

GEORGIA SHERIFFS' ASSOCIATION, INC.

MADISON, GEORGIA

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

GEORGIA SHERIFFS' ASSOCIATION, INC.

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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.
Madison, Georgia

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Georgia Sheriffs' Association, Inc. as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Georgia Sheriffs' Association, Inc. 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 opinions.

Responsibilities of Management 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, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Georgia Sheriffs' Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Robert D. Elliott, CPA • Kelly D. Lunceford, CPA • Robert C. Wynens, CPA

Zachary R. Richards, CPA • Yesenia Granados, CPA • Curtis G. Fowler, II, CPA, MBA, MACC

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Georgia Sheriffs' Association, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Georgia Sheriffs' Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Georgia Sheriffs' Association, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, 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 28, 2022

GEORGIA SHERIFFS' ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	JUNE 30,	
	2022	2021
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents, including interest-bearing deposits of \$559,691 (2021 - \$648,048), Notes 1 and 2	\$ 577,512	658,148
Investments, Notes 1, 3 and 12	3,103,764	3,023,515
Accounts receivable	6,825	6,872
Accounts and notes receivable – related entity, Note 10	992,425	8,127
Interest receivable	22,249	14,756
Prepaid expenses	55,456	96,622
Total Current Assets	4,758,331	3,808,040
Property, plant and equipment, net of accumulated depreciation of \$331,832 (2021 - \$715,501), Notes 1 and 4	23,817	266,523
Total Assets	\$ 4,782,148	4,074,563
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 10,346	23,624
Accounts payable – related entity, Note 10	550	-
Deferred revenue, Note 1	246,342	111,565
Accrued compensated absences, Note 1	240,886	223,632
Total Current Liabilities	498,124	358,821
Total Liabilities	498,124	358,821
Net Assets:		
Without donor restrictions:		
Land, building and equipment	23,817	266,523
Operating	4,113,475	3,303,461
Board designated, Note 7	84,441	70,378
With donor restrictions, Notes 1 and 8	62,291	75,380
Total Net Assets	4,284,024	3,715,742
Total Liabilities and Net Assets	\$ 4,782,148	4,074,563

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, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)

	WITHOUT DONOR RESTRICTIONS		
		LAND, BUILDING AND EQUIPMENT	
	OPERATING		TOTAL
Revenues and Gains:			
Contributions	\$ 549,273	-	549,273
Contributions - non-cash	100	-	100
Honorary membership fees	661,944	-	661,944
Sheriffs' and Chaplains' dues	155,790	-	155,790
Grant revenue	84,823	-	84,823
Contracts revenue	540,216	-	540,216
Training conference registration	297,375	-	297,375
Conference exhibitor fees	27,400	-	27,400
Conference sponsorships	180,620	-	180,620
Promotional items	74,449	-	74,449
Registry fees	31,525	-	31,525
Directory income	18,920	-	18,920
Commissions	13,353	-	13,353
Other income	300	-	300
Refunds and reimbursements	49	-	49
Interest and dividend income	84,960	-	84,960
Unrealized gains (losses) on investments	(638,039)	-	(638,039)
Administrative services contract	133,042	-	133,042
Gains (losses) on sale of capital assets	-	763,622	763,622
Realized gains (losses) on sale of securities	67,170	-	67,170
Total Revenues and Gains	2,283,270	763,622	3,046,892
Net Assets Released from Restrictions:			
Restrictions satisfied by payments	70,281	-	70,281
Total Revenues, Gains and Other Support	2,353,551	763,622	3,117,173
Expenses:			
Program services:			
Professional education and training	1,240,874	8,324	1,249,198
Supporting services:			
Management and general	734,512	11,004	745,516
Fund raising	544,896	-	544,896
Total Supporting Services	1,279,408	11,004	1,290,412
Total Expenses	2,520,282	19,328	2,539,610
Increase (Decrease) in Net Assets Before Transfers	(166,731)	744,294	577,563
Transfers (to) from Other Funds, Note 9	990,808	(987,000)	3,808
Increase (Decrease) in Net Assets	824,077	(242,706)	581,371
Net Assets, Beginning of Year	3,373,839	266,523	3,640,362
Net Assets, End of Year	\$ 4,197,916	23,817	4,221,733

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, 2022

(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)

