

**Community Assistance Center, Inc.**

**FINANCIAL STATEMENTS**

For the Years Ended December 31, 2022 and 2021  
with  
Independent Auditor's Report

**Community Assistance Center, Inc.**  
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For the Years Ended December 31, 2022 and 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Community Assistance Center, Inc.  
Sandy Springs, Georgia

### Opinion

We have audited the accompanying financial statements of Community Assistance Center, Inc. (“the Organization”), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 Community Assistance Center, Inc. as of December 31, 2022 and 2021, 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 audit 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 Community Assistance Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Management's Responsibility 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 Community Assistance Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibility 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.

Community Assistance Center, Inc.

May 24, 2023

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- 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 Community Assistance 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 Community Assistance 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.

*Geeslin Group LLC*

GEESLIN GROUP LLC

Peachtree City, Georgia

May 24, 2023



**Community Assistance Center, Inc.**  
**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2022 and 2021**

	2022	2021
Unrestricted cash and cash equivalents	\$ 762,247	\$ 828,709
Unrestricted cash and cash equivalents - board designated	6,000	6,000
Restricted cash and cash equivalents	990,751	1,440,882
Promises to give - unrestricted, current portion	11,770	-
Promises to give - restricted, current portion	240,730	312,611
Prepaid expenses and other assets	30,181	27,934
Inventory	202,614	188,373
Total current assets	2,244,293	2,804,509
Construction in progress	-	11,484
Loan costs, net of accumulated amortization	7,453	7,988
Total noncurrent assets	7,453	19,472
Property and equipment	4,517,225	3,794,357
Accumulated depreciation	(1,182,549)	(971,996)
Net property and equipment	3,334,676	2,822,361
Leased Assets		
Operating lease right-of-use assets, net	130,609	-
Total assets	\$ 5,717,031	\$ 5,646,342
Accounts payable and accrued expenses	\$ 47,480	\$ 35,619
Mortgages payable, current maturities	25,134	24,397
Operating leases payable, current maturities	58,444	-
Total current liabilities	131,058	60,016
Mortgages payable, net of current maturities	416,612	439,431
Operating leases payable, less current maturities	74,772	-
Total noncurrent liabilities	491,384	439,431
Total liabilities	622,442	499,447
Without donor restrictions		
Undesignated	3,857,108	3,387,402
Designated by the Board for operating reserve	6,000	6,000
Total net assets without donor restriction	3,863,108	3,393,402
With donor restrictions		
Purpose restrictions	1,231,481	1,753,493
Total net assets	5,094,589	5,146,895
Total liabilities and net assets	\$ 5,717,031	\$ 5,646,342

See accompanying notes.

# Community Assistance Center, Inc.

## STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2022 and 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Support				
Grants	\$ 193,011	\$ 540,000	\$ 733,011	\$ 1,045,024
Contribution	2,407,427	80,030	2,487,457	2,144,431
Fundraising	2,575	24,720	27,295	964,213
Net assets released from restrictions	1,166,762	(1,166,762)	-	-
Total support	<u>3,769,775</u>	<u>(522,012)</u>	<u>3,247,763</u>	<u>4,153,668</u>
Development expense				
Retail income	273,626	-	273,626	193,188
Less related expenses	(21,291)	-	(21,291)	(6,366)
Net thrift store sales	<u>252,335</u>	<u>-</u>	<u>252,335</u>	<u>186,822</u>
Gross special events revenue - A Vintage Affair	326,043	-	326,043	201,294
Less cost of direct benefits to donors	(19,635)	-	(19,635)	(14,975)
Net revenue - A Vintage Affair	<u>306,408</u>	<u>-</u>	<u>306,408</u>	<u>186,319</u>
Other revenue				
Loan forgiveness - Paycheck Protection Program	-	-	-	143,743
Interest income	3,012	-	3,012	1,488
Total other income	<u>3,012</u>	<u>-</u>	<u>3,012</u>	<u>145,231</u>
Total revenue, support, and gains, net	<u>4,331,530</u>	<u>(522,012)</u>	<u>3,809,518</u>	<u>4,672,040</u>
Expenses				
Program services expense	3,130,004	-	3,130,004	3,191,076
Management and general	510,838	-	510,838	164,698
Fundraising and development	220,982	-	220,982	361,120
Total expenses	<u>3,861,824</u>	<u>-</u>	<u>3,861,824</u>	<u>3,716,894</u>
Change in Net Assets	469,706	(522,012)	(52,306)	955,146
Net Assets, Beginning of Year	3,393,402	1,753,493	5,146,895	4,191,749
Net Assets, End of Year	<u>\$ 3,863,108</u>	<u>\$ 1,231,481</u>	<u>\$ 5,094,589</u>	<u>\$ 5,146,895</u>

See accompanying notes.

