

GEORGIA SHERIFFS' ASSOCIATION, INC.

MADISON, GEORGIA

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

GEORGIA SHERIFFS' ASSOCIATION, INC.

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Fowler, Holley, Rambo & Stalvey, P.C.
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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, 2023, 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, 2023, 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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Kelly D. Lunceford, CPA • Robert C. Wynens, CPA • Corey L. Lewis, 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, 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 March 18, 2024, 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
March 18, 2024

GEORGIA SHERIFFS' ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

	<u>JUNE 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents, including interest-bearing deposits of \$0 (2022 - \$559,691), Notes 1 and 2	\$ 328,839	577,512
Investments, Notes 1, 3 and 12	3,549,627	3,103,764
Accounts receivable	46,051	6,825
Accounts and notes receivable – related entity, Note 10	995,353	992,425
Interest receivable	21,433	22,249
Assets held for resale or reuse, at fair market value, Note 1	200	100
Prepaid expenses	80,598	55,456
Total Current Assets	<u>5,022,101</u>	<u>4,758,331</u>
Property, plant and equipment, net of accumulated depreciation of \$275,711 (2022 - \$331,832), Notes 1 and 4	<u>45,580</u>	<u>23,817</u>
Total Assets	<u>\$ 5,067,681</u>	<u>4,782,148</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 9,083	10,346
Accounts payable – related entity, Note 10	4,099	550
Deferred revenue, Note 1	114,635	246,342
Accrued compensated absences, Note 1	235,097	240,886
Total Current Liabilities	<u>362,914</u>	<u>498,124</u>
Total Liabilities	<u>362,914</u>	<u>498,124</u>
Net Assets:		
Without donor restrictions:		
Land, building and equipment	45,581	23,817
Operating	4,519,025	4,113,475
Board designated, Note 7	99,224	84,441
With donor restrictions, Notes 1 and 8	40,937	62,291
Total Net Assets	<u>4,704,767</u>	<u>4,284,024</u>
Total Liabilities and Net Assets	<u>\$ 5,067,681</u>	<u>4,782,148</u>

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, 2023(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	WITHOUT DONOR RESTRICTIONS		
	OPERATING	LAND, BUILDING AND EQUIPMENT	TOTAL
Revenues and Gains:			
Contributions	\$ 449,239	-	449,239
Contributions - non-cash	13,150	-	13,150
Honorary membership fees	668,605	-	668,605
Sheriffs' and Chaplains' dues	139,885	-	139,885
Grant revenue	137,117	-	137,117
Contracts revenue	540,216	-	540,216
Training conference registration	394,256	-	394,256
Conference exhibitor fees	-	-	-
Conference sponsorships	198,605	-	198,605
Promotional items	74,542	-	74,542
Registry fees	29,905	-	29,905
Directory income	13,990	-	13,990
Commissions	34,945	-	34,945
Other income	430	-	430
Refunds and reimbursements	1,529	-	1,529
Interest and dividend income	90,388	-	90,388
Unrealized gains (losses) on investments	181,303	-	181,303
Administrative services contract	120,166	-	120,166
Gains (losses) on sale of capital assets	-	3,893	3,893
Realized gains (losses) on sale of securities	(52,365)	-	(52,365)
Total Revenues and Gains	3,035,906	3,893	3,039,799
Net Assets Released from Restrictions:			
Restrictions satisfied by payments	26,854	-	26,854
Total Revenues, Gains and Other Support	3,062,760	3,893	3,066,653
Expenses:			
Program services:			
Professional education and training	1,241,995	8,742	1,250,737
Supporting services:			
Management and general	867,745	9,443	877,188
Fund raising	496,631	-	496,631
Total Supporting Services	1,364,376	9,443	1,373,819
Total Expenses	2,606,371	18,185	2,624,556
Increase (Decrease) in Net Assets Before Transfers	456,389	(14,292)	442,097
Transfers (to) from Other Funds, Note 9	(36,056)	36,056	-
Increase (Decrease) in Net Assets	420,333	21,764	442,097
Net Assets, Beginning of Year	4,197,916	23,817	4,221,733
Net Assets, End of Year	\$ 4,618,249	45,581	4,663,830

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, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

