

Lekotek Of Georgia, Inc.
Atlanta, Georgia

Independent Auditor's Report
Financial Statements
For years ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Lekotek Of Georgia, Inc.

Opinion

We have audited the accompanying financial statements of Lekotek Of Georgia, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024, and 2023 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lekotek Of Georgia, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lekotek Of Georgia, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 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,

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individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lekotek Of Georgia, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lekotek Of Georgia, 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.

Barnes Merritt & Kottel, LLC

October 22nd, 2024
Cumming, GA

Lekotek of Georgia, Inc.
STATEMENT OF FINANCIAL POSITION
Years ended June 30, 2024 and 2023

Exhibit A

	2024	2023
Assets:		
Current assets:		
Cash	\$ 167,154	\$ 134,303
Investments (Note B)	2,158,128	1,777,164
Prepaid expenses	1,273	-
Total current assets	2,326,555	1,911,467
Noncurrent assets:		
Property and equipment - net (Note C)	73,785	82,903
Right of use asset	144,734	-
Total noncurrent assets	218,519	82,903
Total assets	\$ 2,545,074	\$ 1,994,370
Liabilities:		
Current liabilities:		
Accounts payable	\$ 1,660	\$ -
Accrued expenses	23,346	16,250
Total current liabilities	25,006	16,250
Noncurrent liabilities:		
Lease liability	144,734	-
Total noncurrent liabilities	144,734	-
Total liabilities	169,740	16,250
Net assets:		
Without donor restrictions	2,318,080	1,920,520
With donor restrictions	57,254	57,600
Total net assets	2,375,334	1,978,120
Total liabilities and net assets	\$ 2,545,074	\$ 1,994,370

Lekotek of Georgia, Inc.
STATEMENT OF ACTIVITIES
Year ended June 30, 2024

Exhibit B
Page 1 of 2

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets:			
Revenues, gains (losses) & other support:			
Private gifts and grants	\$ 630,678	\$ -	\$ 630,678
Interest income	60,262	2,040	62,302
Membership dues	23,024	-	23,024
Program Fees:			
Professional/consulting	584	-	584
Special events and programs			
Special events	227,731	-	227,731
Direct mailing	120,045	-	120,045
Gains (losses) from sale of asset	232,337	-	232,337
Net assets released from restrictions:			
Satisfaction of purpose restrictions	2,386	(2,386)	-
	<u>1,297,047</u>	<u>(346)</u>	<u>1,296,701</u>
Total revenue and other support			
Operating expenses:			
Program costs:			
Program services	782,670	-	782,670
Total program costs	782,670	-	782,670
Supporting activities:			
Management & general	45,753	-	45,753
Fundraising	71,064	-	71,064
Total supporting activities	116,817	-	116,817
Total operating expenses	899,487	-	899,487
Changes in net assets	397,560	(346)	397,214
Net assets, beginning of year	<u>1,920,520</u>	<u>57,600</u>	<u>1,978,120</u>
Net assets, end of year	<u>\$ 2,318,080</u>	<u>\$ 57,254</u>	<u>\$ 2,375,334</u>

Lekotek of Georgia, Inc.
STATEMENT OF ACTIVITIES
Year ended June 30, 2023

Exhibit B
Page 2 of 2

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets:			
Revenues, gains (losses) & other support:			
Private gifts and grants	\$ 562,736	\$ 60,000	\$ 622,736
Interest income	16,692	-	16,692
Gifts in kind	3,000	-	3,000
Membership dues	21,085	-	21,085
Program Fees:			
Professional/consulting	591	-	591
Computer fees	2,500	-	2,500
Family Programs	1,013	-	1,013
Special events and programs			
Special events	199,564	-	199,564
Direct mailing	108,551	-	108,551
Gains (losses) from sale of asset	184,261	-	184,261
Net assets released from restrictions:			
Satisfaction of purpose restrictions	2,400	(2,400)	-
Total revenue and other support	<u>1,102,393</u>	<u>57,600</u>	<u>1,159,993</u>
Operating expenses:			
Program costs:			
Program services	<u>736,347</u>	-	<u>736,347</u>
Total program costs	<u>736,347</u>	-	<u>736,347</u>
Supporting activities:			
Management & general	34,858	-	34,858
Fundraising	<u>67,411</u>	-	<u>67,411</u>
Total supporting activities	<u>102,269</u>	-	<u>102,269</u>
Total operating expenses	<u>838,616</u>	-	<u>838,616</u>
Changes in net assets	263,777	57,600	321,377
Net assets, beginning of year	<u>1,656,743</u>	-	<u>1,656,743</u>
Net assets, end of year	<u><u>\$ 1,920,520</u></u>	<u><u>\$ 57,600</u></u>	<u><u>\$ 1,978,120</u></u>

