

**GEORGIA SHERIFFS' ASSOCIATION, INC.**

**McDONOUGH, GEORGIA**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2021**

GEORGIA SHERIFFS' ASSOCIATION, INC.

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-16

**ADDITIONAL REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17-18
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**Fowler, Holley, Rambo & Stalvey, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Officers  
Georgia Sheriffs' Association, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Georgia Sheriffs' Association, Inc. (a Georgia nonprofit organization) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Robert D. Elliott, CPA • Joanna J. Tanner, CPA • Kelly D. Lunceford, CPA • Robert C. Wynens, CPA  
Abby L. Singer, CPA • Zachary R. Richards, CPA • Curtis G. Fowler, II, CPA, MBA, MACC

To the Board of Directors and Officers  
Georgia Sheriffs' Association, Inc.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Sheriffs' Association, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Georgia Sheriffs' Association, Inc.'s June 30, 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021 on our consideration of Georgia Sheriffs' Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Georgia Sheriffs' Association, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Georgia Sheriffs' Association, Inc.'s internal control over financial reporting and compliance.

*Fowler, Holley, Rambo & Stalvey, P.C.*

Valdosta, Georgia  
December 29, 2021

## GEORGIA SHERIFFS' ASSOCIATION, INC.

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

	JUNE 30,	
	2021	2020
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents, including interest-bearing deposits of \$648,048 (2020 - \$152,643), Notes 1 and 2	\$ 658,148	163,152
Investments, Notes 1, 3 and 12	3,023,515	2,621,747
Accounts receivable	6,872	56,364
Accounts receivable – related entity, Note 10	8,127	9,405
Interest receivable	14,756	17,767
Prepaid expenses	96,622	85,902
Total Current Assets	3,808,040	2,954,337
Property, plant and equipment, net of accumulated depreciation of \$715,501 (2020 - \$680,867), Notes 1 and 4	266,523	301,157
Total Assets	\$ 4,074,563	3,255,494
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Accounts payable	\$ 23,624	31,032
Accrued expenses	-	2,369
Accounts payable – related entity, Note 10	-	140,532
Deferred revenue, Note 1	111,565	124,085
Accrued compensated absences, Note 1	223,632	219,304
Total Current Liabilities	358,821	517,322
Total Liabilities	358,821	517,322
Net Assets:		
Without donor restrictions:		
Land, building and equipment	266,523	301,157
Operating	3,303,461	2,271,719
Board designated, Note 7	70,378	83,799
With donor restrictions, Notes 1 and 8	75,380	81,497
Total Net Assets	3,715,742	2,738,172
Total Liabilities and Net Assets	\$ 4,074,563	3,255,494

**Note: The accompanying notes to financial statements are an integral part of this statement.**

## GEORGIA SHERIFFS' ASSOCIATION, INC.

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020)**

	<b>WITHOUT DONOR RESTRICTIONS</b>		
	<b>OPERATING</b>	<b>LAND, BUILDING AND EQUIPMENT</b>	<b>TOTAL</b>
Revenues and Gains:			
Contributions	\$ 644,943	-	644,943
Contributions - non-cash	650	-	650
Honorary membership fees	670,707	-	670,707
Sheriffs' and Chaplains' dues	140,315	-	140,315
Grant revenue	96,229	-	96,229
Contracts revenue	714,198	-	714,198
Training conference registration	86,955	-	86,955
Conference exhibitor fees	19,100	-	19,100
Conference sponsorships	22,000	-	22,000
Promotional items	93,509	-	93,509
Registry fees	28,020	-	28,020
Directory income	18,140	-	18,140
Commissions	8,867	-	8,867
Other income	340	-	340
Refunds and reimbursements	62,637	-	62,637
Interest and dividend income	58,161	-	58,161
Unrealized gains (losses) on investments	344,135	-	344,135
Administrative services contract	105,261	-	105,261
Realized gains (losses) on sale of securities	143,697	-	143,697
Total Revenues and Gains	3,257,864	-	3,257,864
Net Assets Released from Restrictions:			
Restrictions satisfied by payments	49,117	-	49,117
Total Revenues, Gains and Other Support	3,306,981	-	3,306,981
Expenses:			
Program services:			
Professional education and training	1,071,137	10,508	1,081,645
Supporting services:			
Management and general	705,118	24,126	729,244
Fund raising	512,405	-	512,405
Total Supporting Services	1,217,523	24,126	1,241,649
Total Expenses	2,288,660	34,634	2,323,294
Increase (Decrease) in Net Assets	1,018,321	(34,634)	983,687
Net Assets, Beginning of Year	2,355,518	301,157	2,656,675
Net Assets, End of Year	\$ 3,373,839	266,523	3,640,362

