

LEKOTEK OF GEORGIA, INC.  
Atlanta, Georgia

Independent Auditors' Report

Financial Statements

Years ended June 30, 2022 and 2021

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**BARNES MERRITT & BARNES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Lekotek of Georgia, Inc.  
Atlanta, Georgia

**Report on the Financial Statements**

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, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

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, 2022 and 2021, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Banner Merritt + Banner LLC*

## Lekotek of Georgia, Inc.

## STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets:		
Cash and cash equivalents	\$ 136,503	\$ 162,635
Investments (Note B)	1,439,988	1,493,899
Property and equipment-net (Note C)	<u>93,674</u>	<u>106,747</u>
Total assets	<u>\$ 1,670,165</u>	<u>\$ 1,763,281</u>
Liabilities:		
Accrued expenses	<u>\$ 13,422</u>	<u>\$ 13,200</u>
Total liabilities	<u>13,422</u>	<u>13,200</u>
Net assets:		
Unrestricted - including Board Designated Endowment Fund of \$825,448 in 2022 and \$683,894 in 2021	<u>1,656,743</u>	<u>1,750,081</u>
Total net assets	<u>1,656,743</u>	<u>1,750,081</u>
Total liabilities and net assets	<u>\$ 1,670,165</u>	<u>\$ 1,763,281</u>

The accompanying notes are an integral part of this exhibit.

Lekotek of Georgia, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in net assets:				
Revenues, gains, and other support:				
Private gifts and grants	\$ 666,009	\$ -	\$ -	\$ 666,009
In-kind gifts	5,600	-	-	5,600
Membership dues	21,963	-	-	21,963
Program fees:				
Professional/consulting	200	-	-	200
Computer fees	1,376	-	-	1,376
Family programs	635	-	-	635
Special events and programs:				
Special events	104,693	-	-	104,693
Direct mailing	91,171	-	-	91,171
Interest and dividend income	55,402	-	-	55,402
Net (loss) on investments	<u>(276,944)</u>	<u>-</u>	<u>-</u>	<u>(276,944)</u>
Total revenue gains and other support	<u>670,105</u>	<u>-</u>	<u>-</u>	<u>670,105</u>
Operating expenses:				
Program services:				
Child/family support services	<u>680,315</u>	<u>-</u>	<u>-</u>	<u>680,315</u>
Supporting services:				
Administrative services	33,825	-	-	33,825
Fund-raising activities	<u>49,303</u>	<u>-</u>	<u>-</u>	<u>49,303</u>
Total supporting services	<u>83,128</u>	<u>-</u>	<u>-</u>	<u>83,128</u>
Total operating expenses	<u>763,443</u>	<u>-</u>	<u>-</u>	<u>763,443</u>
Changes in net assets	(93,338)	-	-	(93,338)
Net assets, beginning of year	<u>1,750,081</u>	<u>-</u>	<u>-</u>	<u>1,750,081</u>
Net assets, end of year	<u>\$ 1,656,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,656,743</u>

The accompanying notes are an integral part of this exhibit.

Lekotek of Georgia, Inc.

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

	Temporarily Permanently			Total
	Unrestricted	Restricted	Restricted	
Changes in net assets:				
Revenues, gains, and other support:				
Private gifts and grants	\$ 482,482	\$ -	\$ -	\$ 482,482
In-kind gifts	5,600	-	-	5,600
Membership dues	14,709	-	-	14,709
Program fees:				
Professional/consulting	-	-	-	-
Computer fees	-	-	-	-
Family programs	575	-	-	575
Special events and programs:				
Special events	131,898	-	-	131,898
Direct mailing	93,444	-	-	93,444
Interest and dividend income	43,134	-	-	43,134
PPP Loan - Forgiven	67,400	-	-	67,400
Net gain on investments	411,554	-	-	411,554
	<u>1,250,796</u>	<u>-</u>	<u>-</u>	<u>1,250,796</u>
Total revenue gains and other support				
Operating expenses:				
Program services:				
Child/family support services	645,984	-	-	645,984
Supporting services:				
Administrative services	34,234	-	-	34,234
Fund-raising activities	58,847	-	-	58,847
Total supporting services	93,081	-	-	93,081
	<u>739,065</u>	<u>-</u>	<u>-</u>	<u>739,065</u>
Total operating expenses				
Changes in net assets	511,731	-	-	511,731
Net assets, beginning of year	<u>1,238,350</u>	<u>-</u>	<u>-</u>	<u>1,238,350</u>
Net assets, end of year	<u>\$ 1,750,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,750,081</u>

The accompanying notes are an integral part of this exhibit.