WITH DONOR RESTRICTIONS	TOTAL	
	YEAR ENDED JUNE 30,	
	2023	2022
-	449,239	549,273
-	13,150	100
-	668,605	661,944
-	139,885	155,790
-	137,117	84,823
-	540,216	540,216
-	394,256	297,375
-	-	27,400
5,500	204,105	241,620
-	74,542	74,449
-	29,905	31,525
-	13,990	18,920
-	34,945	13,353
-	430	300
-	1,529	49
-	90,388	84,960
-	181,303	(638,039)
-	120,166	133,042
-	3,893	763,622
-	(52,365)	67,170
5,500	3,045,299	3,107,892
(26,854)	-	-
(21,354)	3,045,299	3,107,892
-	1,250,737	1,249,198
-	877,188	745,516
-	496,631	544,896
-	1,373,819	1,290,412
-	2,624,556	2,539,610
(21,354)	420,743	568,282
-	-	-
(21,354)	420,743	568,282
62,291	4,284,024	3,715,742
40,937	4,704,767	4,284,024

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, 2023

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

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Increase (Decrease) in net assets	\$ 420,743	568,282
Adjustments to reconcile increase/decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	18,185	19,328
Non-cash contributions	(13,150)	(100)
Non-cash expenses	250	-
Unrealized (gains) losses on investment securities	(181,303)	638,039
(Gains) losses on sale of capital assets	(3,893)	(763,622)
(Gains) losses on sale of securities	52,365	(67,170)
Change in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(42,154)	2,749
(Increase) Decrease in prepaid expenses	(25,142)	41,166
(Increase) Decrease in interest receivable	816	(7,493)
Increase (Decrease) in accounts payable	2,286	(12,728)
Increase (Decrease) in deferred revenue	(131,707)	134,777
Increase (Decrease) in accrued compensated absences	(5,789)	17,254
Net Cash Provided (Used) By Operating Activities	<u>91,507</u>	<u>570,482</u>
Cash Flows From Investing Activities:		
Capital expenditures	(27,255)	-
Proceeds from sale of assets	4,000	-
Purchase of investments	(1,453,889)	(3,605,516)
Proceeds on investments sold	1,136,964	2,954,398
Net Cash Provided (Used) by Investing Activities	<u>(340,180)</u>	<u>(651,118)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(248,673)	(80,636)
Cash and Cash Equivalents at Beginning of Year	<u>577,512</u>	<u>658,148</u>
Cash and Cash Equivalents at End of Year	<u>\$ 328,839</u>	<u>577,512</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
<u>Disclosure of Non-Cash Investing and Financing Activities</u>		
Non-cash contributions	<u>\$ 13,150</u>	<u>100</u>
Note receivable from disposition of headquarters building	<u>\$ -</u>	<u>987,000</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, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022)

	PROGRAM SERVICES		SUPPORTING SERVICES		TOTAL EXPENSES	
	PROFESSIONAL	MANAGEMENT	FUND		YEAR ENDED JUNE 30,	
	EDUCATION	AND	RAISING	TOTAL	2023	2022
	AND	GENERAL				
Administrative cost & salaries	\$ 68,859	347,055	102,500	449,555	518,414	445,477
Payroll taxes and retirement	5,204	60,612	16,423	77,035	82,239	88,317
Insurance	2,551	105,033	24,120	129,153	131,704	83,808
Legal and accounting	12,350	18,844	-	18,844	31,194	26,349
Bank charges and fees	25	5,158	-	5,158	5,183	2,467
Computer expense	7,877	19,950	14,309	34,259	42,136	47,134
Credit card processing fees	17,850	85	30	115	17,965	18,819
Investment fees	-	24,278	-	24,278	24,278	26,348
Extra labor	-	-	-	-	-	7,793
Professional services	32,043	6,820	201,956	208,776	240,819	223,824
Facilities - training conferences	22,687	-	-	-	22,687	52,562
Training and conference costs	217,422	598	-	598	218,020	236,368
Travel	18,741	789	-	789	19,530	10,966
Vehicle operating costs	28,892	5,547	-	5,547	34,439	25,891
Meetings	2,727	-	-	-	2,727	3,115
Office supplies and printing	27,071	11,551	5,791	17,342	44,413	25,406
Postage	-	22,817	113,846	136,663	136,663	120,347
Bulk printing and mailing	113,300	-	-	-	113,300	66,114
Magazine and publication cost	45,165	200	-	200	45,365	85,954
Materials and media	112	-	-	-	112	-
Licenses and fees	-	30	-	30	30	1,146
Telephone	(190)	1,832	-	1,832	1,642	462
Dues and subscriptions	4,588	3,351	-	3,351	7,939	9,831
Rent of equipment, Note 5	103	12,606	224	12,830	12,933	57,474
Equipment maintenance	-	298	305	603	603	36
Office rent, Notes 5 and 10	-	53,452	-	53,452	53,452	45,246
Utilities	30	11,454	-	11,454	11,484	719
Maintenance and repairs	21	1,135	-	1,135	1,156	414
Pest control and janitorial services	-	3,136	-	3,136	3,136	675
Lawn and grounds maintenance	-	1,714	-	1,714	1,714	521
Property taxes	-	-	-	-	-	-
Security expense	1,950	-	-	-	1,950	780
Promotions	29,625	-	17,127	17,127	46,752	48,594
Sales tax	79	-	-	-	79	-
Audio-Visual	14,769	-	-	-	14,769	25,179
Special events	200	-	-	-	200	-
Awards	4,466	-	-	-	4,466	1,975
Miscellaneous	-	-	-	-	-	-
COAM inspection expenses	68,050	-	-	-	68,050	72,823
Governor's Challenge - grant expenses	38,478	40,418	-	40,418	78,896	70,281
Contract expenses - registry	-	-	-	-	-	9,660
POST, SEA & Jail training contract expenses	442,893	97,323	-	97,323	540,216	530,556
Contributions to other organizations	450	-	-	-	450	13,550
Public relations	1,107	101	-	101	1,208	1,298
Internet	-	10,308	-	10,308	10,308	4,753
Death benefits	12,500	1,250	-	1,250	13,750	27,250
Total Expenses Before Depreciation	1,241,995	867,745	496,631	1,364,376	2,606,371	2,520,282
Depreciation, Notes 1 and 4	8,742	9,443	-	9,443	18,185	19,328
	<u>\$ 1,250,737</u>	<u>877,188</u>	<u>496,631</u>	<u>1,373,819</u>	<u>2,624,556</u>	<u>2,539,610</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, 2023 and 2022, 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. During the ended June 30, 2023, the Organization received total non-cash contributions of \$13,150 which consisted of \$12,800 in computers, \$250 in donated services, and \$100 in gift cards.

