HOME PARK LEARNING CENTER, INC.

FINANCIAL STATEMENTS

(with report of independent auditor)

YEAR ENDED JUNE 30, 2024

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Tomkiewicz Wright, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Officers
Home Park Learning Center, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of Home Park Learning Center, Inc. (the "Organization"), which comprise the statement of net assets in liquidation as of June 30, 2024, and the related statements of changes in net assets in liquidation, 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 net assets in liquidation of Home Park Learning Center, Inc. as of June 30, 2024, and the changes in its net assets available in liquidation and its cash flows for the year then ended in accordance with the liquidation basis of accounting described in Note 1 to the financial statements.

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 Home Park Learning Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

As discussed in Note 1 to the financial statements, the Organization's Board of Directors resolved on November 10, 2023, to terminate operations and, accordingly, began liquidation proceedings thereafter. As a result, the Organization changed its basis of accounting for periods after November 10, 2023, from the going concern basis to the liquidation basis in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the liquidation basis of accounting as described in Note 1 to the financial statements, 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 Home Park Learning Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued. However, as the Organization is in the process of liquidation, the liquidation basis of accounting has been applied.

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 Home Park Learning Center, 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.

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.

Tomkiewicz Wright, LLC

Atlanta, Georgia
October 10, 2024

HOME PARK LEARNING CENTER, INC.

STATEMENT OF NET ASSETS IN LIQUIDATION

JUNE 30, 2024

ASSETS		
Cash	$	47,556
Prepaid insurance		1,328
		48,884
LIABILITIES		
Accounts payable		13,966
NET ASSETS IN LIQUIDATION WITHOUT DONOR RESTRICTIONS	$	34,918

See notes to financial statements.

HOME PARK LEARNING CENTER, INC.

STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION

YEAR ENDED JUNE 30, 2024

NET ASSETS IN LIQUIDATION WITHOUT DONOR RESTRICTIONS:	
Revenues and support:	
Contributions	$ 8,763
Contributed management services	25,342
Interest income	10,717
Net assets released from restriction	4,431
Total revenues and support without donor restrictions	49,253
Expenses:	
Program services	346,780
Management and general	340,369
Total expenses	687,149
Change in net assets in liquidation without donor restrictions	(637,896)
NET ASSETS IN LIQUDATION WITH DONOR RESTRICTIONS:	
Revenues and support:	
Adjustment of value of time-restricted donation	(34,236)
Net assets released from time restriction	(4,431)
Change in net assets in liquidation with donor restrictions	(38,667)
DECREASE IN NET ASSETS IN LIQUIDATION BEFORE ADJUSTMENTS	(676,563)
ADJUSTMENTS OF ESTIMATED VALUES	(566,152)
TOTAL CHANGE IN NET ASSETS IN LIQUIDATION	(1,242,715)
NET ASSETS, beginning of year	1,277,633
NET ASSETS IN LIQUIDATION, end of year	$ 34,918

See notes to financial statements.

HOME PARK LEARNING CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
Salaries	$ -0-	$ 19,111	$ 19,111
Fringe benefits	-0-	6,231	6,231
Total compensation and benefits	-0-	25,342	25,342
Repairs and maintenance	20,522	-0-	20,522
Management contract fees	231,609	-0-	231,609
Professional fees	-0-	13,070	13,070
Insurance	12,131	1,789	13,920
Depreciation and amortization	66,884	-0-	66,884
Supplies	3,787	-0-	3,787
Telecommunications	7,416	-0-	7,416
Licenses and fees	-0-	168	168
Rent	4,431	-0-	4,431
Unallocated payments to affiliated organization	-0-	300,000	300,000
Total expenses	$ 346,780	$ 340,369	$ 687,149

See notes to financial statements.

HOME PARK LEARNING CENTER, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets in liquidation	$ (1,242,715)
Adjustments to reconcile changes in net assets in liquidation to net cash used in operating activities:	
Depreciation and amortization	66,884
Property and equipment adjustment due to liquidation	566,152
Contribution receivable, time-restricted, adjustment due to liquidation	34,236
Changes in operating assets and liabilities:	
Receivables- other	187,318
Prepaid insurance	8,086
Prepaid expense – other	168
Contribution receivable, time-restricted	4,431
Accounts payable	(4,646)
Net cash used in operating activities	(380,086)
CASH, beginning of year	427,642
CASH, end of year	$ 47,556

See notes to financial statements.