WITH DONOR RESTRICTIONS	TOTAL	
	YEAR ENDED JUNE 30,	
	2022	2021
-	549,273	644,943
-	100	650
-	661,944	670,707
-	155,790	140,315
-	84,823	96,229
-	540,216	714,198
-	297,375	86,955
-	27,400	19,100
61,000	241,620	65,000
-	74,449	93,509
-	31,525	28,020
-	18,920	18,140
-	13,353	8,867
-	300	340
-	49	62,637
-	84,960	58,161
-	(638,039)	344,135
-	133,042	105,261
-	763,622	-
-	67,170	143,697
61,000	3,107,892	3,300,864
(70,281)	-	-
(9,281)	3,107,892	3,300,864
-	1,249,198	1,081,645
-	745,516	729,244
-	544,896	512,405
-	1,290,412	1,241,649
-	2,539,610	2,323,294
(9,281)	568,282	977,570
(3,808)	-	-
(13,089)	568,282	977,570
75,380	3,715,742	2,738,172
62,291	4,284,024	3,715,742

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, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)

	YEAR ENDED JUNE 30,	
	2022	2021
Cash Flows From Operating Activities:		
Increase (Decrease) in net assets	\$ 568,282	977,570
Adjustments to reconcile increase/decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	19,328	34,634
Non-cash contributions	(100)	(650)
Non-cash expenses	100	650
Unrealized (gains) losses on investment securities	638,039	(344,135)
(Gains) losses on sale of capital assets	(763,622)	-
(Gains) losses on sale of securities	(67,170)	(143,697)
Change in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	2,749	50,770
(Increase) Decrease in prepaid expenses	41,166	(10,720)
(Increase) Decrease in interest receivable	(7,493)	3,011
Increase (Decrease) in accounts payable	(12,728)	(147,940)
Increase (Decrease) in deferred revenue	134,777	(12,520)
Increase (Decrease) in accrued compensated absences	17,254	4,328
Increase (Decrease) in accrued expenses	-	(2,369)
Net Cash Provided (Used) By Operating Activities	<u>570,482</u>	<u>408,932</u>
Cash Flows From Investing Activities:		
Purchase of investments	(3,605,516)	(2,304,739)
Proceeds on investments sold	<u>2,954,398</u>	<u>2,390,803</u>
Net Cash Provided (Used) by Investing Activities	<u>(651,118)</u>	<u>86,064</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(80,636)	494,996
Cash and Cash Equivalents at Beginning of Year	<u>658,148</u>	<u>163,152</u>
Cash and Cash Equivalents at End of Year	<u>\$ 577,512</u>	<u>658,148</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
<u>Disclosure of Non-Cash Investing and Financing Activities</u>		
Donated envelopes	\$ 100	650
Note receivable from disposition of headquarters building	<u>\$ 987,000</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, 2022(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2021)

	PROGRAM SERVICES					
	PROFESSIONAL	SUPPORTING SERVICES				
	EDUCATION	MANAGEMENT	FUND		TOTAL EXPENSES	
	AND	AND			YEAR ENDED JUNE 30,	
	TRAINING	GENERAL	RAISING	TOTAL	2022	2021
Administrative cost & salaries	\$ 34,799	316,790	93,888	410,678	445,477	416,277
Payroll taxes and retirement	2,836	66,820	18,661	85,481	88,317	90,009
Insurance	5,048	46,904	31,856	78,760	83,808	79,109
Legal and accounting	9,600	16,749	-	16,749	26,349	28,490
Bank charges and fees	-	2,467	-	2,467	2,467	3,957
Computer expense	9,566	23,284	14,284	37,568	47,134	53,676
Credit card processing fees	18,267	461	91	552	18,819	14,265
Investment fees	-	26,348	-	26,348	26,348	22,237
Extra labor	95	3,716	3,982	7,698	7,793	-
Professional services	35,627	6,377	181,820	188,197	223,824	175,093
Facilities - training conferences	52,562	-	-	-	52,562	25,097
Training and conference costs	235,860	508	-	508	236,368	42,061
Travel	10,868	98	-	98	10,966	6,120
Vehicle operating costs	20,593	5,298	-	5,298	25,891	23,128
Meetings	2,828	287	-	287	3,115	2,652
Office supplies and printing	12,046	3,393	9,967	13,360	25,406	43,182
Postage	-	844	119,503	120,347	120,347	129,560
Bulk printing and mailing	66,114	-	-	-	66,114	61,752
Magazine and publication cost	85,954	-	-	-	85,954	65,091
Materials and media	-	-	-	-	-	1,799
Licenses and fees	1,146	-	-	-	1,146	20
Telephone	-	462	-	462	462	6,175
Dues and subscriptions	-	9,831	-	9,831	9,831	2,152
Rent of equipment, Note 5	-	35,224	22,250	57,474	57,474	43,641
Equipment maintenance	-	36	-	36	36	1,147
Office rent, Notes 5 and 10	-	45,246	-	45,246	45,246	-
Utilities	-	719	-	719	719	11,136
Maintenance and repairs	-	414	-	414	414	3,184
Pest control and janitorial services	-	675	-	675	675	5,895
Lawn and grounds maintenance	-	521	-	521	521	3,057
Property taxes	-	-	-	-	-	458
Security expense	780	-	-	-	780	246
Promotions	-	-	48,594	48,594	48,594	40,418
Audio-Visual	25,179	-	-	-	25,179	5,642
Awards	1,975	-	-	-	1,975	2,161
COAM inspection expenses	72,823	-	-	-	72,823	84,229
Governor's Challenge - grant expenses	70,281	-	-	-	70,281	49,116
Contract expenses - registry	9,660	-	-	-	9,660	9,200
POST, SEA & Jail training contract expenses	425,569	104,987	-	104,987	530,556	704,998
Contributions to other organizations	12,000	1,550	-	1,550	13,550	-
Public relations	1,298	-	-	-	1,298	1,980
Internet	-	4,753	-	4,753	4,753	-
Death benefits	17,500	9,750	-	9,750	27,250	30,250
Total Expenses Before Depreciation	1,240,874	734,512	544,896	1,279,408	2,520,282	2,288,660
Depreciation, Notes 1 and 4	8,324	11,004	-	11,004	19,328	34,634
	\$ 1,249,198	745,516	544,896	1,290,412	2,539,610	2,323,294