# Community Assistance Center, Inc.

## STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2022 and 2021

	2022				2021		
	Program Services	Management and General	Fundraising and Development	Expenses Included on Statement of Activity		Total	Total
Payroll	\$ 397,638	\$ 367,103	\$ 110,511	\$ -	\$ 875,252	\$ 802,628	
Payroll taxes	30,210	29,527	8,889	-	68,626	62,597	
Employee benefits	27,261	23,406	4,406	-	55,073	16,995	
Total personnel costs	455,109	420,036	123,806	-	998,951	882,220	
Program expenses	2,104,578	-	-	-	2,104,578	2,261,356	
Rental expense - operating leases	55,966	4,011	2,695	-	62,672	44,402	
Retail expense	-	-	-	21,291	21,291	6,366	
Development expense	-	-	69,836	-	69,836	-	
Direct benefits to donors	-	-	-	19,635	19,635	61,792	
Depreciation and amortization	188,502	13,510	9,077	-	211,089	132,075	
Insurance	46,368	11,908	2,729	-	61,005	61,671	
Interest expense - non-lease	12,295	881	592	-	13,768	42,324	
Legal and accounting	-	21,100	-	-	21,100	24,125	
Other professional services	-	17,530	-	-	17,530	16,386	
Miscellaneous	1,814	3,284	87	-	5,185	4,037	
Garden expenses	8,610	617	415	-	9,642	-	
Office equipment & supplies	14,054	1,007	677	-	15,738	13,671	
Postage and delivery	1,274	91	61	-	1,426	1,787	
Printing	7,642	547	368	-	8,557	3,254	
Repairs and maintenance	60,120	4,309	2,895	-	67,324	27,204	
Security	9,528	683	459	-	10,670	7,346	
Seminars and licenses	10,065	1,205	485	-	11,755	12,517	
Special events	1,374	98	66	-	1,538	1,442	
Technology	58,995	4,228	2,841	-	66,064	53,564	
Telephone and internet	21,221	1,521	1,022	-	23,764	10,978	
Travel	183	13	9	-	205	620	
Utilities	49,287	3,532	2,373	-	55,192	45,887	
Vehicle expenses	12,868	-	-	-	12,868	8,852	
Waste disposal expense	6,410	459	309	-	7,178	12,103	
Moving expense	-	-	-	-	-	1,392	
Volunteer expense	3,741	268	180	-	4,189	864	
Total expenses by function	3,130,004	510,838	220,982	40,926	3,902,750	3,738,235	
Less expenses included with revenues on the statement of activities							
Retail expense	-	-	-	(21,291)	(21,291)	(6,366)	
Cost of direct benefits to donors	-	-	-	(19,635)	(19,635)	(14,975)	
Total expenses included in the expense section on the statement of activities	\$3,130,004	\$ 510,838	\$ 220,982	\$ -	\$3,861,824	\$3,716,894	

See accompanying notes.

# Community Assistance Center, Inc.

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (52,306)	\$ 955,146
Adjustments to reconcile change in net assets to net cash from operating activities		
Inventory - donated	(14,241)	(15,094)
Depreciation and amortization	211,089	132,075
Amortization of operating lease right of use asset	2,607	-
Loan forgiveness - Paycheck Protection Program loan	-	(143,743)
Changes in operating assets and liabilities		
Promises to give	60,354	98,663
Prepaid expenses and other assets	(2,490)	(1,825)
Accounts payable and other liabilities	11,860	(69,065)
Net Cash provided by Operating Activities	<u>216,873</u>	<u>956,157</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(711,384)	(8,250)
Construction in progress	-	(11,483)
Net Cash used for Investing Activities	<u>(711,384)</u>	<u>(19,733)</u>
Cash Flows from Financing Activities		
Proceeds from loan refinancing	-	463,828
Principal payments on mortgages payable	(22,082)	(893,465)
Loan costs	-	(8,033)
Net Cash used by Financing Activities	<u>(22,082)</u>	<u>(437,670)</u>
Net changes in unrestricted and restricted cash and cash equivalents	(516,593)	498,754
Unrestricted and restricted cash and cash equivalents, beginning of the year	<u>2,275,591</u>	<u>1,776,837</u>
Unrestricted and restricted cash and cash equivalents, end of the year	<u>\$ 1,758,998</u>	<u>\$ 2,275,591</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the year for interest	<u>\$ 13,768</u>	<u>\$ 42,324</u>

See accompanying notes.



