THE CAMPAGNA CENTER, INC.
(a nonprofit organization)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended August 31, 2024
with Summarized Comparative Information for the year ended
August 31, 2023

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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, 2024, 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, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 30, 2025, 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 30, 2025

THE CAMPAGNA CENTER, INC.

STATEMENT OF FINANCIAL POSITION
August 31, 2024 (with Comparative Information as of August 31, 2023)

ASSETS

	2024	2023
CURRENT ASSETS		
Cash	$ 10,233,810	$ 9,026,533
Receivables, net of allowance	1,022,828	1,924,709
Pledges receivable, short term	900,262	657,927
Prepaid expense	192,383	164,861
TOTAL CURRENT ASSETS	12,349,283	11,774,030
PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation	8,232,476	3,842,275
OTHER ASSETS		
Investments	2,584,890	2,200,328
Pledges receivable, long-term	521,250	986,892
Right of use asset - operating lease	96,488	120,737
Security deposits	11,000	16,508
TOTAL OTHER ASSETS	3,213,628	3,324,465
TOTAL ASSETS	$ 23,795,387	$ 18,940,770

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF FINANCIAL POSITION
August 31, 2024 (with Comparative Information as of August 31, 2023)

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 898,693	$ 1,638,160
Cash advances	1,016,159	1,205,628
Deferred revenue	37,773	105,466
Operating lease liability, current	26,177	24,758
TOTAL CURRENT LIABILITIES	1,978,802	2,974,012
LONG-TERM LIABILITIES		
Loan payable	3,500,000	-
Operating lease liability, net current portion	79,696	105,873
TOTAL LIABILITIES	5,558,498	3,079,885
NET ASSETS		
Without donor restrictions	16,672,933	14,095,209
With donor restrictions	1,563,956	1,765,676
TOTAL NET ASSETS	18,236,889	15,860,885
TOTAL LIABILITIES AND NET ASSETS	$ 23,795,387	$ 18,940,770

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF ACTIVITIES
Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Program funds from government grants	$ 10,363,465	$ -	$ 10,363,465	$ 9,893,135
Supplemental education fees	2,127,253	-	2,127,253	2,097,069
In-kind contributions	2,123,960	-	2,123,960	2,088,493
Contributions and grants	995,310	1,010,048	2,005,358	7,168,635
Other income	1,591,510	-	1,591,510	13,000
Investment income (loss)	895,494	-	895,494	323,495
Special events and projects	81,455	-	81,455	76,508
Membership activities	-	-	-	9,175
Net assets released from restrictions	1,211,768	(1,211,768)	-	-
TOTAL REVENUE AND SUPPORT	19,390,215	(201,720)	19,188,495	21,669,510
EXPENSES				
Program	15,026,885	-	15,026,885	14,449,383
Management and general	1,302,060	-	1,302,060	1,244,777
Fundraising	483,546	-	483,546	515,238
TOTAL EXPENSES	16,812,491	-	16,812,491	16,209,398
CHANGE IN NET ASSETS	2,577,724	(201,720)	2,376,004	5,460,112
NET ASSETS, beginning of year	14,095,209	1,765,676	15,860,885	10,400,773
NET ASSETS, end of year	$ 16,672,933	$ 1,563,956	$ 18,236,889	$ 15,860,885

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

	2024				2023
	Program	General and Administrative	Fund-Raising	Total	Total
Salaries, taxes, and benefits	$ 9,235,661	$ 684,189	$ 231,517	$ 10,151,367	$ 9,224,144
In-kind	2,123,381	-	579	2,123,960	2,088,493
Professional services	964,760	193,484	35,897	1,194,141	1,387,901
Food expense	871,222	3,316	103	874,641	797,212
Supplies	499,547	20,309	6,676	526,532	416,345
Program activities	494,349	-	-	494,349	544,644
Telephone and technology	240,912	64,917	22,951	328,780	446,091
Training and development	269,664	4,525	463	274,652	247,151
Occupancy	52,081	54,782	75,099	181,962	262,149
Equipment, repairs and maintenance	94,352	21,687	-	116,039	91,169
Interest	-	111,609	-	111,609	-
Insurance	21,867	80,196	300	102,363	93,318
Other	74,983	17,068	8,203	100,254	344,836
Special activities and events	-	2,370	72,799	75,169	78,163
Depreciation	27,814	5,819	4,139	37,772	62,732
Printing	8,716	722	19,384	28,822	24,213
Subscriptions	14,019	6,896	1,533	22,448	-
Investment fees	-	19,821	-	19,821	-
Licensing and permits	14,967	1,909	605	17,481	15,952
Postage	10,113	1,055	2,269	13,437	15,728
Recognition	3,467	2,034	-	5,501	2,955
Travel	2,436	1,491	1,009	4,936	32,584
Community relations	-	3,460	20	3,480	12,436
Advertising and publications	2,574	401	-	2,975	21,18
TOTAL EXPENSES	$ 15,026,885	$ 1,302,060	$ 483,546	$ 16,812,491	$ 16,209,398

