

# Atlanta Children's Shelter, Inc.

## FINANCIAL STATEMENTS

For the Year Ended December 31, 2016  
with Comparative Totals For 2015



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***Atlanta Children's Shelter, Inc.***

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## ***Independent Auditor's Report***

To the Board of Directors  
Atlanta Children's Shelter, Inc.  
Atlanta, Georgia

We have audited the accompanying financial statements of Atlanta Children's Shelter, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows 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 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 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 2016 financial statements referred to above present fairly, in all material respects, the financial position of Atlanta Children's Shelter, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Prior Period Financial Statements**

The financial statements as of December 31, 2015, were audited by Babush, Neiman, Kornman & Johnson, LLP, who merged with Carr, Riggs & Ingram, LLC as of March 1, 2017, and whose report dated June 22, 2016, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carr, Riggs & Ingram, LLC*

May 17, 2017  
Atlanta, Georgia

**Atlanta Children's Shelter, Inc.**

**Statements of Financial Position  
As of December 31, 2016 with Comparative Totals for 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2016</u>	<u>2015</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note B)	\$ 293,798	\$ 130,893	\$ 424,691	\$ 547,182
Contributions receivable (Note B)	63,280	-	63,280	60,546
Grants receivable (Note B)	29,763	-	29,763	20,000
Prepaid expenses and other assets	<u>17,126</u>	<u>-</u>	<u>17,126</u>	<u>16,830</u>
<b>Total Current Assets</b>	<u>403,967</u>	<u>130,893</u>	<u>534,860</u>	<u>644,558</u>
<b>NET PROPERTY AND EQUIPMENT</b>				
(Note C)	<u>593,110</u>	<u>-</u>	<u>593,110</u>	<u>669,011</u>
<b>INVESTMENTS</b>				
(Notes E and F)	<u>1,687,830</u>	<u>-</u>	<u>1,687,830</u>	<u>1,525,992</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,684,907</u>	<u>\$ 130,893</u>	<u>\$ 2,815,800</u>	<u>\$ 2,839,561</u>

See notes to financial statements.

**Atlanta Children's Shelter, Inc.**

**Statements of Financial Position (Continued)  
As of December 31, 2016 with Comparative Totals for 2015**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 77,707	\$ -	\$ 77,707	\$ 61,181
<b>Total Current Liabilities</b>	<b>77,707</b>	<b>-</b>	<b>77,707</b>	<b>61,181</b>
<b>NET ASSETS</b>				
Unrestricted:				
Undesignated	2,195,074	-	2,195,074	2,238,707
Board designated	412,126	-	412,126	412,126
Total unrestricted	2,607,200	-	2,607,200	2,650,833
Temporarily restricted	-	130,893	130,893	127,547
<b>Total Net Assets</b>	<b>2,607,200</b>	<b>130,893</b>	<b>2,738,093</b>	<b>2,778,380</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,684,907</b>	<b>\$ 130,893</b>	<b>\$ 2,815,800</b>	<b>\$ 2,839,561</b>

See notes to financial statements.

**Atlanta Children's Shelter, Inc.**

**Statements of Activities**

**For the Year Ended December 31, 2016 with Comparative Totals for 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2016</u>	<u>2015</u>
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 945,837	\$ 50,000	\$ 995,837	1,080,792
Grants	28,368	206,178	234,546	225,640
In-kind donations	195,911	-	195,911	216,504
Investment income (loss)	<u>86,519</u>	<u>-</u>	<u>86,519</u>	<u>(25,052)</u>
<b>Total Support</b>	1,256,635	256,178	1,512,813	1,497,884
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
	<u>252,832</u>	<u>(252,832)</u>	<u>-</u>	<u>-</u>
<b>Total Support and Revenue, Net</b>	<u>1,509,467</u>	<u>3,346</u>	<u>1,512,813</u>	<u>1,497,884</u>
<b>EXPENSES</b>				
Program services	1,048,520	-	1,048,520	1,129,906
Supporting services				
Management and general	211,636	-	211,636	270,253
Fundraising	<u>292,944</u>	<u>-</u>	<u>292,944</u>	<u>214,762</u>
<b>Total Expenses</b>	<u>1,553,100</u>	<u>-</u>	<u>1,553,100</u>	<u>1,614,921</u>
<b>CHANGE IN NET ASSETS</b>	(43,633)	3,346	(40,287)	(117,037)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,650,833</u>	<u>127,547</u>	<u>2,778,380</u>	<u>2,895,417</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 2,607,200</u>	<u>\$ 130,893</u>	<u>\$ 2,738,093</u>	<u>\$ 2,778,380</u>

See notes to financial statements.

