



Kidz2Leaders, Inc.

FINANCIAL STATEMENTS

December 31, 2023 and 2022



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REPORT





Carr, Riggs & Ingram, LLC
4004 Summit Boulevard NE
Suite 800
Atlanta, GA 30319

770.394.8000
770.451.2873 (fax)
CRIcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Kidz2Leaders, Inc.

Opinion

We have audited the accompanying financial statements of Kidz2Leaders, Inc. (the Organization) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022 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 Kidz2Leaders, Inc. as of December 31, 2023 and 2022 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 the Organization 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 the Organization'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, 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 the Organization'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 the Organization'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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
October 14, 2024



FINANCIAL STATEMENTS



Kidz2Leaders, Inc.
Statements of Financial Position

<i>December 31,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 718,231	\$ 602,526
Promises to give	13,464	25,000
Prepaid expenses	7,234	3,946
Cash restricted for agency funds - Interns4Tomorrow	-	4,864
Beneficial interest in assets held at Community Foundation	50,477	-
Operating lease right-of-use assets, net	168,185	-
Property and equipment, net	-	931
Trademark	2,375	2,375
Total assets	\$ 959,966	\$ 639,642
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 43,077	\$ 31,350
Operating lease liabilities	177,401	-
Agency funds - Interns4Tomorrow	-	4,864
Total liabilities	220,478	36,214
Net assets		
Without donor restrictions	600,674	431,662
With donor restrictions	138,814	171,766
Total net assets	739,488	603,428
Total liabilities and net assets	\$ 959,966	\$ 639,642

The accompanying notes are an integral part of these financial statements.

Kidz2Leaders, Inc.
Statements of Activities

<i>For the year ended December 31, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 1,221,276	\$ 15,464	\$ 1,236,740
Contributions of non-financial assets	231,668	-	231,668
Event revenue	114,500	-	114,500
Counselor fees	19,625	-	19,625
Other income	6,012	-	6,012
Net assets released from restrictions	48,416	(48,416)	-
Total revenue and other support	1,641,497	(32,952)	1,608,545
Expenses			
<i>Program services</i>			
Camp Hope	679,563	-	679,563
Interns4Tomorrow	137,837	-	137,837
Other programs	352,232	-	352,232
Total program services	1,169,632	-	1,169,632
<i>Supporting services</i>			
Fundraising	167,986	-	167,986
General and administrative	134,867	-	134,867
Total supporting services	302,853	-	302,853
Total expenses	1,472,485	-	1,472,485
Change in net assets	169,012	(32,952)	136,060
Net assets at beginning of year	431,662	171,766	603,428
Net assets at end of year	\$ 600,674	\$ 138,814	\$ 739,488

The accompanying notes are an integral part of these financial statements.

Kidz2Leaders, Inc.
Statements of Activities (Continued)

<i>For the year ended December 31, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 660,654	\$ 12,000	\$ 672,654
Contributions of non-financial assets	138,236	-	138,236
Event revenue	87,280	-	87,280
Counselor fees	16,650	-	16,650
Other income	2,423	-	2,423
Net assets released from restrictions	66,011	(66,011)	-
Total revenue and other support	971,254	(54,011)	917,243
Expenses			
<i>Program services</i>			
Camp Hope	456,016	-	456,016
Interns4Tomorrow	109,767	-	109,767
Other programs	192,631	-	192,631
Total program services	758,414	-	758,414
<i>Supporting services</i>			
Fundraising	145,813	-	145,813
General and administrative	58,926	-	58,926
Total supporting services	204,739	-	204,739
Total expenses	963,153	-	963,153
Change in net assets	8,101	(54,011)	(45,910)
Net assets at beginning of year	423,561	225,777	649,338
Net assets at end of year	\$ 431,662	\$ 171,766	\$ 603,428

The accompanying notes are an integral part of these financial statements.

