Financial Statements

for

LUCY DANIELS CENTER FOR EARLY CHILDHOOD DBA LUCY DANIELS CENTER

Years Ended August 31, 2024 and 2023
with Independent Auditor's Report

CONTENTS

Independent Auditor's Report

Board of Directors
Lucy Daniels Center for Early Childhood dba Lucy Daniels Center
Raleigh, North Carolina

Opinion

We have audited the financial statements of Lucy Daniels Center for Early Childhood dba Lucy Daniels Center (the Center), which comprise the statement of financial position as of August 31, 2024, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of August 31, 2024, 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 (GAAS). 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 Center 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 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 Center's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 Center'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 Center'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.

Board of Directors
Lucy Daniels Center for Early Childhood dba Lucy Daniels Center
Independent Auditor's Report, continued

Report on Summarized Comparative Information

The financial statements of the Center, as of and for the year ended August 31, 2023, were audited by other auditors, whose report, dated June 4, 2024 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dean Dorton Allen Ford, PLLC

Raleigh, North Carolina
March 4, 2025

LUCY DANIELS CENTER FOR EARLY CHILDHOOD DBA LUCY DANIELS CENTER

Statements of Financial Position

August 31, 2024

(With Summarized Financial Information for August 31, 2023)

	2024	2023 (Summarized Information)
Assets		
Current assets:		
Cash and cash equivalents	**$ 1,010,318**	$ 1,045,572
Investments	**380,011**	156,984
Accounts receivable:		
Family Guidance Services, net	**97,599**	102,144
Tuition, net	**7,428**	10,770
Other	**1,356**	4,224
Notes receivable, net	**7,364**	25,296
Grants receivable	**50,000**	80,564
Contracts receivable	**24,617**	17,433
Prepaid expense	**18,585**	36,215
Total current assets	**1,597,278**	1,479,202
Property and equipment, net	**3,635,884**	3,435,057
Non-current and other assets:		
Notes receivable	**1,972**	14,756
Restricted cash	**117,634**	117,634
Total other assets	**119,606**	132,390
Total assets	**$ 5,352,768**	$ 5,046,649
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ -**	$ 11,724
Deferred revenue	**21,293**	78,380
Accrued expenses	**96,280**	84,889
Total current liabilities	**117,573**	174,993
Net assets:		
Without donor restrictions	**4,542,546**	4,359,633
With donor restrictions	**692,649**	512,023
Total net assets	**5,235,195**	4,871,656
Total liabilities and net assets	**$ 5,352,768**	$ 5,046,649

See accompanying notes.

LUCY DANIELS CENTER FOR EARLY CHILDHOOD DBA LUCY DANIELS CENTER

Statements of Activities

Year ended August 31, 2024

(With Summarized Financial Information for August 31, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	(Summarized Information)
Public support and revenue:				
Public support:				
Contributions	$ 93,082	$ 115,000	$ 208,082	$ 87,181
Grants	189,290	700,965	890,255	811,702
In-kind contributions	22,975	-	22,975	20,480
Net assets released from restriction	635,339	(635,339)	-	-
Total public support	940,686	180,626	1,121,312	919,363
Revenue:				
Tuition	299,719	-	299,719	428,942
Investment income	93,675	-	93,675	47,960
Contract services	635,313	-	635,313	182,284
Direct service fees	1,195,537	-	1,195,537	799,488
Employee Retention Credit	-	-	-	456,024
Miscellaneous	3,873	-	3,873	8,564
Total revenue	2,228,117	-	2,228,117	1,923,262
Total public support and revenue	3,168,803	180,626	3,349,429	2,842,625
Expenses:				
Program services:				
School	633,473	-	633,473	656,020
Family guidance	1,098,905	-	1,098,905	891,776
Smart Start	629,892	-	629,892	649,638
Circle of Security	111,989	-	111,989	120,316
Other program	188,874	-	188,874	104,839
Total program services	2,663,133	-	2,663,133	2,422,589
Supporting services:				
Management and general	261,624	-	261,624	276,020
Fundraising	61,133	-	61,133	125,356
Total supporting services	322,757	-	322,757	401,376
Total expenses	2,985,890	-	2,985,890	2,823,965
Change in net assets	182,913	180,626	363,539	18,660
Net assets, beginning of year	4,359,633	512,023	4,871,656	4,852,996
Net assets, end of year	$ 4,542,546	$ 692,649	$ 5,235,195	$ 4,871,656

See accompanying notes.

