THE CAMPAGNA CENTER, INC.
(a nonprofit organization)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended August 31, 2022
with Summarized Comparative Information for the year ended
August 31, 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Campagna Center, Inc.
Alexandria, Virginia

Opinion

We have audited the accompanying financial statements of the Campagna Center, Inc. (the Center), which comprise the statement of financial position as of August 31, 2022, and 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 financial statements referred to above present fairly, in all material respects, the financial position of the Center as of August 31, 2022, 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.

Emphasis of Matter - Contingencies

As stated in Note 15 to the financial statements, economic uncertainties have arisen as a result of the spread of the novel coronavirus which are likely to impact the Center's operations. Our opinion is not modified with respect to this matter and no pandemic implications are accounted for in these financial statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* , issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 available to be issued.

Auditors' 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 auditors' 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 and *Government 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, including omissions, 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 and *Government 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 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 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.

Report on Summarized Comparative Information

We have previously audited the Center's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 31, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses by Program on Page 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated February 6, 2023, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Renner and Company, CPA, P.C.

Alexandria, Virginia
February 6, 2023

THE CAMPAGNA CENTER, INC.

STATEMENT OF FINANCIAL POSITION
August 31, 2022 (with Comparative Information as of August 31, 2021)

ASSETS

	2022	2021
CURRENT ASSETS		
Cash	$ 6,116,141	$ 2,517,760
Receivables, net of allowance	1,834,349	1,311,712
Pledges receivable, current	640,328	-
Prepaid expense	109,837	117,784
TOTAL CURRENT ASSETS	8,700,655	3,947,256
PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation	1,246,989	976,216
OTHER ASSETS		
Investments	2,015,835	2,343,716
Pledges receivable, long-term	935,000	-
Security deposits	16,508	11,000
TOTAL OTHER ASSETS	2,967,343	2,354,716
TOTAL ASSETS	$ 12,914,987	$ 7,278,188

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 884,371	$ 690,391
Refundable advances	1,476,571	-
Deferred revenue	153,272	91,767
Capital lease obligation	-	3,426
TOTAL LIABILITIES	2,514,214	785,584
NET ASSETS		
Without donor restrictions	7,417,591	6,198,035
With donor restrictions	2,983,182	294,569
TOTAL NET ASSETS	10,400,773	6,492,604
TOTAL LIABILITIES AND NET ASSETS	$ 12,914,987	$ 7,278,188

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF ACTIVITIES
Year Ended August 31, 2022 (with Summarized Comparative Information for the year ended August 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Program funds from government grants	$ 9,916,715	$ -	$ 9,916,715	$ 7,683,475
Contributions and grants	2,567,225	2,704,797	5,272,022	2,515,589
In-kind contributions	2,098,913	-	2,098,913	1,448,971
Supplemental education fees	1,631,976	-	1,631,976	543,600
Special events and projects	243,327	-	243,327	85,694
Other income	10,946	-	10,946	2,272,176
Membership activities	8,850	-	8,850	11,150
Investment (loss) income	(367,604)	44,491	(323,113)	437,451
Net assets released from restrictions	60,675	(60,675)	-	-
TOTAL REVENUE AND SUPPORT	16,171,023	2,688,613	18,859,636	14,998,106
EXPENSES				
Program	13,564,489	-	13,564,489	11,369,912
Management and general	927,351	-	927,351	648,539
Fundraising	459,627	-	459,627	230,716
TOTAL EXPENSES	14,951,467	-	14,951,467	12,249,167
CHANGE IN NET ASSETS	1,219,556	2,688,613	3,908,169	2,748,939
NET ASSETS, beginning of year	6,198,035	294,569	6,492,604	3,743,665
NET ASSETS, end of year	$ 7,417,591	$ 2,983,182	$ 10,400,773	$ 6,492,604

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended August 31, 2022 (with Summarized Comparative Information for the year ended August 31, 2021)

