

THE EXTENSION, INC.

FINANCIAL REPORT

JUNE 30, 2023

THE EXTENSION, INC.
FINANCIAL REPORT
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Extension, Inc.
Marietta, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **The Extension, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Extension, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Extension, 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 The Extension, 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 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 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 Extension, 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 The Extension, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards 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 December 18, 2023, on our consideration of The Extension, Inc.'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 solely 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 Extension, Inc.'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 Extension, Inc.'s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 18, 2023

THE EXTENSION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 218,229	\$ 249,718
Restricted cash - donor restricted	708,200	3,483,475
Grants receivable	385,473	180,404
Promises to give, net	639,805	1,852,604
Insurance settlement receivable	237,068	-
Investments	118,136	108,823
	<u>2,306,911</u>	<u>5,875,024</u>
Total current assets		
NONCURRENT ASSETS		
Promises to give, net	-	469,016
Property and equipment, net	8,207,687	2,594,470
	<u>8,207,687</u>	<u>3,063,486</u>
Total noncurrent assets		
Total assets	<u><u>\$ 10,514,598</u></u>	<u><u>\$ 8,938,510</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 997,125	\$ 309,298
Accrued expenses	73,694	47,498
Current portion of note payable	42,000	42,000
	<u>1,112,819</u>	<u>398,796</u>
Total current liabilities		
LONG-TERM LIABILITIES		
Note payable, less current maturities and unamortized debt issuance costs	243,515	273,177
	<u>243,515</u>	<u>273,177</u>
Total long-term liabilities		
Total liabilities	<u>1,356,334</u>	<u>671,973</u>
NET ASSETS		
Without donor restrictions	7,810,259	2,438,142
With donor restrictions	1,348,005	5,828,395
	<u>9,158,264</u>	<u>8,266,537</u>
Total net assets		
Total liabilities and net assets	<u><u>\$ 10,514,598</u></u>	<u><u>\$ 8,938,510</u></u>

See Notes to Financial Statements.

THE EXTENSION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Public support			
Churches	\$ 27,231	\$ -	\$ 27,231
Civic groups	2,300	-	2,300
Business	198,304	181,138	379,442
Foundations	244,003	-	244,003
Individuals	280,339	128,000	408,339
United Way	2,350	-	2,350
Capital campaign	-	366,347	366,347
In-kind contributions	96,166	376,000	472,166
Fees - rehabilitation housing	157,105	-	157,105
Government grants	1,468,182	-	1,468,182
Investment and other income	104,375	24,695	129,070
Net assets released from restrictions	5,556,570	(5,556,570)	-
	<u>8,136,925</u>	<u>(4,480,390)</u>	<u>3,656,535</u>
EXPENSES			
Program services	2,279,474	-	2,279,474
Supporting services:			
General and administrative	210,023	-	210,023
Fundraising	259,111	-	259,111
	<u>2,748,608</u>	<u>-</u>	<u>2,748,608</u>
OTHER INCOME (LOSS)			
Loss on insurance settlement	(16,200)	-	(16,200)
Total other (loss)	(16,200)	-	(16,200)
Increase (decrease) in net assets	5,372,117	(4,480,390)	891,727
Net assets, beginning of year	2,438,142	5,828,395	8,266,537
Net assets, end of year	<u>\$ 7,810,259</u>	<u>\$ 1,348,005</u>	<u>\$ 9,158,264</u>

See Notes to Financial Statements.