**Note: The accompanying notes to financial statements are an integral part of this statement.**

GEORGIA SHERIFFS' ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020)

WITH DONOR RESTRICTIONS	TOTAL	
	YEAR ENDED JUNE 30,	
	2021	2020
-	644,943	258,934
-	650	55
-	670,707	554,909
-	140,315	131,850
-	96,229	106,915
-	714,198	659,244
-	86,955	181,645
-	19,100	26,600
43,000	65,000	266,398
-	93,509	79,941
-	28,020	16,725
-	18,140	10,100
-	8,867	25,798
-	340	595
-	62,637	17,933
-	58,161	69,538
-	344,135	(60,758)
-	105,261	116,393
-	143,697	85,801
43,000	3,300,864	2,548,616
(49,117)	-	-
(6,117)	3,300,864	2,548,616
-	1,081,645	1,386,373
-	729,244	696,149
-	512,405	555,601
-	1,241,649	1,251,750
-	2,323,294	2,638,123
(6,117)	977,570	(89,507)
81,497	2,738,172	2,827,679
75,380	3,715,742	2,738,172

Note: The accompanying notes to financial statements are an integral part of this statement.

## GEORGIA SHERIFFS' ASSOCIATION, INC.

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020)

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Increase (Decrease) in net assets	\$ 977,570	(89,507)
Adjustments to reconcile increase/decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	34,634	34,746
Non-cash contributions	(650)	-
Non-cash expenses	650	-
Unrealized (gains) losses on investment securities	(344,135)	60,758
(Gains) losses on sale of securities	(143,697)	(85,801)
Change in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	50,770	7,153
(Increase) Decrease in prepaid expenses	(10,720)	(3,208)
(Increase) Decrease in interest receivable	3,011	225
Increase (Decrease) in accounts payable	(147,940)	54,267
Increase (Decrease) in deferred revenue	(12,520)	(66,666)
Increase (Decrease) in accrued compensated absences	4,328	(25,366)
Increase (Decrease) in accrued expenses	(2,369)	2,369
Net Cash Provided (Used) By Operating Activities	<u>408,932</u>	<u>(111,030)</u>
Cash Flows From Investing Activities:		
Capital expenditures	-	(27,603)
Purchase of investments	(2,304,739)	(3,880,596)
Proceeds on investments sold	<u>2,390,803</u>	<u>3,896,313</u>
Net Cash Provided (Used) by Investing Activities	<u>86,064</u>	<u>(11,886)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	494,996	(122,916)
Cash and Cash Equivalents at Beginning of Year	<u>163,152</u>	<u>286,068</u>
Cash and Cash Equivalents at End of Year	<u>\$ 658,148</u>	<u>163,152</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
<u>Disclosure of Non-Cash Investing and Financing Activities</u>		
Donated envelopes	<u>\$ 650</u>	<u>-</u>

Note: The accompanying notes to financial statements are an integral part of this statement.