See Notes to Financial Statements.

THE CAMPAGNA CENTER, INC.

STATEMENT OF CASH FLOWS
Year Ended August 31, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Government grants, fees, contributions received	$ 17,061,316	$ 18,658,185
Investment income	572,249	230,237
Total cash received from operations	17,633,565	18,888,422
Cash disbursed by operations		
Payments to employees and suppliers	15,436,998	13,054,636
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,196,567	5,833,786
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(294,819)	(203,606)
Transfers out of investments	-	(80,229)
Costs for building renovations	(4,427,973)	(2,832,159)
Proceeds from sale of investments	233,502	192,600
NET CASH USED BY INVESTING ACTIVITIES	(4,489,290)	(2,923,394)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan	3,500,000	-
NET INCREASE IN CASH	1,207,277	2,910,392
CASH, beginning of year	9,026,533	6,116,141
CASH, end of year	$ 10,233,810	$ 9,026,533
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Unrealized gain in fair value of investments	$ (226,449)	$ (25,582)
Increase in investment value	226,449	25,582
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, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

	2024	2023
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	$ 2,376,004	$ 5,460,112
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	37,772	62,732
Realized and unrealized gains on investments	(323,245)	(93,258)
Loss on disposal of property	-	174,141
	(285,473)	143,615
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING (USING) CASH		
ASSETS		
Receivables, net of allowance	1,125,188	(159,851)
Prepaid expense	(27,522)	(55,024)
Right of use asset - operating lease	24,249	(120,737)
Security deposits	5,508	-
	1,127,423	(335,612)
LIABILITIES		
Accounts payable and accrued expenses	(739,467)	753,789
Operating lease liability	(24,758)	130,631
Cash advances	(189,469)	(270,943)
Deferred revenue	(67,693)	(47,806)
	(1,021,387)	565,671
NET CHANGES IN ASSETS AND LIABILITIES	106,036	230,059
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,196,567	$ 5,833,786

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.

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.

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.

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

Organization and Purpose (Continued)

Early Childhood Programs (Continued)

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.

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.

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.

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

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, 2023, from which the summarized information was derived.

Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board issued *ASC 326 Financial Instruments - Credit Losses* effective for years beginning after December 15, 2022 that significantly changed how entities measure credit losses for most financial assets, including trade receivables. The guidance implemented a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Center that are subject to this guidance were accounts receivable.

The Center adopted the standard effective September 1, 2023 with no effect on beginning net assets without donor restrictions. The impact of the adoption resulted primarily in enhanced disclosures only.

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

Summary of Significant Accounting Policies (Continued)

Accounting for Leases

In its statement of financial position, the Center records a right-of-use asset and lease liability, initially measured at the present value of total lease payments using a risk-free rate that approximates the remaining term of the lease. The Center considers the likelihood of exercising renewal or termination clauses in measuring its right-of-use assets and lease liabilities. A single lease cost is calculated so that the cost of the lease is allocated over the lease term on a straight-line basis.

Cash and Cash Equivalents

As of August 31, 2024 and 2023, 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, 2024 and 2023. 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.

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

Summary of Significant Accounting Policies (Continued)

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.

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.

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

Summary of Significant Accounting Policies (Continued)

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, 2024 and 2023 are $401 and $3,131, 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, 2024 and 2023.

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.