LUCY DANIELS CENTER FOR EARLY CHILDHOOD DBA LUCY DANIELS CENTER

Statements of Functional Expenses

Year ended August 31, 2024

(With Summarized Financial Information for August 31, 2023)

	2024										2023
	Program Services						Supporting Services				
	School	Family Guidance	Smart Start	Circle of Security	Other Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	(Summarized Information)
Salaries and wages	$ 454,481	$ 828,516	$ 418,016	$ 93,670	$ 133,963	$ 1,928,646	$ 75,423	$ 54,774	$ 130,197	$ 2,058,843	$ 1,846,738
Employee benefits	42,442	62,887	46,361	4,675	12,200	168,565	14,759	-	14,759	183,324	200,671
Payroll taxes	32,279	62,179	32,999	7,461	10,575	145,493	1,299	3,901	5,200	150,693	138,833
Office expense	13,222	41,950	44,211	1,957	14,326	115,666	6,842	715	7,557	123,223	122,980
Contracted services	4,192	75,248	24,048	1,400	1,014	105,902	17,465	-	17,465	123,367	166,811
Professional services	11,498	17,249	11,811	1,543	2,829	44,930	48,953	1,743	50,696	95,626	79,378
Depreciation and amortization	68,034	-	-	-	-	68,034	-	-	-	68,034	69,070
Miscellaneous	388	234	591	-	67	1,280	50,874	-	50,874	52,154	28,140
Travel	221	862	37,383	359	6,733	45,558	374	-	374	45,932	40,674
Insurance	-	-	6,556	-	-	6,556	34,641	-	34,641	41,197	36,586
Occupancy	6,515	9,081	6,151	834	1,727	24,308	6,770	-	6,770	31,078	37,799
Program expenses	180	658	1,744	90	60	2,732	4,224	-	4,224	6,956	21,863
Advertising	21	41	21	-	5,380	5,463	-	-	-	5,463	34,422
Total expenses	$ 633,473	$ 1,098,905	$ 629,892	$ 111,989	$ 188,874	$ 2,663,133	$ 261,624	$ 61,133	$ 322,757	$ 2,985,890	$ 2,823,965

See accompanying notes.

LUCY DANIELS CENTER FOR EARLY CHILDHOOD DBA LUCY DANIELS CENTER

Statements of Cash Flows

Year ended August 31, 2024

(With Summarized Financial Information for August 31, 2023)

	2024	2023 (Summarized Information)
Cash flows from operating activities:		
Change in net assets	**$ 363,539**	$ 18,660
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**68,034**	54,898
Net realized and unrealized gain on investments	**(27,267)**	(17,575)
Changes in assets and liabilities:		
Accounts receivable	**10,755**	16,340
Notes receivable	**30,716**	1,286
Grants receivable	**30,564**	91,170
Contracts receivable	**(7,184)**	42,872
Prepaid expense	**17,630**	(9,610)
Accounts payable	**(11,724)**	(29,817)
Deferred revenue	**(57,087)**	(19,635)
Accrued expenses	**11,391**	(863)
Net cash provided by operating activities	**429,367**	147,726
Cash flows from investing activities:		
Purchase of investments	**(195,760)**	(2,706)
Purchase of property and equipment	**(268,861)**	(23,610)
Net cash used in investing activities	**(464,621)**	(26,316)
Net (decrease) increase in cash	**(35,254)**	121,410
Cash and cash equivalents, beginning of year	**1,163,206**	1,041,796
Cash and cash equivalents, end of year	**$ 1,127,952**	$ 1,163,206
Summary of cash and cash equivalents:		
Cash and cash equivalents	**$ 1,010,318**	$ 1,045,572
Restricted cash	**117,634**	117,634
	$ 1,127,952	$ 1,163,206

See accompanying notes.

LUCY DANIELS CENTER FOR EARLY CHILDHOOD DBA LUCY DANIELS CENTER

Notes to the Financial Statements

1. Description of the Organization

Lucy Daniels Center for Early Childhood dba Lucy Daniels Center (the "Center') is a nonprofit children's mental health center. Established in 1989, the Center provides education and clinical services to children through age 11 and their families through several programs:

1) A school (including a day treatment component) for children with emotional problems,
2) Comprehensive evaluations, counseling, and other psychological and medical services for children up to age 11 and their parents,
3) An in-home guidance service for low-income children up to age five, offered in conjunction with Wake County Smart Start,
4) An evidence-informed parenting program for at-risk parents, funded by Circle of Security, and
5) A wide range of professional and parental education programs.