Kidz2Leaders, Inc.
Statements of Functional Expenses

For the year ended December 31, 2023

	Program Services				Supporting Services		Total
	Camp Hope	Interns4 Tomorrow	Other Programs	Programs Subtotal	Fundraising	General and Administrative	
Salaries and wages	\$ 153,793	\$ 101,951	\$ 165,644	\$ 421,388	\$ 122,878	\$ 36,617	\$ 580,883
Payroll taxes and benefits	11,824	7,891	12,735	32,450	9,447	2,815	44,712
Assistance	-	-	10,584	10,584	-	-	10,584
Camp rent	253,307	-	64,119	317,426	-	-	317,426
Program travel and meals	24,392	3,765	12,191	40,348	94	251	40,693
Honorariums and gifts	46,596	-	-	46,596	-	-	46,596
Camper and volunteer recruitment	44,976	-	-	44,976	-	-	44,976
Insurance	4,037	385	1,099	5,521	266	713	6,500
Program supplies	50,578	17,404	60,206	128,188	-	-	128,188
Security monitoring	-	-	-	-	-	243	243
Office supplies	2,784	266	758	3,808	184	18,072	22,064
Postage and printing	8,624	314	662	9,600	41	110	9,751
Telephone and internet	2,505	517	977	3,999	93	248	4,340
Repairs and maintenance	9,597	915	2,612	13,124	633	1,694	15,451
Professional fees	23,114	1,163	2,846	27,123	287	58,802	86,212
Office rent	32,974	3,145	8,976	45,095	2,175	5,821	53,091
Storage facility rent	5,599	-	-	5,599	-	-	5,599
Scholarships	-	-	8,000	8,000	-	-	8,000
Vehicle	-	-	479	479	-	-	479
Depreciation	578	55	157	790	38	103	931
Other	4,285	66	187	4,538	31,850	9,378	45,766
Total	\$ 679,563	\$ 137,837	\$ 352,232	\$ 1,169,632	\$ 167,986	\$ 134,867	\$ 1,472,485

The accompanying notes are an integral part of these financial statements.

Kidz2Leaders, Inc.
Statements of Functional Expenses (Continued)

For the year ended December 31, 2022

	Program Services			Supporting Services			Total
	Camp Hope	Interns4 Tomorrow	Other Programs	Programs Subtotal	Fundraising	General and Administrative	
Salaries and wages	\$ 98,841	\$ 68,333	\$ 102,502	\$ 269,676	\$ 76,877	\$ 25,626	\$ 372,179
Payroll taxes and benefits	8,259	5,360	8,183	21,802	6,014	1,990	29,806
Assistance	-	-	6,282	6,282	-	-	6,282
Intern educational trip	-	21,556	-	21,556	-	-	21,556
Camp rent	198,552	-	5,370	203,922	-	-	203,922
Program travel and meals	19,955	1,226	8,753	29,934	51	26	30,011
Training	216	26	51	293	39	19	351
Honorarium and gifts	37,089	-	-	37,089	-	-	37,089
Insurance	3,869	473	909	5,251	698	347	6,296
Program supplies	41,562	7,201	41,725	90,488	-	-	90,488
Security monitoring	-	-	-	-	-	243	243
Office supplies	1,077	132	253	1,462	194	97	1,753
Postage and printing	3,247	270	972	4,489	109	54	4,652
Telephone and internet	2,449	576	741	3,766	267	133	4,166
Repairs and maintenance	6,796	831	1,596	9,223	1,226	610	11,059
Professional fees	3,216	673	1,084	4,973	-	20,975	25,948
Office rent	23,353	2,855	5,485	31,693	4,211	2,096	38,000
Storage facility rent	5,450	-	-	5,450	-	-	5,450
Scholarships	-	-	7,000	7,000	-	-	7,000
Vehicle	-	-	1,236	1,236	-	-	1,236
Depreciation	1,494	183	351	2,028	269	134	2,431
Event expenses	-	-	-	-	51,670	-	51,670
Other	591	72	138	801	4,188	6,576	11,565
Total	\$ 456,016	\$ 109,767	\$ 192,631	\$ 758,414	\$ 145,813	\$ 58,926	\$ 963,153

The accompanying notes are an integral part of these financial statements.