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

Summary of Significant Accounting Policies (Continued)

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, supplies, telephone and technology, training and development, occupancy, insurance, other, depreciation, printing, subscriptions, licensing and permits, postage, and travel 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, 2024 and 2023.

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, 2025 are as follows:

Financial Assets	
Cash	$ 10,233,810
Investments	2,584,890
Accounts receivable, net of allowance	1,022,828
Pledges receivable, short term	900,262
Total Financial assets	14,741,790
Less amounts not available within one year	
Purpose restricted net assets	(1,563,956)
Financial assets available within one year to meet cash needs for general expenditures within one year	$ 13,177,834

2. CASH

Cash at August 31 consisted of the following:

	2024	2023
Checking	$ 413,080	$ 670,286
Certificates of deposit	-	211,038
Money market	9,820,730	8,145,20
	$ 10,233,810	$ 9,026,533

As of August 31, 2024 and 2023, bank balances not insured by the Federal Deposit Insurance Corporation were $9,825,414 and $8,500,696, respectively.

NOTES TO FINANCIAL STATEMENTS
August 31, 2024 (with Summarized Comparative Information as of and for the year ended August 31, 2023)

3. RECEIVABLES

Receivables at August 31 consisted of the following:

	2024	2023
Program funds from governments		
Campagna Kids	$ 481,954	$ 496,323
Head Start	258,433	752,576
Early Head Start	244,592	512,385
Other miscellaneous grants	-	105,972
	984,979	1,867,256
Supplemental education fees	56,894	57,453
	1,041,873	1,924,709
Less: Provision for doubtful accounts	(19,045)	-
	$ 1,022,828	$ 1,924,709

Pledges receivable at August 31 consisted of the following:

	2024		
	Receivable in		
	Less than one year	One to five years	Total
Promises to give	$ 900,262	$ 521,250	$ 1,421,512

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

4. PROPERTY AND EQUIPMENT

Property, equipment, and accumulated depreciation at August 31, 2024 and 2023, and depreciation expense for the years then ended is as follows:

	August 31, 2024			
	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	117,346	19,557
Building renovations	5 to 25 years	7,674,822	-	-
Furniture and equipment	3 to 10 years	125,285	107,871	1,935
Automobiles	5 years	25,897	25,897	3,885
Website	5 years	37,163	37,163	12,395
		$ 8,670,676	$ 438,200	$ 37,772

	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

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:

	2024	2023
Land	$ 2,979,500	$ 2,979,500
Building	892,500	892,500
	$ 3,872,000	$ 3,872,000

THE CAMPAGNA CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
August 31, 2024 (with Summarized Comparative Information as of and for the year ended August 31, 2023)

5. INVESTMENTS

The Center had the following investments as of August 31:

	2024	2023
Mutual funds		
Foreign Large Value	$ 130,877	$ 100,956
Small Blend	77,375	68,923
Large Blend	118,122	95,942
Large Growth	476,924	382,107
Large Value	169,742	133,708
Short-Term Bond	125,605	122,718
Mid-Cap Growth	125,815	114,824
Mid-Cap Value	41,015	39,189
Large Growth/Moderate Alloc	99,963	86,729
World Large - Stock Growth	41,040	34,503
Ultrashort Bond	62,265	61,815
Preferred stock	15,802	13,870
Large Cap	241,260	193,801
World Allocation	237,466	202,146
Corporate Bond	148,777	121,255
85% Equity	53,957	29,842
70% Equity	89,088	86,639
Multisector Bond	253,185	204,817
Money market funds	76,612	106,544
	$ 2,584,890	$ 2,200,328

Investments are allocated to the following classes of net assets:

	2024	2023
Net assets without donor restrictions	$ 2,442,446	$ 2,079,471
Net assets with donor restrictions	142,444	120,857
	$ 2,584,890	$ 2,200,328

5. INVESTMENTS (CONTINUED)

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

	2024	2023
Dividend and interest income	$ 592,070	$ 249,555
Capital gain, realized	96,796	67,676
Unrealized gain in market value	226,449	25,582
Investment management fees	(19,821)	(19,318)
	$ 895,494	$ 323,495

