



**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



TABLE OF CONTENTS

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



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, 2024 and 2023, and the related statements of activities and changes in net assets, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 audits. 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.

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
December 20, 2024

CHILDREN'S DEVELOPMENT ACADEMY**STATEMENTS OF FINANCIAL POSITION****JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 535,348	\$ 723,771
Grants receivable	47,190	141,832
Prepaid expenses	<u>13,080</u>	<u>22,077</u>
Total current assets	595,618	887,680
PROPERTY AND EQUIPMENT, NET	1,842,092	1,944,482
INVESTMENTS	<u>521,731</u>	<u>204,825</u>
	<u>\$ 2,959,441</u>	<u>\$ 3,036,987</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 107,689	\$ 17,939
Accrued payroll and related expenses	66,558	173,158
Deferred revenue and refundable advances	<u>133,749</u>	<u>5,775</u>
Total current liabilities	<u>307,996</u>	<u>196,872</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	1,868,341	2,162,048
Designated	<u>450,000</u>	<u>450,000</u>
Total without donor restrictions	2,318,341	2,612,048
With donor restrictions	<u>333,104</u>	<u>228,067</u>
Total net assets	<u>2,651,445</u>	<u>2,840,115</u>
	<u>\$ 2,959,441</u>	<u>\$ 3,036,987</u>

CHILDREN'S DEVELOPMENT ACADEMY

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Government grants and contracts	\$ 1,234,976	\$ -	\$ 1,234,976
Foundation grants	157,543	-	157,543
Contributions	479,100	349,549	828,649
Contributions for capital improvements	-	49,470	49,470
Tuition and fees net of scholarships and discounts of \$1,272,045	329,016	-	329,016
Contributions of non-financial assets	155,894	-	155,894
Rental income	55,250	-	55,250
Net investment gain	53	1,508	1,561
Net realized and unrealized gains on investments	-	21,298	21,298
Special events	92,350	-	92,350
Other revenue	12,303	-	12,303
Net assets released from restrictions:	<u>316,788</u>	<u>(316,788)</u>	<u>-</u>
Total revenues, gains and other support	<u>2,833,273</u>	<u>105,037</u>	<u>2,938,310</u>
FUNCTIONAL EXPENSES			
Program services	2,424,903	-	2,424,903
Supporting services			
Fundraising	415,662	-	415,662
General and administrative	<u>286,415</u>	<u>-</u>	<u>286,415</u>
Total functional expenses	<u>3,126,980</u>	<u>-</u>	<u>3,126,980</u>
CHANGE IN NET ASSETS	(293,707)	105,037	(188,670)
NET ASSETS			
Beginning of year, as previously reported	2,704,656	228,067	2,932,723
Prior period adjustment (See Note 17)	<u>(92,608)</u>	<u>-</u>	<u>(92,608)</u>
Beginning of year, as restated	<u>2,612,048</u>	<u>228,067</u>	<u>2,840,115</u>
End of year	<u>\$ 2,318,341</u>	<u>\$ 333,104</u>	<u>\$ 2,651,445</u>

CHILDREN'S DEVELOPMENT ACADEMY

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS - AS RESTATED

YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Government grants and contracts	\$ 1,397,668	\$ -	\$ 1,397,668
Foundation grants	106,972	-	106,972
United Way	3,772	-	3,772
Contributions	448,816	175,432	624,248
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 gains on investments	-	14,148	14,148
Special events	107,142	-	107,142
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>
FUNCTIONAL EXPENSES			
Program services	2,158,824	-	2,158,824
Supporting services			
Fundraising	355,255	-	355,255
General and administrative	<u>372,395</u>	<u>-</u>	<u>372,395</u>
Total functional expenses	<u>2,886,474</u>	<u>-</u>	<u>2,886,474</u>
CHANGE IN NET ASSETS	(207,312)	(5,396)	(212,708)
NET ASSETS			
Beginning of year	<u>2,819,360</u>	<u>233,463</u>	<u>3,052,823</u>
End of year	<u>\$ 2,612,048</u>	<u>\$ 228,067</u>	<u>\$ 2,840,115</u>

