

GEORGIA SHERIFFS' ASSOCIATION, INC.

MADISON, GEORGIA

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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, 2025, 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, 2025, 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.

SERVING VALDOSTA AND SOUTH GEORGIA SINCE 1956

Kelly D. Lunceford, CPA • Robert C. Wynens, CPA • Zachary R. Richards, CPA • Yesenia Granados, CPA

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, 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 15, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, 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 19, 2025, 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 19, 2025

GEORGIA SHERIFFS' ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2025

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2024)

	<u>JUNE 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Current Assets:		
Cash, Note 2	\$ 511,340	641,774
Investments, Notes 1, 3 and 11	4,045,235	3,690,331
Accounts receivable	118,201	2,655
Accounts and notes receivable – related entity, Note 9	988,402	988,556
Interest receivable	29,604	27,732
Prepaid expenses and other current assets	219,843	73,813
Total Current Assets	<u>5,912,625</u>	<u>5,424,861</u>
Property, plant and equipment, net of accumulated depreciation of \$272,880 (2024 - \$247,162), Notes 1 and 4	<u>94,652</u>	<u>68,462</u>
Other Assets:		
Right-of-Use Asset, Notes 1 and 5	<u>2,092,538</u>	<u>2,240,487</u>
Total Assets	<u>\$ 8,099,815</u>	<u>7,733,810</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 6,577	3,091
Accounts payable – related entity, Note 9	-	190
Deferred revenue, Note 1	158,334	233,836
Accrued compensated absences, Note 1	220,218	210,499
Current portion of lease liability, Notes 1 and 5	<u>152,372</u>	<u>147,948</u>
Total Current Liabilities	<u>537,501</u>	<u>595,564</u>
Lease Liability, Less Current Maturities, Notes 1 and 5	<u>1,940,166</u>	<u>2,092,539</u>
Total Liabilities	<u>2,477,667</u>	<u>2,688,103</u>
Net Assets:		
Without donor restrictions:		
Land, building and equipment	94,653	68,462
Operating	5,313,888	4,840,780
With donor restrictions, Notes 1 and 7	<u>213,607</u>	<u>136,465</u>
Total Net Assets	<u>5,622,148</u>	<u>5,045,707</u>
Total Liabilities and Net Assets	<u>\$ 8,099,815</u>	<u>7,733,810</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, 2025
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2024)

	WITHOUT DONOR RESTRICTIONS		
	OPERATING	LAND, BUILDING AND EQUIPMENT	TOTAL
Revenues and Gains:			
Contributions	\$ 436,819	-	436,819
Contributions - non-cash	100	-	100
Honorary membership fees	618,386	-	618,386
Sheriffs' and Chaplains' dues	157,550	-	157,550
Grant revenue	168,841	-	168,841
Contracts revenue	924,726	-	924,726
Training conference registration	374,245	-	374,245
Conference sponsorships	235,520	-	235,520
Promotional items	78,548	-	78,548
Registry fees	23,380	-	23,380
Directory income	19,000	-	19,000
Commissions	22,789	-	22,789
Other income	11,205	-	11,205
Interest and dividend income	131,379	-	131,379
Unrealized gains (losses) on investments	289,133	-	289,133
Administrative services contract	135,984	-	135,984
Gains (losses) on sale of capital assets	-	(3,200)	(3,200)
Realized gains (losses) on sale of securities	(31,569)	-	(31,569)
Total Revenues and Gains	3,596,036	(3,200)	3,592,836
Net Assets Released from Restrictions:			
Restrictions satisfied by payments	54,706	-	54,706
Total Revenues, Gains and Other Support	3,650,742	(3,200)	3,647,542
Expenses:			
Program services:			
Professional education and training	1,593,361	10,033	1,603,394
Supporting services:			
Management and general	965,806	18,462	984,268
Fund raising	560,581	-	560,581
Total Supporting Services	1,526,387	18,462	1,544,849
Total Expenses	3,119,748	28,495	3,148,243
Increase (Decrease) in Net Assets Before Transfers	530,994	(31,695)	499,299
Transfers (to) from Other Funds, Note 8	(57,886)	57,886	-
Increase (Decrease) in Net Assets	473,108	26,191	499,299
Net Assets, Beginning of Year	4,840,780	68,462	4,909,242
Net Assets, End of Year	\$ 5,313,888	94,653	5,408,541