# Community Assistance Center, Inc.

## NOTES TO FINANCIALS STATEMENTS

For the Years Ended December 31, 2022 and 2021

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### NOTE A – NATURE OF ORGANIZATION

Organization: The Community Assistance Center, Inc. (“CAC” or “the Organization”) provides assistance to local members of the Sandy Springs and Dunwoody Communities who are in need by providing financial support, helping to meet basic needs and promoting self-reliance. CAC brings the community together to assist families and individuals of Sandy Springs and Dunwoody facing unexpected financial crisis situations. Community Assistance Center, Inc. originally known as Community Action Center, was founded by eight religious congregations who saw a need to centralize assistance to local families and individuals seeking help in the Sandy Springs and Dunwoody communities. CAC was formally dedicated in October 11, 1987 and opened its doors for the first time on November 2, 1987 on the campus of Mt. Vernon Presbyterian Church. A year later the Center received its 501(c)(3) status on September 12, 1988. CAC is now supported by member congregations, public and private grants, businesses, individuals, schools and civic organizations. The Organization is volunteer-driven with more than 300 regularly scheduled volunteers. CAC operates a Food Pantry and a Thrift Boutique. CAC offers assistance to individuals and families with money management classes, referrals for other services, and adult education classes to learn new job and life skills such as computer classes and English for Successful Living. CAC receives an average of 400 calls a month for assistance and the Food Pantry receives an average of 1,200 visits a month. Overall, CAC impacts approximately 6,000 lives a year.

### NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Financial Statement Presentation: As required by the “Financial Statements of Not-For-Profit Organizations” topic of FASB Accounting Standards Codification, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Organization had net assets with donor restrictions of \$1,231,481 and \$1,753,493 on December 31, 2022 and 2021, respectively.

Cash and Cash Equivalents: For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

#### Donated Services:

Numerous volunteers have donated significant amounts of time to CAC’s specific assistance programs and fund-raising events. No amounts have been reflected in the financial statements for these donated services because they do not meet the criteria for recognition under Financial Accounting Standards Board ASC 958-605, “Revenue Recognition” of Not-for Profit Entities.

# Community Assistance Center, Inc.

## NOTES TO FINANCIALS STATEMENTS

For the Years Ended December 31, 2022 and 2021

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### NOTE B - SIGNIFICANT ACCOUNTING POLICIES – Continued

Promises to Give: The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. CAC determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Substantially all amounts promised in the past have been collected; therefore, the Organization anticipates all pledges to give will be collected and no allowance for uncollectable pledges has been recorded.

Income Tax Status: The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is required. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements during the year ended December 31, 2022, or any tax year still open to taxing authorities.

Functional Allocation of Expenses: The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Property and Equipment: Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are recorded at cost, if purchased, or at estimated market value, if received by contribution. Depreciation is calculated over the estimated useful lives, ranging from 3 to 39 years, of the respective assets using a straight-line method.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Loan Costs: In 2021, the Organization entered into a loan agreement to refinance preexisting debt. Outstanding preexisting loan costs were fully amortized in 2021. The new loan costs were \$8,033, which are being amortized on a straight-line basis over the life of the loan which approximates the interest yield method. Amortization expense was \$536 and \$20,305 in 2022 and 2021, respectively. Annual amortization expense is expected to be \$536 in future years. In the statement of functional expenses, this amount is included within “depreciation and amortization.”

# Community Assistance Center, Inc.

## NOTES TO FINANCIALS STATEMENTS

For the Years Ended December 31, 2022 and 2021

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### NOTE B - SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

*Net Assets with Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor restricted net assets were available at December 31, 2022 and 2021, for the following purposes:

<u>Fund Description</u>	<u>2022</u>	<u>2021</u>
Financial Assistance	\$ 339,728	\$ 352,110
Capital Campaign Fund	297,967	982,287
City of Sandy Springs	110,960	38,745
Youth Enrichment Program Fund	122,650	108,983
Dunwoody City	96,709	-
Pantry Fund	86,399	97,911
Fulton County Grants	60,530	25,027
Tamara Carrera Legacy Fund	38,526	38,388
Shumard Holidays	30,322	27,683
Education/Employment	30,000	30,000
ACFB Capital Fund	13,140	-
Sandy Springs Society	3,050	-
Volunteer Income Tax Assistance	1,500	1,500
Giglio Charitable Fund	-	20,000
Atlanta Foundation	-	15,002
Jewish Federation of Greater Atlanta	-	7,083
Harriet McDaniel Marshall Trust	-	6,750
Garden	-	1,166
Signage Fund-Methodist Grant	-	858
Total	<u>\$1,231,481</u>	<u>\$1,753,493</u>

