

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

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BLAD & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Georgia Advancing Communities Together, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of Georgia Advancing Communities Together, Inc. which comprise the statements of financial position, as of December 31, 2018 and 2017, and the related statements of activities, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Advancing Communities Together, Inc. as of December 31, 2018 and 2017, its changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blad & Associates, P.C.

Dunwoody, Georgia
June 26, 2019

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

Statements of Financial Position

	December 31,	
	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 190,414	\$ 235,438
Pledges receivable	42,500	85,000
Other receivables	-	3,467
	232,914	323,905
LONG TERM PLEDGE RECEIVABLE (NOTE 2)	-	42,500
FURNITURE AND EQUIPMENT, at cost, less accumulated depreciation of \$2,726 for both years	-	-
SECURITY DEPOSIT	337	337
TOTAL ASSETS	\$ 233,251	\$ 366,742
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accruals	\$ 25,499	\$ 18,327
Other liabilities	5,000	-
	30,499	18,327
NET ASSETS:		
Without donor restrictions		
Unrestricted	122,925	116,158
With donor restrictions (Note 5)		
Purpose restrictions	17,177	84,607
Time restrictions	62,650	147,650
	79,827	232,257
Total Net Assets	202,752	348,415
TOTAL LIABILITIES AND NET ASSETS	\$ 233,251	\$ 366,742

See accompanying summary of accounting policies and notes to financial statements.

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

Statement of Activities For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
PUBLIC SUPPORT:			
Grants and contributions (Note 3)	\$ 47,145	\$ 7,500	\$ 54,645
Total Public Support	47,145	7,500	54,645
REVENUE:			
Membership dues	9,698	-	9,698
Conference income	27,265	-	27,265
Service Fees	30,800	-	30,800
Other	332	-	332
Total Revenue	68,095	-	68,095
Total Public Support and Revenue before Transfers	115,240	7,500	122,740
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	159,930	(159,930)	-
Total Public Support and Revenue	275,170	(152,430)	122,740
EXPENSES:			
Program	222,356	-	222,356
Management and general	28,595	-	28,595
Fundraising	17,452	-	17,452
Total Expenses	268,403	-	268,403
CHANGES IN NET ASSETS	6,767	(152,430)	(145,663)
NET ASSETS:			
Beginning of year	116,158	232,257	348,415
End of year	\$ 122,925	\$ 79,827	\$ 202,752

See accompanying summary of accounting policies and notes to financial statements.

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

Statement of Activities For the Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
PUBLIC SUPPORT:			
Grants and contributions (Note 3)	\$ 71,410	\$ 235,000	\$ 306,410
Total Public Support	<u>71,410</u>	<u>235,000</u>	<u>306,410</u>
REVENUE:			
Membership dues	10,523	-	10,523
Conference income	20,116	-	20,116
Service fees	4,612	-	4,612
Other	1,911	-	1,911
Total Revenue	<u>37,162</u>	<u>-</u>	<u>37,162</u>
Total Public Support and Revenue before Transfers	108,572	235,000	343,572
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	<u>204,200</u>	<u>(204,200)</u>	<u>-</u>
Total Public Support and Revenue	<u>312,772</u>	<u>30,800</u>	<u>343,572</u>
EXPENSES:			
Program	265,049	-	265,049
Management and general	31,606	-	31,606
Fundraising	14,736	-	14,736
Total Expenses	<u>311,391</u>	<u>-</u>	<u>311,391</u>
CHANGES IN NET ASSETS	1,381	30,800	32,181
NET ASSETS:			
Beginning of year	<u>114,777</u>	<u>201,457</u>	<u>316,234</u>
End of year	<u>\$ 116,158</u>	<u>\$ 232,257</u>	<u>\$ 348,415</u>

See accompanying summary of accounting policies and notes to financial statements.