**Atlanta Children's Shelter, Inc.**

**Statement of Functional Expenses  
For the Year Ended December 31, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 424,456	\$ 107,854	\$ 120,077	\$ 652,387
Employee benefits	113,459	26,811	33,253	173,523
Payroll taxes	35,296	9,223	11,346	55,865
Retirement plan	<u>5,945</u>	<u>1,594</u>	<u>319</u>	<u>7,858</u>
Personnel costs	579,156	145,482	164,995	889,633
In-kind rent	89,869	7,149	5,106	102,124
Direct client services	94,937	-	-	94,937
Fundraising expenses	-	-	94,228	94,228
Depreciation	85,716	-	-	85,716
Contract services	74,753	-	-	74,753
Utilities	44,403	3,020	2,136	49,559
Dues and fees	4,867	26,435	7,039	38,341
IT services and supplies	22,529	1,792	1,280	25,601
Insurance	10,408	4,822	418	15,648
Telecommunications	10,225	813	581	11,619
Accounting and legal fees	-	11,000	-	11,000
Equipment, maintenance and repairs	5,577	347	4,300	10,224
Miscellaneous	8,407	730	688	9,825
Travel	7,198	16	1,656	8,870
Personnel expenses	5,020	2,156	774	7,950
Training	1,575	758	4,602	6,935
Board expenses	-	4,602	-	4,602
Office supplies	972	1,517	1,028	3,517
Postage	665	86	2,716	3,467
Printing	244	911	1,397	2,552
Conferences	1,883	-	-	1,883
Food and food supplies	<u>116</u>	<u>-</u>	<u>-</u>	<u>116</u>
<b>Total Expenses</b>	<u>\$ 1,048,520</u>	<u>\$ 211,636</u>	<u>\$ 292,944</u>	<u>\$ 1,553,100</u>

See notes to financial statements.



**Atlanta Children's Shelter, Inc.**

**Statement of Functional Expenses  
For the Year Ended December 31, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$ 468,908	\$ 151,572	\$ 56,649	\$ 677,129
Employee benefits	106,335	26,091	17,015	149,441
Payroll taxes	37,035	12,798	6,315	56,148
Retirement plan	<u>7,083</u>	<u>650</u>	<u>130</u>	<u>7,863</u>
Personnel costs	619,361	191,111	80,109	890,581
Direct client services	147,018	-	-	147,018
Depreciation	96,894	-	-	96,894
In-kind rent	81,699	6,499	4,642	92,840
Fundraising expenses	-	-	87,328	87,328
Contract services	49,105	2,128	21,195	72,428
Utilities	44,286	3,047	2,167	49,500
Dues and fees	5,196	31,290	4,523	41,009
IT services and supplies	20,791	1,642	1,237	23,670
Equipment, maintenance and repairs	12,813	793	4,733	18,339
Insurance	10,684	4,642	397	15,723
Miscellaneous	12,817	947	677	14,441
Telecommunications	10,068	801	572	11,441
Accounting and legal fees	-	10,000	-	10,000
Travel	9,030	30	815	9,875
Board expenses	-	9,284	-	9,284
Training	3,184	1,600	3,555	8,339
Personnel expenses	2,703	3,346	214	6,263
Office supplies	1,586	1,925	680	4,191
Postage	1,014	113	1,177	2,304
Printing	146	1,038	723	1,907
Conferences	1,389	-	-	1,389
Food and food supplies	<u>122</u>	<u>17</u>	<u>18</u>	<u>157</u>
<b>Total Expenses</b>	<u>\$ 1,129,906</u>	<u>\$ 270,253</u>	<u>\$ 214,762</u>	<u>\$ 1,614,921</u>

See notes to financial statements.