THE EXTENSION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Public support			
Churches	\$ 27,559	\$ -	\$ 27,559
Civic groups	3,020	-	3,020
Business	47,008	-	47,008
Foundations	20,758	-	20,758
Individuals	238,026	-	238,026
United Way	3,666	-	3,666
Capital campaign	-	1,855,643	1,855,643
In-kind contributions	78,902	145,062	223,964
Fees - rehabilitation housing	135,041	-	135,041
Government grants	1,664,623	-	1,664,623
Investment and other income	7,657	-	7,657
Net assets released from restrictions	699,772	(699,772)	-
	<u>2,926,032</u>	<u>1,300,933</u>	<u>4,226,965</u>
Total support and revenue			
	<u>2,926,032</u>	<u>1,300,933</u>	<u>4,226,965</u>
EXPENSES			
Program services	2,108,336	-	2,108,336
Supporting services:			
General and administrative	135,628	-	135,628
Fundraising	305,564	-	305,564
	<u>2,549,528</u>	<u>-</u>	<u>2,549,528</u>
Total expenses			
	<u>2,549,528</u>	<u>-</u>	<u>2,549,528</u>
OTHER INCOME (LOSS)			
Loss on disposal of property and equipment	(101,590)	-	(101,590)
Total other (loss)	(101,590)	-	(101,590)
	<u>(101,590)</u>	<u>-</u>	<u>(101,590)</u>
Increase in net assets	274,914	1,300,933	1,575,847
Net assets, beginning of year	2,163,228	4,527,462	6,690,690
	<u>2,163,228</u>	<u>4,527,462</u>	<u>6,690,690</u>
Net assets, end of year	\$ 2,438,142	\$ 5,828,395	\$ 8,266,537
	<u>\$ 2,438,142</u>	<u>\$ 5,828,395</u>	<u>\$ 8,266,537</u>

See Notes to Financial Statements.

THE EXTENSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services		
	Men's Program	Women's Program	Total Program	General and Administrative	Fundraising	Total
Salaries	\$ 736,259	\$ 454,882	\$ 1,191,141	\$ 76,851	\$ 152,518	\$ 1,420,510
Fringe benefits	144,091	79,911	224,002	30,703	41,807	296,512
Payroll taxes	61,911	36,991	98,902	5,719	11,349	115,970
Total compensation and benefits	942,261	571,784	1,514,045	113,273	205,674	1,832,992
Client services and support	136,193	66,122	202,315	120	59	202,494
Administrative services	35,236	14,111	49,347	37,404	11,855	98,606
Utilities	44,027	24,718	68,745	2,716	-	71,461
Meals	58,791	35,461	94,252	110	-	94,362
Office supplies, printing and postage	60,359	26,901	87,260	32,642	2,799	122,701
Maintenance	45,753	19,810	65,563	264	-	65,827
Insurance	23,293	13,569	36,862	8,744	-	45,606
Professional fees	7,020	4,680	11,700	11,875	-	23,575
Public relations	-	-	-	1,126	38,724	39,850
Investment fees	-	-	-	1,401	-	1,401
Interest	5,225	3,135	8,360	348	-	8,708
Total expenses before depreciation	1,358,158	780,291	2,138,449	210,023	259,111	2,607,583
Depreciation	84,263	56,762	141,025	-	-	141,025
Total expenses	\$ 1,442,421	\$ 837,053	\$ 2,279,474	\$ 210,023	\$ 259,111	\$ 2,748,608

See Notes to Financial Statements.

THE EXTENSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services		
	Men's Program	Women's Program	Total Program	General and Administrative	Fundraising	Total
Salaries	\$ 542,921	\$ 394,640	\$ 937,561	\$ 54,455	\$ 26,632	\$ 1,018,648
Fringe benefits	103,895	75,747	179,642	15,330	6,720	201,692
Payroll taxes	43,734	31,885	75,619	6,453	2,829	84,901
Total compensation and benefits	690,550	502,272	1,192,822	76,238	36,181	1,305,241
Client services and support	184,600	107,690	292,290	45	-	292,335
Administrative services	36,380	22,922	59,302	24,982	7,859	92,143
Utilities	47,665	34,283	81,948	8,190	348	90,486
Meals	70,253	39,170	109,423	22	-	109,445
Office supplies, printing and postage	25,849	13,204	39,053	7,787	3,284	50,124
Maintenance	75,464	54,053	129,517	6,745	2,440	138,702
Insurance	20,213	9,940	30,153	2,982	-	33,135
Professional fees	9,360	7,280	16,640	4,160	-	20,800
Public relations	-	-	-	1,348	24,417	25,765
Strategic consultation	-	-	-	-	180,598	180,598
Investment fees	-	-	-	2,183	-	2,183
Interest	8,325	13,875	22,200	925	-	23,125
Bad debt	-	-	-	-	50,247	50,247
Total expenses before depreciation	1,168,659	804,689	1,973,348	135,607	305,374	2,414,329
Depreciation	91,803	43,185	134,988	21	190	135,199
Total expenses	\$ 1,260,462	\$ 847,874	\$ 2,108,336	\$ 135,628	\$ 305,564	\$ 2,549,528