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

Statement of Functional Expenses For the Year Ended December 31, 2018

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related costs	\$ 109,428	\$ 19,842	\$ 12,458	\$ 141,728
Outside Services	69,209	412	15	69,636
Office	478	87	55	620
Occupancy	5,309	963	605	6,877
Travel	14,097	2,556	1,605	18,258
Insurance	1,077	195	122	1,394
Supplies	3,239	587	369	4,195
Telecommunications	2,862	519	326	3,707
Postage and printing	1,735	315	197	2,247
Staff training	13,377	2,426	1,523	17,326
Other	1,545	693	177	2,415
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 222,356</u>	<u>\$ 28,595</u>	<u>\$ 17,452</u>	<u>\$ 268,403</u>

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

Statement of Functional Expenses For the Year Ended December 31, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related costs	\$ 143,270	\$ 16,138	\$ 12,275	\$ 171,683
Outside Services	88,237	12,147	42	100,426
Occupancy	6,238	703	534	7,475
Travel	2,968	334	254	3,556
Conferences and meetings	4,312	-	-	4,312
Insurance	1,252	141	107	1,500
Supplies	1,514	171	130	1,815
Telecommunications	3,218	363	276	3,857
Postage and printing	2,051	231	175	2,457
Staff training	5,794	653	497	6,944
Other	6,195	725	446	7,366
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 265,049</u>	<u>\$ 31,606</u>	<u>\$ 14,736</u>	<u>\$ 311,391</u>

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

Statements of Cash Flows

	For the Year Ended December 31,	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (145,663)	\$ 32,181
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in receivables	88,467	(86,267)
(Increase) decrease in security deposits	-	213
Increase (decrease) in accounts payable and accruals	7,172	(2,768)
Increase (decrease) in other liabilities	<u>5,000</u>	<u>(895)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(45,024)</u>	<u>(57,536)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(45,024)	(57,536)
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>235,438</u>	<u>292,974</u>
End of year	<u>\$ 190,414</u>	<u>\$ 235,438</u>

See accompanying summary of accounting policies and notes to financial statements.

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

SUMMARY OF ACCOUNTING POLICIES

ORGANIZATION

Georgia Advancing Communities Together, Inc.(the "Organization") was formed in 2001. During 2014, the Organization changed its name to Georgia Advancing Communities Together, Inc. (from Georgia State Trade Association of Nonprofit Developers, Inc. The Organization's main purpose is to build a network of strong nonprofit organizations engaged in housing and community development throughout Georgia. The Organization has two categories of membership: (1) Members (voting) are for nonprofit developers and (2) Affiliate Members (non-voting) are for organizations and companies that support the affordable housing field.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The net assets, revenue, support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions into two classes:

Net assets without donor restrictions are currently available for purposes under the direction of the board, designated by the board for specific use, or resources invested in furniture and equipment.

Net assets with donor restrictions are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

CASH AND CASH EQUIVALENTS

The Organization maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

PLEDGES RECEIVABLE

Pledges receivable are stated at the amount management considers to be collectible. Management reviews outstanding pledges for collectability and has determined that all pledges receivable at December 31, 2018 and 2017 are collectible based on historical experience and, therefore, no allowance for uncollectible pledges is considered necessary.

OTHER RECEIVABLES

Other receivables represent charges to customer for services delivered. Management reviews amounts past due and provides an allowance for those amounts deemed uncollectible. Management considers all accounts collectible at December 31, 2018 and 2017.

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

FURNITURE AND EQUIPMENT

Furniture and equipment is stated at cost. Depreciation is computed over the estimated useful lives (3 years) of the assets using the straight line method. Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets are capitalized.

PUBLIC SUPPORT AND REVENUE RECOGNITION

Support is recognized in the year received at its fair market value. Contributions with donor-imposed restrictions are reported as restricted-support. The satisfaction or expiration of donor-imposed restrictions is recorded as a transfer from net assets with donor restrictions to net assets without donor restrictions in the year the satisfaction or expiration occur.

Pledges to give payments in future years are recorded as support in the year the pledge is made.

Membership dues are recognized as revenue over the membership period (January through December).