# Community Assistance Center, Inc.

## NOTES TO FINANCIALS STATEMENTS

For the Years Ended December 31, 2022 and 2021

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### NOTE B - SIGNIFICANT ACCOUNTING POLICIES – Continued

Recent Accounting Pronouncements: Effective January 1, 2022 the Company adopted Financial Accounting Standards Board (FASB) ASC 842 which requires all leases, whether financing or operating, to be included as an asset and corresponding liability on the balance sheet. See Note H for additional details.

Revenue Recognition: The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

All unconditional contributions and grants are considered to be without donor restriction unless specifically restricted by the donor or grantor for a specific program, purpose or time period. Amounts received that are restricted by the donor or grantor for a specific program, purpose, or for future periods are reported as increases to net assets with donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Additionally, the Organization is engaged in the sale of lightly used clothing and household items to customers in its Thrift Boutique. Revenue is earned at the time the customer receives their goods.

### NOTE C – INVENTORY AND DONATED GOODS

Clothing and household items are valued at thrift store prices and food is valued at an average cost determined by periodic sampling at various online sources. Donated gift cards are recorded at face amount. The estimated value of donated goods received and recognized as revenue by CAC was \$1,322,638 and \$995,647, in 2022 and 2021, respectively.

### NOTE D – CONCENTRATIONS

The Organization received approximately 50% of its total contributions and grants during the year ended December 31, 2022 from 95 donors and granting organization. For the year ended December 31, 2021, 50% of its total contributions and grants were received from 12 donors and granting organizations.

# Community Assistance Center, Inc.

## NOTES TO FINANCIALS STATEMENTS

For the Years Ended December 31, 2022 and 2021

### NOTE E – LIQUIDITY AND AVAILABILITY

Liquid assets are considered financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position. The Organization had \$780,017 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization’s financial assets available within one year of the balance sheet date for designated expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$1,758,998	\$ 2,275,591
Promises to give - current portion	<u>252,500</u>	<u>312,611</u>
Total liquid assets	2,011,498	2,588,202
Less current assets with donor restrictions	<u>(1,231,481)</u>	<u>(1,753,493)</u>
Financial assets available to meet cash needs within one year	<u>\$ 780,017</u>	<u>\$ 834,709</u>

### NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2022</u>	<u>2021</u>
Building - Roswell Rd.	\$ 1,839,500	\$ 1,775,000
Building - Hightower	860,818	860,818
Roswell Rd. Bldg Improvements	693,401	693,401
Leasehold Improvements - Northwood	422,183	-
Hightower building improvements	365,241	174,432
Machinery and equipment	201,231	155,856
Vehicles	89,327	89,327
Furniture and fixtures	28,834	28,834
Software	8,615	8,615
Satelite building improvement	8,075	8,075
Less accumulated depreciation	<u>(1,182,549)</u>	<u>(971,996)</u>
Total	<u>\$ 3,334,676</u>	<u>\$ 2,822,361</u>

Depreciation expense for the year ended December 31, 2022 and 2021, was \$210,553 and \$111,770, respectively. In the statement of functional expenses, this amount is included within “depreciation and amortization.”

# **Community Assistance Center, Inc.**

## **NOTES TO FINANCIALS STATEMENTS**

**For the Years Ended December 31, 2022 and 2021**

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### **NOTE G – FAIR VALUE MEASUREMENTS**

The Organization adopted SFAS No. 157, “Fair Value Measurements,” which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices (level 1) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 – Inputs to the valuation methodology include: 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 for the asset or liability; or, inputs that are derived principally from, or corroborated by observable market data by correlation or other means. 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. There were no Level 2 investments.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. There were no Level 3 investments.

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

The fair market values for the Organization’s mortgages payable are not readily determinable and are assumed to be materially different than the carrying value based on current market conditions. The Organization believes that determining the fair market value of the mortgages payable would be cost prohibitive.

The estimated fair value of donated goods is discussed in Note D. All other financial instruments are carried at amounts that approximate estimated fair value.