1. Organization and Summary of Significant Accounting Policies:

Home Park Learning Center, Inc. (the "Organization"), is a Georgia non-profit corporation and cooperative organization of the Georgia Institute of Technology ("GIT") formed to provide child care services to the faculty, staff, and students of GIT and the residents of the Home Park community.

Basis of Accounting
The financial statements of the Organization have been prepared on the liquidation basis of accounting.

During the year ended June 30, 2024, Organization management and governance, in conjunction with GIT, assessed the child care options currently available to the faculty, staff, and students of GIT and the residents of the Home Park community and concluded that such services are readily and adequately available from alternative sources; therefore, on November 10, 2023, the Board of Directors adopted a Plan of Dissolution under which the child care center ceased operations on May 31, 2024, and the facilities were surrendered to the City of Atlanta (the "City"). The primary effects of the related change in accounting methodology were as follows:

- The time-restricted contribution receivable balance representing the estimated value of the land lease contributed by the City was adjusted downwards by $34,236 to reflect the benefit received through May 2024 on a straight-line basis.

- Leasehold improvements were adjusted downwards to the valuation of their usage through May 2024 on a straight-line basis. Furniture and equipment was adjusted in an identical manner. Management donated most furniture and equipment to the Children's Campus at Georgia Tech and surrendered any remaining furniture and equipment to the City with the facility. These adjustments total $566,152.

The building occupied under the lease described in Note 7 was ceded to the City before June 30, 2024; the contract with Bright Horizons Family Solutions, Inc. ("Bright Horizons") to provide child care services as described in Note 4 was amended to terminate on May 31, 2024. As of October 10, 2024, the date the financial statements are available for issue, management does not believe the surrender of the facility to the City will entail further related distributions or receipts of additional funds to or from the City. The Organization believes its cash balance at June 30, 2024, is sufficient to meet the Organization's additional obligations through the completion of its liquidation, which is intended to occur by December 31, 2024.

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*.

Property and Equipment
It was the Organization's policy to capitalize at cost personal property additions in excess of $5,000, in agreement with GIT's capitalization policy. Lesser amounts were expensed. Real property and leasehold improvements were capitalized at cost. Donations of property and equipment were recorded as contributions at their estimated fair value. Depreciation and amortization were provided on the straight-line method over the estimated useful lives of the related assets, which ranged from ten to thirty years. Costs of maintenance and repairs that did not improve or extend the useful lives of the respective assets were expensed currently.

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – The Organization reported contributions restricted by donors as increases in net assets without donor restrictions if the restriction expired (that is, when a stipulated time restriction ended or purpose restriction was accomplished) in the reporting period in which the revenue was recognized. All other donor-restricted contributions were reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expired, net assets with donor restrictions were reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Revenue Recognition
Contributions were recognized when cash, other assets, or an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, were not recognized until the conditions on which they depended had been substantially met.

Functional Allocation of Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Changes in Net Assets in Liquidation. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes
The Organization is a not-for-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying financial statements.

ASC 740, *Income Taxes,* is applicable to not-for-profit entities in that certain matters, such as the Organization's tax-exempt status, are considered tax positions taken in its annual informational tax return and thus must be assessed for potential unrecognized tax benefits. Under ASC 740, the Organization assesses the likelihood, based on their technical merit, that such tax positions taken in its informational tax return will be sustained by taxing authorities upon examination of the facts, circumstances and information available at the end of each financial statement period. Unrecognized tax benefits are measured and recorded as a liability where the Organization has determined it to be probable a tax position would not be sustained and the amount of the unrecognized tax benefit, including associated penalties and interest, can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position, or for all uncertain tax positions in the aggregate, could differ from the amount recognized.

Management has determined that there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken, or expected to be taken, on its informational tax returns as of June 30, 2024. No informational tax returns are currently under examination.

