

**PAUL ANDERSON YOUTH HOME, INC.
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Paul Anderson Youth Home, Inc.
Vidalia, Georgia

Opinion

We have audited the accompanying financial statements of Paul Anderson Youth Home, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 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 Paul Anderson Youth Home, Inc. as of December 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Paul Anderson Youth Home, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Paul Anderson Youth Home, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Paul Anderson Youth Home, Inc.'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 Paul Anderson Youth Home, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Lanier, Deal & Deal

Statesboro, Georgia

June 30, 2025

PAUL ANDERSON YOUTH HOME, INC.

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	732,997
Commercial paper certificates of deposit		909,559
Contributions in transit		212,603
Inventory		5,331
Prepaid insurance		2,842
Total Current Assets		<u>1,863,332</u>

NONCURRENT ASSETS

Cash and cash equivalents, restricted for long-term purposes		2,785
Marketable securities, restricted for long-term purposes		122,855
Property and equipment, net		<u>1,688,440</u>
Total Noncurrent Assets		<u>1,814,080</u>

TOTAL ASSETS

\$ 3,677,412

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	<u>85,936</u>
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NET ASSETS

With donor restrictions:		
Restricted for specific purposes		448,903
Endowment funds		<u>98,869</u>
		547,772
Without donor restrictions		<u>3,043,704</u>
Total Net Assets		<u>3,591,476</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 3,677,412

The accompanying notes are an integral part of these financial statements.

PAUL ANDERSON YOUTH HOME, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,157,504	\$ 148,406	\$ 1,305,910
Fundraising activities	269,427	-	269,427
Net realized and unrealized losses on marketable securities	-	24,234	24,234
Investment income	43,485	13,748	57,233
Parental assistance	460,345	-	460,345
Other	100,513	-	100,513
Net assets released from restrictions	69,006	(69,006)	-
Total support and revenue	<u>2,100,280</u>	<u>117,382</u>	<u>2,217,662</u>
EXPENSES			
Program services	<u>1,690,008</u>	<u>-</u>	<u>1,690,008</u>
Support services:			
Management and general	249,986	-	249,986
Fundraising activities	217,421	-	217,421
Total support services	<u>467,407</u>	<u>-</u>	<u>467,407</u>
Total expenses	<u>2,157,416</u>	<u>-</u>	<u>2,157,416</u>
CHANGE IN NET ASSETS	(57,136)	117,382	60,246
NET ASSETS, JANUARY 1, 2023	<u>3,100,840</u>	<u>430,390</u>	<u>3,531,230</u>
NET ASSETS, DECEMBER 31, 2023	<u><u>\$ 3,043,704</u></u>	<u><u>\$ 547,772</u></u>	<u><u>\$ 3,591,476</u></u>

The accompanying notes are an integral part of these financial statements.

PAUL ANDERSON YOUTH HOME, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services	Support Services		
	Youth Home and School	Management and General	Fund Raising	Total Expenses
Salaries	\$ 830,035	\$ 127,434	\$ 131,245	\$ 1,088,714
Fringe benefits	45,086	6,032	1,801	52,919
Payroll taxes	61,469	9,430	9,727	80,626
Total compensation and benefits	<u>936,589</u>	<u>142,896</u>	<u>142,773</u>	<u>1,222,258</u>
Automobile	11,080	-	776	11,856
Bank charges	-	8,839	-	8,839
Clothing and personal	5,750	-	-	5,750
Computer	48,441	-	-	48,441
Continuing education	5,636	-	-	5,636
Contract labor	8,758	-	4,530	13,288
Decorating	2,288	-	-	2,288
Depreciation	99,321	-	-	99,321
Dues and fees	6,327	1,575	8,196	16,098
Equipment	425	-	2,508	2,933
Food	83,072	-	6,117	89,189
Gifts	2,710	-	9,296	12,006
Graduation	1,424	-	-	1,424
Insurance	86,264	2,578	-	88,842
Marketing	142,003	-	8,415	150,418
Medical	5,773	-	953	6,726
Postage	-	4,617	1,527	6,144
Printing	-	-	16,030	16,030
Professional services	26,172	32,038	144	58,354
Rental	9,133	-	-	9,133
Repairs and maintenance	72,536	38,475	-	111,011
Staff development	616	-	-	616
Supplies	61,769	9,036	9,603	80,408
Telephone	10,136	-	-	10,136
Travel	266	-	6,493	6,759
Utilities	59,387	9,932	-	69,319
Other	4,133	-	60	4,193
Total expenses	<u>\$ 1,690,008</u>	<u>\$ 249,986</u>	<u>\$ 217,421</u>	<u>\$ 2,157,416</u>

The accompanying notes are an integral part of these financial statements.

PAUL ANDERSON YOUTH HOME, INC.