Lekotek of Georgia, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2024

	Child/Family Support Services	Administrative Services	Fundraising Activities	Total
Administrative salaries	\$ 15,067	\$ 15,067	\$ 15,066	\$ 45,200
Computer expenses	37,724	-	-	37,724
Consultants	28,220	-	-	28,220
Depreciation	6,839	2,279	-	9,118
Director salary	65,100	13,950	13,950	93,000
Dues and subscriptions	495	55	-	550
Family programs	13,050	-	-	13,050
Insurance	20,501	-	-	20,501
Office expense	7,024	2,341	-	9,365
Postage	3,068	1,023	-	4,091
Publicity printing	4,464	496	-	4,960
Rent	143,262	7,540	-	150,802
Special events	11,677	-	41,399	53,076
Staff development	13,314	-	-	13,314
Taxes - payroll	20,283	647	649	21,579
Teachers' salaries	353,105	-	-	353,105
Teaching aids	10,131	-	-	10,131
Telephone	14,813	1,646	-	16,459
Travel	1,062	-	-	1,062
Utilities	13,471	709	-	14,180
Total	<u>\$ 782,670</u>	<u>\$ 45,753</u>	<u>\$ 71,064</u>	<u>\$ 899,487</u>
Percentage of Total	87%	5%	8%	100%

Lekotek of Georgia, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2023

	Child/Family Support Services	Administrative Services	Fundraising Activities	Total
Administrative salaries	\$ 9,000	\$ 9,000	\$ 9,000	\$ 27,000
Computer expenses	26,857	-	-	26,857
Consultants	22,405	-	-	22,405
Depreciation	8,078	2,692	-	10,770
Director salary	41,300	8,850	8,850	59,000
Dues amd subscriptions	743	82	-	825
Family programs	8,910	-	-	8,910
Insurance	24,926	-	-	24,926
Office expense	5,222	1,741	-	6,963
Postage	898	299	-	1,197
Publicity printing	1,819	202	-	2,021
Rent	159,261	8,382	-	167,643
Special events	13,570	-	48,115	61,685
Staff development	2,055	-	-	2,055
Taxes - payroll	45,275	1,445	1,446	48,166
Teachers' salaries	330,609	-	-	330,609
Teaching aids	8,686	-	-	8,686
Telephone	14,024	1,558	-	15,582
Travel	1,181	-	-	1,181
Utilities	11,528	607	-	12,135
Total	\$ 736,347	\$ 34,858	\$ 67,411	\$ 838,616
Percentage of Total	88%	4%	8%	100%

Lekotek of Georgia, Inc.
STATEMENT OF CASH FLOWS
Years ended June 30, 2024 and 2023

Exhibit D

	2024	2023
Cash flows from operating activities:		
Changes in net assets	\$ 397,214	\$ 321,377
Adjustment to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation	9,118	10,770
Net realized (gain) loss on investments	-	(63,678)
Net unrealized (gain) loss on investments	(232,337)	(120,583)
Increase (decrease) in accrued liabilities	2,828	2,828
Prepaid expenses	(1,273)	-
Accounts payable	1,660	-
Accrued expenses	7,096	-
Net cash provided by operating activities	184,306	150,714
Cash flows from investing activities:		
(Purchase) of investments	(151,455)	(385,453)
(Purchase) of assets	-	-
Proceeds on sale of investments	-	232,539
Net cash used for investing activities	(151,455)	(152,914)
Net increase/(decrease) in cash	32,851	(2,200)
Cash, beginning of year	134,303	136,503
Cash, end of year	\$ 167,154	\$ 134,303

Lekotek of Georgia, Inc.
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2024 and 2023

Note A-Summary of significant accounting policies:

Nature of activities:

Lekotek of Georgia, Inc. (the "Organization") is a not-for-profit that provides support, accessible play, technology and resources to maximize educational and therapeutic gains for children with disabilities. The Organization envisions a world where all children are included and empowered through play. It is independently funded through corporate and individual gifts, and program fees.

