THE CAMPAGNA CENTER, INC.
(a nonprofit organization)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended August 31, 2023
with Summarized Comparative Information for the year ended
August 31, 2022

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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, 2023, 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, 2023, 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 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 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated Februry 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, 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 32 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 January 18, 2024, 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
January 18, 2024

THE CAMPAGNA CENTER, INC.

STATEMENT OF FINANCIAL POSITION
August 31, 2023 (with Comparative Information as of August 31, 2022)

ASSETS

	2023	2022
CURRENT ASSETS		
Cash	$ 9,026,533	$ 6,116,141
Receivables, net of allowance	1,924,709	1,834,349
Pledges receivable, short term	657,927	640,328
Prepaid expense	164,861	109,837
TOTAL CURRENT ASSETS	11,774,030	8,700,655
PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation	3,842,275	1,246,989
OTHER ASSETS		
Investments	2,200,328	2,015,835
Pledges receivable, long-term	986,892	935,000
Right of use asset - operating lease	120,737	-
Security deposits	16,508	16,508
TOTAL OTHER ASSETS	3,324,465	2,967,343
TOTAL ASSETS	$ 18,940,770	$ 12,914,987

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF FINANCIAL POSITION
August 31, 2023 (with Comparative Information as of August 31, 2022)

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,638,160	$ 884,371
Cash advances	1,205,628	1,476,571
Deferred revenue	105,466	153,272
Operating lease liability, current	24,758	-
TOTAL CURRENT LIABILITIES	2,974,012	2,514,214
LONG-TERM LIABILITIES		
Operating lease liability, net current portion	105,873	-
TOTAL LIABILITIES	3,079,885	2,514,214
NET ASSETS		
Without donor restrictions	14,095,209	7,417,591
With donor restrictions	1,765,676	2,983,182
TOTAL NET ASSETS	15,860,885	10,400,773
TOTAL LIABILITIES AND NET ASSETS	$ 18,940,770	$ 12,914,987

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF ACTIVITIES
Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Program funds from government grants	$ 9,893,135	$ -	$ 9,893,135	$ 9,916,715
Contributions and grants	5,493,325	1,675,310	7,168,635	5,272,022
Supplemental education fees	2,097,069	-	2,097,069	1,631,976
In-kind contributions	2,088,493	-	2,088,493	2,098,913
Investment income (loss)	306,842	16,653	323,495	(323,113)
Special events and projects	76,508	-	76,508	243,327
Other income	13,000	-	13,000	10,946
Membership activities	9,175	-	9,175	8,850
Net assets released from restrictions	2,909,469	(2,909,469)	-	-
TOTAL REVENUE AND SUPPORT	22,887,016	(1,217,506)	21,669,510	18,859,636
EXPENSES				
Program	14,449,383	-	14,449,383	13,564,489
Management and general	1,244,777	-	1,244,777	927,351
Fundraising	515,238	-	515,238	459,627
TOTAL EXPENSES	16,209,398	-	16,209,398	14,951,467
CHANGE IN NET ASSETS	6,677,618	(1,217,506)	5,460,112	3,908,169
NET ASSETS, beginning of year	7,417,591	2,983,182	10,400,773	6,492,604
NET ASSETS, end of year	$ 14,095,209	$ 1,765,676	$ 15,860,885	$ 10,400,773