	2022				2021
	Program	General and Administrative	Fund-Raising	Total	Total
Salaries, taxes, and benefits	$ 8,244,121	$ 879,344	$ 249,549	$ 9,373,014	$ 7,579,720
In-kind	2,098,913	-	-	2,098,913	1,448,971
Professional services	1,396,179	16,931	28,282	1,441,392	1,236,420
Food expense	471,646	194	51	471,891	88,456
Supplies	302,618	1,572	30,365	334,555	798,743
Telephone and technology	263,187	4,834	25,442	293,463	427,827
Program activities	179,276	-	-	179,276	48,869
Training and development	143,037	698	18,968	162,703	121,783
Occupancy	111,251	6,242	8,554	126,047	89,588
Insurance	72,430	7,275	1,855	81,560	146,648
Advertising and publications	71,238	-	3,622	74,860	3,485
Special activities and events	5,432	11	67,187	72,630	16,066
Depreciation	58,565	3,691	5,089	67,345	71,154
Other	49,194	2,789	5,760	57,743	14,644
Equipment, repairs and maintenance	41,132	2,401	310	43,843	109,841
Printing	12,943	66	12,777	25,786	20,672
Postage	16,258	132	1,175	17,565	6,655
Licensing and permits	15,289	271	295	15,855	18,143
Travel	7,946	492	171	8,609	1,013
Recognition	3,130	316	83	3,529	-
Community relations	692	90	91	873	-
Interest	12	2	1	15	469
TOTAL EXPENSES	$ 13,564,489	$ 927,351	$ 459,627	$ 14,951,467	$ 12,249,167

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF CASH FLOWS
Year Ended August 31, 2022 (with Summarized Comparative Information for the year ended August 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Government grants, fees, contributions received	$ 16,523,947	$ 11,086,111
Investment income	192,004	55,894
Total cash received from operations	16,715,951	11,142,005
Cash disbursed by operations		
Payments to employees and suppliers	12,588,775	10,752,373
Interest paid	15	469
Total cash paid by operations	12,588,790	10,752,842
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,127,161	389,163
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(220,890)	(255,131)
Costs for building renovations	(326,155)	(12,944)
Costs for website redesign	(11,963)	(25,200)
Proceeds from sale of investments	33,654	200,764
NET CASH USED BY INVESTING ACTIVITIES	(525,354)	(92,511)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital leases	(3,426)	(20,172)
NET INCREASE IN CASH	3,598,381	276,480
CASH, beginning of year	2,517,760	2,241,280
CASH, end of year	$ 6,116,141	$ 2,517,760
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Unrealized loss (gain) in fair value of investments	$ 538,340	$ (353,402)
(Decrease) increase in investment value	(538,340)	353,402
Forgiveness of Paycheck Protection Program loan	-	(1,497,688)
Recognition of forgiveness of Paycheck Protection Program loan	-	1,497,688
	$ -	$ -

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF CASH FLOWS
Year Ended August 31, 2022 (with Summarized Comparative Information for the year ended August 31, 2021)

	2022	2021
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	$ 3,908,169	$ 2,748,939
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	67,345	71,154
Realized and unrealized losses (gains) on investments	515,117	(381,557)
Forgiveness of Paycheck Protection Program loan	-	(1,497,688)
	582,462	(1,808,091)
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS (USING) PROVIDING CASH		
ASSETS		
Receivables, net of allowance	(2,097,965)	(445,234)
Prepaid expense	7,947	(35,504)
Security deposits	(5,508)	-
	(2,095,526)	(480,738)
LIABILITIES		
Accounts payable and accrued expenses	193,980	11,704
Refundable advances	1,476,571	(82,651)
Deferred revenue	61,505	-
	1,732,056	(70,947)
NET CHANGES IN ASSETS AND LIABILITIES	(363,470)	(551,685)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,127,161	$ 389,163

See Notes to Financial Statements.

1. ORGANIZATION, PURPOSE, AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Campagna Center, Inc. (the Center), is a community-based nonprofit organization in Alexandria, VA. The Center operates a variety of programs to address the needs of children, youth and families. The Center provides early childhood education programs to children under five years-of-age, after school programs to children attending local elementary schools, literacy tutoring/mentoring for elementary school students, youth development programs for high school students, and an English Language Learner program designed for immigrants and refugees that includes a child care component for adult students enrolled in the program.

A brief description of major programs includes:

Early Childhood Programs

Early Head Start provides care for low-income infants and toddlers (birth - three years old) and expectant families. Early Head Start offers comprehensive services—educational, social, physical health, mental health, and nutrition—to ensure that children are getting off to the very best possible start in life. Families collaborate with staff to foster these outcomes and work toward their own self-sufficiency goals. The Center's Early Head Start program delivers services through various settings including center-based, home visiting, and family child care. Sites have earned accreditation through the National Association for the Education of Young Children (NAEYC) and also participate in the Virginia Quality Initiative.