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, 2025

(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2024)

WITH DONOR RESTRICTIONS	TOTAL	
	YEAR ENDED JUNE 30,	
	2025	2024
17,183	454,002	462,082
-	100	100
95	618,481	643,668
9,670	167,220	152,885
-	168,841	89,040
-	924,726	659,244
35,700	409,945	301,659
69,200	304,720	232,065
-	78,548	70,842
-	23,380	30,910
-	19,000	15,790
-	22,789	23,410
-	11,205	1,120
-	131,379	124,873
-	289,133	144,587
-	135,984	121,716
-	(3,200)	(4,045)
-	(31,569)	53,930
131,848	3,724,684	3,123,876
(54,706)	-	-
77,142	3,724,684	3,123,876
-	1,603,394	1,185,691
-	984,268	1,074,720
-	560,581	522,525
-	1,544,849	1,597,245
-	3,148,243	2,782,936
77,142	576,441	340,940
-	-	-
77,142	576,441	340,940
136,465	5,045,707	4,704,767
213,607	5,622,148	5,045,707

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, 2025

(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2024)

	<u>YEAR ENDED JUNE 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities:		
Increase (Decrease) in net assets	\$ 576,441	340,940
Adjustments to reconcile increase/decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	28,495	18,327
Non-cash contributions	(100)	(100)
Non-cash expenses	100	300
Unrealized (gains) losses on investment securities	(289,133)	(144,587)
(Gains) losses on sale of capital assets	3,200	4,045
(Gains) losses on sale of securities	31,569	(53,930)
Change in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(115,392)	50,193
(Increase) Decrease in prepaid expenses	(146,030)	6,785
(Increase) Decrease in interest receivable	(1,872)	(6,299)
(Increase) Decrease in right-of-use asset	147,949	131,922
Increase (Decrease) in accounts payable	3,296	(9,901)
Increase (Decrease) in deferred revenue	(75,502)	119,201
Increase (Decrease) in accrued compensated absences	9,719	(24,598)
Net Cash Provided (Used) By Operating Activities	<u>172,740</u>	<u>432,298</u>
Cash Flows From Investing Activities:		
Capital expenditures	(67,060)	(57,954)
Proceeds from sale of assets	9,175	12,700
Purchase of investments	(2,753,825)	(1,304,308)
Proceeds on investments sold	<u>2,656,485</u>	<u>1,362,121</u>
Net Cash Provided (Used) by Investing Activities	<u>(155,225)</u>	<u>12,559</u>
Cash Flows From Financing Activities:		
Payments on lease liabilities	(147,949)	(131,922)
Net Cash Provided (Used) By Financing Activities	<u>(147,949)</u>	<u>(131,922)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(130,434)	312,935
Cash and Cash Equivalents at Beginning of Year	<u>641,774</u>	<u>328,839</u>
Cash and Cash Equivalents at End of Year	<u>\$ 511,340</u>	<u>641,774</u>
<u>Supplemental Disclosures of Cash Flow Information</u>		
<u>Disclosure of Non-Cash Investing and Financing Activities</u>		
Non-cash contributions	\$ 100	100
Right-of-use asset obtained in exchange for lease obligations	<u>\$ -</u>	<u>2,372,409</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, 2025
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2024)