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

	2023				2022
	Program	General and Administrative	Fund-Raising	Total	Total
Salaries, taxes, and benefits	$ 8,371,639	$ 601,073	$ 251,432	$ 9,224,144	$ 9,373,014
In-kind	2,088,493	-	-	2,088,493	2,098,913
Professional services	1,229,675	59,649	98,577	1,387,901	1,441,392
Food expense	795,851	1,312	49	797,212	471,891
Program activities	544,644	-	-	544,644	179,276
Telephone and technology	357,701	75,256	13,134	446,091	293,463
Supplies	398,432	9,045	8,868	416,345	334,555
Occupancy	61,393	185,102	15,654	262,149	126,047
Training and development	236,505	8,744	1,902	247,151	162,703
Loss on disposal	-	174,141	-	174,141	-
Other	98,863	6,819	13,035	118,717	57,758
Insurance	20,355	72,963	-	93,318	81,560
Equipment, repairs and maintenance	79,221	11,948	-	91,169	43,843
Special activities and events	-	-	78,163	78,163	72,630
Depreciation	27,814	30,790	4,128	62,732	67,345
Bad debt expense	51,978	-	-	51,978	-
Travel	27,725	4,782	77	32,584	8,609
Printing	10,363	75	13,775	24,213	25,786
Advertising and publications	17,690	-	3,492	21,182	74,860
Licensing and permits	15,586	191	175	15,952	15,855
Postage	13,170	872	1,686	15,728	17,565
Community relations	-	1,345	11,091	12,436	873
Recognition	2,285	670	-	2,955	3,529
TOTAL EXPENSES	$ 14,449,383	$ 1,244,777	$ 515,238	$ 16,209,398	$ 14,951,467

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF CASH FLOWS
Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Government grants, fees, contributions received	$ 18,658,185	$ 16,523,947
Investment income	230,237	192,004
Total cash received from operations	18,888,422	16,715,951
Cash disbursed by operations		
Payments to employees and suppliers	13,054,636	12,588,775
Interest paid	-	15
Total cash paid by operations	13,054,636	12,588,790
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,833,786	4,127,161
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(203,606)	(220,890)
Transfers out of investments	(80,229)	-
Costs for building renovations	(2,832,159)	(326,155)
Costs for website redesign	-	(11,963)
Proceeds from sale of investments	192,600	33,654
NET CASH USED BY INVESTING ACTIVITIES	(2,923,394)	(525,354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital leases	-	(3,426)
NET INCREASE IN CASH	2,910,392	3,598,381
CASH, beginning of year	6,116,141	2,517,760
CASH, end of year	$ 9,026,533	$ 6,116,141
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Unrealized (gain) loss in fair value of investments	$ (25,582)	$ 538,340
Increase (decrease) in investment value	25,582	(538,340)
Loss on disposal of property	(174,141)	-
Recognition of loss on disposal of property	174,141	-
	$ -	$ -

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF CASH FLOWS
Year Ended August 31, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

	2023	2022
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	$ 5,460,112	$ 3,908,169
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	62,732	67,345
Realized and unrealized (gains) losses on investments	(93,258)	515,117
Loss on disposal of property	174,141	-
	143,615	582,462
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS (USING) PROVIDING CASH		
ASSETS		
Receivables, net of allowance	(159,851)	(2,097,965)
Prepaid expense	(55,024)	7,947
Right of use asset - operating lease	(120,737)	-
Security deposits	-	(5,508)
	(335,612)	(2,095,526)
LIABILITIES		
Accounts payable and accrued expenses	753,789	193,980
Operating lease liability	130,631	-
Cash advances	(270,943)	1,476,571
Deferred revenue	(47,806)	61,505
	565,671	1,732,056
NET CHANGES IN ASSETS AND LIABILITIES	230,059	(363,470)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 5,833,786	$ 4,127,161

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, 2022, from which the summarized information was derived.

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

Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This guidance is intended to increase transparency and comparability among lessees by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 requires lessees to report a right-of-use asset along with a lease liability.

The Center adopted ASU 2016-02 as of September 1, 2022. As a result, the statement of financial position as of August 30, 2023 includes the right-of-use asset and operating lease liability, which are not reflected in the statement of financial position as of August 30, 2023. There was no effect on beginning net assets without donor restrictions.

The Center elected to apply all practical expedients available under the ASU, allowing it to 1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; 2) not reassess the lease classification for any expired or existing leases; and 3) not reassess initial direct costs for any existing leases.

Cash and Cash Equivalents

As of August 31, 2023 and 2022, cash consisted of checking accounts, money market 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, 2023 and 2022. 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.

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

Summary of Significant Accounting Policies (Continued)

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.

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.

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

Summary of Significant Accounting Policies (Continued)

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.

Advertising

Advertising costs are expensed as incurred. Total advertising expenses for the years ended August 31, 2023 and 2022 are $3,131 and $52,300, 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, 2023 and 2022.

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

Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

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.