The Center's funding is primarily from school tuition, program service fees, and private grants.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Center in the preparation of its financial statements:

Adoption of New Accounting Standard

Effective September 1, 2023, the Center adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and associated amendments. This standard creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change.

The adoption of the new standard did not result in a cumulative-effect adjustment to the opening balance of net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers cash in the bank and all unrestricted highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

2. Summary of Significant Accounting Policies, continued

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Receivables

Accounts receivable consists of Family Guidance Services provided, tuition receivable from students enrolled in school, notes receivable on deferred tuition financing arrangements for students who are still enrolled in school, grants receivable from grantors providing funds for the Center, and contracts receivable relating to services provided.

The Center establishes allowances for credit losses on accounts receivable. The allowance for credit losses is the Center's best estimate of the amount of probable credit losses in the Center's existing receivables and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. The measurement of credit losses and subsequent changes in the allowance for credit losses are recorded in the statement of activities within management and general expenses as the amounts expected to be collected change.

The Center uses the aging method to estimate its expected credit losses on receivables. In order to estimate expected credit losses, the Center assesses recent historical experience, current economic conditions and any reasonable and supportable forecasts to identify risk characteristics that are shared within the financial asset. These risk characteristics are then used to bifurcate the aging method into risk pools. Historical credit loss for each risk pool is then applied to the current period aging in the identified risk pools to determine the needed reserve allowance. In the absence of current economic conditions and/or forecasts that may affect future credit losses, the Center has determined that recent historical experience provides the best basis for estimating credit losses.

The determination of past due status on accounts receivable is based on the terms indicated on customer contracts and invoices. Accounts are written off against the allowance when deemed uncollectible by management. Recoveries of accounts receivable previously written off are recorded when received. The Center does not charge interest on its past due receivables. At August 31, 2024, Family Guidance Services receivable had an allowance of $41,828, tuition receivable had an allowance of $1,225, and notes receivable had an allowance of $7,549. At August 31, 2024, grants receivable and contracts receivable were deemed to be collectible and an allowance for credit losses was not considered necessary.

Prior to adoption of ASC 326, the Center maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. At August 31, 2023, Family Guidance Services receivable had an allowance of $43,776, tuition receivable had an allowance of $1,776, and notes receivable had an allowance of $17,905. At August 31, 2023, grants receivable and contracts receivable were deemed to be collectible and an allowance for credit losses was not considered necessary.

2. Summary of Significant Accounting Policies, continued

Estimating credit losses based on risk characteristics requires significant judgment by the Center. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Center's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The Center reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, and new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

Property and Equipment

Property and equipment are recorded at cost if purchased or at estimated fair value at the date of the gift, if donated, less accumulated depreciation. Maintenance and repairs are expensed as incurred. Gains or losses on dispositions are included in the statement of activities. Purchases of $1,000 or more are capitalized. Depreciation is computed using primarily the straight-line method over estimated useful lives as follows:

Classroom, office, and computer equipment	5 - 10 years
Building and building improvements	15 - 39 years

Net Assets

Financial reporting standards require not-for-profit organizations to classify resources into two net asset categories according to externally imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time.

Advertising

The Center uses advertising to promote its programs and to attract job candidates. The costs of advertising are expensed as incurred. Advertising costs totaled $5,463 and $34,422 for the years ended August 31, 2024 and 2023, respectively.

Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the IRS as a publicly supported organization. During the years ended August 31, 2024 and 2023, the Center did not have income subject to taxation as unrelated business income.

2. Summary of Significant Accounting Policies, continued

Functional Classification of Expense

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

The majority of expenses are directly coded to the related program or supporting service as incurred. Expenditures not directly attributable to specific programs or support services are allocated to program or supporting services by the Center's management based on what it considers to be the best available objective criteria, such as hours worked or relative benefit. Salaries and wages, employee benefits, and payroll taxes are allocated according to budget, which is based on prior year actual time spent. Occupancy and depreciation expenses are allocated proportionately across all program and support services based on direct expenses as a percentage of total expenses. Insurance expense is allocated across all program and support services proportionately based on payroll expense.

Subsequent Events

Management has evaluated subsequent events through March 4, 2025, the date which the financial statements were available for issue.

3. Revenue Recognition

Contributions

Contributions are recorded as support with donor restrictions or support without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value using a risk adjusted discount rate. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Center reports contributions with donor-imposed restrictions that are met in the same accounting period as support without restrictions.

3. Revenue Recognition, continued

Donated Goods, Services, and Materials

The Center received the following donated services for the year ending:

	2024	2023
Mentor services	**$ 22,975**	$ 20,480

All contributed nonfinancial assets are utilized by the Center. There are no restrictions for contributed nonfinancial assets.