Alexandria Head Start promotes school readiness for preschool children (ages 3 to 5) from low-income families living in the city of Alexandria. The program intentionally focuses on helping children develop skills in the areas of cognitive and language development, early reading, and mathematics, social emotional and physical development necessary for school readiness. Families collaborate with staff to foster these outcomes and work toward their own self-sufficiency goals. Sites have earned accreditation through the NAEYC and also participate in the Virginia Quality Initiative.

Campagna Early Learning Center (CELC) is a full day pre-school program created to provide more families with access to quality preschool programs, including those who do not qualify for publicly funded preschool programs like Head Start. The CELC operates through a partnership with AHC, Inc., an affordable and workforce housing developer. The Center also participates in the Virginia Quality Initiative, and is accredited by the NAEYC.

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Purpose (Continued)

Early Childhood Programs (Continued)

Early Head Start Family Child Care Partnership Project works with a network of independent family child care providers regulated by the City of Alexandria to serve children who qualify for Early Head Start services. These providers participate in training and professional development experiences that enhance the quality of care provided to children enrolled in their programs. Providers also gain access to resources that strengthen their knowledge of child development and the many ways to integrate the use of curriculum resources into their program. Families with children enrolled in the program have access to the comprehensive array of services provided by Head Start funded programs.

School-Age Programs

Campagna Kids provides recreational, social, and academic enrichment to school-aged children through its after school and summer camp program. Operated in partnership with the City of Alexandria and the Alexandria City Public Schools, it offers parents access to safe, affordable and high quality enrichment programs for their children.

Wright to Read provides volunteer-based one-on-one sustained literacy tutoring and mentoring relationships to students enrolled in Alexandria City Public Schools. Enrollment targets elementary aged children, but with a small number of students continuing to work with their tutor-mentor through middle and high school. Wright to Read collaborates with families, schools and community partners to create a comprehensive support network that guides each child toward success.

Building Better Futures provides tutoring, mentoring, leadership and life skills development to primarily high school students in Alexandria. The program provides access to tutoring and enrichment seminars focused on topics that support postsecondary planning. Students have an opportunity to visit college campuses as they consider their postsecondary plans. The program also offers students externship experiences to bridge their knowledge of various career paths. Many of the youth enrolled in the program may be the first in their family to pursue college, post high school graduation and/or have immigrated to the United States.

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization and Purpose (Continued)

Adult/Family Development Programs

New Neighbors English Language Learners program (New Neighbors) is an important and innovative program developed to meet Alexandria's need for high quality, easily accessible English language training to enhance the job possibilities and economic security of immigrants and refugees who reside in the community. Two semesters are offered each year, one 14-week session in the fall, and the other during the spring. Students are immigrants and refugees new to our community and one third require child care assistance to enroll and attend classes. The program is designed to increase self-sufficiency and support community integration.

Summary of Significant Accounting Policies

Classes of Assets

In accordance with U.S. GAAP, the Center's net assets are classified into two categories: without donor restriction and with donor restriction. Net assets without donor restriction are available for the general operations of the Center or are designated by the Board for a particular purpose. Net assets with donor restriction are subject to donor-imposed stipulations as to their use for specific programs conducted by the Center or are held in perpetuity.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Summarized Comparative Information

The financial statements include certain summarized comparative information in total but not by each class of net assets. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the Center’s financial statements for the year ended August 31, 2021, from which the summarized information was derived.

Reclassification

Certain account balances within the prior year financial statements have been reclassified to conform to the current year financial statement presentation.

NOTES TO FINANCIAL STATEMENTS
August 31, 2022 (with Summarized Comparative Information as of and for the year ended August 31, 2021)

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Standard

The Association has adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* modifying ASC section 958. The change has been applied as of August 31, 2022, with no effect on beginning net assets.

Cash and Cash Equivalents

As of August 31, 2022 and 2021, cash consisted of checking accounts and certificates of deposit. Cash equivalents are considered to be highly liquid debt instruments with an initial maturity of 90 days or less. There were no cash equivalents as of August 31, 2022 and 2021. Cash and money market funds held by investment custodians are considered investments.