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.

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

Summary of Significant Accounting Policies (Continued)

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, telephone and technology, supplies, occupancy, training and development, other expenses, insurance, equipment, repairs and maintenance, depreciation, travel, printing, advertising and publications, licensing and permits, postage, community relations, and recognition 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 16, respectively.

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, 2023 and 2022.

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

Summary of Significant Accounting Policies (Continued)

Liquidity and Availability of Assets (Continued)

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, 2024 are as follows:

Financial Assets	
Cash	$ 9,026,533
Investments	2,200,328
Accounts receivable, net of allowance	1,924,709
Pledges receivable, short term	657,927
Total Financial assets	13,809,497
Less amounts not available within one year	
Purpose restricted net assets	(1,765,676)
Financial assets available within one year to meet cash needs for general expenditures within one year	$ 12,043,821

2. CASH

Cash at August 31 consisted of the following:

	2023	2022
Checking	$ 670,286	$ 5,907,774
Certificates of deposit	211,038	208,367
Money market	8,145,209	-
	$ 9,026,533	$ 6,116,141

As of August 31, 2023 and 2022, bank balances not insured by the Federal Deposit Insurance Corporation were $8,500,696 and $6,241,417, respectively.

3. RECEIVABLES

Receivables at August 31 consisted of the following:

	2023	2022
Program funds from governments		
Campagna Kids	$ 496,323	$ 445,494
Head Start	752,576	579,311
Early Head Start	512,385	311,263
Family Child Care Partnership Project	-	330,209
Other miscellaneous grants	105,972	83,551
	1,867,256	1,749,828
Supplemental education fees	57,453	84,521
	1,924,709	1,834,349
Less: Provision for doubtful accounts	-	-
	$ 1,924,709	$ 1,834,349

Pledges receivable at August 31 consisted of the following:

	2023		
	Receivable in		
	Less than one year	One to five years	Total
Promises to give	$ 657,927	$ 986,892	$ 1,644,819

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

NOTES TO FINANCIAL STATEMENTS
August 31, 2023 (with Summarized Comparative Information as of and for the year ended August 31, 2022)

4. PROPERTY AND EQUIPMENT

Property, equipment, and accumulated depreciation at August 31, 2023 and 2022, and depreciation expense for the years then ended is as follows:

	August 31, 2023			
	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	293,369	97,789	44,449
Building renovations in process	5 to 25 years	3,266,199	-	-
Furniture and equipment	3 to 10 years	105,936	105,936	720
Automobiles	5 years	99,691	95,806	5,179
Website	5 years	37,163	24,769	12,384
		$ 4,316,498	$ 474,223	$ 62,732

	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

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:

	2023	2022
Land	$ 2,979,500	$ 2,979,500
Building	892,500	850,000
	$ 3,872,000	$ 3,829,500

5. INVESTMENTS

The Center had the following investments as of August 31:

	2023	2022
Mutual funds		
Foreign Large Value	$ 100,956	$ 93,914
Small Blend	68,923	61,623
Large Blend	95,942	85,747
Large Growth	382,107	335,549
Large Value	133,708	119,916
Short-Term Bond	122,718	124,689
Mid-Cap Growth	114,824	108,636
Mid-Cap Value	39,189	45,231
Large Growth/Moderate Alloc	86,729	81,256
World Large - Stock Growth	34,503	35,832
Ultrashort Bond	61,815	61,494
Preferred stock	13,870	13,943
Large Cap	193,801	174,234
World Allocation	202,146	186,379
Corporate Bond	121,255	48,161
85% Equity	29,842	26,861
70% Equity	86,639	82,843
Multisector Bond	204,817	210,680
Money market funds	106,544	118,847
	$ 2,200,328	$ 2,015,835

Investments are allocated to the following classes of net assets:

	2023	2022
Net assets without donor restrictions	$ 2,079,471	$ 1,906,466
Net assets with donor restrictions	120,857	109,369
	$ 2,200,328	$ 2,015,835

5. INVESTMENTS (CONTINUED)

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

	2023	2022
Dividend and interest income	$ 249,555	$ 212,953
Capital gain, realized	67,676	23,223
Unrealized gain (loss) in market value	25,582	(538,340)
Investment management fees	(19,318)	(20,949)
	$ 323,495	$ (323,113)