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, 2022 and 2021, 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 \$246,342 and \$111,565 of deferred revenue at June 30, 2022 and 2021, 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, 2021 have been made to conform to the classifications for the year ended June 30, 2022, without effecting financial position, changes in net assets or cash flows.

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 applied 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,	
	2022	2021
Without Donor Restrictions:		
Cash on hand	\$ 100	100
Checking and liquid funds	577,412	658,048
	<u>\$ 577,512</u>	<u>658,148</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,					
	2022			2021		
		FAIR	UNREALIZED		FAIR	UNREALIZED
	COST	VALUE	GAINS	COST	VALUE	GAINS
			(LOSSES)			(LOSSES)
Without Donor Restrictions:						
Equity Securities	\$ 291,598	426,769	135,171	237,845	451,099	213,254
Fixed Income Securities	1,634,271	1,432,936	(201,335)	1,157,664	1,184,272	26,608
Mutual funds & money funds	1,328,796	1,244,059	(84,737)	1,140,868	1,388,144	247,276
	<u>\$ 3,254,665</u>	<u>3,103,764</u>	<u>(150,901)</u>	<u>2,536,377</u>	<u>3,023,515</u>	<u>487,138</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2022 and 2021:

	YEAR ENDED JUNE 30,	
	2022	2021
Without Donor Restrictions:		
Interest and dividend income	\$ 84,960	58,161
Unrealized gains (losses)	(638,039)	344,135
Realized gains (losses) from securities	67,170	143,697
	<u>\$ (485,909)</u>	<u>545,993</u>

Note 4 – Property, Plant and Equipment

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

	JUNE 30,		ESTIMATED
	2022	2021	USEFUL LIVES
Land	\$ -	60,572	
Automobiles	145,870	145,870	5 years
Office and training equipment	209,779	242,124	3-10 years
Building	-	533,458	39 years
	355,649	982,024	
Accumulated depreciation	(331,832)	(715,501)	
	<u>\$ 23,817</u>	<u>266,523</u>	

The accompanying statements of activities include charges for depreciation of \$19,328 and \$34,634 for the years ended June 30, 2022 and 2021, respectively.

During the year ended June 30, 2022, the Association sold its interest in the McDonough, Georgia building and land to the Georgia Sheriffs' Youth Homes Foundation for \$987,000, and took a promissory note for the proceeds pending the sale of the property by the Foundation to an outside party. Subsequent to June 30, 2022, in July 2022, the Foundation completed the sale of the property to Henry County, Georgia and paid off the promissory note.

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 for occupancy and equipment rental under all leases totaled \$102,720 and \$43,641 for the years ended June 30, 2022 and 2021, 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.

For the year ended June 30, 2022, 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, 2022 or the statement of activities for the year then ended. Further, all years subsequent to June 30, 2019 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.

Note 7 – Board Designated Net Assets (Continued)

Board designated net assets are designated for the following purposes:

	JUNE 30,	
	2022	2021
Without Donor Restrictions-Board Designated:		
Survivor benefit funds	\$ 64,702	56,490
Chaplains division funds	16,595	10,744
Civil process server funds	3,144	3,144
	<u>\$ 84,441</u>	<u>70,378</u>

Note 8 – Restrictions on Net Assets

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

	JUNE 30,	
	2022	2021
Governor's Challenge funds	<u>\$ 62,291</u>	<u>75,380</u>

The Organization had no net assets with donor restrictions that were permanent in nature as of June 30, 2022 and 2021.