Accounts Receivable

Student fees for the Campagna Kids program are billed two weeks prior to the month of service and are due by the first of each month. If an account becomes past due, the Center contacts the family or guardian to determine the payment status, evaluate alternatives and take the appropriate course of action. The provision for doubtful accounts is evaluated regularly against outstanding student fees.

Programs funded through federal, state, local and foundation grants are typically invoiced as costs are incurred and either collected within 30 days or paid in advance.

Pledges Receivable

Pledges receivable are recognized as support in the period the pledge is made. Management determines the allowance for doubtful pledges by regularly evaluating individual pledges and considering prior history of donor and proven collectability of past donations. Pledges are written off when deemed uncollectible. Recoveries of pledges to give previously written off are recorded when received.

Property and Equipment

The Center capitalizes all property and equipment with a cost of $5,000 or more. Property and equipment are stated at cost, and are depreciated on the straight line basis over the estimated useful lives of 3 to 30 years. Betterments and improvements that extend the life of the asset are capitalized.

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Center applies U.S. GAAP for fair value measurements of financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis.

Investments

Investments are stated at fair value based on quoted market prices. Unrealized gains and losses are included in investment income in the statement of activities.

The Center invests in a professionally managed portfolio that contains mutual funds and money market funds. Such investments are exposed to various risks such as market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Restricted Revenue

Contributions received are recorded as support without donor restriction or support with donor restriction, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Donor-restricted support that is utilized within the fiscal year it is received is recorded as support without donor restrictions.

Revenue related to third-party reimbursement arrangements is recognized in the period in which the reimbursable costs are incurred.

Deferred revenue represents fees collected in advance for future services.

Gifts-In-Kind

Donated goods for various special events were recorded at their fair value on the date of receipt. Donated services for the Campagna Kids and Head Start programs are recognized in the financial statements at their fair value if the services require specialized skills and the services would typically need to be purchased if not donated. In-kind contributions are reported in the statement of activities as both revenue and expense.

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Advertising

Advertising costs are expensed as incurred. Total advertising expenses for the years ended August 31, 2022 and 2021 are $52,300 and $3,485, respectively.

Income Taxes

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. In addition, the Center qualifies for the charitable contributions deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Center had no material taxable unrelated business income for the years ended August 31, 2022 and 2021.

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated the Center's tax positions and concluded there are no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Revenue Recognition

The Center provides a multitude of services that assist families with child care and services in the DC metropolitan area, but only a limited amount of services are directly engaged with a customer, including before and after care. The large majority of income is government grants and contributions, which are utilized to support the general public, based off reimbursements and budgets provided.

Performance Obligations

Before and after care is recognized as the services are provided. The agreement for the care is established upon receipt of a signed agreement to identify which type of services the customer would like, in which case the Center provides personal services in the form of child care before and/or after school. These agreements can vary depending on the amount of care provided, types of program, and the income status of the parents with the rates ranging from $10 to $630 per month, which would be indicated in the individual agreements. Refunds are not provided once services are performed.

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Disaggregation of Revenue

The Center disaggregates revenue according to the type of revenue and whether the service is provided to personal users (customers) or the general public.

Significant Judgments

The Center's management determines the amounts charged to parents for its before and after care each year.

Allocated Expenses

Direct costs associated with specific programs are recorded as program expenses. Administrative staff and staff working on multiple programs use time sheets to capture actual hours devoted to project areas.

The Center's policy is to allocate allocable general operating expenses and management expenses to certain programs based on the average number of personnel employed by the Center's functions. Allocated management and general expenses not reimbursed by grant programs are borne by the Center.

Salaries, taxes, and benefits, professional services, food expense, supplies, telephone and technology, program activities, training and development, occupancy, insurance, advertising and publications, special activities and events, depreciation, other, equipment, repairs and maintenance, printing, postage, licensing and permits, travel, recognition, community relations, and interest have been allocated to program, general and administrative, and fundraising expenses based on level of effort.

Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with U.S. GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

The significant estimates affecting the financial statements include the estimated fair value of the in-kind support of donated facilities, goods, and services and the estimate that there are no significant unallowable costs as discussed in Notes 11 and 15, respectively.