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, 2023	
	Total	Level 1
Mutual funds		
Foreign Large Value	$ 100,956	$ 100,956
Small Blend	68,923	68,923
Large Blend	95,942	95,942
Large Growth	382,107	382,107
Large Value	133,708	133,708
Short-Term Bond	122,718	122,718
Mid-Cap Growth	114,824	114,824
Mid-Cap Value	39,189	39,189
Large Growth/Moderate Alloc	86,729	86,729
World Large - Stock Growth	34,503	34,503
Ultrashort Bond	61,815	61,815
Preferred stock	13,870	13,870
Large Cap	193,801	193,801
World Allocation	202,146	202,146
Corporate Bond	121,255	121,255
85% Equity	29,842	29,842
70% Equity	86,639	86,639
Multisector Bond	204,817	204,817
Money market funds	106,544	106,544
	$ 2,200,328	$ 2,200,328

6. FAIR VALUE MEASUREMENTS (CONTINUED)

	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

7. CASH ADVANCES

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

	2023	2022
Child Care Stabilization Grant program	$ 1,057,869	$ 1,333,312
Campagna Kids program	147,759	143,259
	$ 1,205,628	$ 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 of the new line of credit is Prime plus 0.25% based on the Wall Street Journal Prime Rate, with a floor fo 5%. For the years ended August 31, 2023 and 2022, the interest rate of the line of credit was 8.75% and 5.75% respectively. The unused line of credit at August 31, 2023 and 2022 was $1,200,000. The outstanding balance on this line of credit was $0 at August 31, 2023 and 2022, respectively. The interest expense related to this line of credit was $0 for the years ended August 31, 2023 and 2022.

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, 2023 and 2022 are as follows:

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
Balance as of August 31, 2022	$ 109,369
Investment income	6,217
Change in fair value of investments	5,271
Balance as of August 31, 2023	$ 120,857

10. NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2023 and 2022, net assets with donor restriction balances consisted of the following:

	2023			
	Balance August 31, 2022	Additions	Releases	Balance August 31, 2023
Sonosky Fund (Endowment)	$ 109,369	$ 11,488	$ -	$ 120,857
Wright to Read	-	488,585	(488,585)	-
Capital Campaign pledges	2,873,813	1,191,890	(2,420,884)	1,644,819
	$ 2,983,182	$ 1,691,963	$ (2,909,469)	$ 1,765,676

10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	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

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, 2023 and 2022 are as follows:

	2023	2022
Donated rent and facilities	$ 1,653,000	$ 1,585,869
Donated professional services	240,355	155,052
Donated goods - programs	195,138	357,992
	$ 2,088,493	$ 2,098,913

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, 2023 and 2022.

13. MAJOR GRANTORS

Program funds from government grants totaled $9,893,135 for the year ended August 31, 2023 and $9,916,715 for the year ended August 31, 2022, which is approximately 46% and 53% 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, 2023 and 2022, the amount outstanding from the above government grants was $1,867,256 and $1,749,828, respectively, which approximates 97% and 95% of total receivables, respectively.

14. CONDITIONAL GRANTS

The Center has been conditionally awarded the following grants for the year ending August 31, 2024:

Head Start	$ 2,852,311
Early Head Start	2,935,091
	$ 5,787,402

15. LEASES

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. The base rent is $1,965 per month and shall increase by 3% each year. Total rent expenses under the lease totaled $26,532 for the year ended August 31, 2023.

The rate used for the lease is the Treasury bill rate, which was 2.33% as of the date of lease inception. The rate reflects the risk-free rate for the Center and is the coupon equivalent or investment yield for a 52-week bill. The right-of-use asset balance is $120,737 as of August 31, 2023 for the lease.