Kidz2Leaders, Inc.
Statements of Cash Flows

<i>For the years ended December 31,</i>	2023	2022
Operating Activities		
Change in net assets	\$ 136,060	\$ (45,910)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	931	2,431
Amortization or right-of-use asset	43,568	-
Change in beneficial interest	(477)	-
Changes in operating assets and liabilities		
Promises to give	11,536	26,800
Employee retention tax credit receivable	-	45,942
Prepaid expenses	(3,288)	26,319
Accounts payable and accrued expenses	11,727	6,734
Operating lease liabilities	(34,352)	-
Agency funds - Interns4Tomorrow	(4,864)	(2,847)
Net cash provided by (used in) operating activities	160,841	59,469
Investing Activities		
Purchase of beneficial interest in assets held at Community Foundation	(50,000)	-
Net cash provided by (used in) investing activities	(50,000)	-
Net change in cash, cash equivalents and restricted cash	110,841	59,469
Cash, cash equivalents and restricted cash, at beginning of year	607,390	547,921
Cash, cash equivalents and restricted cash, at end of year	\$ 718,231	\$ 607,390
Presented on Statement of Financial Position as:		
Cash and cash equivalents	\$ 718,231	\$ 602,526
Cash restricted for agency funds - Interns4Tomorrow	-	4,864
Cash, cash equivalents, and restricted cash, at end of year	\$ 718,231	\$ 607,390
Schedule of Noncash Transactions		
Lease liabilities arising from obtaining right-of-use assets		
Operating leases	\$ 211,753	\$ -

The accompanying notes are an integral part of these financial statements.

Note 1: DESCRIPTION OF THE ORGANIZATION

Kidz2Leaders, Inc. (the Organization) is a nonprofit corporation located in Cobb County, Georgia. The Organization was established in 1999 and is supported primarily through contributions from individual and corporate contributors. The Organization provides stability, opportunity and a Christian community for children of inmates to break the cycle of incarceration. The Organization conducts the following programs:

Camp Hope – Camp Hope is a week-long, overnight summer camp that empowers children with the chance to build community, experience new opportunities, and find hope for their future.

Interns4Tomorrow – The Interns4Tomorrow program provides high school students with college and career readiness training, as well as real-life internship opportunities in metro-Atlanta businesses.

Other Programs – The Organization offers other services to campers who participated in Camp Hope through the Family Support program which include family retreats and Hope4Christmas.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to amortization of right-of-use assets, determination of discount rate for lease liabilities, valuation of contributions of non-financial assets and allocation of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Restricted Cash

Restricted cash included in current assets on the statement of financial position represents amounts restricted for the Interns4Tomorrow program. The restriction lapsed when the related expenses of the program were incurred.

Accounts Receivable

Accounts receivable represent amounts owed to the Organization which are expected to be collected within twelve months and are presented in the statements of financial position net of the allowance for credit losses.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. There was no allowance for credit losses at December 31, 2023 and 2022.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Beneficial Interest in Assets held at Community Foundation

The Organization reports the fair value of the assets held and owned by a local Community Foundation as Beneficial Interest in Assets held at Community Foundation in the statements of financial position. Changes in the value of the assets are reported as gains or losses in the statements of activities.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Leases

The Organization leases office space and equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities the statements of financial position.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Revenue from counselor fee payments and event revenue under various contracts is recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. For the years ended December 31, 2023 and 2022, the Organization did not have any unrelated business income.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2023 and 2022, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 14, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

The Organization adopted ASU 2016-13 on January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only. Please refer to accounts receivables policy.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	2023	2022
Total assets at year end	\$ 959,966	\$ 639,642
Less non-financial assets		
Prepaid expenses	(7,234)	(3,946)
Operating lease right-of-use assets, net	(168,185)	-
Property and equipment, net	-	(931)
Trademark	(2,375)	(2,375)
Financial assets at year-end	782,172	632,390
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(138,814)	(171,766)
Agency funds - Interns4Tomorrow	-	(4,864)
Financial assets available to meet cash needs for general expenditures within one year	\$ 643,358	\$ 455,760

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Kidz2Leaders, Inc.
Notes to Financial Statements

Note 4: PROMISES TO GIVE

Promises to give as of December 31, 2023 and 2022 consist of \$13,464 and \$25,000, respectively, receivable within one year.

