department of Early Care and Learning: Rising Pre-K Program	-	52,600	52,600
Bright from the Start: Georgia Department of Early Care and Learning: Child Care and Parent Services Program	348,436	348,436	-
Georgia Department of Early Care and Learning: Technology Grant	956	956	-
Apogee Georgia School Choice Scholarship Fund	30,000	30,000	-
Georgia Department of Early Care and Learning: CACFP	132,399	132,399	
Bright from the Start: Georgia Department of Early Care and Learning: Stable Grant	<u>372,456</u>	<u>372,456</u>	<u>-</u>
Total State Contractual Assistance	<u>\$ 1,205,775</u>	<u>\$ 1,315,328</u>	<u>\$ 109,553</u>