15. LEASES (CONTINUED)

The estimated future minimum lease payments under the lease agreement as of August 31, 2023 are as follows:

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

A reconciliation of the undiscounted cash payments to the operating lease liability for the year ended August 31, 2023 is as follows:

Undiscounted future cash flows	$	167,245
Less: discount to present value		(36,614)
Operating lease liability	$	130,631

16. CONSTRUCTION LOAN

During the year, the Center signed a construction loan agreement with Burke and Herbert in the amount of $3,500,000. Under the agreement, loan amounts will be drawn by the Center as needed during the 24 month construction window. Amounts are to be used for the construction of renovations on the Center's building, not to exceed the total amount of the loan. No draws of loan funds were made for the year ended August 31, 2023.

Interest on the loan will accrue at 3.95% per annum and will accrue only on funds advanced during the construction period. After the end of the construction period, September 30, 2024, the loan will be converted into a 5-year term loan with a fixed rate of 3.95% and twenty-five year amortization period. Total interest expense totaled $0 for the year ended August 31, 2023.

Under the conditions of the loan, the Organization must maintain a Debt Service Coverage Ratio of at least 1.10 to 1.00. Compliance with the covenant shall be determined by the bank, using the Center's CPA audited financial statements, on an annual basis. As of August 31, 2023, the Center was in compliance with this covenant.

17. 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.

18. SUBSEQUENT EVENTS

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through January 18, 2024, 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, 2023 (with Summarized Comparative Information for the year ended August 31, 2022)

	2023										2022
	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	$ 4,149,470	$ 3,127,401	$ 254,133	$ 141,728	$ 109,483	$ 589,424	$ 8,371,639	$ 601,073	$ 251,432	$ 9,224,144	$ 9,373,014
In-kind	1,165,848	828,590	94,055	-	-	-	2,088,493	-	-	2,088,493	2,098,913
Professional services	885,374	80,532	9,038	3,087	2,103	249,541	1,229,675	59,649	98,577	1,387,901	1,441,392
Food expense	378,441	359,892	25	25	5,348	52,120	795,851	1,312	49	797,212	471,891
Program activities	53,241	439,375	29,086	804	3,546	18,592	544,644	-	-	544,644	179,276
Telephone and technology	199,612	98,468	28,667	8,961	7,590	14,403	357,701	75,256	13,134	446,091	293,463
Supplies	132,019	227,509	10,097	7,827	574	20,406	398,432	9,045	8,868	416,345	334,555
Occupancy	48,200	883	545	-	-	11,765	61,393	185,102	15,654	262,149	126,047
Training and development	153,452	66,431	5,462	31	-	11,129	236,505	8,744	1,902	247,151	162,703
Loss on disposal	-	-	-	-	-	-	-	174,141	-	174,141	-
Other	41,236	44,650	7,036	632	958	4,351	98,863	6,819	13,035	118,717	57,743
Insurance	12,749	6,381	811	-	-	414	20,355	72,963	-	93,318	81,560
Equipment, repairs and maintenance	70,965	-	-	-	-	8,256	79,221	11,948	-	91,169	43,843
Special activities and events	-	-	-	-	-	-	-	-	78,163	78,163	72,630
Depreciation	4,128	4,128	-	-	-	19,558	27,814	30,790	4,128	62,732	67,345
Bad debt expense	-	51,978	-	-	-	-	51,978	-	-	51,978	-
Travel	19,683	2,233	94	-	-	5,715	27,725	4,782	77	32,584	8,609
Printing	5,174	-	3,299	585	-	1,305	10,363	75	13,775	24,213	25,786
Advertising and publications	17,500	-	-	190	-	-	17,690	-	3,492	21,182	74,860
Licensing and permits	9,859	3,456	1,881	191	-	199	15,586	191	175	15,952	15,855
Postage	6,294	85	1,262	241	-	5,288	13,170	872	1,686	15,728	17,565
Community relations	-	-	-	-	-	-	-	1,345	11,091	12,436	873
Recognition	1,161	736	388	-	-	-	2,285	670	-	2,955	3,529
Interest	-	-	-	-	-	-	-	-	-	-	15
TOTAL EXPENSES	$ 7,354,406	$ 5,342,728	$ 445,879	$ 164,302	$ 129,602	$ 1,012,466	$ 14,449,383	$ 1,244,777	$ 515,238	$ 16,209,398	$ 14,951,467

See Independent Auditors' Report.