

MIDTOWN ASSISTANCE CENTER, INC.

**FINANCIAL STATEMENTS
(CASH BASIS)**

SEPTEMBER 30, 2016

**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 financial statements of Midtown Assistance Center, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of September 30, 2016, and the related statement of support, revenue, and expenses – cash basis and statement of functional expenses – cash basis for the year 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 the cash basis of accounting as described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 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 assets, liabilities, and net assets of Midtown Assistance Center, Inc. as of September 30, 2016, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited Midtown Assistance Center, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Warren Averett, LLC

Atlanta, Georgia
January 24, 2017

**MIDTOWN ASSISTANCE CENTER, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – CASH BASIS
SEPTEMBER 30, 2016**

	ASSETS	
	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 212,090	\$ 221,675
Total assets	<u>\$ 212,090</u>	<u>\$ 221,675</u>
LIABILITIES AND NET ASSETS		
LIABILITIES	\$ -	\$ -
NET ASSETS		
Unrestricted	192,090	221,529
Temporarily restricted	<u>20,000</u>	<u>146</u>
Total net assets	<u>212,090</u>	<u>221,675</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 212,090</u>	<u>\$ 221,675</u>

See notes to the financial statements.

MIDTOWN ASSISTANCE CENTER, INC.
STATEMENT OF SUPPORT, REVENUE AND EXPENSES – CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(with comparative totals for 2015)

	<u>2016</u>			<u>2015</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE				
Individual, corporation and foundation contributions	\$ 387,769	\$ 106,000	\$ 493,769	\$ 421,508
Government grants	-	54,775	54,775	47,148
Congregation support	99,592	-	99,592	86,501
Special event (direct benefit to donor \$3,761 and \$2,232 for 2016 and 2015, respectively)	39,150	-	39,150	26,453
Interest income	228	-	228	221
Net assets released from restrictions	140,921	(140,921)	-	-
Total public support and revenue	<u>667,660</u>	<u>19,854</u>	<u>687,514</u>	<u>581,831</u>
EXPENSES				
Program services	628,334	-	628,334	540,037
Supporting services				
Management and general	43,925	-	43,925	56,269
Fundraising	24,840	-	24,840	32,927
Total expenses	<u>697,099</u>	<u>-</u>	<u>697,099</u>	<u>629,233</u>
(DECREASE) INCREASE IN NET ASSETS	(29,439)	19,854	(9,585)	(47,402)
NET ASSETS AT BEGINNING OF YEAR	<u>221,529</u>	<u>146</u>	<u>221,675</u>	<u>269,077</u>
NET ASSETS AT END OF YEAR	<u>\$ 192,090</u>	<u>\$ 20,000</u>	<u>\$ 212,090</u>	<u>\$ 221,675</u>

See notes to the financial statements.

MIDTOWN ASSISTANCE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES – CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(with comparative totals for 2015)

	2016			2015	
	Program Services	Management and General	Fund Raising	Total Expenses	Total Expenses
Salaries and wages	\$ 227,650	\$ 9,370	\$ 17,412	\$ 254,432	\$ 219,968
Payroll taxes	15,690	946	1,350	17,986	15,934
Employee benefits	14,738	922	1,344	17,004	21,961
TOTAL SALARIES AND RELATED EXPENSES	258,078	11,238	20,106	289,422	257,863
Housing assistance	204,363	-	-	204,363	179,574
Utilities assistance	95,526	-	-	95,526	69,823
Food assistance	33,426	-	-	33,426	41,089
Transportation assistance	18,898	-	-	18,898	21,118
Other	10,723	5,417	4,734	20,874	19,947
Professional fees	-	14,421	-	14,421	16,752
Telephone expense	7,320	280	-	7,600	7,700
Insurance	-	8,842	-	8,842	8,323
Office expense	-	2,586	-	2,586	5,038
Dues/publications	-	1,141	-	1,141	2,006
TOTAL EXPENSES	\$ 628,334	\$ 43,925	\$ 24,840	\$ 697,099	\$ 629,233

See notes to the financial statements.

**MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

1. ORGANIZATION

Midtown Assistance Center, Inc. (the Center) was incorporated as a nonprofit organization in the state of Georgia in November 1988. The Center's mission is to provide temporary emergency assistance (primarily rent and utilities support) to the working poor of Midtown and Downtown Atlanta to prevent homelessness and hunger during periods of crisis. The Center is supported by member congregations, public and private grants as well as individual and corporate contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (GAAP). 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 GAAP 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.

Comparative Statements

The amounts shown for the year ended September 30, 2015 in the accompanying financial statements are included to provide a basis for comparison with 2016 and present summarized totals only. Accordingly, the 2015 totals are not intended to present all information necessary for a fair presentation in conformity with the cash basis of accounting. Such information should be read in conjunction with the financial statements for the year ended September 30, 2015, from which the summarized information was derived.

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.

Cash and Cash Equivalents

For financial reporting purposes, the Center considers all financial instruments with maturities of less than ninety days as cash equivalents. The Center believes minimal credit risk exists with respect to any of its financial instruments. The Company maintains cash balances with financial institutions. Deposit accounts at the institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). No exposure existed at September 30, 2016 and 2015.

MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tax Status

The Center 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 Center qualifies for the charitable contribution deduction.

Management does not believe there are any uncertain tax positions at September 30, 2016 as defined by Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 740, *Income Taxes*. The Center could be subject to income tax examinations for its U.S. federal tax filings for the current tax year and previous filings for fiscal years ended in 2015, 2014, and 2013 still open under the statute of limitations.

In Kind Contributions

The Center receives significant in kind contributions that are not reflected in the accompanying cash basis financial statements. Management estimated the fair value of in kind contributions for the years ended September 30, to be as follows:

	<u>2016</u>	<u>2015</u>
Food	\$ 95,000	\$ 95,000
Rent for office space provided free of charge	45,000	45,000
Clothing	15,000	15,000
Christmas gifts	15,000	15,000
Transportation tokens	8,000	8,000
Printing services	4,000	4,000
Other	3,000	3,000

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Center with its programs, fundraising and various administrative functions. The Center received more than 6,000 and 7,000 volunteer hours in 2016 and 2015, respectively.

Functional Allocation of Expenses

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

Events Occurring After Report Date

Management has evaluated events and transactions that occurred between September 30, 2016 and January 24, 2017, which is the date that the financial statements were available to be issued, for possible disclosure in the financial statements.

**MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

3. DESIGNATED FUND

During 2008 The William F. Shallenberger Trust Fund contributed \$950,000 to The Community Foundation for Greater Atlanta, Inc. to establish a designated fund to support Midtown Assistance Center in perpetuity. The fund agreement provides for an annual distribution of at least \$50,000 to Midtown Assistance Center beginning in the year ended September 30, 2009. The Center received \$50,000 during each of the years ended September 30, 2016 and 2015.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$20,000 at September 30, 2016 are to be used for technology improvements. At September 30, 2015 temporarily restricted net assets of \$146 were to be used for rent and utility assistance.

5. FUND RAISING EVENTS

A 5K race and a brewery banquet fund raising event were held during the year ended September 30, as follows:

	<u>2016</u>	<u>2015</u>
Revenue from sponsors, entry fees, and tickets	\$ 42,911	\$ 28,685
Direct costs for race management, t-shirts, awards, promotion, and food and beverage	<u>(7,803)</u>	<u>(6,623)</u>
Net proceeds	<u>\$ 35,108</u>	<u>\$ 22,062</u>

For financial statement reporting, both the revenue and costs have been reduced by \$3,761 and \$2,232 as of September 30, 2016 and 2015, respectively, which is the computed value of t-shirts and awards given to participants which offset reportable contributions in accordance with FASB ASC 958, *Not-For-Profit Entities*.