Donated services are utilized in the Center's programs, primarily Family Guidance, and are valued through the current rates for similar services and/or fair market value as provided by the donor. The Center recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Volunteers and members of the community perform various services for the Center. These services are significant and form an integral part of the efforts of the Center but do not meet the criteria for recognition as contributed services.

Donations of marketable securities are monetized promptly upon receipt.

Tuition Revenue

The Center recognizes revenue from student tuition during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Contracts for tuition are combined into a single portfolio of similar contracts. All amounts received prior to the commencement of the academic year, including enrollment deposits, are deferred to the applicable period. Scholarships provided to students are recorded as a reduction from the posted tuition at the same time revenue is recognized.

As of September 1, 2022, the balance of tuition receivable was $22,263.

Deferred Tuition Revenue

Tuition paid in advance is deferred to the academic year to which it relates. Due to the nature and timing of performance and/or transfer of services, substantially all contract liabilities at August 31 of each year are recognized in the following year.

As of September 1, 2022, the balance of deferred tuition revenue was $98,015.

3. Revenue Recognition, continued

Contract Services Revenue

Contract services revenue is recognized over time as performance obligations (monthly services) are rendered.

As of September 1, 2022, the balance of contracts receivable was $60,305

Direct Service Fees Revenue

Fees from students, clients and third-party payors for services rendered are reported at the estimated net realizable amounts, and revenue is recognized as the performance obligations are satisfied (point in time). The Center provides services to clients primarily covered under various private insurance contracts. Services are also provided to some clients covered under the North Carolina Medicaid Program through Alliance Behavioral Healthcare ("Alliance"), a managed care organization. Amounts not covered by insurance arrangements (self-pay) comprise revenue for services provided to uninsured students, insurance copays and deductibles, as well as noncovered services and fees. Private insurance payment arrangements include prospectively determined rates. However, the contracts provide for certain adjustments to current year payment rates based on industry-wide and entity specific data. Additionally, revenue from Alliance is subject to audit and retroactive adjustment. Provisions for estimated third-party settlements are provided in the period the related services are rendered.

As of September 1, 2022, the balance of direct service fees receivable was $102,258.

Disaggregation of Revenue

In the following table, revenue recognized is disaggregated by major services line and timing of revenue recognition.

	2024	2023
Major services:		
Direct service fees	**$ 1,195,537**	$ 799,488
Contract services	**635,313**	182,284
Tuition	**299,719**	428,942
Total	**$ 2,130,569**	$ 1,410,714
Timing of revenue recognition:		
Services transferred over time	**$ 635,313**	$ 182,284
Services transferred at a point in time	**1,495,256**	1,228,430
Total	**$ 2,130,569**	$ 1,410,714

4. Liquidity and Availability

The Center manages its liquid resources by focusing on obtaining grants, contributions, and fundraising projects to ensure the entity has adequate funds to cover the programs that are being conducted. The Center prepares detailed budgets and has been active in managing costs to ensure the entity remains liquid.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of August 31, 2024:

Cash and cash equivalents	**$ 1,127,952**
Investments	**380,011**
Accounts receivable:	
Family guidance services	**97,599**
Tuition	**7,428**
Other	**1,356**
Notes receivable	**7,364**
Grants receivable	**50,000**
Contracts receivable	**24,617**
Financial assets at year end	**1,696,327**
Less: those unavailable for general expenditures within one year, due to:	
Designated by the Board for building reserve	**35,798**
Restricted by donor with time or purpose restrictions	**692,649**
	728,447
Financial assets available to meet cash needs for general expenditures within one year	**$ 967,880**

5. Investments

Investments consist of the following as of August 31:

	Fair Market Value	Cost	Unrealized Gain
2024			
Mutual funds	**$ 380,011**	**$ 320,929**	**$ 59,082**
2023			
Mutual funds	$ 156,984	$ 125,408	$ 31,576

6. Fair Value Measurements

The Center has determined the fair value of certain assets as follows:

	Fair Value	Level 1	Level 2	Level 3
August 31, 2024				
Mutual funds	**$ 380,011**	**$ 380,011**	**$ -**	**$ -**

	Fair Value	Level 1	Level 2	Level 3
August 31, 2023				
Mutual funds	$ 156,984	$ 156,984	$ -	$ -

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on assumptions that management believes market participants would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

The following methods and assumptions were used by the Center in estimating the fair value of its financial assets. There have been no changes in the methodologies used at August 31, 2024 and 2023.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held are deemed to be actively traded.