## Lekotek of Georgia, Inc.

## STATEMENTS OF CASH FLOWS

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets:	\$ (93,338)	\$ 511,731
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
PPP loan	-	(67,400)
Depreciation	13,074	14,766
Net realized (gain) loss on investments	(86,383)	(39,837)
Net unrealized (gain) loss on investments	363,326	(371,717)
Increase in accrued expenses	<u>222</u>	<u>470</u>
Net cash provided by operating activities	<u>196,901</u>	<u>48,013</u>
Cash flows from investing activities:		
Purchase and donated property and equipment	-	(8,712)
Purchase of investments	(496,469)	(226,231)
Proceeds on sale of investments	<u>273,436</u>	<u>255,390</u>
Net cash used for investing activities	<u>(223,033)</u>	<u>20,447</u>
Net increase (decrease) in cash and cash equivalents	(26,132)	68,460
Cash and cash equivalents, beginning of year	<u>162,635</u>	<u>94,175</u>
Cash and cash equivalents, end of year	<u>\$ 136,503</u>	<u>\$ 162,635</u>

The accompanying notes are an integral part of this exhibit.



Lekotek of Georgia, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2022

	Child/Family Support Services	Administrative Services	Fund-Raising Activities	Total
Teachers' salaries	\$ 316,664	\$ -	\$ -	\$ 316,664
Administrative salaries	7,000	7,000	7,000	21,000
Director salary	38,850	8,325	8,325	55,500
Staff development	923	-	-	923
Special events	-	-	32,672	32,672
Publicity printing	5,578	620	-	6,198
Family programs	9,027	-	-	9,027
Dues & subscriptions	1,031	114	-	1,145
Insurance	24,337	-	-	24,337
Office expense	8,855	2,952	-	11,807
Postage	2,864	955	-	3,819
Depreciation	9,806	3,268	-	13,074
Rent	141,819	7,464	-	149,283
Consultants	22,640	-	-	22,640
Computer expenses	16,964	-	-	16,964
Teaching aids	9,413	-	-	9,413
Taxes-payroll	40,911	1,306	1,306	43,523
Telephone	12,148	1,350	-	13,498
Travel	2,544	-	-	2,544
Utilities	8,941	471	-	9,412
	<u>\$ 680,315</u>	<u>\$ 33,825</u>	<u>\$ 49,303</u>	<u>\$ 763,443</u>
Total				
Percent of total	89%	4.5%	6.5%	100%

The accompanying notes are an integral part of this exhibit.

Lekotek of Georgia, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021

	Child/Family Support Services	Administrative Services	Fund-Raising Activities	Total
Teachers' salaries	\$ 306,779	\$ -	\$ -	\$ 306,779
Administrative salaries	8,444	8,445	8,444	25,333
Director salary	38,850	8,325	8,325	55,500
Staff development	1,376	-	-	1,376
Special events	-	-	41,190	41,190
Publicity printing	3,165	352	-	3,517
Family programs	8,433	-	-	8,433
Dues & subscriptions	1,367	152	-	1,519
Insurance	28,219	-	-	28,219
Office expense	11,563	3,854	-	15,417
Postage	1,550	517	-	2,067
Depreciation	11,075	3,691	-	14,766
Rent	122,433	6,444	-	128,877
Consultants	25,714	-	-	25,714
Computer expenses	21,303	-	-	21,303
Teaching aids	8,729	-	-	8,729
Taxes-payroll	27,832	888	888	29,608
Telephone	10,361	1,151	-	11,512
Travel	904	-	-	904
Utilities	7,887	415	-	8,302
	<u>\$ 645,984</u>	<u>\$ 34,234</u>	<u>\$ 58,847</u>	<u>\$ 739,065</u>
Total				
Percent of total	87%	5%	8%	100%

The accompanying notes are an integral part of this exhibit.

Lekotek of Georgia, Inc.

NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2022 and 2021

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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.

Basis 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.

Financial statement 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:

Unrestricted net assets-Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets-Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets-Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Lekotek of Georgia, Inc.