Management considers these to be fully collectable, and no allowance for uncollectible was deemed necessary at December 31, 2023 or 2022.

Note 5: BENEFICIAL INTEREST

During the year ended December 31, 2023, the Organization contributed funds to the Cobb Community Foundation (the Community Foundation) which is holding them as a non-endowed component fund (the Fund) for the benefit of the Organization. The Organization has granted the Community Foundation variance power, which gives the Community Foundation's Board the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Community Foundation's investment and spending policies. Distributions from the Fund should be expended for scholarships.

Activity for the Fund consists of the following:

<i>December 31,</i>	2023
Beginning balance	\$ -
Purchase of beneficial interest in assets held at Community Foundation	50,000
Share of appreciation (depreciation) of fund	477
Ending balance	\$ 50,477

Note 6: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at December 31, 2023 and 2022:

	Estimated Useful Lives (in years)	2023	2022
Computer equipment	3	\$ 6,631	\$ 6,631
Computer software	3	3,578	3,578
Furniture and equipment	5-7	19,978	27,978
Vehicles	5	25,774	25,774
Total depreciable property and equipment		55,961	63,961
Less accumulated depreciation		(55,961)	(63,030)
Total property and equipment, net		\$ -	\$ 931

Depreciation expense for the years ended December 31, 2023 and 2022 amounted to \$931 and \$2,431, respectively.

Kidz2Leaders, Inc.
Notes to Financial Statements

Note 7: LEASES

The Organization has operating leases for office space and equipment. The leases have remaining lease terms of up to five years.

The components of lease expense consist of the following:

<i>For the year ended December 31,</i>	2023
Operating lease cost	\$ 49,279

Weighted average remaining lease term and discount rates consist of the following:

<i>For the year ended December 31,</i>	2023
Weighted average remaining lease term	
Operating leases	3.3 years
Weighted average discount rate	
Operating leases	3.49%

Future minimum lease payments under non-cancellable leases as of December 31, 2023, were as follows:

<i>For the years ending December 31,</i>	Operating Leases
2024	\$ 55,478
2025	57,095
2026	58,789
2027	16,051
2028	805
Total future minimum lease payments	188,218
Less imputed interest	(10,817)
Present value of lease liabilities	\$ 177,401
Reported as of December 31, 2023	
Operating lease liabilities	\$ 177,401
Total	\$ 177,401

Note 8: AGENCY FUNDS – INTERNS4TOMORROW

The Interns4Tomorrow program assists students in funding college and other higher education expenses. Under this program, eligible participants work for a sponsoring organization and a percentage of wages earned by the participant and matched by the employer are transferred to an interest-bearing savings account. These accounts have been established in both the participant and Kidz2Leaders name and held until the participant reaches age 21.

This savings program was discontinued during 2022 and participants were instructed to access their funds and close their accounts. A portion of these accounts remained open at December 31, 2022. The balance of the funds under the Organization’s control at December 31, 2022, was \$4,864, and is reported as restricted cash and corresponding liability in the statements of financial position. There was no balance in these accounts at December 31, 2023. The savings program was replaced with an incentive program that pays a bonus directly to the eligible participant based on attendance and performance goals.