See Notes to Financial Statements.

THE EXTENSION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 891,727	\$ 1,575,847
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	141,025	135,199
Loss on disposal of property and equipment	-	101,590
Increase in allowance for doubtful accounts	-	2,100
Realized and unrealized (gain) loss on investments	(10,714)	16,590
(Increase) decrease in assets:		
Grants receivable	(205,069)	151,694
Promises to give, net	1,681,815	886,235
Accounts receivable	-	4,127
Insurance settlement receivable	(237,068)	-
Increase in liabilities:		
Accounts payable	687,827	286,376
Accrued expenses	26,196	13,583
Net cash provided by operating activities	<u>2,975,739</u>	<u>3,173,341</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(5,754,242)	(831,070)
Reinvested earnings on investments	1,401	(687)
Net cash (used in) investing activities	<u>(5,752,841)</u>	<u>(831,757)</u>
FINANCING ACTIVITIES		
Payments on notes payable	(29,662)	(56,244)
Net cash (used in) financing activities	<u>(29,662)</u>	<u>(56,244)</u>
Net (decrease) increase in cash and cash equivalents	(2,806,764)	2,285,340
Cash and cash equivalents, beginning of year	<u>3,733,193</u>	<u>1,447,853</u>
Cash and cash equivalents, end of year	<u>\$ 926,429</u>	<u>\$ 3,733,193</u>
CLASSIFIED AS		
Cash and cash equivalents	\$ 218,229	\$ 249,718
Restricted cash - donor restricted	708,200	3,483,475
	<u>\$ 926,429</u>	<u>\$ 3,733,193</u>
SUPPLEMENTAL DATA		
Cash payments for interest	<u>\$ 8,708</u>	<u>\$ 23,125</u>

See Notes to Financial Statements.

THE EXTENSION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF THE BUSINESS

The Extension, Inc. (the “Organization”) is a Georgia Nonprofit Corporation. The Organization was founded in 1987 as the Marietta-Cobb Winter Shelter for the homeless during the winter months to provide transitional and rehabilitation housing on a year around basis for 42 men. The transitional and rehabilitation housing helps employable homeless men and women completing detoxification treatment. The Organization is supported substantially by contributions and government grants.

The Organization opened its facility for women on May 1, 2009. It has the capacity to provide for the care of 24 women.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Organization are set forth below.

Basis of accounting

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

The Extension, Inc. follows the requirements of Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, The Extension, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions which are used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its bylaws. Board designated net assets are without donor restrictions but are designated by the Board to be spent for specific purposes. At June 30, 2023 and 2022, the Organization had no Board designated net assets.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At June 30, 2023, the Organization had no donor imposed restrictions that were perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were \$1,348,005 and \$5,828,395 in net assets with donor restrictions at June 30, 2023 and 2022.

Cash and cash equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of 90 days or less at inception.

Grants receivable

Grants receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Extension, Inc. provides for losses on grants receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of grantors to meet their obligations. Grants are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization’s policy to charge off uncollectible grants receivable when management determines the receivable will not be collected and no allowance for doubtful accounts is determined to be needed. There was no grant allowance for doubtful accounts at June 30, 2023 and 2022.