Method of accounting:

The Organization maintains its accounting records on the accrual basis of accounting. All gifts are considered to be available for unrestricted use unless specifically restricted by the donor.

Basis of presentation:

The financial statements follow the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made", and Statement No. 117, "Financial Statements for Not-For-Profit Organizations".

Under Statement of Financial Accounting Standards No. 117, the net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes there-in are classified and reported as follows:

Net assets without donor restrictions-Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions-Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time and net assets that may be maintained permanently by the organization.

Cash and cash equivalents:

For purposes of reporting cash flows, the Organization considers all highly liquid, short-term investments with an original maturity of three months or less at acquisition, as cash and cash equivalents.

Concentration of Credit Risk:

The Organization's cash balances in a financial institution do not exceed the federally insured limits of \$250,000 per financial institution. The Organization is believed to not be exposed to any significant credit risk on cash.

Investments:

The organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the changes in net assets in the statements of activities.

Lekotek of Georgia, Inc.
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2024 and 2023

Note A-Summary of significant accounting policies-continued:

Property and equipment:

The furniture and equipment and computer equipment is stated at historical cost or fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to ten years.

Contributions:

All contributions and unconditional promises to give are recorded as without donor restriction or with donor restriction support, depending on the existence and/or nature of any donor-imposed restrictions.

Donated services:

Volunteers have donated significant amounts of their time to the Organization's program services and fundraising campaigns, however these donated services do not meet the established criteria to record in the financial statements.

Income taxes:

The Organization is recognized as exempt from Federal income tax under Internal Revenue Code Section 501(c) (3) whereby only the unrelated business income, as defined by Section 512(a) (1) of the Internal Revenue Code, is subject to Federal income tax. The Organization has been classified as an organization that is not a private foundation under IRC Section 509(a).

Recent Account Pronouncements:

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

As a result of the adoption of the new lease accounting guidance, the Company recognized on June 30, 2024 a lease liability of \$144,734 which represents the present value of the remaining operating lease payments of \$506,549, discounted using the risk free rate of 5% , and a right-of use asset of \$144,734, which represents the operating lease liability.

The standard had a material impact on the statements of financial position, but did not have an impact on the statements of activities, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Subsequent events:

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

Lekotek of Georgia, Inc.
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2024 and 2023

Note A-Summary of significant accounting policies-continued:

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, the 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.

Note B-Investments:

SFAS No. 157 requires assets and liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition, to be disclosed to enable users of financial statements to assess the inputs used to develop those measurements. The Organization's investments are all classified as Level 1 measurement (quoted prices in active markets for identical assets and liabilities which the Organization has the ability to access at the measurement date).

Investments at June 30, 2024 and 2023 are stated at fair value and are summarized as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Unrestricted:		
Bond Funds	\$ 88,579	\$ 79,137
Equity Funds	671,497	44,451
Mutual Funds	903,405	625,169
Subtotal	<u>1,663,481</u>	<u>748,757</u>
Board-designated endowment funds classified as unrestricted (Note E):		
Equity Funds	246,427	-
Mutual Funds	190,966	970,808
Subtotal	<u>437,393</u>	<u>970,808</u>
Total unrestricted investments	<u>\$ 2,100,874</u>	<u>\$ 1,719,565</u>
Donor restricted:		
Equity Funds	\$ 32,257	\$ -
Mutual Funds	24,997	57,600
Total restricted investments	<u>\$ 57,254</u>	<u>\$ 57,600</u>
Total unrestricted and restricted investments	\$ 2,158,128	\$ 1,777,165

Lekotek of Georgia, Inc.
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2024 and 2023

Note B-Investments-continued:

The net realized and unrealized gains and losses are summarized as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Realized Gains	\$ -	\$ 63,678
Unrealized gains (losses)	232,337	120,583