Note 9: NET ASSETS

A summary of net assets without donor restrictions consists of the following:

<i>December 31,</i>	2023	2022
Undesignated	\$ 600,674	\$ 431,662
Total net assets without donor restrictions	\$ 600,674	\$ 431,662

A summary of net assets with donor restrictions consist of the following:

<i>December 31,</i>	2023	2022
Time restricted	\$ 13,464	\$ 25,000
Purpose restricted		
Scholarships	125,350	132,350
Student support	-	14,416
Total net assets with donor restrictions	\$ 138,814	\$ 171,766

A summary of the release of donor restrictions consists of the following:

<i>For the years ended December 31,</i>	2023	2022
Time restrictions	\$ 25,000	\$ 25,000
Purpose restrictions		
Scholarships	9,000	7,000
Student support	14,416	24,011
Fundraising event	-	7,500
Interns4Tomorrow	-	2,500
Total net assets released from restrictions	\$ 48,416	\$ 66,011

Kidz2Leaders, Inc.
Notes to Financial Statements

Note 10: REVENUE

The Organization primarily serves children and their families located in the Metropolitan Atlanta area of the United States.

The Organization recognizes revenue at a point in time for counselor fees. As of December 31, 2023 and 2022, there are no performance obligations to be satisfied.

Note 11: CONTRIBUTIONS OF NON-FINANCIAL ASSETS

All donated space, services, and goods were utilized by the Organization’s program and supporting services. There were no donor-imposed restrictions associated with the contributed space, services, or goods.

The components of donated space, services and goods contributed to the Organization consists of the following for the years ended December 31, 2023 and 2022:

<i>For the year ended December 31, 2023</i>	Donated Space	Donated Services	Donated Goods	Total
Program services				
Camp Hope	\$ 109,307	\$ 15,750	\$ 15,166	\$ 140,223
Interns4Tomorrow	-	4,232	-	4,232
Other programs	26,449	-	28,440	54,889
Supporting services				
General and administrative	-	29,836	2,488	32,324
Total contributed space, services and goods	\$ 135,756	\$ 49,818	\$ 46,094	\$ 231,668

<i>For the year ended December 31, 2022</i>	Donated Space	Donated Services	Donated Goods	Total
Program services				
Camp Hope	\$ 66,783	\$ 26,914	\$ 3,641	\$ 97,338
Interns4Tomorrow	2,855	-	800	3,655
Other programs	9,945	-	20,861	30,806
Supporting services				
Fundraising	4,211	-	130	4,341
General and administrative	2,096	-	-	2,096
Total contributed space, services and goods	\$ 85,890	\$ 26,914	\$ 25,432	\$ 138,236

Donated space is valued at the fair value of similar properties available in commercial real estate listings. Donated services are valued using the rates those vendors normally charged clients. Donated goods are valued at the wholesale prices that would be received for selling similar products.

Note 12: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Beneficial interest in assets held at Community Foundation: The fair value of the beneficial interest in assets held at the Community Foundation is based upon the net present value of expected future cash flows. Subject to the Community Foundation's variance power, the Organization may request distributions from the fund up to the total balance.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis consist of the following:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest	\$ -	\$ -	\$ 50,477	\$ 50,477
Total assets measured at fair value	\$ -	\$ -	\$ 50,477	\$ 50,477

Note 12: FAIR VALUE MEASUREMENTS (Continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended December 31, 2023 and 2022, there were no significant transfers in or out of Levels 1, 2 or 3.

The following table presents the activity for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined by GAAP at ended December 31, 2023:

<i>December 31,</i>	<i>2023</i>
Beginning balance	\$ -
Purchase of beneficial interest in assets held at Community Foundation	50,000
Share of appreciation (depreciation) of fund	477
<i>Ending balance</i>	<i>\$ 50,477</i>

Note 13: CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash deposits with financial institutions at December 31, 2023 and 2022, in excess of federally insured limits of \$208,470 and \$28,419, respectively.

Note 14: RELATED PARTIES

The Executive Director was a family member of the Organization’s Board Chairman during both the year ended December 31, 2023 and 2022. Per discussions with management, the Board Chairman recuses himself from all Board decisions directly related to the Executive Director to avoid any appearance of impropriety or conflicts of interest.