THE EXTENSION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to give

Promises to give, less an allowance for uncollectible amounts, are discounted to reflect the time value of money. Contributions are considered available for general use unless specifically restricted by the donor. At June 30, 2023 and 2022, there is an allowance for uncollectible promises to give of \$2,100. Contributions expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. At June 30, 2023 and 2022, there is \$- and \$21,200 discounted on the present value of promises to give, respectfully.

Insurance settlement receivable

During 2023, the Organization's facilities were damaged in a storm. The Organization entered into a contract with an insurance company for approximately \$504,000 to repair the Organization's facilities. Expenses incurred for the repairs were in excess of the amount agreed with the insurance company. As a result, a loss on insurance settlement of \$16,200 is recorded on the statement of activities. At June 30, 2023 \$237,068 is recorded as insurance settlement receivable on the statement of financial position.

Investments

In accordance with FASB, investments in equity securities with readily determinable fair values and all investments in debt securities shall be measured at fair value in the statement of financial position. Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur, and investment income is recognized as revenue in the period earned. Gains and investment income that are limited to specific uses by donor-restrictions are reflected as increases in net assets without donor restrictions, if the restrictions are met in the same reporting period.

Property and equipment

Property and equipment are recorded at cost, or if donated, at the fair market value on the date the asset is donated. Depreciation is computed over the estimated useful lives of these assets (5 to 30 years) using the straight-line method. Repairs and maintenance are charged to operations when incurred. Betterments and renewals in excess of \$5,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation are removed, and any gain or loss is included in the statement of activities.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Revenue recognition

In accordance with FASB, unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions and investment income are available for general use unless specifically restricted by the donor. Amounts received and investment income earned that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

The Organization records the value of donated property, goods or services when there is an objective basis available to measure their value. Donated property, materials and equipment are reflected as in-kind contributions in the accompanying statements at their estimated values at date of receipt.

THE EXTENSION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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.

Grants and contracts support

The Organization is funded, in part, by contracts with various federal, state, and local government agencies and other nonprofit agencies. These contracts are generally cost reimbursement contracts for specific expenses and require the Organization to perform specific services to eligible populations. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the contracts.

Fair value presentation

As defined by FASB, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the years ended June 30, 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

THE EXTENSION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include utilities, maintenance, and depreciation, which are allocated on a square footage basis, as well as compensation and benefits, administrative services, office supplies, printing and postage, professional fees, insurance, and interest, which are allocated on the basis of estimates of time, use and effort.

Income taxes

The Organization has been recognized by the Internal Revenue Service as tax-exempt under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made in the financial statements.

The Organization recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The assessment of the technical merits of a tax position is a matter of judgment. The Organization believes that all its tax positions are more likely than not to be sustained upon examination.

The Organization files Form 990 in the U.S. federal jurisdiction and the State of Georgia.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-02, *Leases* (“ASC Topic 842”). This standard requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (“ROU”) that requires a lessee to recognize a ROU asset and lease liability on the balance sheets for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the combined statements of income. These included transition elections that permitted the Organization to not reassess its prior conclusions about lease identification, lease classification, and initial direct costs for existing or expired leases under the new standard. In addition, the Organization adopted ongoing accounting policies to not recognize ROU assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets. Also, the Organization elected the practical expedient to use the risk free rate when determining the present value of lease payments over the lease term. The Organization has elected the package of practical expedients permitted under the transition guidance. The adoption of ASC Topic 842 did not have an impact on the Organizations results of operations or cash flows.

THE EXTENSION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3. LIQUIDITY AND AVAILABILITY

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures and meeting its liabilities and other obligations as they become due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, June 30, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 218,229	\$ 249,718
Grants receivable	385,473	180,404
Insurance settlement receivable	237,068	-
	<u>\$ 840,770</u>	<u>\$ 430,122</u>

Balances included on the statement of financial position that are excluded from the above table consist of \$708,200 and \$3,483,475 at June 30, 2023 and 2022, of cash subject to donor-imposed restrictions.