## GEORGIA SHERIFFS' ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020)

	PROGRAM SERVICES		SUPPORTING SERVICES		TOTAL EXPENSES	
	PROFESSIONAL		MANAGEMENT		YEAR ENDED JUNE 30,	
	EDUCATION		AND	FUND		
	AND		GENERAL	RAISING	TOTAL	
	TRAINING				2021	2020
Administrative cost & salaries	\$ 22,603		302,828	90,846	393,674	416,277
Payroll taxes and retirement	3,335		67,996	18,678	86,674	90,009
Insurance	1,027		46,257	31,825	78,082	79,109
Legal and accounting	10,775		17,715	-	17,715	28,490
Bank charges and fees	17		3,865	75	3,940	3,957
Computer expense	8,415		31,687	13,574	45,261	53,676
Credit card processing fees	13,471		520	274	794	14,265
Investment fees	-		22,237	-	22,237	22,237
Extra labor	-		-	-	-	-
Professional services	25,145		9,319	140,629	149,948	175,093
Facilities - training conferences	25,097		-	-	-	25,097
Training and conference costs	42,061		-	-	-	42,061
Travel	5,831		289	-	289	6,120
Vehicle operating costs	17,666		5,462	-	5,462	23,128
Meetings	2,543		109	-	109	2,652
Office supplies and printing	10,645		2,212	30,325	32,537	43,182
Postage	-		10,681	118,879	129,560	129,560
Bulk printing and mailing	61,752		-	-	-	61,752
Magazine and publication cost	65,091		-	-	-	65,091
Materials and media	1,799		-	-	-	1,799
Licenses and fees	20		-	-	-	20
Telephone	673		5,502	-	5,502	6,175
Dues and subscriptions	1,338		814	-	814	2,152
Rent of equipment, Note 5	-		17,783	25,858	43,641	43,641
Equipment maintenance	-		479	668	1,147	1,147
Utilities	-		11,136	-	11,136	11,136
Maintenance and repairs	623		2,205	356	2,561	3,184
Pest control and janitorial services	-		5,895	-	5,895	5,895
Lawn and grounds maintenance	-		3,057	-	3,057	3,057
Property taxes	-		458	-	458	458
Security expense	-		246	-	246	246
Promotions	-		-	40,418	40,418	40,418
Audio-Visual	5,642		-	-	-	5,642
Awards	2,161		-	-	-	2,161
COAM inspection expenses	84,229		-	-	-	84,229
Governor's Challenge - grant expenses	49,116		-	-	-	49,116
Contract expenses - registry	9,200		-	-	-	9,200
POST, SEA & Jail training contract expenses	598,982		106,016	-	106,016	704,998
Contributions to other organizations	-		-	-	-	-
Public relations	1,880		100	-	100	1,980
Death benefits	-		30,250	-	30,250	30,250
Total Expenses Before Depreciation	1,071,137		705,118	512,405	1,217,523	2,288,660
Depreciation, Notes 1 and 4	10,508		24,126	-	24,126	34,634
	<u>\$ 1,081,645</u>		<u>729,244</u>	<u>512,405</u>	<u>1,241,649</u>	<u>2,323,294</u>
						<u>2,638,123</u>

**Note: The accompanying notes to financial statements are an integral part of this statement.**

GEORGIA SHERIFFS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Organization and nature of activities: The Georgia Sheriffs' Association, Inc. performs educational and training services for Georgia law enforcement officials and is a sponsor of the youth homes of the Georgia Sheriffs' Youth Homes, Inc.

Cash and cash equivalents: The Organization considers funds held in money market investment accounts and other highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalent assets included in cash at June 30, 2021 and 2020, respectively.

Investments: In conformity with FASB ASC 958-320, investment securities are carried at fair value based on quoted market values. Unrealized gains and losses on securities are reflected in the statement of activities. Cost of securities sold is determined using the specific identification method.

Donated material, including assets donated for resale, and donated property, plant and equipment are reflected as contributions in the accompanying statements at their estimated values. Purchased property, plant and equipment are recorded at cost. The Organization has no donated services.

Depreciation of property, plant and equipment is computed on the straight-line and accelerated cost recovery basis over the estimated useful lives of the assets. Expenditures for maintenance, repairs, removals and betterments which do not materially prolong the useful lives of the assets are charged to revenue as incurred. The cost of property retired or sold, and the related accumulated depreciation, is removed from the accounts and any gain or loss is transferred to revenues.

Receipts received on behalf of sponsored organizations: Credit card contributions for the Georgia Sheriffs Youth Homes, Inc. and the Georgia Sheriffs Youth Homes Foundation, Inc. are deposited in a central depository of the Association. The monies received and deposited to this account are in turn transferred to the appropriate sponsored organization or the Association's operating account according to the directives of the contributor.