Estimates and Assumptions
The Organization uses estimates and assumptions in preparing liquidation basis financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Date of Management's Review
In accordance with ASC 855, *Subsequent Events*, management has performed a review of the Organization's subsequent events and transactions through October 10, 2024, which is the date the financial statements are available for issue.

2. Liquidity and Availability:

Financial assets available for general expenditure without donor or other restrictions limiting their use at June 30, 2024 consist of cash of $47,556. Management believes that cash on hand is sufficient to meet the Organization's additional obligations through the completion of its liquidation.

3. Memorandum of Understanding:

A Memorandum of Understanding ("MOU") between the Organization and GIT, most recently renewed on July 1, 2020, allowed GIT to provide financial resources to the Organization. The Organization also received financial support from the Georgia Tech Foundation ("GTF"), which is also a Georgia non-profit corporation and cooperative organization of GIT.

4. Management Contract Fees and Credits:

The Organization contracted the daily operations of the child care center to Bright Horizons, a for-profit company which operates such centers nationwide. The Organization and Bright Horizons executed a management agreement with a three-year term through December 31, 2007, which thereafter automatically renewed for successive one-year terms unless terminated by one of the parties. As described in Note 1, this agreement was amended to terminate concurrently with the cessation of child care service activities as of May 31, 2024.

Management contract fees consisted of a flat monthly management fee set by the management agreement, plus reimbursable operational expenses which were defined in and allowed by the management agreement. Bright Horizons collected revenues from program participants and billed the Organization for any amount by which the management contract fees exceeded the revenues received for the month. If revenues exceeded the fees, Bright Horizons issued a credit memo to the Organization to be applied to future months' fees. During the year ended June 30, 2024, the Organization incurred net management contract fees of $231,609.

5. Contribution Receivable – Time-Restricted:

The time-restricted contribution receivable consisted of the excess of the value of a land lease entered with the City of Atlanta over the actual payments made, as further described in Note 7.

6. Property and Equipment:

All property and equipment had been disposed of as of June 30, 2024, as described in Note 1. Depreciation and amortization expense for the year ended June 30, 2024 is $66,884.

7. Operating Lease Commitment and Land Lease Contribution:

The Organization leased land from the City on which the child-care center was constructed. The lease, dated March 2002, had an initial five-year term, and was renewable for five additional five-year terms, for a total of thirty years. Under the lease terms, the Organization paid the City $1 per year for use of the land, which was substantially below fair market value. The leasehold improvements the Organization made to the land were to remain the property of the City at the end of the lease. The most recent lease renewal was effective October 2022 and extended through October 2027, but was amended to terminate on May 31, 2024, as described in Note 1.

The Organization recorded a time-restricted contribution of $145,000 to reflect the estimated value of the land lease in excess of the payments made by the Organization to the city over the life of the lease. The restriction was partially released each year on a straight-line basis over the thirty-year life of the lease. During the year ended June 30, 2024, $4,431 was recognized as released from restriction; the remaining balance of $34,236 was adjusted in respect of the termination of Organization operations as described in Note 1.

8. Contributions:

GIT provided, or purchased on behalf of, the Organization repair and maintenance services, supplies, telecommunications, insurance, and other administrative resources. These services total $8,763 for the year ended June 30, 2024. This balance is included in contributions and in program service expenses in the accompanying Statement of Changes in Net Assets in Liquidation.

The Organization received administrative and other services provided by employees of GIT. The value of these services is estimated at $25,342 for the year ended June 30, 2024, based on the estimated amount of time spent rendering services to the Organization at the employees' compensation rates. This amount is included in contributed management services and in management and general expense in the accompanying Statement of Changes in Net Assets in Liquidation.

9. Unallocated Payments to Affiliated Organization:

During the year ended June 30, 2024, the Organization returned contributions of $300,000 to GIT. This payment is recorded in the Statements of Functional Expenses as unallocated payments to affiliated organization.

10. Functionalized Expenses:

The financial statements report certain categories of expenses that are attributed between program service expense and management and general expense. Such expenses require allocation on a reasonable basis that is consistently applied. Insurance is allocated based on the purpose of the underlying expense.