7. Property and Equipment

Property and equipment consisted of the following at August 31, 2024 and 2023:

	2024	2023
Land	**$ 2,070,000**	$ 2,070,000
Building and building improvements	**1,584,391**	1,584,390
Classroom equipment	**73,943**	73,943
Office equipment	**46,907**	46,907
Computer equipment	**24,345**	24,345
Intangible website	**30,681**	30,681
Media center	**8,453**	8,453
Construction in progress	**291,360**	22,500
Total property and equipment	**4,130,080**	3,861,219
Less accumulated depreciation and amortization	**494,196**	426,162
Property and equipment, net	**$ 3,635,884**	$ 3,435,057

8. Endowments

The Center's endowment consists of one donor-restricted endowment that supports particular programs or types of expenditures. The Center follows the Uniform Prudent Management of Institutional Funds Act of 1972 (UPMIFA) and its own governing documents. UPMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA.

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Center's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is 5%, net of investment fees. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The current spending policy is to distribute amounts up to accumulated investment earnings, as approved by the Board of Directors.

Interpretation of Relevant Law

The Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the Center’s endowment fund. UPMIFA provides guidance and authority to charitable organizations concerning management and investments of funds held by those organizations, and UPMIFA imposes additional duties on those who manage and invest charitable funds. These duties provide additional protections for charities and also protect the interests of donors who want to see their contributions used wisely.

The Center classifies as net assets with donor restrictions (a time restriction in perpetuity) the original value of the gifts donated to the donor restricted endowment and the original value of subsequent gifts to the donor restricted endowment. Investment income from the donor restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Center in a manner consistent with the donor stipulated purpose within the standard of prudence prescribed by UPMIFA.

8. Endowments, continued

From time to time, individual donor-restricted endowment funds may have fair values less than the amount required by donors or UPMIFA (underwater endowments). The Center has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law unless a donor stipulates the contrary. Although allowed under UPMIFA, the Center has a policy of not spending from underwater endowments. There were no such underwater endowments at August 31, 2024 and 2023.

Endowment Net Asset Composition

Endowment net assets composition by type of endowment as of August 31, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
August 31, 2024:			
Tucker endowment fund:			
Original donor-restricted gifts in perpetuity	**$ -**	**$ 117,634**	**$ 117,634**
August 31,2023			
Tucker endowment fund:			
Original donor-restricted gifts in perpetuity	$ -	$ 117,634	$ 117,634

Changes in Endowment Net Assets

Changes in endowment net assets for the year ended August 31 , 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 31, 2022	$ -	$ 116,634	$ 116,634
Contribution	-	1,000	1,000
Endowment net assets, August 31, 2023	-	117,634	117,634
Contribution	-	-	-
Endowment net assets, August 31, 2024	**$ -**	**$ 117,634**	**$ 117,634**

9. Net Assets With Donor Restrictions

Net assets with donor restrictions at August 31, 2024 and 2023 are available for the following purposes or the following periods:

	2024	2023
Capital campaign	**$ 401,502**	$ 198,976
Tucker endowment	**117,634**	117,634
Scholarships	**115,000**	-
Circle of Security	**58,513**	114,811
Anti-racism	**-**	10,750
Outdoor learning environment	**-**	45,249
STEM programs	**-**	18,373
Other	**-**	6,230
	$ 692,649	$ 512,023

10. Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors. The net assets were released from restrictions as of August 31 as follows:

	2024	2023
Capital campaign	**$ 448,439**	$ 22,500
Circle of Security	**106,298**	126,537
Outdoor learning environment	**45,249**	-
STEM programs	**18,373**	3,339
Anti-racism	**10,750**	-
Other	**6,230**	3,071
Time	**-**	125,000
	$ 635,339	$ 280,447

11. Governing Board Designations

The Center's governing board has designated, from net assets without donor restrictions, $35,798 for a building reserve at August 31, 2024 and 2023.

12. Employment Benefit Plan

The Center provides a retirement plan pursuant to Section 403(b) of the Internal Revenue Code for substantially all of its employees. The Center made no contributions to the Plan during the years ended August 31, 2024 and 2023.

13. Employee Retention Tax Credit

The Center received $456,024 from the Employee Retention Tax Credit (ERTC), a credit against certain payroll taxes allowed to an eligible employer for qualifying wages. This program was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). This credit was recorded as revenue for the year ended August 31, 2023.

14. Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended August 31, 2023 from which the summarized information was derived.