1. ORGANIZATION, PURPOSE AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Liquidity and Availability of Assets

The Center maintains a liquid cash balance in checking accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short-term investments.

The Center has maintained a line of credit of up to $1,200,000 to help manage cash flow. There was no borrowing during the years ended August 31, 2022 and 2021. The Center renewed the line of credit at June 27, 2021 with a maturity date of June 27, 2023.

The Center reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of the Center's monthly financial reporting process.

The Center's financial assets available within one year to meet cash needs for general expenditures through August 31, 2023 are as follows:

Financial Assets	
Cash	$ 6,116,141
Investments	2,015,835
Accounts receivable, net of allowance	1,834,349
Pledges receivable	1,575,328
Total Financial assets	11,541,653
Less amounts not available within one year	
Purpose restricted net assets	(2,983,182)
Financial assets available within one year to meet cash needs for general expenditures within one year	$ 8,558,471

2. CASH

Cash at August 31 consisted of the following:

	2022	2021
Checking	$ 5,907,774	$ 2,310,103
Certificates of deposit	208,367	207,657
	$ 6,116,141	$ 2,517,760

As of August 31, 2022 and 2021, bank balances not insured by the Federal Deposit Insurance Corporation were $6,241,417 and $2,502,093, respectively.

3. RECEIVABLES

Receivables at August 31 consisted of the following:

	2022	2021
Program funds from governments		
Campagna Kids	$ 445,494	$ 229,254
Head Start	579,311	773,573
Early Head Start	311,263	147,307
Family Child Care Partnership Project	330,209	37,693
Other Miscellaneous Grants	83,551	72,800
	1,749,828	1,260,627
Supplemental education fees	84,522	59,477
	1,834,349	1,320,104
Less: Provision for doubtful accounts	-	(8,392)
	$ 1,834,349	$ 1,311,712

Pledges receivable at August 31 consisted of the following:

	2022		
	Receivable in		
	Less than one year	One to five years	Total
Promises to give	$ 640,328	$ 935,000	$ 1,575,328

4. PROPERTY AND EQUIPMENT

Property, equipment, and accumulated depreciation at August 31, 2022 and 2021, and depreciation expense for the years then ended is as follows:

	August 31, 2022			
	Estimated Lives	Cost	Accumulated Depreciation	Depreciation Expense
Land	-	$ 364,217	$ -	$ -
Building	25 to 30 years	149,923	149,923	-
Building improvements	5 to 25 years	1,537,657	1,123,487	44,449
Building renovations in process	5 to 25 years	434,039	-	-
Furniture and equipment	3 to 10 years	105,936	105,216	5,332
Automobiles	5 years	99,691	90,627	5,179
Website	5 years	37,163	12,384	12,384
		$ 2,728,626	$ 1,481,637	$ 67,344

	August 31, 2021			
	Estimated Lives	Cost	Accumulated Depreciation	Depreciation Expense
Land	-	$ 364,217	$ -	$ -
Building	25 to 30 years	149,923	149,923	-
Building improvements	5 to 25 years	1,537,657	1,079,038	44,788
Building renovations in process	5 to 25 years	107,884	-	-
Furniture and equipment	3 to 10 years	105,936	99,884	21,187
Automobiles	5 years	99,691	85,447	5,179
Website	5 years	25,200	-	-
		$ 2,390,508	$ 1,414,292	$ 71,154

The Center's property is recorded at historical cost in accordance with U.S. GAAP. The assessed market value of the Center's land and building based on the City of Alexandria's Department of Real Estate Assessments at August 31 is as follows:

	2022	2021
Land	$ 2,979,500	$ 2,979,500
Building	850,000	850,000
	$ 3,829,500	$ 3,829,500

THE CAMPAGNA CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2022 (with Summarized Comparative Information as of and for the year ended August 31, 2021)

5. INVESTMENTS

The Center had the following investments as of August 31:

	2022	2021
Mutual funds		
Foreign Large Value	$ 93,914	$ 164,237
Small Blend	61,623	92,282
Large Blend	85,747	103,421
Large Growth	335,549	424,251
Large Value	119,916	124,578
Short-Term Bond	124,689	133,664
Mid-Cap Growth	108,636	139,236
Mid-Cap Value	45,231	54,403
Large Growth/Moderate Alloc	81,256	98,414
World Large - Stock Growth	35,832	66,821
Ultrashort Bond	61,494	62,458
Preferred stock	13,943	14,734
Large Cap	174,234	186,175
World Allocation	186,379	210,337
Corporate Bond	48,161	59,957
85% Equity	26,861	30,642
70% Equity	82,843	99,497
Multisector Bond	210,680	236,749
Money market funds	118,847	41,860
	$ 2,015,835	$ 2,343,716

Investments are allocated to the following classes of net assets:

	2022	2021
Net assets without donor restrictions	$ 607,981	$ 2,049,147
Net assets with donor restrictions	1,407,854	294,569
	$ 2,015,835	$ 2,343,716

5. INVESTMENTS (CONTINUED)

Investment income for the years ended August 31 consisted of the following:

	2022	2021
Dividend and interest income	$ 212,953	$ 75,748
Capital gain, realized	23,223	28,155
Unrealized (loss) gain in market value	(538,340)	353,402
Investment management fees	(20,949)	(19,854)
	$ (323,113)	$ 437,451

6. FAIR VALUE MEASUREMENTS

The Center records investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standard emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standards established a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Center's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the assets and liabilities.

6. FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of August 31:

	August 31, 2022	
	Total	Level 1
Mutual funds		
Foreign Large Value	$ 93,914	$ 93,914
Small Blend	61,623	61,623
Large Blend	85,747	85,747
Large Growth	335,549	335,549
Large Value	119,916	119,916
Short-Term Bond	124,689	124,689
Mid-Cap Growth	108,636	108,636
Mid-Cap Value	45,231	45,231
Large Growth/Moderate Alloc	81,256	81,256
World Large - Stock Growth	35,832	35,832
Ultrashort Bond	61,494	61,494
Preferred stock	13,943	13,943
Large Cap	174,234	174,234
World Allocation	186,379	186,379
Corporate Bond	48,161	48,161
85% Equity	26,861	26,861
70% Equity	82,843	82,843
Multisector Bond	210,680	210,680
Money market funds	118,847	118,847
	$ 2,015,835	$ 2,015,835

6. FAIR VALUE MEASUREMENTS (CONTINUED)

	August 31, 2021	
	Total	Level 1
Mutual funds		
Foreign Large Value	$ 164,237	$ 164,237
Small Blend	92,282	92,282
Large Blend	103,421	103,421
Large Growth	424,251	424,251
Large Value	124,578	124,578
Short-Term Bond	133,664	133,664
Mid-Cap Growth	139,236	139,236
Mid-Cap Value	54,403	54,403
Large Growth/Moderate Alloc	98,414	98,414
World Large - Stock Growth	66,821	66,821
Ultrashort Bond	62,458	62,458
Preferred stock	14,734	14,734
Large Cap	186,175	186,175
World Allocation	210,337	210,337
Corporate Bond	59,957	59,957
85% Equity	30,642	30,642
70% Equity	99,497	99,497
Multisector Bond	236,749	236,749
Money market funds	41,860	41,860
	$ 2,343,716	$ 2,343,716

7. REFUNDABLE ADVANCES

The Center has an operating advance from the City of Alexandria to facilitate the Center's ongoing performance of reimbursable contract work for the Campagna Kids program. Refundable advances as of August 31 consisted of the following:

	2022	2021
American Rescue Plan Act grant funding	$ 1,333,312	$ -
Campagna Kids program	143,259	-
	$ 1,476,571	$ -

8. LINE OF CREDIT

The Center has a $1,200,000 line of credit secured by the property located at 418 and 418A South Washington Street. Bank advances on the credit line are payable on demand. The interest rate is Prime minus 0.25% based on the Wall Street Journal Prime Rate. For the years ended August 31, 2022 and 2021, the interest rate of the old line of credit was 5.75% for each year respectively. The interest rate of a new line of credit was 4%. The maturity date of the old line of credit was June 27, 2021, and the Center renewed the line of credit at that time with a maturity date of June 27, 2023. The unused line of credit at August 31, 2022 and 2021 was $1,200,000. The outstanding balance on this line of credit was $0 at August 31, 2022 and 2021, respectively. The interest expense related to this line of credit was $0 for the years ended August 31, 2022 and 2021.