CHILDREN'S DEVELOPMENT ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services		Total
		Fundraising	General and Administrative	
In-kind:				
Supplies and other goods	\$ 109,182	\$ 37,070	\$ -	\$ 146,252
Professional services	<u>120</u>	<u>862</u>	<u>660</u>	<u>1,642</u>
Total In-kind	<u>109,302</u>	<u>37,932</u>	<u>660</u>	<u>147,894</u>
Salaries	1,666,088	218,093	160,219	2,044,400
Payroll taxes and benefits	197,032	33,526	26,711	257,269
Food	107,054	-	-	107,054
Insurance	24,283	1,494	11,581	37,358
Janitorial services	35,681	9,641	9,640	54,962
Repairs and maintenance	18,515	536	4,199	23,250
Utilities	48,680	4,383	4,384	57,447
Telephone	8,150	994	795	9,939
Supplies	549	585	585	1,719
Instructional materials	72,811	-	-	72,811
Small equipment expense	7,263	1,000	643	8,906
Printing and postage	-	131	131	262
Training and professional development	4,875	150	982	6,007
Technology	13,133	1,642	1,642	16,417
Professional fees	-	-	21,904	21,904
Marketing and promotion	-	3,112	-	3,112
Dues and subscriptions	-	6,976	-	6,976
Travel	341	-	-	341
Other expenses	22,768	4,273	189	27,230
Special events	-	85,755	-	85,755
Depreciation	<u>88,378</u>	<u>5,439</u>	<u>42,150</u>	<u>135,967</u>
Total functional expenses	<u>\$ 2,424,903</u>	<u>\$ 415,662</u>	<u>\$ 286,415</u>	<u>\$ 3,126,980</u>
Percent of total	<u>78%</u>	<u>13%</u>	<u>9%</u>	<u>100%</u>

CHILDREN'S DEVELOPMENT ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services		Total
		Fundraising	General and Administrative	
In-kind:				
Program supplies	\$ 83,545	\$ 31,480	\$ -	\$ 115,025
Professional services	-	-	4,627	4,627
Total In-kind	<u>83,545</u>	<u>31,480</u>	<u>4,627</u>	<u>119,652</u>
Salaries	1,432,084	195,734	190,825	1,818,643
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	19,144	6	595	19,745
Instructional materials	68,492	-	-	68,492
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	2,795	496	5,377	8,668
Travel	324	-	-	324
Other expenses	27,526	3,120	530	31,176
Special events	-	81,684	698	82,382
Depreciation	<u>88,139</u>	<u>5,424</u>	<u>42,036</u>	<u>135,599</u>
Total functional expenses	<u>\$ 2,158,824</u>	<u>\$ 355,255</u>	<u>\$ 372,395</u>	<u>\$ 2,886,474</u>
Percent of total	<u>75%</u>	<u>12%</u>	<u>13%</u>	<u>100%</u>

CHILDREN'S DEVELOPMENT ACADEMY

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>Restated 2023</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (188,670)	\$ (212,708)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	135,967	135,599
Net realized and unrealized gains on investments	(21,298)	(14,148)
Non-financial contribution of equipment	<u>(8,000)</u>	<u>-</u>
	(82,001)	(91,257)
Changes in operating assets and liabilities:		
Grants receivable	94,642	(99,132)
Other receivable	-	160,495
Prepaid expenses	8,997	(8,314)
Accounts payable	89,750	266
Accrued payroll and related expenses	(106,600)	118,809
Deferred revenue and refundable advances	<u>127,974</u>	<u>(94,892)</u>
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>132,762</u>	<u>(14,025)</u>
INVESTING ACTIVITIES		
Proceeds from sale of investments	-	15,077
Purchases of investments	(295,608)	(3,670)
Purchases of property and equipment	<u>(25,577)</u>	<u>(33,424)</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>(321,185)</u>	<u>(22,017)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(188,423)	(36,042)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>723,771</u>	<u>759,813</u>
End of year	<u>\$ 535,348</u>	<u>\$ 723,771</u>

CHILDREN'S DEVELOPMENT ACADEMY

NOTES TO FINANCIAL STATEMENTS

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 200 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 2024 and 2023, 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. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves totaling \$450,000 as of June 30, 2024 and 2023.

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 - Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributable to more than one program or supporting function and are allocated 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 2024 and 2023, 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.

Adoption of New Accounting Standards - In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Academy did not have any financial assets that are subject to the guidance in FASB ASC 326 as of June 30, 2024 and 2023. The Academy adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only. There were no write-offs in fiscal years 2024 or 2023.