EXPENSE RECOGNITION

All expenses are recognized in the statement of activities as decreases in unrestricted net assets.

FUNCTIONAL ALLOCATION OF EXPENSES

The Organization allocates its expenses on a functional basis among their various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated based on salary expenditures and other criteria.

USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires reliance on accounting information based on estimates which may or may not come true in the near term. Significant estimates include the allocation of expenses on a functional basis.

INCOME TAXES

The Organization 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. In addition, the Organization has been classified as an entity that is not a private foundation within the meaning of Section 509 (a).

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

OPERATING LEASE

In March 2015, the Organization entered into a lease to rent office space under an operating lease that expired in March 2018. The lease was cancellable by either party with a 30 day notice. For the years ended December 31, 2018 and 2017, total rent expense for this operating lease was \$6,435 and \$7,150.

In March 2018, the Organization renewed the lease to rent office space which expires in May 2021. The lease is cancellable by either party with a 30 day notice. Monthly rent under the renewed lease is \$605.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, which is the date the financial statements were available to be issued.

UNCERTAIN TAX POSITIONS

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of December 31, 2018 and 2017, there are no known items which would result in a material accrual related to where the Organization has federal or state attributable tax positions. Generally, taxing authorities have from the later of the filing date or the extended due date to examine a tax filing.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued a new accounting standard, ASU 2014-09 (Topic 606), which impacts revenue recognition for exchange transactions. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted subsequent to periods beginning after December 15, 2016. The Organization plans to adopt ASU 2014-09 (Topic 606) for the year beginning after December 15, 2018. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting standard, ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for fiscal years beginning after December 15, 2019. It is to be adopted using a modified retrospective approach. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

In June 2018, the FASB issued a new accounting standard, ASU 2018-18 (Topic 958), to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization plans to adopt ASU 2018-08 (Topic 958) for the year beginning after December 15, 2018. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – CONTINGENCY

The Organization depends heavily on contributions to support ongoing operations. To the extent economic conditions negatively impact future contribution levels, the Organization's ability to continue at its current level of activity could be substantially impacted.

NOTE 2 – PROMISES TO GIVE

A summary of promises to give in pledge receivables consist of the following:

	As of December 31,	
	2018	2017
Receivables in less than one year	\$ 42,500	\$ 85,000
Receivables in one to five years	-	42,500
	<u>\$ 42,500</u>	<u>\$ 127,500</u>

NOTE 3 – CONCENTRATIONS

For the year ended December 31, 2018, the Organization received contributions of \$60,000 from two sources. Additionally, the Organization was owed pledges receivable from an additional donor of \$42,500 at December 31, 2018.

During the year ended December 31, 2017, the Organization received contributions of \$210,000 from two sources. The related pledge receivables for these sources amounted to \$127,500 at December 31, 2017.

NOTE 4 – SIMPLIFIED EMPLOYEE PENSION

The Organization has one full time employee. The Organization contributes to a simplified employee pension for this full time employee. For the years ended December 31, 2018 and 2017, the contributions amounted to \$5,000 and \$5,680, respectively.

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include amounts in cash and receivables with the following donor-imposed restrictions:

	As of December 31,	
	2018	2017
NeighborWorks-CDC Capacity Building Initiative	\$ -	\$ 9,993
Annie E. Casey-Neighborhood Revitalization Peer Leadership and Learning Network	12,177	28,112
Mary Reynolds Babcock	62,650	147,650
Fifth Third Bank-Capacity Building	-	25,000
Enterprise Community Partners-Atlanta Housing Coalition Building	-	21,502
Wells Fargo-Community Development	5,000	-
	<u>\$ 79,827</u>	<u>\$ 232,257</u>

NOTE 6 – LIQUIDITY AND FUNDS AVAILABLE

The Organization has \$232,914 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$190,414, and receivables of \$42,500. Receivables are expected to be collected within one year. Included in the above amounts is \$79,827 in donor restricted net assets; however, these funds are available to be used in the next year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.