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, 2024	
	Total	Level 1
Mutual funds		
Foreign Large Value	$ 130,877	$ 130,877
Small Blend	77,375	77,375
Large Blend	118,122	118,122
Large Growth	476,924	476,924
Large Value	169,742	169,742
Short-Term Bond	125,605	125,605
Mid-Cap Growth	125,815	125,815
Mid-Cap Value	41,015	41,015
Large Growth/Moderate Alloc	99,963	99,963
World Large - Stock Growth	41,040	41,040
Ultrashort Bond	62,265	62,265
Preferred stock	15,802	15,802
Large Cap	241,260	241,260
World Allocation	237,466	237,466
Corporate Bond	148,777	148,777
85% Equity	53,957	53,957
70% Equity	89,088	89,088
Multisector Bond	253,185	253,185
Money market funds	76,61	76,61
	$ 2,584,890	$ 2,584,890

6. FAIR VALUE MEASUREMENTS (CONTINUED)

	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	106,54	106,54
	$ 2,200,328	$ 2,200,328

Subsequent to the fiscal year end, unrealized losses on the Center's investments were primarily caused due to market fluctuations within its portfolio. The Center does not consider these investments to be other-than-temporarily impaired.

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 its licensed child care programs. Cash advances as of August 31 consisted of the following:

	2024	2023
Child Care Stabilization Grant program	$ 872,900	$ 1,057,869
Campagna Kids program	143,259	147,759
	$ 1,016,159	$ 1,205,628

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, 2024 and 2023, the interest rate of the line of credit was 8.00% and 8.75% respectively. The unused line of credit at August 31, 2024 and 2023 was $1,200,000. The outstanding balance on this line of credit was $0 at August 31, 2024 and 2023, respectively. The interest expense related to this line of credit was $0 for the years ended August 31, 2024 and 2023.

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, 2024 and 2023 are as follows:

Balance as of August 31, 2022	$	109,369
Investment income		6,217
Change in fair value of investments		5,27[illegible]
Balance as of August 31, 2023	$	120,857
Balance as of August 31, 2023	$	120,857
Investment income		6,005
Change in fair value of investments		15,58[illegible]
Balance as of August 31, 2024	$	142,443

10. NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2024 and 2023, net assets with donor restriction balances consisted of the following:

	2024			
	Balance August 31, 2023	Additions	Releases	Balance August 31, 2024
Sonosky Fund (Endowment)	$ 120,857	$ 21,587	$ -	$ 142,444
Wright to Read	-	451,923	(451,923)	-
Capital Campaign pledges	1,644,819	536,538	(759,845)	1,421,512
	$ 1,765,676	$ 1,010,048	$ (1,211,768)	$ 1,563,956

10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	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	2,873,813	1,191,890	(2,420,884)	1,644,819
	$ 2,983,182	$ 1,691,963	$ (2,909,469)	$ 1,765,676

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, 2024 and 2023 are as follows:

	2024	2023
Donated rent and facilities	$ 1,654,600	$ 1,653,000
Donated professional services	448,071	240,355
Donated goods - programs	21,289	195,138
	$ 2,123,960	$ 2,088,493

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, 2024 and 2023.

13. MAJOR GRANTORS

Program funds from government grants totaled $10,363,465 for the year ended August 31, 2024 and $9,893,135 for the year ended August 31, 2023, which is approximately 54% and 46% 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, 2024 and 2023, the amount outstanding from the above government grants was $984,979 and $1,867,256, respectively, which approximates 94% and 97% of total receivables, respectively.

14. CONDITIONAL GRANTS

The Center has been conditionally awarded the following grants for the year ending August 31, 2025:

Head Start	$ 2,918,630
Early Head Start	3,002,755
	$ 5,921,385

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 $27,472 and $26,672 for the year ended August 31, 2024 and 2023, respectively.

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 $96,488 and $120,737 as of August 31, 2024 and 2023, respectively, 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:	
2025	$ 28,297
2026	29,145
2027	30,020
2028	25,639
	$ 113,101

A reconciliation of the undiscounted cash payments to the operating lease liability for the year ended August 31, 2024 is as follows:

Undiscounted future cash flows	$ 113,101
Less: discount to present value	(7,228)
Operating lease liability	$ 105,873

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. The Center drew loan funds of $3,500,000 for the year ended August 31, 2024.