9. ENDOWMENTS

The Center's endowments represent funds received for the Sonosky Fund that were established for employee and client support via donor restriction. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Center classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restriction is classified as net assets with donor restriction until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Center, and (7) the Center's investment policies.

Endowment assets are invested in a well diversified asset mix, which includes mutual funds. The Center expects its endowment assets, over time, to produce an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

9. ENDOWMENTS (CONTINUED)

Although the Center has yet to distribute any amounts from this fund, the Center's board will provide guidance and approval authority over any future distributions in such fashion as to preserve the original value of the gift.

Endowment funds as of August 31, 2022 and 2021 are as follows:

Balance as of August 31, 2020	$ 103,834
Investment income	5,271
Change in fair value of investments	18,298
Balance as of August 31, 2021	$ 127,403
Balance as of August 31, 2021	$ 127,403
Investment income	8,745
Change in fair value of investments	(26,779)
Balance as of August 31, 2022	$ 109,369

10. NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2022 and 2021, net assets with donor restriction balances consisted of the following:

	2022			
	Balance August 31, 2021	Additions	Releases	Balance August 31, 2022
Sonosky Fund (Endowment)	$ 127,403	$ -	$ (18,034)	$ 109,369
Wright to Read	-	36,641	(36,641)	-
Capital Campaign	167,166	2,712,647	(6,000)	2,873,813
	$ 294,569	$ 2,749,288	$ (60,675)	$ 2,983,182

10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	2021			
	Balance August 31, 2020	Additions	Releases	Balance August 31, 2021
Sonosky Fund (Endowment)	$ 103,834	$ 23,569	$ -	$ 127,403
Wright to Read	24,822	276,497	(301,319)	-
St. James ELC	33,541	368	(33,909)	-
Capital Campaign	111,793	55,373	-	167,166
Diaper Drive Program	12,855	15,430	(28,285)	-
Grocery Gift Cards	-	218,513	(218,513)	-
	$ 286,845	$ 589,750	$ (582,026)	$ 294,569

11. DONATED GOODS AND SERVICES

The Center occupies designated space for its Head Start and Campagna Kids programs that is provided without charge by the City of Alexandria and the Alexandria City Public School System. The Center estimates the fair value of this rent-free space based on prevailing market conditions in the area of its operations and has recognized this as support and occupancy expense in the statement of activities. The Center also receives various donated goods for its Early Head Start and Head Start programs as well as its various events. Donated professional services are also received throughout the fiscal year.

Donated goods and services recorded as revenue and expenses as of August 31, 2022 and 2021 are as follows:

	2022	2021
Donated rent and facilities	$ 1,585,869	$ 997,172
Donated goods - programs	357,992	181,546
Donated professional services	155,052	270,253
	$ 2,098,913	$ 1,448,971

12. RETIREMENT PLAN

The Center has a 403(b) defined contribution plan. With respect to elective deferrals, the Plan covers all employees working at least 20 hours per week. With respect to employer contributions, the employee must work at least 1,000 hours during the year. Both the employer and employee deferral contributions are limited by the tax laws. The Center can make annual discretionary contributions to the Plan. There were no employer contributions to the Plan for the years ended August 31, 2022 and 2021.

13. MAJOR GRANTORS

Program funds from government grants totaled $9,916,715 for the year ended August 31, 2022 and $7,683,475 for the year ended August 31, 2021, which is approximately 53% and 51% of total revenue and support of the Center, respectively. These grants consist of funds from the federal government, the Commonwealth of Virginia, the City of Alexandria, Virginia, and the Alexandria City Public Schools. A significant reduction in the level of this revenue and support, if this were to occur, might have a significant effect on the Center's programs and activities.

As of August 31, 2022 and 2021 the amount outstanding from the above government grants was $1,749,828 and $1,260,627, respectively, which approximates 95% and 95% of total receivables, respectively.

14. CONDITIONAL GRANTS

The Center has been conditionally awarded the following grants for the year ending August 31, 2022:

Head Start	$ 2,546,389
Early Head Start	1,581,860
Family and Childcare Partnership	1,057,742
	$ 5,185,991

15. COMMITMENTS AND CONTINGENCIES

Government Grants

The Center participates in a number of federally assisted programs which are subject to financial and compliance audits by the federal agencies or their representatives. As such, there is a possibility that questioned costs might result from such an audit. Management does not anticipate any significant adjustments as a result of such an audit for the current year costs.

