

MIDTOWN ASSISTANCE CENTER, INC.

**FINANCIAL STATEMENTS
(Cash Basis)**

For the Year Ended September 30, 2008

**with
Independent Auditors' Report**

DRAFT



Gifford Hillegass & Ingwersen, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Where it all comes down to worth.

MIDTOWN ASSISTANCE CENTER, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Midtown Assistance Center, Inc.

We have audited the accompanying statement of assets, liabilities, and net assets – cash basis of Midtown Assistance Center, Inc. as of September 30, 2008, and the related statements of support, revenue and expenses – cash basis, and functional expenses – cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's September 30, 2008 financial statements and in our report dated December 21, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note B, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Midtown Assistance Center, Inc. as of September 30, 2008 and its support, revenue, and expenses for the year then ended, on the basis of accounting described in Note B.

GIFFORD, HILLEGASS & INGWERSEN, LLP

Atlanta, Georgia

December 21, 2007

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1200 Ashwood Parkway, Suite 300
Atlanta, GA 30338-4747
Tel (770) 396-1100 • Fax (770) 393-0319
www.ghi-cpa.com

MIDTOWN ASSISTANCE CENTER, INC.

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – CASH BASIS

September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Assets		
Cash and cash equivalents	\$ <u>212,009</u>	\$ <u>264,971</u>
TOTAL ASSETS	<u>\$ 212,009</u>	<u>\$ 264,971</u>
LIABILITIES AND NET ASSETS		
Liabilities	\$ -	\$ -
Net Assets – Unrestricted	<u>212,009</u>	<u>264,971</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 212,009</u>	<u>\$ 264,971</u>

The accompanying notes are an integral part of these financial statements.

MIDTOWN ASSISTANCE CENTER, INC.

STATEMENTS OF SUPPORT, REVENUE AND EXPENSES – CASH BASIS

For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Public Support and Revenue		
Individual, corporation, and foundation contributions	\$ 398,904	\$ 412,114
Government grants	79,700	84,000
Congregation support	67,303	68,682
Fundraising campaigns	33,771	58,072
Interest income	<u>4,598</u>	<u>9,535</u>
 TOTAL PUBLIC SUPPORT AND REVENUE	 584,276	 632,403
Expenses		
Program services	540,103	510,144
Supporting services		
Management and general	67,393	67,637
Fundraising	<u>29,742</u>	<u>24,189</u>
 TOTAL EXPENSES	 <u>637,238</u>	 <u>601,970</u>
 INCREASE (DECREASE) IN NET ASSETS	 (52,962)	 30,433
 Net Assets at Beginning of Year	 <u>264,971</u>	 <u>234,538</u>
 Net Assets at End of Year	 <u>\$ 212,009</u>	 <u>\$ 264,971</u>

The accompanying notes are an integral part of these financial statements.

MIDTOWN ASSISTANCE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES – CASH BASIS

For the Year Ended September 30, 2008

(with comparative totals for 2007)

	2008			Total Expenses	2007
	Program Services	Supporting Services Management and General	Fund Raising		Total Expenses
Salaries	\$ 112,083	\$ 29,545	\$ 25,089	\$ 166,717	\$ 159,035
Employee benefits	11,399	3,173	2,736	17,308	14,603
Payroll taxes	8,468	2,262	1,917	12,647	12,013
TOTAL SALARIES AND RELATED EXPENSES	131,950	34,980	29,742	196,672	185,651
Housing assistance	292,119	-	-	292,119	280,826
Utilities assistance	70,732	-	-	70,732	55,737
Transportation expense	10,880	-	-	10,880	19,656
Office expense	-	5,425	-	5,425	5,061
Telephone expense	7,039	1,874	-	8,913	8,337
Professional fees	-	12,154	-	12,154	11,828
Insurance	-	6,542	-	6,542	5,385
Dues/publications	-	2,076	-	2,076	3,000
Conferences	-	857	-	857	975
Postage	-	1,636	-	1,636	1,904
Printing	-	98	-	98	-
Continuing education	-	-	-	-	900
Other	27,383	1,751	-	29,134	22,710
TOTAL EXPENSES	\$ 540,103	\$ 67,393	\$ 29,742	\$ 637,238	\$ 601,970

The accompanying notes are an integral part of these financial statements.

MIDTOWN ASSISTANCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2008 and 2007

NOTE A—ORGANIZATION

Midtown Assistance Center, Inc. (the Organization) was incorporated as a nonprofit organization in the state of Georgia in November 1988. The Organization works to provide temporary emergency assistance (primarily rent and utilities support) to the working poor. The Organization is supported by member congregations, public and private grants as well as individual and corporate contributions.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under that basis, the only asset recognized is cash and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding promises to give, grant receivables, obligations unpaid, and capitalization of fixed assets at the date of the financial statements are not included in the financial statements.

Contributions: Contributions are recognized as received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. At year ends September 30, 2008 and 2007, the Organization did not have any permanently or temporarily restricted net assets.

Cash and Cash Equivalents: For financial reporting purposes, the Organization considers all financial instruments with maturities of less than ninety days as cash equivalents. The Organization occasionally maintains balances on deposit with banks in excess of federally insured limits. Management believes that the risk of loss related to such deposits is minimal.

Tax Status: The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509(a) of the U.S. Internal Revenue Code. The Organization qualifies for the charitable contribution deduction.

MIDTOWN ASSISTANCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2008 and 2007

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

In Kind Contributions: The Organization receives a significant amount of in kind contributions that are not reflected in the accompanying cash basis financial statements. Noncash contributions include rent that amounted to \$44,000 for both years ended September 30, 2008 and 2007, respectively. Other in kind contributions received in the years ended September 30, 2008 and 2007 included printing services of approximately \$10,000 for each year and donated transportation tokens for 2008 and 2007 of approximately \$9,000 and \$7,000, respectively. In 2007, furniture and equipment were also donated approximating \$4,000.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with its programs, fundraising and various administrative functions. The Organization received more than 5,500 and 4,000 volunteer hours in 2008 and 2007, respectively. The Organization also received donations of food of approximately \$40,000 and \$34,000 in 2008 and 2007, respectively, which are passed through to its charitable beneficiaries.

Functional Allocation of Expenses: Functional expenses have been allocated between program and support services based on an analysis of personnel time.

Use of Estimates: The preparation of financial statements were in conformity with the cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.