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 \$114,635 and \$246,342 of deferred revenue at June 30, 2023 and 2022, 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, 2022 have been made to conform to the classifications for the year ended June 30, 2023, without effecting financial position, changes in net assets or cash flows.

New Accounting Standards Implemented:

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, was effective for fiscal years beginning after December 15, 2021 and was implemented during the year beginning July 1, 2022. No material long-term leases were recorded during the year; however, subsequent to year end a lease under this ASU was recorded. (See Note 5).

Note 2 – Cash

Cash consists of the following:

	JUNE 30,	
	2023	2022
Without Donor Restrictions:		
Cash on hand	\$ 100	100
Checking and liquid funds	328,739	577,412
	<u>\$ 328,839</u>	<u>577,512</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,					
	2023			2022		
	COST	FAIR VALUE	UNREALIZED GAINS (LOSSES)	COST	FAIR VALUE	UNREALIZED GAINS (LOSSES)
Without Donor Restrictions:						
Equity Securities	\$ 289,288	477,923	188,635	291,598	426,769	135,171
Fixed Income Securities	1,697,712	1,520,756	(176,956)	1,634,271	1,432,936	(201,335)
Mutual funds & money funds	1,532,224	1,550,948	18,724	1,328,796	1,244,059	(84,737)
	<u>\$ 3,519,224</u>	<u>3,549,627</u>	<u>30,403</u>	<u>3,254,665</u>	<u>3,103,764</u>	<u>(150,901)</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2023 and 2022:

	YEAR ENDED JUNE 30,	
	2023	2022
Without Donor Restrictions:		
Interest and dividend income	\$ 90,388	84,960
Unrealized gains (losses)	181,303	(638,039)
Realized gains (losses) from securities	(52,365)	67,170
	<u>\$ 219,326</u>	<u>(485,909)</u>

Note 4 – Property, Plant and Equipment

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

	JUNE 30,		ESTIMATED USEFUL LIVES
	2023	2022	
Automobiles	\$ 143,013	145,870	5 years
Office and training equipment	178,278	209,779	3-10 years
	321,291	355,649	
Accumulated depreciation	<u>(275,711)</u>	<u>(331,832)</u>	
	<u>\$ 45,580</u>	<u>23,817</u>	

The accompanying statements of activities include charges for depreciation of \$18,185 and \$19,328 for the years ended June 30, 2023 and 2022, 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 payoff of the new Madison building. Subsequent to June 30, 2022, in July 2022, the Foundation completed the sale of the property to Henry County, Georgia.

Note 5 – Equipment Rental and Operating Leases

The Association rents certain office equipment. These rentals are on a month-to-month basis or have terms not exceeding one year. Rent expense for equipment rental under these agreements totaled \$12,933 and \$57,473 for the years ended June 30, 2023 and 2022, respectively.

