

**GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.**

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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, 2017 and 2016, and the related statements of activities 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, 2017 and 2016, 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 14, 2018

# GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

## Statements of Financial Position

	As of December 31,	
	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 235,438	\$ 292,974
Pledges receivable	85,000	42,500
Other receivables	3,467	2,200
<b>Total Current Assets</b>	323,905	337,674
<b>LONG TERM PLEDGE RECEIVABLE (NOTE 2)</b>	42,500	-
<b>FURNITURE AND EQUIPMENT, at cost, less</b> accumulated depreciation of \$2,726 for both years	-	-
<b>SECURITY DEPOSIT</b>	337	550
<b>TOTAL ASSETS</b>	\$ 366,742	\$ 338,224
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accruals	\$ 18,327	\$ 21,095
Deferred membership dues	-	895
<b>Total Liabilities</b>	18,327	21,990
<b>CONTINGENCY (Note 1)</b>		
<b>NET ASSETS:</b>		
Unrestricted	116,158	114,777
Temporarily restricted (Note 5)	232,257	201,457
<b>Total Net Assets</b>	348,415	316,234
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 366,742	\$ 338,224

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

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
<b>PUBLIC SUPPORT:</b>			
Grants and contributions (Note 3)	\$ 71,410	\$ 235,000	\$ 306,410
<b>Total Public Support</b>	71,410	235,000	306,410
<b>REVENUE:</b>			
Membership dues	10,523	-	10,523
Conference income	20,116	-	20,116
Service fees	4,612	-	4,612
Other	1,911	-	1,911
<b>Total Revenue</b>	37,162	-	37,162
<b>Total Public Support and Revenue before Transfers</b>	108,572	235,000	343,572
<b>Net Assets Released from restrictions due to satisfaction of donor-imposed requirements</b>	204,200	(204,200)	-
<b>Total Public Support and Revenue</b>	312,772	30,800	343,572
<b>EXPENSES:</b>			
Management and general	31,606	-	31,606
Program	265,049	-	265,049
Fundraising	14,736	-	14,736
<b>Total Expenses</b>	311,391	-	311,391
<b>CHANGES IN NET ASSETS</b>	1,381	30,800	32,181
<b>NET ASSETS:</b>			
<b>Beginning of year</b>	114,777	201,457	316,234
<b>End of year</b>	\$ 116,158	\$ 232,257	\$ 348,415

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, 2016

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
<b>PUBLIC SUPPORT:</b>			
Grants and contributions (Note 3)	\$ 83,346	\$ 82,500	\$ 165,846
<b>Total Public Support</b>	83,346	82,500	165,846
<b>REVENUE:</b>			
Membership dues	7,661	-	7,661
Conference income	14,821	-	14,821
Service fees	5,317	-	5,317
Other	1,429	-	1,429
<b>Total Revenue</b>	29,228	-	29,228
<b>Total Public Support and Revenue before Transfers</b>	112,574	82,500	195,074
<b>Net Assets Released from restrictions due to satisfaction of donor-imposed requirements</b>	256,712	(256,712)	-
<b>Total Public Support and Revenue</b>	369,286	(174,212)	195,074
<b>EXPENSES:</b>			
Management and general	30,838	-	30,838
Program	243,624	-	243,624
Fundraising	14,664	-	14,664
<b>Total Expenses</b>	289,126	-	289,126
<b>CHANGES IN NET ASSETS</b>	80,160	(174,212)	(94,052)
<b>NET ASSETS:</b>			
<b>Beginning of year</b>	34,617	375,669	410,286
<b>End of year</b>	\$ 114,777	\$ 201,457	\$ 316,234

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

# GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

## Statements of Cash Flows

	For the Year Ended December 31,	
	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 32,181	\$ (94,052)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	-
(Increase) decrease in receivables	(86,267)	131,133
(Increase) decrease in security deposits	213	-
Increase (decrease) in accounts payable and accruals	(2,768)	10,837
Increase (decrease) in deferred revenue	(895)	(266)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(57,536)</u>	<u>47,652</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(57,536)	47,652
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>292,974</u>	<u>245,322</u>
End of year	<u>\$ 235,438</u>	<u>\$ 292,974</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.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization's net assets, revenue, support and expenses are classified based on the existence or absence of donor-imposed restrictions into three classes: permanently restricted, temporarily restricted and unrestricted net assets.

### **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 restricted to unrestricted net assets 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).

### **PLEDGES RECEIVABLES**

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, 2017 and 2016 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, 2017 and 2016.

### **EXPENSE RECOGNITION**

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

### **DEFERRED REVENUE**

The Organization defers recognition of revenue for annual membership fees received in advance.



# **GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.**

## **SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

### **STATEMENT OF CASH FLOWS**

Cash and cash equivalents include interest bearing checking accounts. The Organization made no material interest or income tax payments during 2017 and 2016.

### **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).

### **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.

### **OPERATING LEASE**

In March 2015, the Organization entered into a lease to rent office space under an operating lease that expires in March 2018. The lease is cancellable by either party with a 30 day notice. For the years ended December 31, 2017 and 2016, total rent expense for this operating lease was \$6,050 and \$5,050.

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.

### **FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Organization's financial instruments consist of receivables, accounts payable and accrued expenses and fiscal agent balances. These financial instruments are stated at cost, which approximates fair value.

# GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

## SUMMARY OF ACCOUNTING POLICIES (CONCLUDED)

### 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, 2017 and 2016, 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 August 2016, the FASB issued a new accounting standard, ASU 2016-14 (*Topic 958*), which changes the presentation and disclosure requirements for not for profits (NFP). The standard changes the net asset classification requirements and information presented about a NFP's liquidity, financial performance and cash flows. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Early adoption of the standard is permitted. The Organization plans to adopt ASU 2016-14 (*Topic 958*) for year beginning after December 15, 2017. 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,	
	2017	2016
Receivables in less than one year	\$ 85,000	\$ 42,500
Receivables in one to five years	42,500	-
	<u>\$ 127,500</u>	<u>\$ 42,500</u>

### NOTE 3 – CONCENTRATIONS

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

During the year ended December 31, 2016, the Organization received contributions of \$135,000 from two donors. Accounts receivables outstanding at December 31, 2016, related to these donors amounted to \$42,500.

The Organization maintains bank accounts at financial institutions that may, at times, exceed federally insured limits.

### 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, 2017 and 2016, the contributions amounted to \$5,680 and \$5,680, respectively.

# GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

## NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

### NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include amounts in cash and receivables with the following donor-imposed restrictions:

	As of December 31,	
	2017	2016
NeighborWorks-CDC Capacity Building Initiative	\$ 9,993	\$ 30,000
Annie E. Casey-Neighborhood Revitalization Peer Leadership and Learning Network	28,112	28,112
Mary Reynolds Babcock -time restricted	-	42,500
Mary Reynolds Babcock	147,650	
Fifth Third Bank-Capacity Building	25,000	-
Enterprise Community Partners-Atlanta Housing Coalition Building	21,502	6,374
Ford- support future operations and Housing GA Coalition	-	94,471
	\$ 232,257	\$ 201,457