**Atlanta Children's Shelter, Inc.**

**Statements of Cash Flows  
For the Years Ended December 31, 2016 and 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Change in net assets	\$ (40,287)	\$ (117,037)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	85,716	96,894
Gain on disposal of property and equipment	(10,903)	-
Unrealized and realized (gains)/losses on investments	(39,395)	94,707
Changes in:		
Contributions receivable	(2,734)	1,597
Grants receivable	(9,763)	4,000
Prepaid expenses and other assets	(296)	2,500
Accounts payable and accrued expenses	<u>16,526</u>	<u>5,108</u>
<b>Net Cash (Used) Provided By Operating Activities</b>	<u>(1,136)</u>	<u>87,769</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(15,517)	-
Purchases of investments	(942,116)	(592,088)
Proceeds from sale of property and equipment	16,605	-
Proceeds from sale of investments	<u>819,673</u>	<u>590,641</u>
<b>Net Cash Used By Investing Activities</b>	<u>(121,355)</u>	<u>(1,447)</u>
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(122,491)	86,322
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>547,182</u>	<u>460,860</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 424,691</u>	<u>\$ 547,182</u>

See notes to financial statements.

# **Atlanta Children's Shelter, Inc.**

## **Notes to Financial Statements**

### **A. NATURE OF OPERATIONS AND ORGANIZATION**

Atlanta Children's Shelter, Inc. (the "Organization") is a not-for-profit corporation organized exclusively for religious, charitable and/or educational purposes under Section 501(c)(3) of the Internal Revenue Code. The Organization provides loving, quality child development and support services for homeless families striving to become self-sufficient. Services are provided free of charge to homeless families with children ages one month to five years of age residing in homeless shelters in metropolitan Atlanta and surrounding areas. The Organization operates from a single leased facility in Atlanta, Georgia.

### **B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method of Accounting.** The financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

**Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and revenue and expenses during the reporting period, including the allocation of expenses to program services, management and general, and fund-raising. Actual results could differ from those estimates.

**Financial Statement Presentation.** The Organization follows a method of financial reporting and financial statement presentation that reflects the financial presentation format and disclosures applicable for nonprofit organizations in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958. Under FASB ASC 958, nonprofit organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not maintain any funds that would qualify as permanently restricted net assets.

**Temporarily Restricted Net Assets.** Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. When the donor restrictions expire, that is, when a stipulated restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

**Cash and Cash Equivalents.** Undesignated financial instruments with an original maturity date of ninety days or less are classified as cash equivalents.

**Contributions and Grants.** Contributions and grants receivable as of December 31, 2016 and 2015 were deemed fully collectible and are expected to be collected within one year. Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

## **Notes to Financial Statements (Continued)**

**Property and Equipment.** Property and equipment are stated at cost, if purchased. Contributed property and equipment is recorded at the estimated fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided principally on the straight-line methods over the estimated useful lives of the assets.

**Investments.** In accordance with generally accepted accounting principles, investments in certificates of deposit, marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Effective January 1, 2009, the Company adopted FASB ASC 820 "Fair Value Measurements and Disclosures." See Notes E and F.

**In-kind Donations.** Donations other than cash are recorded at their fair market value as of the date of the donation. Donated use of facilities is recorded each year at the going market rate for office space in the area. See Note H.

**Functional Allocation of Expenses.** The costs of providing various services and activities are summarized on a functional basis in the Statement of Activities and are reported in natural categories in the Statement of Functional Expenses.

**Income Taxes.** The Organization qualifies for tax exempt status under Section 501(c)(3) of the Internal Revenue Code as a nonprofit, charitable organization. Contributions to such organizations are tax deductible by the donor as charitable contributions. Section 501(c)(3) taxes nonprofit organizations only on unrelated business income as defined by the Internal Revenue Code. The Organization had no unrelated business income for the years ended December 31, 2016 and 2015.

**Comparative Financial Information.** The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

**Cash Deposits.** The Organization occasionally has cash deposits with financial institutions that fluctuate in excess of federally insured limits. If the financial institution were not to honor its contractual liability, the Organization could incur losses in the amount above the federally insured limit.

## **Notes to Financial Statements (Continued)**

### **C. PROPERTY AND EQUIPMENT**

At December 31, 2016 and 2015, property and equipment comprised of:

	<b>Depreciable Lives</b>	<b>2016</b>	<b>2015</b>
Leasehold improvements	7-20 years	\$ 1,255,949	\$ 1,236,587
Furniture and equipment	5-7 years	191,990	196,714
Vehicles	5 years	27,023	76,523
Software	5 years	29,796	28,918
		<u>1,504,758</u>	<u>1,538,742</u>
Accumulated depreciation		<u>(911,648)</u>	<u>(869,731)</u>
		<u>\$ 593,110</u>	<u>\$ 669,011</u>

Depreciation expense was \$85,716 and \$96,894 for the years ended December 31, 2016 and 2015, respectively.