Note 9 – Transfers Among Funds and Other Entities

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

	YEAR ENDED JUNE 30,	
	2022	2021
Transfer from Georgia Sheriffs Youth Homes, Inc.	\$ -	-
Transfer to Land, Building and Equipment Fund from Operating Fund	(987,000)	-
Transfer from Operating Fund to Land, Building, Equipment Fund	987,000	-
Transfer to Temporarily Restricted Fund from Operating Fund	(3,808)	-
Transfer from Operating Fund to Temporarily Restricted Fund	3,808	-
Net transfers between funds	<u>\$ -</u>	<u>-</u>

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Note 10 – Related Party Transactions

Related party transactions are summarized as follows:

	JUNE 30,	
	2022	2021
Accounts receivable from Georgia Sheriffs' Youth Homes	\$ 5,253	7,862
Note receivable from Georgia Sheriffs' Youth Homes Foundation	987,005	-
Accounts receivable from Georgia Sheriffs' Youth Homes Foundation	167	265
Total accounts receivable from related entities (balance at June 30)	<u>\$ 992,425</u>	<u>8,127</u>
	JUNE 30,	
	2022	2021
Accounts payable to Georgia Sheriffs' Youth Homes Foundation	<u>\$ 550</u>	<u>-</u>
Total accounts payable to related entities (balance at June 30)	<u>\$ 550</u>	<u>-</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 \$112,519 and \$220,589 from the Georgia Sheriffs' Youth Homes, Inc. on June 30, 2022 and June 30, 2021, respectively. The funds were allocated PPP Loan forgiveness proceeds made by the Georgia Sheriffs' Youth Homes, Inc. to the Georgia Sheriffs' Association, Inc.

The Georgia Sheriffs' Association paid the Georgia Sheriffs' Youth Homes Foundation, Inc. \$45,426 and \$0 for the years ended June 30, 2022 and June 30, 2021, respectively, for occupancy rent expense.

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 \$89,032 and \$93,926 for the years ended June 30, 2022 and 2021, respectively, for those participants paid directly by the Organization. Contributions for others are included in the reimbursement arrangement disclosed in Note 1.

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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.

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, 2022 and 2021:

ASSETS AT FAIR VALUE JUNE 30, 2022				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Mutual Funds:				
Balanced funds	\$ 353,514	-	-	353,514
Blended funds	568,349	-	-	568,349
Growth funds	152,023	-	-	152,023
Fixed income funds	1,432,936	-	-	1,432,936
Other funds	170,173	-	-	170,173
Total mutual funds	2,676,995	-	-	2,676,995
Equity Securities:				
Common Stocks				
Consumer	83,096	-	-	83,096
Energy	37,303	-	-	37,303
Finance-Banking	63,162	-	-	63,162
Healthcare-Biotechnology	65,503	-	-	65,503
Industrial	41,578	-	-	41,578
Technology	119,570	-	-	119,570
Telecommunications	9,732	-	-	9,732
Transportation	6,825	-	-	6,825
Total common stocks	426,769	-	-	426,769
Total assets at fair value	\$ 3,103,764	-	-	3,103,764

Note 12 – Fair Value Measurements (Continued)

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
Total common stocks	451,099	-	-	451,099
Total assets at fair value	\$ 3,023,515	-	-	3,023,515

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Note 13 – Liquidity and Availability of Financial Assets

The following represents the Organization’s financial assets as of June 30, 2022, 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	\$ 577,512
Investments	3,103,764
Accounts receivable	6,825
Accounts receivable - related entity	992,425
Interest receivable	22,249
	<hr/> 4,702,775 <hr/>
Less amounts not available to be used within one year, due to:	
Accounts payable - related entity	550
Net assets with donor restrictions	62,291
Less net assets with purpose restrictions expected to be met in less than a year	(62,291)
Board designated net assets	84,441
	<hr/> 84,991 <hr/>
Financial assets available to meet cash needs for general expenditures within one year	<hr/> <hr/> \$ 4,617,784 <hr/> <hr/>

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 financed 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 is the borrower of record, 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 was completed in November 2022.

Note 15 – Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 28, 2022, 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. Business continuity, including supply chains and consumer demand across a broad range of industries and countries was severely impacted for months as governments and their citizens took significant and unprecedented measures to mitigate the consequences of the pandemic. Although significantly reduced, the COVID-19 pandemic continues to be a concern worldwide. 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 PPP 2 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.

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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.
Madison, Georgia

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, 2022, 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 28, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Georgia Sheriffs' Association, Inc.'s financial statements are free from 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 financial statements. 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 28, 2022