CHILDREN'S DEVELOPMENT ACADEMY

NOTES TO FINANCIAL STATEMENTS

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, 2024 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, 2024 and 2023.

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 the conditions are met.

Grants and Contracts - The Academy received approximately 42% and 52% of its funding through the Georgia Department of Early Care and Learning for the years 2024 and 2023. For the years ended 2024 and 2023, approximately 65% and 70% of the Academy's grants 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.

CHILDREN'S DEVELOPMENT ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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, 2024 and 2023.

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

Subsequent Events - The Academy has evaluated subsequent events through December 20, 2024, 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.

CHILDREN'S DEVELOPMENT ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - REVENUE RECOGNITION - CONTINUED

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.

Contract liabilities consist of unearned tuition revenue at June 30, 2024 and 2023 and are reported within deferred revenue and refundable advances on the accompanying statements of financial position. At July 1, 2022, unearned tuition revenue totaled \$27,750.

Disaggregation of revenue from contracts with customers for the years ended June 30, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Tuition and fees, net of scholarships and discounts	\$ 329,016	\$ 240,488
Rental income	55,250	55,100
Special events	<u>92,350</u>	<u>107,142</u>
Performance obligations satisfied at a point in time	<u>\$ 476,616</u>	<u>\$ 402,730</u>

NOTE 3 - DEFERRED REVENUE AND REFUNDABLE ADVANCES

Deferred revenue and refundable advances consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Daycare deposits	\$ 5,529	\$ 5,775
Deferred revenue	3,220	-
Refundable advances on grants	<u>125,000</u>	<u>-</u>
Total deferred revenue and refundable advances	<u>\$ 133,749</u>	<u>\$ 5,775</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>2024</u>	<u>2023</u>
Financial Assets		
Cash and cash equivalents	\$ 535,348	\$ 723,771
Grants receivable	47,190	141,832
Investments	<u>521,731</u>	<u>204,825</u>
	1,104,269	1,070,428
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions	<u>333,104</u>	<u>228,067</u>
Financial assets available within one year of statement of financial position date for general expenditure	<u>\$ 771,165</u>	<u>\$ 842,361</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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 152,585	\$ 152,585
Building	4,063,212	4,049,272
Furniture, fixtures, and equipment	<u>270,389</u>	<u>250,752</u>
	4,486,186	4,452,609
Less accumulated depreciation	<u>(2,644,094)</u>	<u>(2,508,127)</u>
Total property and equipment, net	<u>\$ 1,842,092</u>	<u>\$ 1,944,482</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 \$135,967 and \$135,599 for the years ended June 30, 2024 and 2023.

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, 2024 and 2023 are as follows:

	2024			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 17,827	\$ -	\$ -	\$ 17,827
Mutual funds	169,575	-	-	169,575
Mutual funds - fixed income	63,375	-	-	63,375
Certificates of deposit	254,828	-	-	254,828
Other exchange traded funds	<u>16,126</u>	<u>-</u>	<u>-</u>	<u>16,126</u>
Total	<u>\$ 521,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 521,731</u>

	2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 14,614	\$ -	\$ -	\$ 14,614
Mutual funds	121,162	-	-	121,162
Mutual funds - 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>

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, 2024 and 2023.

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

CHILDREN'S DEVELOPMENT ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - FUNDING FROM GOVERNMENT AGENCIES

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Net Assets with Purpose Restrictions		
Program supplies	\$ 814	\$ -
STEM	424	-
Toys and gifts	150	-
Capital improvements	49,512	-
Building improvements	57,000	17,500
Tuition scholarships	67,392	54,806
Literacy support and enrichment	<u>7,812</u>	<u>5,761</u>
Total net assets with purpose restrictions	183,104	78,067
Net Assets Perpetual in Nature		
Tuition assistance	<u>150,000</u>	<u>150,000</u>
Total net assets with donor restrictions	<u>\$ 333,104</u>	<u>\$ 228,067</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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
STEM	\$ 2,076	\$ -
Toys and gifts	10,500	-
Literacy support and enrichment	7,948	-
Tuition assistance and scholarships	184,426	157,150
Staff and teacher positions	107,997	12,500
Building improvements	2,500	-
Special events	1,125	12,500
Program supplies	<u>216</u>	<u>13,569</u>
Net assets released from restrictions	<u>\$ 316,788</u>	<u>\$ 195,719</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 2024 and 2023 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, 2024 and 2023:

	2024		2023	
	Net Assets With Purpose Restrictions	Net Assets Perpetual In Nature	Net Assets With Purpose Restrictions	Net Assets Perpetual In Nature
Beginning of year	<u>\$ 54,825</u>	<u>\$ 150,000</u>	<u>\$ 52,084</u>	<u>\$ 150,000</u>
Distributions	(10,240)	-	(12,150)	-
Investment return:				
Net investment gain	1,508	-	743	-
Net realized and unrealized gains	<u>21,298</u>	<u>-</u>	<u>14,148</u>	<u>-</u>
Total investment return	<u>22,806</u>	<u>-</u>	<u>14,891</u>	<u>-</u>
End of year	<u>\$ 67,391</u>	<u>\$ 150,000</u>	<u>\$ 54,825</u>	<u>\$ 150,000</u>

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 2024 and 2023 totaled \$64,011 and \$54,576.

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 \$4,604 and \$4,354 for the years 2024 and 2023. The future minimum rental income expected to be received under the leases is as follows:

<u>Years ended June 30</u>	
2025	\$ 40,600
2026	24,000
2027	<u>2,000</u>
	<u>\$ 66,600</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 \$255,280 and \$401,390 at June 30, 2024 and 2023. For the years 2024 and 2023, the Academy paid a company \$11,951 and \$26,184 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, 2024 and 2023, Apogee held contributions totaling approximately \$40,138 and \$20,368 for the Academy students.

CHILDREN'S DEVELOPMENT ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 16 - CONTRIBUTIONS OF NON-FINANCIAL ASSETS

	<u>2024</u>	<u>2023</u>
Silent auction items	\$ 37,070	\$ 31,480
School supplies, toys, food and other supplies	109,182	83,545
Equipment	8,000	-
Professional services	<u>1,642</u>	<u>4,627</u>
	<u>\$ 155,894</u>	<u>\$ 119,652</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. Equipment donated was capitalized for future use by teaching staff.

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.

NOTE 17 - PRIOR PERIOD ADJUSTMENT

During the current fiscal year, the Academy identified an error in the previously issued financial statements related to the omission of accrued payroll liabilities associated with unused paid time off earned by employees. As a result, accrued payroll and related expenses and net assets without donor restrictions for the fiscal year ended June 30, 2023 were understated by \$92,608.

The effect of the restatement on the statements of financial position and statement of activities as of June 30, 2023 is as follows:

	<u>As Previously Reported</u>	<u>As Restated</u>
Selected Statement of Financial Position:		
Accrued payroll and related expenses	\$ 80,550	\$ 173,158
Net assets without donor restrictions	2,704,656	2,162,048
Selected Statement of Activities:		
Functional expenses for program services	\$ 2,085,903	\$ 2,158,824
Functional expenses for fundraising supporting services	345,287	355,255
Functional expenses for general and administrative supporting services	\$ 362,676	\$ 372,395



BRADY WARE
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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, 2024, and our report thereon dated December 20, 2024, which expressed an unmodified opinion on those financial statements, appears on pages 2-3. 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
December 20, 2024

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CHILDREN'S DEVELOPMENT ACADEMY

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE

YEAR ENDED JUNE 30, 2024

<u>Program</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Amount Due To Agency</u>
Bright from the Start: Georgia and Learning: Pre-K Program	\$ 357,576	\$ 357,576	\$ -
Bright from the Start: Georgia Department of Early Care and Learning: Rising K Program	26,300	24,690	1,610
Bright from the Start: Georgia Department of Early Care and Learning: Rising Pre-K Program	26,300	24,690	1,610
Bright from the Start: Georgia Department of Early Care and Learning: Child Care and Parent Services Program	356,229	356,229	-
Bright from the Start: Georgia Department of Early Care and Learning: Stable Grant	130,348	130,348	-
Apogee Georgia School Choice Scholarship Fund	20,000	20,000	-
Georgia Department of Early Care and Learning: CACFP	<u>144,243</u>	<u>144,243</u>	<u>-</u>
Total State Contractual Assistance	<u>\$ 1,060,996</u>	<u>\$ 1,057,776</u>	<u>\$ 3,220</u>