During November 2022, the Madison building was substantially complete and able to be moved into; however, there was still a significant amount of work and costs remaining to be completed. The lease contract terms were for the Association to pay a proportional amount of the interest as lease payments until the loan converted to a permanent amortizing loan. Since the loan was still in the interest-only construction phase, rent payments were variable based on the current loan amount and charged to rent expense as incurred. Once the loan converted in August 2023, a right to use asset and lease liability were each recorded based on future payment obligations. Rent payments for office space totaled \$53,452 and \$45,246 for the years ended June 30, 2023 and 2022, 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, 2023, 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, 2023 or the statement of activities for the year then ended. Further, all years subsequent to June 30, 2020 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,	
	2023	2022
Without Donor Restrictions-Board Designated:		
Survivor benefit funds	\$ 59,385	64,702
Chaplains division funds	36,695	16,595
Civil process server funds	3,144	3,144
	<u>\$ 99,224</u>	<u>84,441</u>

Note 8 – Restrictions on Net Assets

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

	JUNE 30,	
	2023	2022
Governor's Challenge funds	<u>\$ 40,937</u>	<u>62,291</u>

The Organization had no net assets with donor restrictions that were permanent in nature as of June 30, 2023 and 2022.

Note 9 – Transfers Among Funds and Other Entities

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

	YEAR ENDED JUNE 30,	
	2023	2022
Transfer to Land, Building and Equipment Fund from Operating Fund	\$ 36,056	(987,000)
Transfer from Operating Fund to Land, Building, Equipment Fund	(36,056)	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,	
	2023	2022
Accounts receivable from Georgia Sheriffs' Youth Homes	\$ 7,891	5,253
Note receivable from Georgia Sheriffs' Youth Homes Foundation	987,005	987,005
Accounts receivable from Georgia Sheriffs' Youth Homes Foundation	<u>457</u>	<u>167</u>
Total accounts receivable from related entities (balance at June 30)	<u>\$ 995,353</u>	<u>992,425</u>

	JUNE 30,	
	2023	2022
Accounts payable to Georgia Sheriffs' Youth Homes Foundation	\$ -	550
Accounts payable to Georgia Sheriffs' Youth Homes	<u>4,099</u>	<u>-</u>
Total accounts payable to related entities (balance at June 30)	<u>\$ 4,099</u>	<u>550</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 \$0 and \$112,519 from the Georgia Sheriffs' Youth Homes, Inc. on June 30, 2023 and 2022, 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. \$53,452 and \$45,246 for the years ended June 30, 2023 and 2022, 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 \$84,851 and \$89,032 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022:

	ASSETS AT FAIR VALUE JUNE 30, 2023			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Equity Securities	\$ 477,923	-	-	477,923
Fixed Income Securities	1,520,756	-	-	1,520,756
Mutual funds & money funds	1,550,948	-	-	1,550,948
Total assets at fair value	<u>\$ 3,549,627</u>	<u>-</u>	<u>-</u>	<u>3,549,627</u>

	ASSETS AT FAIR VALUE JUNE 30, 2022			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Equity Securities	\$ 426,769	-	-	426,769
Fixed Income Securities	1,432,936	-	-	1,432,936
Mutual funds & money funds	1,244,059	-	-	1,244,059
Total assets at fair value	<u>\$ 3,103,764</u>	<u>-</u>	<u>-</u>	<u>3,103,764</u>

Note 13 – Liquidity and Availability of Financial Assets

The following represents the Organization’s financial assets as of June 30, 2023, 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	\$ 328,839
Investments	3,549,627
Accounts receivable	46,051
Accounts receivable - related entity	995,353
Interest receivable	21,433
	<u>4,941,303</u>
Less amounts not available to be used within one year, due to:	
Accounts payable - related entity	4,099
Net assets with donor restrictions	40,937
Less net assets with purpose restrictions expected to be met in less than a year	(40,937)
Board designated net assets	99,224
	<u>103,323</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,837,980</u>

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 substantially 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 March 18, 2024, the date on which the financial statements were available to be issued.

Subsequent to June 30, 2023, in November 2023, the Morris Bank building loan converted from interest-only to interest and principal and began amortizing. New lease agreements were signed to detail the percentage of the payment that will be paid by each entity. The lease agreement term is for only one year; however, the lease is expected to be renewed until the loan has been paid in full. At commencement of the new lease, a right of use asset and lease liability was recorded for the Associations portion of future lease payments.

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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, 2023, 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 March 18, 2024.

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
March 18, 2024