# Community Assistance Center, Inc.

## NOTES TO FINANCIALS STATEMENTS

For the Years Ended December 31, 2022 and 2021

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### NOTE H - OPERATING LEASES

On January 1, 2022, the Organization adopted the requirements of Accounting Standards Update 2016-02, Leases (Topic 842) (“ASC 842”), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The new standard requires the recognition of a right-of-use (“ROU”) asset and lease liability on the statement of financial position. The new standard requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Under ASC 842, the Organization uses three primary accounting provisions to classify transactions as financing or operating leases. Leases meeting any of these conditions are accounted for as finance leases, those that meet none, as operating leases.

1. Review of the lease term to determine if it is for the major part of the economic life of the underlying asset, defined as greater than 75%
2. Review of the present value of the lease payments to determine if they are equal to or greater than substantially all of the fair market value of the equipment at the inception of the lease, defined as greater than 90%.
3. Review of the lease agreement to determine if there is an option to purchase the underlying asset that the Company is reasonably certain to exercise, or if the ownership of the underlying asset transfers to the Company at the end of the lease term.

Upon review of the conditions listed above, the Organization has determined that all of its leases meet the criteria to be classified as operating leases. CAC’s leases are required to be included on the Statement of Financial Position under FASB ASC 842. As a result, adopting FASB ASC 842 had no impact on the prior year statement of financial position, and because these leases are operating leases, the adoption of this standard has no impact on the Organization’s results of operations.p

CAC has three operating leases: two for buildings and one for certain office equipment. The Organization’s real estate leases have remaining lease terms of two to five years, which include options to extend the leases. CAC’s office equipment lease has a term of four years ending in 2026. Rental expense for the real estate and office equipment for the year ended December 31, 2022 and 2021 was \$62,672 and \$44,402, respectively.

The Organization adopted ASC 842, using the modified retrospective approach with January 1, 2022 as the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification.

As a result of adopting the new standards effective January 1, 2022, the Organization recorded additional net lease assets and corresponding lease liabilities of approximately \$131,500. Adoption of the new standard did not materially impact the Organization’s change in net assets, cash flows or liquidity.

# Community Assistance Center, Inc.

## NOTES TO FINANCIALS STATEMENTS

For the Years Ended December 31, 2022 and 2021

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### NOTE H - OPERATING LEASES – Continued

As of December 31, 2022, the right-of-use (ROU) assets had a balance of \$130,609, as shown in noncurrent assets on the statement of financial position; the operating lease payable is included in current liabilities, \$58,444, and noncurrent liabilities, \$74,772.

The Organization's weighted average lease liability for its operating leases is \$59,719 and weighted average discount rate for finance leases is 3.3% as of December 31, 2022. The weighted average remaining lease term is 2.7 years.

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2022, are as follows:

Year	Amount
2023	\$ 61,982
2024	29,930
2025	29,930
2026	18,229
Total future undiscounted lease payments	<u>140,071</u>
Less: interest component	<u>(6,855)</u>
Lease liabilities	<u>\$ 133,216</u>

### NOTE J – MORTGAGES PAYABLE

On December 30, 2021, CAC refinanced its existing mortgage loans with a new loan from a financial institution. The outstanding principal balance due on the new loan as of December 31, 2022 was \$441,746. This loan is a 15 year term and has a fixed interest rate of 3.25% and is secured by the property held on Roswell Road. The payments of principal and interest are \$3,259 per month.

Aggregate maturities of long-term debts for the years ending December 31 follows:

2023	\$ 25,134
2024	26,102
2025	26,963
2026	27,852
2027	28,771
2028 and thereafter	<u>306,924</u>
Total	<u>\$ 441,746</u>



# **Community Assistance Center, Inc.**

## **NOTES TO FINANCIALS STATEMENTS**

**For the Years Ended December 31, 2022 and 2021**

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### **NOTE K– SUBSEQUENT EVENTS**

Management has evaluated events and transactions that occurred between December 31, 2022 and the date of the auditor’s report, which is the date that the financial statements were available to be issued for possible recognition or disclosure in the financial statements.

### **NOTE L – OTHER DISCLOSURES**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act, was signed into law. One component of the CARES Act was the Paycheck Protection Program (“PPP”) which provides small business with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (“SBA”) with support from the Department of the Treasury. The Organization applied for and was accepted to participate in this program. In April 2020, the Organization received approval of a PPP loan for \$143,743. As a component of PPP, if the Organization spends at least as much of the loan proceeds on qualified payroll and applicable overhead during the covered period as defined, the SBA will forgive the entire amount of the loan, included accrued interest. The Organization’s loan was fully forgiven in on March 19, 2021 and recognized as revenue.