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 $111,609 and $0 for the year ended August 31, 2024 and 2023, respectively.

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, 2024 and 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.

Employee Retention Credit

The Center is eligible for the Employee Retention Credit ("ERC") under the CARES Act. $1,579,575 was received prior to August 31, 2024 in a combination of unpaid employment taxes for the quarters ending March 31, 2021 and June 30, 2021 and 2021 Form 941 Employer Quarterly Federal Tax Return refund payments for the quarter ending March 31, 2021 and June 30, 2021. Grants receivable for the ERC at August 31, 2024 is $0.

Contingencies - Contributions

The Center experienced an anticipated decrease in capital campaign revenue linked to its one-time building renovation project, which began in early 2022 and concluded by August 31, 2024. This reduction was primarily due to an exceptionally high volume of contributions recorded during the 2022-2023 period. Capital campaign revenue totaled $7,168,634 and $2,005,358 for the years ended August 31, 2023 and 2024, respectively.

18. SUBSEQUENT EVENTS

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through January 30, 2025, 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, 2024 (with Summarized Comparative Information for the year ended August 31, 2023)

	2024										2023
	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	$ 4,429,611	$ 3,780,824	$ 252,677	$ 170,598	$ 75,530	$ 526,421	$ 9,235,661	$ 684,189	$ 231,517	$ 10,151,367	$ 9,224,144
In-kind	1,154,254	736,838	61,661	170,049	579	-	2,123,381	-	579	2,123,960	2,088,493
Professional services	860,722	89,146	7,181	1,992	3,600	2,119	964,760	193,484	35,897	1,194,141	1,387,901
Food expense	377,230	454,972	153	-	151	38,716	871,222	3,316	103	874,641	797,212
Supplies	216,052	234,399	14,445	16,846	13,407	4,398	499,547	20,309	6,676	526,532	416,345
Program activities	14,018	408,439	31,449	2,836	29,952	7,655	494,349	-	-	494,349	544,644
Telephone and technology	93,714	109,326	16,328	8,752	3,637	9,155	240,912	64,917	22,951	328,780	446,091
Training and development	138,431	118,087	1,110	759	716	10,561	269,664	4,525	463	274,652	247,151
Occupancy	39,486	934	562	-	-	11,099	52,081	54,782	75,099	181,962	262,149
Equipment, repairs and maintenance	84,626	2,258	1,910	-	11	5,547	94,352	21,687	-	116,039	91,169
Interest	-	-	-	-	-	-	-	111,609	-	111,609	-
Insurance	13,996	6,646	811	-	-	414	21,867	80,196	300	102,363	93,318
Other	5,207	61,575	6,033	1,026	934	208	74,983	17,068	8,203	100,254	118,717
Special activities and events	-	-	-	-	-	-	-	2,370	72,799	75,169	78,163
Depreciation	4,128	4,128	-	-	-	19,558	27,814	5,819	4,139	37,772	62,732
Printing	2,499	155	2,802	587	-	2,673	8,716	722	19,384	28,822	24,213
Subscriptions	974	11,511	1,128	192	175	39	14,019	6,896	1,533	22,448	-
Investment fees	-	-	-	-	-	-	-	19,821	-	19,821	-
Licensing and permits	5,262	4,964	2,336	91	-	2,314	14,967	1,909	605	17,481	15,952
Postage	8,247	538	1,200	128	-	-	10,113	1,055	2,269	13,437	15,728
Recognition	2,474	617	295	-	-	81	3,467	2,034	-	5,501	2,955
Travel	2,091	333	4	8	-	-	2,436	1,491	1,009	4,936	32,584
Community relations	-	-	-	-	-	-	-	3,460	20	3,480	12,436
Advertising and publications	1,838	-	-	-	-	736	2,574	401	-	2,975	21,182
Loss on disposal	-	-	-	-	-	-	-	-	-	-	174,141
Bad debt expense	-	-	-	-	-	-	-	-	-	-	51,978
TOTAL EXPENSES	$ 7,454,860	$ 6,025,690	$ 402,085	$ 373,864	$ 128,692	$ 641,694	$ 15,026,885	$ 1,302,060	$ 483,546	$ 16,812,491	$ 16,209,398

See Independent Auditors' Report.