NOTE 4. PROMISES TO GIVE

Promises to give consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Current	\$ 641,905	\$ 1,852,604
Due in one to five years	-	492,316
	<u>641,905</u>	<u>2,344,920</u>
Less allowance for uncollectible promises to give	(2,100)	(2,100)
Less time value discount	-	(21,200)
Promises to give, net	<u>\$ 639,805</u>	<u>\$ 2,321,620</u>

Promises to give are discounted using a discount rate of 4.5% for the years ended June 30, 2023 and 2022.

NOTE 5. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled Investment at Community Foundation	\$ -	\$ 118,136	\$ -	\$ 118,136
Total	<u>\$ -</u>	<u>\$ 118,136</u>	<u>\$ -</u>	<u>\$ 118,136</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pooled Investment at Community Foundation	\$ -	\$ 108,823	\$ -	\$ 108,823
Total	<u>\$ -</u>	<u>\$ 108,823</u>	<u>\$ -</u>	<u>\$ 108,823</u>

The Cobb Community Foundation ("Community Foundation") holds a donor-established advised fund ("Fund") for the benefit of the Organization. The agreement granted variance power to the Community Foundation. Thus, the Fund is owned by the Community Foundation, and the Community Foundation has final authority and control over the disposition of the assets and earnings of the Fund.

THE EXTENSION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, is as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 87,890	\$ 87,890
Buildings	2,748,028	2,732,928
Furniture and fixtures	278,036	278,036
Construction in progress	<u>6,587,055</u>	<u>847,912</u>
	9,701,009	3,946,766
Less accumulated depreciation	<u>(1,493,322)</u>	<u>(1,352,296)</u>
Property and equipment, net	<u>\$ 8,207,687</u>	<u>\$ 2,594,470</u>

Depreciation expense for the years ended June 30, 2023 and 2022, was \$141,025 and \$135,199, respectively.

NOTE 7. NOTE PAYABLE

During the year ended June 30, 2022, the Organization entered into a promissory note with a financial institution in the amount up to \$2,600,000 used to finance its new men's facility. The note requires monthly principal payments of \$3,500 plus interest beginning in May 2022 and running through March 2025, at which time all unpaid principal and interest is due. The interest rate on this note is 4.50% at June 30, 2023. The note is secured by real and personal property of the Organization. The principal balance on this note at June 30, 2023, was \$300,981.

Scheduled maturities are as follows:

For the year ending June 30,

2024	\$ 42,000
2025	<u>258,981</u>
	300,981
Less unamortized debt issuance costs	<u>(15,466)</u>
Total	<u>\$ 285,515</u>

THE EXTENSION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LINE OF CREDIT

During the year ended June 30, 2022, the Organization entered into a line of credit agreement with a financial institution. Under the agreement, the Organization may borrow up to \$150,000. The line of credit agreement matures on April 13, 2024, with interest due monthly at the Bank Prime Rate (8.50% as of June 30, 2023). Outstanding borrowings are collateralized by personal property of the Organization. There was no outstanding line of credit balance at June 30, 2023 and 2022.

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at June 30:

	2023	2022
Subject to expenditure for specified purpose:		
Capital campaign	\$ 959,225	\$ 5,474,443
Family therapy	174,090	-
Offsite housing support	119,385	215,552
Client transition support	95,305	138,400
	<u>\$ 1,348,005</u>	<u>\$ 5,828,395</u>

Net assets with donor restrictions consist of the following at June 30:

	2023	2022
Cash	\$ 708,200	\$ 3,483,475
Promises to give, net	639,805	2,344,920
	<u>\$ 1,348,005</u>	<u>\$ 5,828,395</u>

NOTE 10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2023 and 2022, by incurring expenditures satisfying the restricted purposes specified by donors as follows:

	2023	2022
Satisfaction of purpose restrictions:		
Capital campaign	\$ 5,410,260	\$ 544,942
Family therapy	5,923	-
Offsite housing support	96,887	100,730
Client transition support	43,500	54,100
	<u>\$ 5,556,570</u>	<u>\$ 699,772</u>

THE EXTENSION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 11. IN-KIND CONTRIBUTIONS

In-kind contributions were received as follows for the year ended June 30:

	<u>2023</u>	<u>2022</u>
Capital improvements	\$ 376,000	\$ 145,062
Food and meals	73,988	78,902
Professional services	<u>22,178</u>	<u>-</u>
	<u>\$ 472,166</u>	<u>\$ 223,964</u>

The Organization recognized contributed nonfinancial assets within revenue, including contributed capital improvements, food and meals, and professional services. Contributed capital improvements of \$376,000 were recorded with donor restrictions and subsequently released from restrictions upon use.

Contributed capital improvements and food and meals were used in program support. Contributed professional services were used in fundraising services.

In valuing contributed food and meals, the Organization estimated the fair value based on the established value for comparable goods by national organizations. In valuing capital improvements and professional services, the Organization estimated fair value based on the current rates for similar services.

NOTE 12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2023, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE EXTENSION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Identifying Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
Department of Homeland Security			
Emergency Food and Shelter Program			
Passthrough: Cobb County	LRO ID: 184000-009-phase 40	97.024	\$ 11,250
Passthrough: Cobb County	LRO ID: 184000-009-phase 39	97.024	9,700
Passthrough: Cobb County	LRO ID:184000-009-phase ARPAP	97.024	15,000
Total Emergency Food and Shelter Program			35,950
Total Department of Homeland Security			35,950
Department of Housing and Urban Development			
Office of Community Planning and Development			
Continuum of Care Program	GA0115L4B062114	14.267	98,474
Emergency Solutions Grant Program			
Passthrough: Cobb County – COVID 19	E-20-UW-13-0002	14.231	82,361
Passthrough: Cobb County	E-22-UC-13-0008	14.231	5,442
Passthrough: Cobb County	E-23-UC-13-0008	14.231	36,677
Total Emergency Solutions Grant Program			124,480
HOME – American Rescue Plan			
Passthrough: Cobb County	HR21CE-C	14.239	84,952
Community Development Block Grants			
Passthrough: Cobb County	B-22-UC-21-0002	14.218	35,000
Passthrough: Cobb County - COVID 19	B-23-UC-21-0002	14.218	65,628
Passthrough: Cobb County	B-23-UC-21-0002	14.218	98,000
Total Community Development Block Grants			198,628
Total Department of Housing and Urban Development			506,534

THE EXTENSION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

Department of Health and Human Services

Community Services Block Grants

Passthrough: GA DHS - Cobb County	CSBG-22-C22M	93.569	37,415
Passthrough: GA DHS - Cobb County – COVID 19	CSBG-22-C22M	93.569	42,559
Passthrough: GA DHS - Cobb County	CSBG-23-C23M	93.569	134,106
Total Community Services Block Grants			<u>214,080</u>

Block Grants for Prevention and Treatment of Substance Abuse

Passthrough: GA Department of Behavioral Health and Developmental Disabilities	44100-906-0000167054	93.959	166,431
Passthrough: GA Department of Behavioral Health and Developmental Disabilities	44100-906-0000183539	93.959	499,293
Total Block Grants for Prevention and Treatment of Substance Abuse Program			<u>665,724</u>

Total Department of Health and Human Services

879,804

Department of Treasury

Coronavirus State and Local Fiscal Recovery Funds

Passthrough: Cobb County	CH24	21.027	<u>41,393</u>
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Total Department of Treasury