Deferred revenue: The Organization had \$111,565 and \$124,085 of deferred revenue at June 30, 2021 and 2020, respectively, related to upcoming conferences, training and deferred grant funds.

Compensated absences: Compensated absences are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Organization will compensate employees for the benefits through paid time off or some other means. The Organization accrues a liability for unused annual leave when earned; however, upon termination of employment, the maximum amount of annual leave that can be paid is 30 days.

Functional allocation of expenses: The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Administrative and clerical services of the Association are performed by personnel of the Georgia Sheriffs' Youth Homes, Inc. All salaries allocated to the Association are reimbursed to Georgia Sheriffs' Youth Homes, Inc to cover the cost of payroll taxes, group insurance, retirement and other related costs. Substantially all other expenses incurred are directly chargeable to program or supporting function and are not allocated.

Note 1 – Summary of Significant Accounting Policies (Continued)

Financial statement presentation and accounting for contributions received and contributions made: The financial statement presentation is in conformity with the requirements of the Financial Accounting Standards Board in FASB ASC 958. Under FASB ASC 958, the Georgia Sheriffs' Association, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, include a statement of cash flows and a statement of functional expenses. Under FASB ASC 958, contributions are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. FASB ASC 958 also addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization did not have any outstanding uncollected contributions that were, in substance, unconditional.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition of membership dues and fees: Membership dues and fees are in substance contributions and are thus recognized as received.

Accounting for uncertainty in income taxes: The Organization evaluates any income tax benefits generated from uncertain tax positions using a more-likely-than-not of being sustained upon examination analysis. If a tax benefit is not more-likely-than-not of being sustained upon examination, the Organization records a liability for the recognized income tax benefit. The Organization recognizes accrued interest associated with uncertain tax positions as part of interest expense and penalties associated with uncertain tax positions as part of other expenses.

Comparative data: Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Organization's financial position and operations. However, full comparative data for the prior year has not been included since such inclusion would make the financial statements unduly complex and difficult to read.

Reclassifications: Certain reclassifications of information presented for the year ended June 30, 2020 have been made to conform to the classifications for the year ended June 30, 2021, without effecting financial position, changes in net assets or cash flows.

**New Accounting Standards Implemented:**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, as amended by subsequent ASU's (collectively, ASC 606). ASC 606 amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, based on the expected consideration to be received in exchange for those goods or services. The Organization's revenues are primarily composed of contributions, grants, contracts, training conference income and membership fees. The Organization also has earnings related to its investment portfolio (interest income, dividend income and realized and unrealized gains and losses on investments). The scope of the new revenue recognition guidance explicitly excludes interest and dividend income and income derived from securities. Also, the Organization's contributions and membership fees falls under the guidance of ASU 2018-08. Accordingly, the majority of the Organization's revenues are outside the scope of the new guidance. The ASU was to have been effective for years after December 15, 2018; however, as a result of the COVID-19 pandemic in early 2020, the

Note 1 – Summary of Significant Accounting Policies (Continued)

implementation date was postponed by the FASB and became effective for the Organization beginning with its fiscal year beginning July 1, 2020. Implementation of the new guidance did not have a material impact on the financial statements.

## New Accounting Standards Pending Implementation:

In February 2016, the FASB issued ASU No. 2016-02 Leases (Topic 842) (ASU 2016-02). The amendments in ASU 2016-02 create FASB ASC Topic 842, Leases and supersede the requirements in ASC Topic 840, Leases. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applies under ASC Topic 840. The ASU, as extended, is effective for fiscal years beginning after December 15, 2021 and will be implemented during the year ended June 30, 2023. Management does not expect it to have a material effect on the Organization's financial statements.