	PROGRAM SERVICES					
	PROFESSIONAL EDUCATION AND TRAINING	SUPPORTING SERVICES MANAGEMENT AND GENERAL	FUND RAISING	TOTAL	TOTAL EXPENSES	
					YEAR ENDED JUNE 30,	
					2025	2024
Administrative cost & salaries	\$ 160,184	290,837	87,363	378,200	538,384	477,560
Payroll taxes and retirement	16,705	64,284	21,613	85,897	102,602	83,070
Insurance	31,918	92,864	31,046	123,910	155,828	137,971
Legal and accounting	14,478	19,372	-	19,372	33,850	41,076
Bank charges and fees	-	1,909	-	1,909	1,909	933
Computer expense	5,618	17,970	16,414	34,384	40,002	42,383
Credit card processing fees	25,279	15	-	15	25,294	19,471
Investment fees	-	28,890	-	28,890	28,890	26,386
Professional services	45,506	6,181	202,714	208,895	254,401	229,683
Facilities - training conferences	43,267	-	-	-	43,267	39,317
Training and conference costs	230,559	669	-	669	231,228	170,358
Travel	2,701	-	-	-	2,701	4,087
Vehicle operating costs	27,104	4,516	-	4,516	31,620	29,192
Meetings	1,140	-	-	-	1,140	2,243
Office supplies and printing	11,126	3,306	17,640	20,946	32,072	37,209
Postage	-	42,401	136,828	179,229	179,229	143,456
Bulk printing and mailing	31,377	-	-	-	31,377	56,324
Magazine and publication cost	58,684	39,125	-	39,125	97,809	85,544
Materials and media	166	-	-	-	166	2,872
Licenses and fees	30	-	-	-	30	45
Telephone	-	2,267	-	2,267	2,267	2,099
Dues and subscriptions	-	87	-	87	87	3,684
Rent of equipment, Note 5	2,481	-	396	396	2,877	1,960
Equipment maintenance	202	3,068	-	3,068	3,270	881
Office rent, Notes 5 and 10	-	167,818	-	167,818	167,818	161,025
Utilities	-	16,522	-	16,522	16,522	17,671
Maintenance and repairs	-	6,401	314	6,715	6,715	2,223
Pest control and janitorial services	-	5,220	-	5,220	5,220	3,360
Lawn and grounds maintenance	36	5,319	-	5,319	5,355	4,471
Property taxes	-	4,375	-	4,375	4,375	-
Security expense	1,790	810	-	810	2,600	771
Promotions	530	-	46,253	46,253	46,783	43,208
Audio-Visual	6,442	-	-	-	6,442	18,488
Special events	2,175	-	-	-	2,175	-
Awards	7,849	-	-	-	7,849	4,169
Miscellaneous	-	3,278	-	3,278	3,278	-
COAM inspection expenses	55,653	-	-	-	55,653	63,546
Governor's Challenge - grant expenses	6,000	-	-	-	6,000	72,052
POST, SEA & Jail training contract expenses	796,903	127,823	-	127,823	924,726	659,244
Contributions to other organizations	2,500	-	-	-	2,500	51,000
Public relations	958	-	-	-	958	3,441
Internet	-	5,479	-	5,479	5,479	5,636
Death benefits	4,000	5,000	-	5,000	9,000	16,500
Total Expenses Before Depreciation	1,593,361	965,806	560,581	1,526,387	3,119,748	2,764,609
Depreciation, Notes 1 and 4	10,033	18,462	-	18,462	28,495	18,327
	<u>\$ 1,603,394</u>	<u>984,268</u>	<u>560,581</u>	<u>1,544,849</u>	<u>3,148,243</u>	<u>2,782,936</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.

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, 2025, the Organization received total non-cash contributions of \$100 which consisted of \$100 in gift cards. During the ended June 30, 2024, the Organization received total non-cash contributions of \$100 which consisted of \$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 \$158,334 and \$233,836 of deferred revenue at June 30, 2025 and 2024, 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.

Leases: The Organization entered into a lease agreement with the Georgia Sheriff Youth Homes Foundation and recorded a right of use asset and lease liability on August 1, 2023 for their portion of the Headquarters cost. Lease expense of \$212,053 and \$194,382 was recorded for the years ended June 30, 2025 and 2024, respectively. See Note 5.

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, 2024 have been made to conform to the classifications for the year ended June 30, 2025, without effecting financial position, changes in net assets or cash flows.

Note 2 – Cash

Cash consists of the following:

	JUNE 30,	
	2025	2024
Without Donor Restrictions:		
Cash on hand	\$ 100	100
Checking and liquid funds	511,240	641,674
	<u>\$ 511,340</u>	<u>641,774</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,					
	2025			2024		
	COST	FAIR VALUE	UNREALIZED GAINS (LOSSES)	COST	FAIR VALUE	UNREALIZED GAINS (LOSSES)
Without Donor Restrictions:						
Equity Securities	\$ 407,099	653,929	246,830	264,680	497,949	233,269
Fixed Income Securities	1,801,257	1,779,223	(22,034)	1,862,332	1,690,698	(171,634)
Commodities	33,365	38,040	4,675	-	-	-
Mutual funds & money funds	1,339,391	1,574,043	234,652	1,388,329	1,501,684	113,355
	<u>\$ 3,581,112</u>	<u>4,045,235</u>	<u>464,123</u>	<u>3,515,341</u>	<u>3,690,331</u>	<u>174,990</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2025 and 2024:

	YEAR ENDED JUNE 30,	
	2025	2024
Without Donor Restrictions:		
Interest and dividend income	\$ 131,379	124,873
Unrealized gains (losses)	289,133	144,587
Realized gains (losses) from securities	(31,569)	53,930
	<u>\$ 388,943</u>	<u>323,390</u>

Note 4 – Property, Plant and Equipment

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

	JUNE 30,		ESTIMATED
	2025	2024	USEFUL LIVES
Automobiles	\$ 171,485	137,347	5 years
Office and training equipment	196,047	178,277	3-10 years
	367,532	315,624	
Accumulated depreciation	(272,880)	(247,162)	
	<u>\$ 94,652</u>	<u>68,462</u>	

The accompanying statements of activities include charges for depreciation of \$28,495 and \$18,327 for the years ended June 30, 2025 and 2024, respectively.

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 \$2,877 and \$1,960 for the years ended June 30, 2025 and 2024, respectively.

The Association implemented the new lease accounting standards under FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, Leases, effective July 1, 2022. In accordance with the ASU, the Association measures right-of-use (“ROU”) assets and lease liabilities based on the future minimum lease payments over the lease term at the commencement date. Minimum lease payments include the fixed lease components of the agreement. The Association recognizes lease expense for leases on a straight-line basis over the lease term. As the implicit rate is typically not readily determinable for most leases, the Association uses its incremental borrowing rate to determine the initial present value of lease payments when needed.

The Association determines if a contract is or contains a lease at inception. Leases with an initial term of 12 months or less are not recorded on the balance sheet and are expensed as incurred. The only Association lease is an operating lease for their portion of the new headquarters.

During November 2022, the Madison building was substantially completed 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 Organization 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. Rent expense for office space totaled \$0 and \$10,878 for the years ended June 30, 2025 and 2024, respectively. Once the loan was converted in August 2023, the Association recorded a right-of-use asset and lease liability of \$2,372,409 based on their portion of future payment obligations discounted using the stated rate of 2.95%. The lease has a remaining lease term of 11.7 years. Lease expense totaled \$212,053 and \$194,382 for the years ended June 30, 2025 and 2024, respectively.

Note 5 – Equipment Rental and Operating Leases (Continued)

The following schedules show the Associations right-of-use assets and related liabilities, and other information related to its leasing activities:

Right-of-use assets, beginning of year	\$ 2,240,487
Lease payments	(212,053)
Interest	64,104
Right-of-use assets, end of year	<u>2,092,538</u>
Right-of-use lease liabilities, beginning of year	2,240,487
Lease payments	(212,053)
Interest	64,104
Right-of-use lease liabilities, end of year	<u>2,092,538</u>
Net Right-of-Use Asset (Liabilities)	<u>\$ -</u>

Future payment schedule and reconciliation of lease liabilities as of June 30, 2025:

<u>YEAR ENDING JUNE 30,</u>	
2026	\$ 212,053
2027	212,053
2028	212,053
2029	212,053
2030	212,053
After 5 Years	<u>1,415,884</u>
Total Projected Lease Payments	2,476,149
Less Present Value Discount	383,611
Present Value of Projected Lease Payments	<u>\$ 2,092,538</u>
Current Portion of Lease Liabilities	\$ 152,372
Long-Term Portion of Lease Liabilities	<u>1,940,166</u>
	<u>\$ 2,092,538</u>

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, 2025, 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, 2025 or the statement of activities for the year then ended. Further, all years subsequent to June 30, 2022 remain subject to examination.

Note 7 – Restrictions on Net Assets

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

	JUNE 30,	
	2025	2024
Governor's Challenge funds	\$ 79,758	18,929
Survivor benefit funds	67,857	58,180
Chaplains division funds	62,848	56,212
Civil process server funds	3,144	3,144
	<u>\$ 213,607</u>	<u>136,465</u>

The Organization had no net assets with donor restrictions that were permanent in nature as of June 30, 2025 and 2024.