NOTES TO FINANCIAL STATEMENTS-CONTINUED

Years ended June 30, 2022 and 2021

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Note A-Summary of significant accounting policies-continued:

Cash and cash equivalents:

For purposes of the statement of cash flows, the Organization considers all liquid investments purchased with a maturity of three months or less to be cash equivalents.

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.

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.

Donated services:

Volunteers have donated significant amounts of their time to the Organization's program services and fund raising campaigns. No amounts for donated services have been reflected in the statements since no objective basis is available for measuring the value of such services.

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).

Lekotek of Georgia, Inc.

NOTES TO FINANCIAL STATEMENTS-CONTINUED

Years ended June 30, 2022 and 2021

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, 2022 and 2021 are stated at fair value and are summarized as follows:

	<u>2022</u>	<u>2021</u>
Unrestricted:		
Bond Funds	\$ 75,250	\$ 49,040
Mutual Funds	<u>539,290</u>	<u>760,966</u>
Subtotal	<u>614,540</u>	<u>810,005</u>
Board-designated endowment funds classified as unrestricted (Note E):		
Mutual Funds	<u>825,448</u>	<u>683,894</u>
Subtotal	<u>825,448</u>	<u>683,894</u>
 Total unrestricted investments	 <u><u>\$ 1,439,988</u></u>	 <u><u>\$ 1,493,899</u></u>

The net realized gain at June 30, 2022 and 2021 was \$86,381 and \$39,837 and the net unrealized gain (loss) at June 30, 2022 and 2021 was (\$363,325) and \$371,717, respectively.

Lekotek of Georgia, Inc.

NOTES TO FINANCIAL STATEMENTS-CONTINUED

Years ended June 30, 2022 and 2021

Note C-Property and equipment-net:

Property and equipment-net at June 30, 2022 and 2021 is summarized as follow:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 19,146	\$ 19,146
Capital improvements	100,167	100,167
Computer equipment	<u>79,903</u>	<u>79,903</u>
Total	199,216	199,216
Less accumulated depreciation	<u>105,542</u>	<u>92,469</u>
Property and equipment-net	<u>\$ 93,674</u>	<u>\$ 106,747</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 was \$13,074 and \$14,766 for the years ended June 30, 2022 and 2021, respectively.

Note D-Operating leases:

The Organization leases its main operating and five satellite facilities under non-cancelable operating leases that expire in May, 2027, and August, 2027. The lease agreements provide for escalating rents based upon a fixed rent schedule. Rent expense under the leases was \$149,283 and \$128,603 for the years ended June 30, 2022 and 2021, respectively.

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

Year ending	
June 30,	
2023	142,215
2024	145,264
2025	148,401
2026	151,591
2027	154,749

Lekotek of Georgia, Inc.

NOTES TO FINANCIAL STATEMENTS-CONTINUED

Years ended June 30, 2022 and 2021

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 one Board-Designated Endowment Fund, the Chase Endowment Fund, classified as unrestricted and designated by the Board of Directors to function as an endowment. 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. For the fiscal years ending June 30, 2022 and 2021 the board-restricted endowment had the following endowment-related activities:

	Board- Designated Endowment Fund 2022	Board- Designated Endowment Fund 2021
	<u>2022</u>	<u>2021</u>
Balance as of June 30	\$ 683,894	\$ 467,794
Investment changes		
Investment income	34,730	13,828
Purchases (sales) - net	281,521	26,570
Realized gain (loss)	43,297	(11,080)
Net unrealized gain (loss)	<u>(217,995)</u>	<u>186,782</u>
Total investment changes	<u>141,554</u>	<u>216,100</u>
Balance as of June 30	<u>\$ 825,448</u>	<u>\$ 683,894</u>

Note F-In-Kind Gifts:

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.

Lekotek of Georgia, Inc.

NOTES TO FINANCIAL STATEMENTS-CONTINUED

Years ended June 30, 2022 and 2021

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Note F-In-Kind Gifts - continued:

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 for the years ended June 30, 2022 and 2021 is \$5,600 and \$5,600, respectively.

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, 2022 and 2021.

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 of \$5,600 and \$5,600 for the years ended June 30, 2022 and 2021.

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.



Lekotek of Georgia, Inc.

NOTES TO FINANCIAL STATEMENTS-CONTINUED

Years ended June 30, 2022 and 2021

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Note J-Subsequent events:

Subsequent events were evaluated through October 25, 2022, which is the date the financial statements were available to be issued.