Note 2 – Cash

Cash consists of the following:

	JUNE 30,	
	2021	2020
Without Donor Restrictions:		
Cash on hand	\$ 100	100
Checking and liquid funds	658,048	163,052
	<u>\$ 658,148</u>	<u>163,152</u>

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 3 – Investments

Investments consist of the following:

	JUNE 30,					
	2021			2020		
		UNREALIZED			UNREALIZED	
	FAIR	GAINS		FAIR	GAINS	
	VALUE	(LOSSES)		VALUE	(LOSSES)	
	COST			COST		
Without Donor Restrictions:						
Equity Securities	\$ 237,845	451,099	213,254	249,332	363,152	113,820
Fixed Income Securities	1,157,664	1,184,272	26,608	1,158,075	1,200,754	42,679
Mutual funds & money funds	1,140,868	1,388,144	247,276	1,071,337	1,057,841	(13,496)
	<u>\$ 2,536,377</u>	<u>3,023,515</u>	<u>487,138</u>	<u>2,478,744</u>	<u>2,621,747</u>	<u>143,003</u>

Note 3 – Investments (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2021 and 2020:

	YEAR ENDED JUNE 30,	
	2021	2020
Without Donor Restrictions:		
Interest and dividend income	\$ 58,161	69,538
Unrealized gains (losses)	344,135	(60,758)
Realized gains (losses) from securities	143,697	85,801
	<u>\$ 545,993</u>	<u>94,581</u>

Note 4 – Property, Plant and Equipment

Property, plant and equipment, stated at cost, consists of the following:

	JUNE 30,		ESTIMATED
	2021	2020	USEFUL LIVES
Land	\$ 60,572	60,572	
Automobiles	145,870	145,870	5 years
Office and training equipment	242,124	242,124	3-10 years
Building	533,458	533,458	39 years
	982,024	982,024	
Accumulated depreciation	<u>(715,501)</u>	<u>(680,867)</u>	
	<u>\$ 266,523</u>	<u>301,157</u>	

The accompanying statements of activities include charges for depreciation of \$34,634 and \$34,746 for the years ended June 30, 2021 and 2020, respectively.

The Georgia Sheriffs' Association, Inc. and the Georgia Sheriffs' Youth Homes, Inc. jointly own their main office building. The portion recorded on the books of the Association is 43% of the balance owned.

Note 5 – Operating Leases

The Association leases certain office equipment and office space. All leases are on a month-to-month basis or have terms not exceeding one year.

Rent expense under all leases totaled \$43,641 and \$52,359 for the years ended June 30, 2021 and 2020, respectively.

Note 6 – Income Taxes

Income taxes have not been provided as the organization is a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and therefore no provision is necessary.

Note 6 – Income Taxes (Continued)

For the year ended June 30, 2021, management believes there are no material amounts of uncertain tax positions. Additionally, there were no amounts of interest or penalties recognized in the statement of financial position as of June 30, 2021 or the statement of activities for the year then ended. Further, all years subsequent to June 30, 2018 remain subject to examination.

Note 7 – Board Designated Net Assets

The Organization received certain funds which were recorded as revenue; however, the funds were of a nature for which management and the Board of Directors made a decision to retain the funds for specific future use. These funds did not meet the test for net assets (contributions) with donor restrictions and have thus been reflected as Net Assets Without Donor Restrictions: Board Designated.

Board designated net assets are designated for the following purposes:

	JUNE 30,	
	2021	2020
Without Donor Restrictions-Board Designated:		
Survivor benefit funds	\$ 56,490	69,505
Chaplains division funds	10,744	10,953
Civil process server funds	3,144	3,341
	<u>\$ 70,378</u>	<u>83,799</u>

Note 8 – Restrictions on Net Assets

Net assets with donor restrictions are available for the following purposes:

	JUNE 30,	
	2021	2020
Governor's Challenge funds	<u>\$ 75,380</u>	<u>81,497</u>

The Organization had no net assets with donor restrictions that were permanent in nature as of June 30, 2021 and 2020.