### **D. RESTRICTIONS ON ASSETS**

Board designated net assets represent net assets identified for future intended purposes. At December 31, 2016 and 2015, net assets designated by the Organization's Board totaled \$412,126 for both years, for an operating reserve.

The temporarily restricted net assets of the Organization consist of revenue and support from donors and grantors that were restricted as to their use and for which those restrictions had not lapsed as of the end of the operating year. These stipulations are removed when the Organization expends the contributed funds for the purposes specified. Temporarily restricted net assets at December 31, 2016 consists of \$130,893 of donor restricted support or contributions consisting of cash for which the related restrictions had not lapsed or been met as of December 31, 2016 and includes \$50,000 related to future program expansion, \$75,893 related to specific childcare expenses for the following year, and \$5,000 related to a multiyear program designated by the donor. Temporary restricted net assets at December 31, 2015 of \$127,547 consists of \$50,000 related to future program expansion, \$71,547 related to specific childcare expenses for the following year, and \$6,000 related to a multiyear program designated by the donor.

## **Notes to Financial Statements (Continued)**

### **E. INVESTMENTS**

The Organization's investments at December 31, 2016 and 2015 are summarized as follows:

	<b>2016</b>		
	<b>Cost</b>	<b>Unrealized Appreciation</b>	<b>Fair Value</b>
	<b>Cost</b>	<b>Unrealized Appreciation</b>	<b>Fair Value</b>
Equity securities and equity mutual funds	\$ 1,664,551	\$ 23,279	\$ 1,687,830
Totals	\$ 1,664,551	\$ 23,279	\$ 1,687,830
	<b>2015</b>		
	<b>Cost</b>	<b>Unrealized Appreciation</b>	<b>Fair Value</b>
Equity securities and equity mutual funds	\$ 1,126,304	\$ (1,092)	\$ 1,125,212
Bonds and other fixed income	420,696	(19,916)	400,780
Totals	\$ 1,547,000	\$ (21,008)	\$ 1,525,992

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2016, with comparative totals for 2015:

	<b>2016</b>			<b>2015</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
Dividend and interest income	\$ 47,124	\$ -	\$ 47,124	\$ 69,655
Net realized and unrealized gains and (losses)	39,395	-	39,395	(94,707)
Net investment income (loss)	\$ 86,519	\$ -	\$ 86,519	\$ (25,052)

### **F. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

In accordance with FASB ASC 820, the Organization groups its financial assets and financial liabilities measured at fair value into three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of fair value are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

## **Notes to Financial Statements (Continued)**

The fair values for all of the Organization's investments are based on Level 1 inputs.

The Organization may also be required, from time to time, to measure certain other financial assets at fair value on a nonrecurring basis in accordance with U.S. generally accepted accounting principles. These adjustments to fair value usually result from an application of lower of cost or fair value accounting to individual assets. As of December 31, 2016, the Organization had no assets or liabilities that were measured at fair value on a nonrecurring basis.

### **G. 403(b) TAX SHELTERED ANNUITY**

The Organization maintains a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code (the "Plan"). Employees become eligible to participate in the Plan on the first day of the month after they are hired. Participants can defer up to 10% of their salary, on which the Organization can elect on an annual basis to match up to 3% for all employees. All full-time employees are eligible to enroll in the Plan. Employees are fully vested and eligible for employer match only after one year of service in which at least 1,000 hours are served. Contributions to the Plan are made by employees through salary deferral. During the years ended December 31, 2016 and 2015, the Organization made matching contributions of \$7,858 and \$7,863, respectively.

### **H. LEASE OBLIGATIONS**

The Organization operates in leased facilities that are under lease until November 13, 2021. The landlord is providing these facilities without charge. These financial statements have reported an in-kind donation and in-kind rent expense of \$102,124 and \$92,840 for the years ended 2016 and 2015, respectively. As a condition of the lease, the landlord designates three members of the Organization's Board.

### **I. CONCENTRATIONS**

For the years ended December 31, 2016 and 2015, support and revenue from one contributor amounted to approximately 11% and 13% of total support and revenue, respectively. At December 31, 2016 and 2015, contributions and grants receivable balances consisted of approximately 30% from one contributor for 2016 and 25% from two contributors for 2015.

### **J. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 17, 2017, which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure under the Subsequent Events topic of the FASB ASC.