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 60,246
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	99,321
Net unrealized and realized gains on marketable securities	(24,234)
Decrease in prepaid insurance	9,542
Increase in contributions in transit	(170,025)
Decrease in other receivable	4,000
Decrease in deferred revenue	(43,790)
Increase in accounts payable and accrued expenses	8,039
Net cash used by operating activities	<u>(56,901)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(32,228)
Purchases of commercial paper certificates of deposit	(281,900)
Purchases of marketable securities	<u>(13,747)</u>
Net cash used by investing activities	<u>(327,875)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (384,776)

CASH AND CASH EQUIVALENTS, JANUARY 1, 2023 1,120,558

CASH AND CASH EQUIVALENTS, DECEMBER 31, 2023 \$ 735,782

The accompanying notes are an integral part of these financial statements.

PAUL ANDERSON YOUTH HOME, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of organization

The Paul Anderson Youth Home (the “Youth Home”) is a residential home located in Vidalia, Georgia providing Christian rehabilitation for young men, predominantly from the Southeastern United States, seeking an alternative to incarceration. Continuing the mission set by Paul Anderson and his wife, Glenda, in 1961, the Youth Home seeks to teach young men that they are created by God and have a special purpose in life. The Youth Home believes that young men with self-confidence and Christian character will become “givers” rather than “takers”, assets rather than liabilities. The Youth Home also provides help for parents of troubled teenagers through resources, counseling, and referrals.

The Youth Home’s unique program is designed to develop each young man spiritually, mentally, physically, emotionally, and socially. The daily curriculum combines Biblical teaching and academic training in our accredited high school, incorporating physical fitness, emotional development, and social awareness, while instilling a strong work ethic. The Youth Home’s staff provides over 300 combined years of experience ministering to and counseling young men and their families.

The Youth Home specializes in character building, which is evident in our over 90% success rate for those young men who graduate from the program. The low recidivism rate of the Youth Home alumni is attributed to our unique program as well as continued support from the Youth Home after graduation.

The Youth Home is a Christian charity. To ensure the Youth Home’s Christian foundation is not jeopardized, neither local, state, nor federal funds are accepted. We depend on the support of individuals, corporations, organizations, churches, and foundations who partner with the Youth Home to provide a second chance for the young men and their families who are entrusted to this ministry. To support the Youth Home, you can donate online, make purchases from our product lines, select from our planned giving opportunities, participate in our fundraisers, such as the annual Golf Classic and Bike Ride, or partner in prayer.

Basis of accounting

The financial statements were prepared on the accrual basis of accounting and, accordingly, reflect all significant payables and other liabilities.

Basis of presentation

The Youth Home prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Under GAAP the Youth Home is required to report information regarding its financial position and activities in two classes of net assets:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations restricted for specific purpose or time periods. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

PAUL ANDERSON YOUTH HOME, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Parental assistance revenue

The Youth Home requires the parents or guardians of young men enrolled in its program to sign an agreement to pay tuition monthly via bank draft. Therefore, tuition revenue is recognized as received each month.

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Youth Home reports gifts of cash and other assets as assets without donor restrictions or assets with donor restrictions, depending on the existence or nature of any donor restriction. Contributions made to the Youth Home are considered available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Youth Home reports gifts of goods and equipment as contributions without donor restriction when placed in service unless the donor has restricted the use of the asset to a specific purpose or time period. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as increases in net assets with donor restrictions until the assets are acquired and placed in service as instructed by the donor, unless the donor has also required that the acquired asset be used for a specific purpose or time period.

Contributed services

No amounts have been reflected in the financial statements for contributed services. Numerous volunteers have donated significant amounts of time to the Youth Home's program services, but the criteria for recognition of these services under GAAP has not been met.

Use of estimates

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

Cash equivalents policy

For purposes of the statement of cash flows, the Youth Home considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of credit risk

The Youth Home maintains cash balances at a local commercial bank in Vidalia, Georgia. These accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At December 31, 2023, the Youth Home's uninsured cash balances totaled \$495,144.

Marketable securities

The Youth Home carries investments in both debt and equity securities at their fair values. Securities donated to the Youth Home are stated at fair value at the date of donation. Unrealized gains or losses resulting from changes in fair values are included with realized gains or losses in the financial statements and are included in the change in net assets.

PAUL ANDERSON YOUTH HOME, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory consists primarily of books, DVDs, and tee shirts available for sale. Inventory is stated at the lower of cost or net realizable value by using the first in, first out (FIFO) method.

Property and equipment

Property and equipment are recorded at cost if purchased and at estimated fair value if received as a contribution. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets generally as follows:

	<u>Years</u>
Land improvements	5-20
Buildings and improvements	5-40
Furniture, equipment and vehicles	3-10

Tax status

The Youth Home is considered a 501(c)(3) corporation under the Internal Revenue Code and as such, pays no federal or state income taxes on all revenues related to its tax-exempt functions. The Youth Home believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Allocation of expenses

The Youth Home allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with specific programs and support services are directly allocated thereto. Other expenses that are common to several functions are allocated by percentages determined by management. These percentages are determined primarily based on the estimated staff hours devoted to each program or support service.