Note 9 – Transfers Among Funds and Other Entities

Transfers (to) from other funds and entities consist of the following:

	YEAR ENDED JUNE 30,	
	2021	2020
Transfer from Georgia Sheriffs Youth Homes, Inc.	\$ -	-
Transfer to Land, Building and Equipment Fund from Operating Fund	-	27,604
Transfer from Operating Fund to Land, Building, Equipment Fund	-	(27,604)
Net transfers between funds	<u>\$ -</u>	<u>-</u>

Note 10 – Related Party Transactions

Related party transactions are summarized as follows:

	JUNE 30,	
	2021	2020
Accounts receivable from Georgia Sheriffs' Youth Homes	\$ 7,862	8,895
Accounts receivable from Georgia Sheriffs' Youth Homes Foundation	265	510
Total accounts receivable from related entities (balance at June 30)	<u>\$ 8,127</u>	<u>9,405</u>
	JUNE 30,	
	2021	2020
Accounts payable to Georgia Sheriffs' Youth Homes Foundation	\$ -	-
Accounts payable to Georgia Sheriffs' Youth Homes	-	140,532
Total accounts payable to related entities (balance at June 30)	<u>\$ -</u>	<u>140,532</u>

The Georgia Sheriffs' Youth Homes, Inc. and Georgia Sheriffs' Youth Homes Foundation, Inc. are sponsored by the Association.

The Georgia Sheriffs' Association received contributions of \$220,589 and \$- from the Georgia Sheriffs' Youth Homes, Inc. on June 30, 2021 and June 30, 2020, respectively. The funds were allocated PPP Loan forgiveness proceeds made by the Georgia Sheriffs' Youth Homes, Inc. to the Georgia Sheriffs Association, Inc.

Note 11 – Retirement Plan

The Organization participates with the Georgia Sheriffs' Youth Homes, Inc. in a defined contribution employee benefit plan that has money purchase and 401(k) components. The Organization makes matching contributions to the individual account of each eligible participant equal to 100 percent of the amount of the employee's elective deferrals that do not exceed three percent of compensation, plus 50 percent of the amount of the employee's elective deferrals that exceed three percent of the employee's compensation but do not exceed five percent of the employee's compensation. In addition, the Organization may elect to make additional discretionary contributions to the Plan on an annual basis, but is not required to do so. The Organization made contributions to the plan totaling \$93,926 and \$99,502 for the years ended June 30, 2021 and 2020, respectively, for those participants paid directly by the Organization. Contributions for others are included in the reimbursement arrangement disclosed in Note 1.

Note 12 – Fair Value Measurements

Generally accepted accounting principles define fair value, establishes a framework for measuring fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

Note 12 – Fair Value Measurements (Continued)

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization's own data.)

The following tables present the Organization's fair value hierarchy for the financial assets measured at fair value on a recurring basis as of June 30, 2021 and 2020:

ASSETS AT FAIR VALUE JUNE 30, 2021				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Mutual Funds:				
Balanced funds	\$ 360,891	-	-	360,891
Blended funds	659,819	-	-	659,819
Growth funds	235,486	-	-	235,486
Fixed income funds	1,184,272	-	-	1,184,272
Other funds	131,948	-	-	131,948
Total mutual funds	2,572,416	-	-	2,572,416
Equity Securities:				
Common Stocks				
Consumer	140,730	-	-	140,730
Energy	40,541	-	-	40,541
Finance-Banking	80,459	-	-	80,459
Healthcare-Biotechnology	41,186	-	-	41,186
Industrial	30,877	-	-	30,877
Technology	95,050	-	-	95,050
Telecommunications	13,458	-	-	13,458
Transportation	8,798	-	-	8,798
Total common stocks	451,099	-	-	451,099
Total assets at fair value	\$ 3,023,515	-	-	3,023,515

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Note 12 – Fair Value Measurements (Continued)

ASSETS AT FAIR VALUE JUNE 30, 2020				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Mutual Funds:				
Balanced funds	\$ 212,083	-	-	212,083
Blended funds	666,907	-	-	666,907
Growth funds	137,516	-	-	137,516
Fixed income funds	1,200,754	-	-	1,200,754
Other funds	41,336	-	-	41,336
Total mutual funds	2,258,596	-	-	2,258,596
Equity Securities:				
Common Stocks				
Consumer	99,359	-	-	99,359
Energy	17,834	-	-	17,834
Finance-Banking	62,140	-	-	62,140
Healthcare-Biotechnology	52,802	-	-	52,802
Industrial	15,603	-	-	15,603
Technology	98,706	-	-	98,706
Telecommunications	16,707	-	-	16,707
Total common stocks	363,151	-	-	363,151
Total assets at fair value	\$ 2,621,747	-	-	2,621,747

