



BLAD & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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May 23, 2017

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

In planning and performing our audit of the financial statements of Georgia Advancing Communities Together, Inc. (the "Organization"), as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization'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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we noted certain deficiencies in internal control that we consider to be 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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.

We consider the following deficiencies to be significant deficiencies in internal control.

1. Internal control systems are typically more effective when the number of employees are sufficient to create a proper separation of duties. Due to the limited number of employees, there is not a proper separation of duties to create an effective system of internal control. This condition is common to most organizations with limited staff; however, as a result, transactions might not be processed in conformity with the policies and procedures of the Organization due to error or fraud and, if material, the financial statements might not conform with generally accepted accounting principles and/or lack of compliance with applicable laws and regulations could occur.

While it may not be practical to hire sufficient personnel to create a more effective system of internal control, we recommend that the Organization acknowledge their awareness of this condition and that it is the responsibility of management to review and accept responsibility for all transactions, accounting records and financial statements.

2. During our audit, we proposed certain material adjustments to the financial statements in order for them to be in substantial conformity with generally accepted accounting principles. Specifically, the adjustment totaling \$42,500 related to the recording of a contribution in the proper fiscal year. We noted that the Organization does use an outside accountant during the year for month end and year end close. We recommend that the Organization develop a list of unpaid contributions awarded during the last few months of the fiscal year. The Organization should provide this list to the outside accountant during the year end close procedures to properly identify all transactions that should be recorded.

This communication is intended solely for the information and use of management and the board of directors of the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Blad & Associates, P.C.

Blad & Associates, P.C.

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015



BLAD & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

3

FINANCIAL STATEMENTS:

Statements of Financial Position

4

Statements of Activities

5-6

Statements of Cash Flows

7

Summary of Accounting Policies

8-10

Notes to Financial Statements

11



BLAD & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2016 and 2015, 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, 2016 and 2015, 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
May 23, 2017

GEORGIA ADVANCING COMMUNITIES TOGETHER, INC.

Statements of Financial Position

		As of December 31,	
		2016	2015
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		\$ 292,974	\$ 245,322
Pledges receivable		42,500	175,000
Other receivables		2,200	833
Total Current Assets		337,674	421,155
FURNITURE AND EQUIPMENT, at cost, less accumulated depreciation of \$2,726 and \$2,726		-	-
SECURITY DEPOSIT		550	550
TOTAL ASSETS		\$ 338,224	\$ 421,705
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts payable and accruals		\$ 21,095	\$ 10,258
Deferred membership dues		895	1,161
Total Liabilities		21,990	11,419
CONTINGENCY (Note 2)			
NET ASSETS:			
Unrestricted		114,777	34,617
Temporarily restricted (Note 5)		201,457	375,669
Total Net Assets		316,234	410,286
TOTAL LIABILITIES AND NET ASSETS		\$ 338,224	\$ 421,705

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

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, 2015

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
PUBLIC SUPPORT:			
Grants and contributions (Note 3)	\$ 26,489	\$ 328,500	\$ 354,989
Total Public Support	<u>26,489</u>	<u>328,500</u>	<u>354,989</u>
REVENUE:			
Membership dues	5,990	-	5,990
Conference income	12,992	-	12,992
Service fees	9,012	-	9,012
Other	1,725	-	1,725
Total Revenue	<u>29,719</u>	<u>-</u>	<u>29,719</u>
Total Public Support and Revenue before Transfers	56,208	328,500	384,708
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	<u>200,370</u>	<u>(200,370)</u>	<u>-</u>
Total Public Support and Revenue	<u>256,578</u>	<u>128,130</u>	<u>384,708</u>
EXPENSES:			
Management and general	30,362	-	30,362
Program	189,347	-	189,347
Fundraising	9,701	-	9,701
Total Expenses	<u>229,410</u>	<u>-</u>	<u>229,410</u>
CHANGES IN NET ASSETS	27,168	128,130	155,298
NET ASSETS:			
Beginning of year	<u>7,449</u>	<u>247,539</u>	<u>254,988</u>
End of year	<u>\$ 34,617</u>	<u>\$ 375,669</u>	<u>\$ 410,286</u>

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,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (94,052)	\$ 155,298
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in receivables	131,133	(175,833)
(Increase) decrease in prepaids	-	900
(Increase) decrease in security deposits	-	(550)
Increase (decrease) in accounts payable and accruals	10,837	2,090
Increase (decrease) in deferred revenue	(266)	1,161
Increase (decrease) in fiscal agent balances	-	(156)
Net Cash Provided by (Used in) Operating Activities	<u>47,652</u>	<u>(17,090)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,652	(17,090)
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>245,322</u>	<u>262,412</u>
End of year	<u>\$ 292,974</u>	<u>\$ 245,322</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, 2016 and 2015 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, 2016 and 2015.

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 2016 and 2015.

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, 2016 and 2015, total rent expense for this operating lease was \$6,050 and \$5,050.

During 2015, the Organization leased office space under a month to month operating lease. The lease was terminated in April 2015. For the year ended December 31, 2015, total rent expense for this lease was \$3,600.

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, 2016 and 2015, 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 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 3 – ECONOMIC DEPENDENCY

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.

For the year ended December 31, 2015, the Organization received approximately \$354,000 from four sources. The related outstanding pledge receivables for these sources amounted to \$175,000 at December 31, 2015.

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, 2016 and 2015, the contributions amounted to \$5,680 and \$5,680, respectively.

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,	
	2016	2015
NeighborWorks-CDC Capacity Building Initiative	\$ 30,000	\$ -
Annie E. Casey-Neighborhood Revitalization Peer Leadership and Learning Network	28,112	28,112
Mary Reynolds Babcock -time restricted	42,500	75,000
Enterprise Community Partners-Atlanta Housing Coalition Building	6,374	-
Ford- support future operations and Housing GA Coalition	94,471	272,557
	<u>\$ 201,457</u>	<u>\$ 375,669</u>