Fair value measurements

Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Assets and liabilities that are required to be recorded at fair value in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

PAUL ANDERSON YOUTH HOME, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – MARKETABLE SECURITIES

The following is a summary of marketable securities, which are valued as Level 1 investments at December 31, 2023:

Mutual funds	<u><u>\$122,855</u></u>
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NOTE 3 – PROPERTY AND EQUIPMENT

As of December 31, 2023, property and equipment consisted of:

Land and land improvements	\$ 536,408
Buildings and improvements	3,044,029
Furniture, equipment and vehicles	<u>1,888,630</u>
	5,469,067
Less accumulated depreciation	<u>(3,780,627)</u>
	<u><u>\$ 1,688,440</u></u>

NOTE 4 – LINE OF CREDIT

The Youth Home has a \$250,000 line of credit, secured by real property, with a fixed interest rate of 7.25%. The line expires January 11, 2024. The outstanding balance on the line was zero at December 31, 2023.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

The Youth Home's net assets with donor restrictions are available for the following purposes:

Available for expenditure for specific purpose:

Museum building activities	\$ 122,855
Property improvements	4,000
Education	131,960
Furniture and equipment	4,885
Bikes for bike ride fundraiser	3,000
Scholarships	155,953
Tuition assistance	<u>26,250</u>
	<u>448,903</u>

Endowment funds:

Scholarships	34,899
Any activities of the Youth Home	<u>63,970</u>
	98,869
Total Net Assets with Donor Restrictions	<u><u>\$ 547,772</u></u>

PAUL ANDERSON YOUTH HOME, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – ENDOWMENT FUNDS

The Youth Home's endowments consist of three individual funds established primarily for scholarships and Youth Home support. Its endowments include only donor-restricted endowment funds.

The Youth Home interprets the State Prudent Management of Institutional Funds (SPMIFA) as requiring the preservation of the fair value of the original gift as the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Youth Home classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

The Youth Home has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Youth Home's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

The current long-term return objective is based on a three-year moving average based on the type of investment. Actual returns in any given year may vary from these averages. To satisfy its long-term rate of return objectives, the Youth Home relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Youth Home targets a diversified asset allocation that places an emphasis on achieving long-term return objectives with prudent risk parameters.

The spending policy of the Youth Home, assuming that the fair value of endowment fund assets exceed the original endowment amount, is that up to 50% of the investment income earned by endowment fund investments, net of related expenses and of any donor-imposed restrictions on endowment income may be expended for the donor's required purpose, if any. The Youth Home has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. No funds were expended from the Youth Home's underwater endowments during the year ended December 31, 2023. Investment income includes all interest, dividends and realized gains from endowment fund investments.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Youth Home to retain as a fund of perpetual duration. Deficiencies of this nature exist in the 3 donor-restricted endowment funds, which together have an original gift value of \$115,872, a current fair value of \$98,869, and a deficiency of \$17,003 as of December 31, 2023. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

PAUL ANDERSON YOUTH HOME, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – ENDOWMENT FUNDS (continued)

Changes in Endowment Net Assets for the Year Ended December 31, 2023

	Original Donor Restrictions	Accumulated Earnings	Total
Endowment net assets, beginning of year	\$ 114,962	\$ (17,003)	\$ 97,959
Contributions	910	-	910
Endowment net assets, end of year	<u>\$ 115,872</u>	<u>\$ (17,003)</u>	<u>\$ 98,869</u>

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Youth Home monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The Youth Home has the following financial assets that could readily be made available within one year of the balance sheet date to fund expenses without limitations:

Cash and cash equivalents	\$ 735,782
Commerical paper certificates of deposit	909,559
Marketable securities	122,855
Contributions in transit	212,603
Total financial assets	<u>\$ 1,980,799</u>
Financial assets subject to donor restrictions	<u>(547,772)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,433,027</u>

NOTE 8 – FUND RAISING ACTIVITIES

Revenues and direct expenses from fundraising activities were as follows for the year ended December 31, 2023:

Revenues:	
Golf tournament	\$ 73,043
Bike ride	123,411
Giving Tuesday	45,385
Run	27,588
	<u>269,427</u>
Expenses:	
Golf tournament	15,293
Bike ride	10,614
Run	8,088
	<u>33,995</u>
Net profit	<u>\$ 235,432</u>

PAUL ANDERSON YOUTH HOME, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – RETIREMENT PLAN

Effective January 2016, the Youth Home adopted a 401(K) Safe Harbor Profit Sharing plan that covers all full-time employees who have met certain service requirements. The Youth Home matches 3% of participants' compensation, plus 50% of participants' elective deferrals that exceed 3% of the participants' compensation, but not to exceed 5% of the participants' compensation. Retirement plan expense was \$14,852 for the year ended December 31, 2023.

NOTE 10 – CONCENTRATION OF CONTRIBUTIONS

Approximately 35% of contributions were received from five donors during 2023.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date these financial statements were available to be issued, which was June 30, 2025.