41,393

\$ 1,463,681

THE EXTENSION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of The Extension, Inc. under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Extension, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Extension, Inc.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Extension, Inc. has elected not to use the 10% de minimis cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**To the Board of Directors
The Extension, Inc.
Marietta, Georgia**

We have audited, in accordance with the 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, the financial statements of The Extension, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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, and have issued our report thereon dated December 18, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Extension, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Extension, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Extension, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Extension, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 18, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Board of Directors
The Extension, Inc.
Marietta, Georgia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Extension, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Extension, Inc.'s major federal programs for the year ended June 30, 2023. The Extension, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Extension, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Extension, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Extension, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Extension, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Extension, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Extension, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Extension, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Extension, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Extension, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 18, 2023

THE EXTENSION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:

Financial Statements:

Type of auditor's report issued

Unmodified

Yes

No

Internal control over financial reporting:

Material weaknesses identified?

X

Significant deficiencies identified not
considered to be material weaknesses?

X

Noncompliance material to the financial
statements noted?

X

Federal Awards:

Internal controls over major programs:

Material weaknesses identified?

X

Significant deficiencies identified not
considered to be material weaknesses?

None
Reported

Type of auditor's report issued on
compliance for major programs

Unmodified

Audit findings required to be reported in accordance
with 2 CFR Section 200.516(a)

X

Identification of major programs:

93.959 Block Grants for Prevention and Treatment of Substance
Abuse

Dollar threshold used to distinguish between
Type A and Type B programs

\$ 750,000

Yes

No

Auditee qualified as low-risk auditee?

X

Financial Statement Findings?

X

Federal Award Findings/Questioned Costs?

X

THE EXTENSION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section II - Financial Statement Findings

None

Section III – Findings and Questioned Costs for Federal Awards

None

THE EXTENSION, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section II - Financial Statement Findings

Finding 2022-001

Criteria: Generally accepted accounting principles require that unconditional promises to give be recorded in accordance with the terms of the gift. The Extension, Inc. had not previously recorded promises to give.

Condition: The lack of recording promises to give were identified during our audit work surrounding the predecessor auditor's work paper review. The adjustment for unconditional promises to give not recorded had the effect of increasing net assets without donor restrictions by \$83,767 and net assets with donor restrictions by \$3,209,083 at June 30, 2021.

Recommendation: We recommend that management record promises to give in future periods.

Views of Responsible Officials and Planned Corrective Actions: The recommendation was adopted in October 2022. No similar findings were noted in the 2023 audit.

Finding 2022-002

Criteria: Generally accepted accounting principles require recording expenses on an accrual basis. The Extension, Inc. failed to record a significant capital expense incurred before year-end.

Condition: During our testing of accounts payable, it was noted one invoice related to the construction of the men's shelter that was received and for work performed before year-end was not accrued. The adjustment for accounts payable had the effect of increasing accounts payable by \$282,021 and construction in progress at June 30, 2022.

Recommendation: We recommend that management review and reconcile operating and capital expenses on a monthly basis to ensure all appropriate items are accrued.

Views of Responsible Officials and Planned Corrective Actions: The recommendation was adopted in October 2022. No similar findings were noted in the 2023 audit.

THE EXTENSION, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

Section III - Federal Awards Findings and Questioned Costs

Finding 2022-003

Criteria: Per part 4 of the compliance supplement and grant agreement with Block Grants for Prevention and Treatment of Substance Abuse, reporting compliance was required. The Extension, Inc. was required to submit audit or financial statements within 180 days after the close of the fiscal year to the grantor.

Condition: Reporting compliance requirements were not met. The audit or financial statements were due to the grantor on December 27th, 2021. The failure to submit the audit or financial statements within 180 days after the close of the fiscal year resulted in The Extension, Inc. to not be considered a low risk client this year.

Recommendation: We recommend management reviews all grant agreements for compliance requirements in future periods.

Views of Responsible Officials and Planned Corrective Actions: The recommendation was adopted in October 2022. No similar findings were noted in the 2023 audit.