Note C-Property and equipment - net

Property and equipment - net at June 30, 2024 and 2023 are summarized as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Furniture and equipment	\$ 19,146	\$ 19,146
Capital improvements	100,167	100,167
Computer equipment	79,903	79,903
Total	<u>199,216</u>	<u>199,216</u>
Less accumulated depreciation	<u>125,431</u>	<u>116,313</u>
Property and equipment - net	<u>\$ 73,785</u>	<u>\$ 82,903</u>

The Organization's capitalization policy requires items with a fair market value greater than \$500 and an estimated useful life of five years or greater to be capitalized. This also relates to in-kind gifts (see Note F). Depreciation expense related to property and equipment is summarized below.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Depreciation expense	\$ 9,118	\$ 10,770

Note D-Operating leases:

The Organization leases its main operating and five satellite facilities under non-cancelable operating leases that expire in 2027 and 2028. The lease agreements provide for escalating rents based upon a fixed rent schedule. Rent expense under the leases is as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Rent expense	\$ 150,802	\$ 167,643

Lekotek of Georgia, Inc.
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2024 and 2023

Note D-Operating leases-continued:

The minimum rental commitments under the operating leases are as follows:

Year ending June 30,	
2025	148,480
2026	155,531
2027	149,406
2028	53,432

Note E-Endowment related activities:

SFAS No. 117-1 subject to the UPMIFA (Uniform Prudent Management of Institutional Funds Act) requires additional disclosures relating to the Organization's Endowment Fund. The Endowment Fund consists of several Board-Designated Endowment Funds including the Rothkopf Fund, The Chase Fund and the Pat Patrick Endowment Fund.

The Rothkopf Fund and the Chase Fund are classified as unrestricted and designated by the Board of Directors to function as an endowment.

The Pat Partick Endowment Fund is a combinaton of one donor restricted contribution of \$60,000 which is classified as restricted and subject to a 4% release by the agreement with the Donor, as well as the general donations which are board designated and classified as unrestricted.

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors must approve all appropriation of assets for expenditure as well as all investment policies. The investment objectives are investing in steady growth securities for a long term benefit. The Fund is made up of ETF's and mutual funds held by a brokerage firm.

The board-restricted endowment had the following endowment-related activities:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Beginning balance	\$ 1,031,003	\$ 826,176
Investment changes		
Investment income	33,734	21,617
Purchases (sales) - net	97,426	68,396
Release to operating	(15,633)	(9,268)
Net unrealized gain (loss)	177,217	124,082
Total Investment changes	<u>292,744</u>	<u>204,827</u>
Fiscal year end balance	<u>\$ 1,323,747</u>	<u>\$ 1,031,003</u>

Lekotek of Georgia, Inc.
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2024 and 2023

Note F-Donated services:

SFAS No. 116 requires the fair value of donated services to be recognized in the financial statements if the services either (a) create or enhance a non-financial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. Certain gifts that might be considered services such as advertising, do not relate to personal services, and, therefore are recorded as in-kind gifts instead of donated services. Non-cash gifts of services are recognized as in-kind gifts in the period received and as an expense for the benefits received.

The Organization's capitalization policy (see Note C) is used for in-kind gifts of items. However, the majority of these items have been previously used and determination of useful life is uncertain as many of these items are provided at little or no costs to Lekotek members and families. Additional in-kind donations are made for special events and since the value of these items are uncertain and no objective basis is available for measurement they are not recorded in the financial statements.

The Organization also receives computers and accessories that are donated to assist families as teaching aids and bookkeeping services. The estimated fair value of the computers and bookkeeping services are summarized below:

	<u>June 30, 2024</u>		<u>June 30, 2023</u>
In-kind donations	\$	-	\$ 3,000

Note G-Functional allocation of expenses:

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note H-Employee benefit plan:

The Organization offers staff employees the opportunity for participation in a contributory 403(b) retirement plan. There was no expense to the Organization under the arrangement for the years ended June 30, 2024 and 2023.

Note I-Tax related matters:

The Organization's Form 990 does not take into account the estimated fair market value of in-kind gifts received and expensed.

The Organization has not been audited by Federal and State taxing authorities for open tax years, is current on all tax reporting requirements, and there are no uncertain tax positions.