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Note 13 – Liquidity and Availability of Financial Assets

The following represents the Organization’s financial assets as of June 30, 2021, reduced by amounts not available for general use because of contractual, donor-imposed or Board designated restrictions within one year of the statement of financial position date:

Financial assets at year end:

Cash and cash equivalents	\$ 658,148
Investments	3,023,515
Accounts receivable	6,872
Accounts receivable - related entity	8,127
Interest receivable	14,756
	<u>3,711,418</u>

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

Net assets with donor restrictions	75,380
Less net assets with purpose restrictions expected to be met in less than a year	(75,380)
Board designated net assets	<u>70,378</u>
	<u>70,378</u>

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

\$ 3,641,040

As part of the Organization’s liquidity management, it invests excess cash in short-term investments, including money market accounts.

Note 14 – Contingency

As of August 1, 2021, the Georgia Sheriffs Youth Homes Foundation, Inc. (the “Borrower”), entered into a Loan Agreement with the Development Authority of Morgan County, Georgia (“the Issuer”). The Borrower requested that the Issuer issue a Series 2021 Bond (the “Bond”) in the principal face amount of \$10,000,000 for the purpose of financing the costs of a new headquarters facility in Morgan County, Georgia for the Borrower and related entities and paying the costs of issuing the Bond. Morris Bank, located in Houston County, Georgia, purchased the Bond Issuance and will be financing the Loan. The Facility will be financed for up to 20 years at a rate of 2.95%, with an approximate mortgage payment of \$50,000 per month upon completion of the project. The Georgia Sheriffs’ Youth Homes Foundation will be the loan borrower, with the Georgia Sheriffs’ Youth Homes, Inc. being the loan guarantor. Loan collateral is to include the current headquarters location and projected sales proceeds, as well as the new headquarters building. Land was purchased at the proposed location of Madison, Georgia on December 22, 2020 in the amount of \$784,370. In addition to the Georgia Sheriffs’ Youth Homes Foundation, Inc. and the Georgia Sheriffs’ Youth Homes, Inc., the Georgia Sheriffs’ Association, Inc. and the Sheriffs’ Retirement Fund of Georgia each will contribute their equitable share of costs associated with the construction, operations and maintenance of the facility as tenants. The construction of the new headquarters is anticipated to be completed in October 2022.

Note 15 – Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 29, 2021, the date on which the financial statements were available to be issued.

Note 15 – Subsequent Events (Continued)

Beginning around March 2020, the COVID-19 was declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management of the Organization is carefully monitoring the ongoing situation and evaluating the necessary responses as issues arise. A Paycheck Protection (PPP) Loan of \$784,600 was received by Georgia Sheriffs' Youth Homes, Inc., a related entity, on April 29, 2020 to assist all of the related Organizations with maintaining their level of employment during the pandemic. The PPP Loan and accrued interest was subsequently forgiven on December 2, 2020. An additional Paycheck Protection Plan (PPP 2) Loan in the amount of \$789,700 was obtained by the Georgia Sheriffs' Youth Homes, Inc. on April 11, 2021 to continue maintaining all of the related Organization's level of employment during the ongoing pandemic. The PPP2 Loan was forgiven in November 2021 and the Organization received \$112,519 in contribution proceeds from the Georgia Sheriffs' Youth Homes, Inc. as a result of the extinguishment of debt.

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## **Fowler, Holley, Rambo & Stalvey, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

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### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors and Officers  
Georgia Sheriffs' Association, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Georgia Sheriffs' Association, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 29, 2021.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Georgia Sheriffs' Association, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Georgia Sheriffs' Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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To the Board of Directors and Officers  
Georgia Sheriffs' Association, Inc.  
Page Two

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Georgia Sheriffs' Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Fowler, Holley, Rambo & Stalvey, P.C.*

Valdosta, Georgia  
December 29, 2021