15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Classroom Lease

The Center has entered into an operating sublease for classroom space at St. James Plaza in Alexandria. The lease commenced July 1, 2018 and will continue through June 30, 2028. The lease includes options for renewing and terminating that agreement during this time period.

Future minimum lease payments to be received related to this lease are as follows:

For the fiscal year ended:	
2023	$ 26,672
2024	27,472
2025	28,297
2026	29,145
2027	30,020
2028	25,639
	$ 167,245

Novel COVID-19 Coronavirus

Citizens and economies of the United States and other countries have been significantly impacted by the coronavirus (COVID-19) pandemic. While it is premature to accurately predict how the coronavirus will ultimately affect the Center's future operations because the disease's severity and duration are uncertain, we expect 2022 financial results will be impacted and the implications beyond 2023, while unclear, could also be adversely impacted. No pandemic implications are accounted for in these financial statements.

16. SUBSEQUENT EVENTS

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through February 6, 2023, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE CAMPAGNA CENTER, INC.

SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNCTIONAL EXPENSES BY PROGRAM
Year Ended August 31, 2022 (with Summarized Comparative Information for the year ended August 31, 2021)

	2022										2021
	Program Services							Support Services			
	Early Childhood Education	Campagna Kids	Wright to Read	New Neighbors	Building Better Futures	Other Programs	Total Program	Management and General	Fund-Raising	Total	Total
Salaries, taxes, and benefits	$ 4,079,804	$ 3,127,100	$ 245,765	$ 93,565	$ 113,002	$ 584,885	$ 8,244,121	$ 879,344	$ 249,549	$ 9,373,014	$ 7,579,720
In-kind	1,297,734	761,460	39,719	-	-	-	2,098,913	-	-	2,098,913	1,448,971
Professional services	927,746	111,743	11,133	2,726	3,509	339,322	1,396,179	16,931	28,282	1,441,392	1,236,420
Food expense	310,698	117,152	41	134	313	43,308	471,646	194	51	471,891	88,456
Supplies	117,300	134,236	12,433	9,731	154	28,764	302,618	1,572	30,365	334,555	798,743
Telephone and technology	102,811	107,397	19,027	3,228	5,038	25,686	263,187	4,834	25,442	293,463	427,827
Program activities	6,934	142,916	20,576	1,285	2,117	5,448	179,276	-	-	179,276	48,869
Training and development	106,959	21,743	3,945	811	93	9,486	143,037	698	18,968	162,703	121,783
Occupancy	58,990	16,447	2,139	404	493	32,778	111,251	6,242	8,554	126,047	89,588
Insurance	39,873	24,485	2,167	431	510	4,964	72,430	7,275	1,855	81,560	146,648
Advertising and publications	30,407	35,522	-	-	-	5,309	71,238	-	3,622	74,860	3,485
Special activities and events	45	29	2	1	1	5,354	5,432	11	67,187	72,630	16,066
Depreciation	20,840	14,389	909	239	265	21,923	58,565	3,691	5,089	67,345	71,154
Other	24,867	10,633	8,522	849	889	3,434	49,194	2,789	5,760	57,743	14,644
Equipment, repairs and maintenance	22,221	6,327	509	155	173	11,747	41,132	2,401	310	43,843	109,841
Printing	6,396	3,118	3,217	4	5	203	12,943	66	12,777	25,786	20,672
Postage	4,733	6,194	1,193	509	13	3,616	16,258	132	1,175	17,565	6,655
Licensing and permits	4,846	4,532	1,729	36	143	4,003	15,289	271	295	15,855	18,143
Travel	6,067	1,297	200	32	35	315	7,946	492	171	8,609	1,013
Recognition	1,284	832	768	20	23	203	3,130	316	83	3,529	-
Community relations	366	237	19	6	6	58	692	90	91	873	-
Interest	7	4	-	-	-	1	12	2	1	15	469
TOTAL EXPENSES	$ 7,170,928	$ 4,647,793	$ 374,013	$ 114,166	$ 126,782	$ 1,130,807	$ 13,564,489	$ 927,351	$ 459,627	$ 14,951,467	$ 12,249,167

See Independent Auditors' Report.