Note 8 – Transfers Among Funds and Other Entities

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

	YEAR ENDED JUNE 30,	
	2025	2024
Transfer to Land, Building and Equipment Fund from Operating Fund	\$ 57,886	45,253
Transfer from Operating Fund to Land, Building, Equipment Fund	(57,886)	(45,253)
Transfer to Temporarily Restricted Fund from Operating Fund	-	117,536
Transfer from Operating Fund to Temporarily Restricted Fund	-	(117,536)
Net transfers between funds	<u>\$ -</u>	<u>-</u>

Note 9 – Related Party Transactions

Related party transactions are summarized as follows:

	JUNE 30,	
	2025	2024
Accounts receivable from Georgia Sheriffs' Youth Homes	\$ 1,300	1,398
Note receivable from Georgia Sheriffs' Youth Homes Foundation	987,005	987,005
Accounts receivable from Georgia Sheriffs' Youth Homes Foundation	97	153
	<u>\$ 988,402</u>	<u>988,556</u>

	JUNE 30,	
	2025	2024
Accounts payable to Georgia Sheriffs' Youth Homes	\$ -	190
	<u>\$ -</u>	<u>190</u>

Note 9 – Related Party Transactions (Continued)

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

The Organization paid the Georgia Sheriffs' Youth Homes Foundation, Inc. \$0 and \$10,878 during June 30, 2025 and 2024, respectively, for occupancy rent, and \$212,053 and \$194,382 during June 30, 2025 and 2024, respectively, for lease payments.

Note 10 – 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. In total, the Organization made retirement contributions to the plan totaling \$117,916 and \$91,229 for the years ended June 30, 2025 and 2024, respectively, for those participants paid directly by the Organization. Contributions for others are included in the reimbursement arrangement disclosed in Note 1.

Note 11 – Fair Value Measurements

Generally accepted accounting principles define fair value, establish a framework for measuring fair value and establish 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.)

Note 11 – Fair Value Measurements (Continued)

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, 2025 and 2024:

ASSETS AT FAIR VALUE JUNE 30, 2025				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Equity Securities	\$ 653,929	-	-	653,929
Fixed Income Securities	1,779,223	-	-	1,779,223
Commodities	38,040	-	-	38,040
Mutual funds & money funds	1,574,043	-	-	1,574,043
Total assets at fair value	\$ 4,045,235	-	-	4,045,235

ASSETS AT FAIR VALUE JUNE 30, 2024				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Equity Securities	\$ 497,949	-	-	497,949
Fixed Income Securities	1,690,698	-	-	1,690,698
Mutual funds & money funds	1,501,684	-	-	1,501,684
Total assets at fair value	\$ 3,690,331	-	-	3,690,331

Note 12 – Liquidity and Availability of Financial Assets

The following represents the Organization’s financial assets as of June 30, 2025, 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	\$ 511,340
Investments	4,045,235
Accounts receivable	118,201
Accounts receivable - related entity	988,402
Interest receivable	29,604
	<u>5,692,782</u>
Less amounts not available to be used within one year, due to:	
Net assets with donor restrictions	213,607
Less net assets with purpose restrictions expected to be met in less than a year	<u>(213,607)</u>
	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,692,782</u>

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

Note 13 – 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 was financed for up to 20 years at a rate of 2.95%, with an approximate mortgage payment of \$55,000 per month upon completion of the project. The Georgia Sheriffs’ Youth Homes Foundation is the loan borrower with the Georgia Sheriffs’ Youth Homes, Inc. being the loan guarantor.

Land was purchased at the proposed location of Madison, Georgia on December 29, 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 contribute their equitable share of costs associated with the construction, operations and maintenance of the facility as tenants.

Note 14 – Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 19, 2025, the date on which the financial statements were available to be issued.



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, 2025, 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 19, 2025.

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.

SERVING VALDOSTA AND SOUTH GEORGIA SINCE 1956

Kelly D. Lunceford, CPA • Robert C. Wynens, CPA • Zachary R. Richards, CPA • Yesenia Granados, CPA

To the Board of Directors and Officers
Georgia Sheriffs' Association, Inc.
Madison, Georgia
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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 19, 2025