

MIDTOWN ASSISTANCE CENTER, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

**MIDTOWN ASSISTANCE CENTER, INC.
TABLE OF CONTENTS
SEPTEMBER 30, 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

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 financial position as of September 30, 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of Midtown Assistance Center, Inc. as of September 30, 2020, 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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. As described in Note 2, Midtown Assistance Center, Inc. previously used the modified cash basis of accounting. Effective October 1, 2019 adopted a policy of preparing its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). The net assets for September 30, 2019 have been retrospectively adjusted to reflect the GAAP basis of accounting adopted for the year ended September 30, 2020. Therefore, the change in net assets at September 30, 2019 increased by \$32,978. Our opinion is not modified with respect to that matter.

Warren Averett, LLC

Atlanta, Georgia
March 5, 2021

**MIDTOWN ASSISTANCE CENTER, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020**

ASSETS

ASSETS

Cash and cash equivalents	\$ 582,651
Grants receivable	70,000
Prepaid expenses	8,812

TOTAL ASSETS \$ 661,463

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 29,318
Other current liabilities	21,146

TOTAL LIABILITIES 50,464

NET ASSETS

Without donor restrictions	488,457
With donor restrictions	
Restricted by purpose	122,542

TOTAL NET ASSETS 610,999

TOTAL LIABILITIES AND NET ASSETS \$ 661,463

See notes to the financial statements.

**MIDTOWN ASSISTANCE CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Individual, corporation and foundation contributions	\$ 616,349	\$ 332,231	\$ 948,580
Government grants	-	638,711	638,711
Federal CARES Act PPP grant	71,000	-	71,000
Congregation support	125,640	-	125,640
In-kind contributions	153,197	-	153,197
Special events (direct benefit to donor \$7,293)	35,849	-	35,849
Interest income	1,055	-	1,055
Net assets released from restrictions	939,491	(939,491)	-
Total public support and revenue	<u>1,942,581</u>	<u>31,451</u>	<u>1,974,032</u>
EXPENSES			
Program services	1,538,232	-	1,538,232
Supporting services			
Management and general	53,713	-	53,713
Fundraising	59,860	-	59,860
Total expenses	<u>1,651,805</u>	<u>-</u>	<u>1,651,805</u>
CHANGE IN NET ASSETS	290,776	31,451	322,227
NET ASSETS AT BEGINNING OF YEAR (RESTATED)	<u>197,681</u>	<u>91,091</u>	<u>288,772</u>
NET ASSETS AT END OF YEAR	<u>\$ 488,457</u>	<u>\$ 122,542</u>	<u>\$ 610,999</u>

See notes to the financial statements.

**MIDTOWN ASSISTANCE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	
SALARIES AND RELATED EXPENSES				
Salaries and wages	\$ 321,495	\$ 8,309	\$ 42,154	\$ 371,958
Payroll taxes	22,471	609	3,092	26,172
Employee benefits	22,840	8,423	4,995	36,258
Total salaries and related expenses	<u>366,806</u>	<u>17,341</u>	<u>50,241</u>	<u>434,388</u>
OTHER EXPENSES				
Housing assistance	726,929	-	-	726,929
Utilities assistance	149,394	-	-	149,394
Other	46,687	1,323	3,851	51,861
Food assistance	158,655	-	-	158,655
Transportation assistance	34,926	-	-	34,926
Facilities	39,414	1,018	5,168	45,600
Professional fees	-	19,951	-	19,951
Insurance	-	10,047	-	10,047
Telephone expense	7,200	600	600	8,400
Technology	8,221	-	-	8,221
Dues/publications	-	440	-	440
Office expense	-	2,993	-	2,993
Total other expenses	<u>1,171,426</u>	<u>36,372</u>	<u>9,619</u>	<u>1,217,417</u>
TOTAL EXPENSES	<u><u>\$ 1,538,232</u></u>	<u><u>\$ 53,713</u></u>	<u><u>\$ 59,860</u></u>	<u><u>\$ 1,651,805</u></u>

See notes to the financial statements.

**MIDTOWN ASSISTANCE CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 322,227
Adjustments to reconcile change in net assets to cash provided by operating activities	
Increase in:	
Grants receivable	(21,000)
Prepaid expenses	(2,457)
Increase in:	
Accounts payable and accrued liabilities	6,941
Other current liabilities	21,146
Net cash provided by operating activities	<u>326,857</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	326,857
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>255,794</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 582,651</u></u>

See notes to the financial statements.

MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 utility support and food distribution) 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 Presentation

The Center adopted accounting principles generally accepted in the United States of America (GAAP) effective October 1, 2019. The net assets for September 30, 2019 have been retrospectively adjusted to reflect the GAAP basis of accounting adopted for fiscal year 2020.

	<u>September 30, 2019</u>
Net assets as previously reported	\$ 255,794
Adjusted for	
Grants receivable	49,000
Prepaid expenses	6,355
Accounts payable and accrued liabilities	<u>(22,377)</u>
Net assets restated	<u><u>\$ 288,772</u></u>

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities at year-end. Net assets, revenues, expenses, gains, and losses are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or passage of time or by law, or stipulations that require them to be maintained perpetually by the Center.

MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenues received, which are purpose restricted, are reported as increases in net assets with donor restrictions and subsequently released as the donor-stipulated time restriction ends or purpose restriction is accomplished. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Contributions subject to donor-imposed restrictions that the corpus is maintained in perpetuity are recognized as increases in net assets with donor restrictions.

Grant revenue is primarily recognized as revenue in the period received. Grants receivable are expected to be collected in the subsequent year.

Contributions

Contributions, which include unconditional promises to give, are recognized as revenue in the period received. Conditional pledges, if received, are not recognized until the conditions on which they depend are substantially met. Contributions or assets other than cash are recorded at estimated fair value at the date of the gift as determined by independent appraisal or other valuation methods as deemed appropriate by management. Unconditional promises to give that are expected to be collected in future years are recorded at fair value which is measured at the present value of future cash flows with discounts computed using risk adjusted rates commensurate with associated risks. Discounts on contributions receivable are amortized and recorded as additional contribution revenue in accordance with any donor-imposed restriction. An allowance for uncollectible contributions receivable is provided based upon management's judgment and consideration of various factors including prior collection history, type of contribution and nature of fundraising activity. Management does not consider any amounts to be uncollectible at September 30, 2020.

Cash and Cash Equivalents

For financial reporting purposes, the Center considers all financial instruments with maturities of less than 90 days as cash equivalents.

Concentrations of Credit and Market Risk

Financial instruments, principally receivables and accounts payable, are reported at values, which the Center believes are not significantly different from fair values. The Center believes minimal credit risk exists with respect to any of its financial instruments. The Center maintains cash balances with financial institutions. Deposit accounts at the institutions are insured up to limits that range from \$250,000 to \$500,000 by the Federal Deposit Insurance Corporation (FDIC). No exposure existed at September 30, 2020.

MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 (IRC) and is classified as an organization which is not a private foundation under Section 509(a) of the IRC. The Center qualifies for the charitable contribution deduction.

In-Kind Contributions

Donated Materials

The Center receives donated materials that are reflected as contributions at their estimated fair value. During the year ended September 30, 2020, \$107,597 of materials were donated. These amounts are included in support on the statement of activities. Management estimated the fair value of in-kind materials for the year ended September 30, 2020 to be as follows:

Food	\$	63,948
Clothing		13,314
Christmas gifts		15,450
Transportation tokens		14,674
Printing services		211

Contributed Use of Facility

The Center's office space is provided by a donor at no charge. Contribution revenue and related program expense in the amount of \$45,600 was recognized for the year ended September 30, 2020 and is included in support revenue and program expense in the accompanying statement of activities.

Contributed Services

Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services meeting these criteria for the year ended September 30, 2020 were not significant.

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 3,500 volunteer hours during the year ended 2020.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and functional expenses. Accordingly, personnel and facilities costs have been allocated among the programs and supporting services benefited based on estimates of time and effort.

MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Events Occurring After Report Date

Management has evaluated events and transactions that occurred between September 30, 2020 and March 5, 2021, which is the date that the financial statements were available to be issued, for possible disclosure in the financial statements.

3. DESIGNATED FUND

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

The Board of the Foundation shall have the power to modify any restriction or condition on distributions for the Fund if in the sole judgement of the Board the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable need served by the Foundation. The Center is the beneficiary of the Fund held at the Foundation for which the Foundation was granted variance power, thus, in accordance with FASB Accounting Standards Codification (ASC) 958-605, the Center only records the income received from the Foundation each year. The Center received \$50,000 during the year ended September 30, 2020.

4. COMPOSITION OF NET ASSETS

Net assets with donor restrictions were available for the following purposes at September 30, 2020:

Subject to expenditures for specific purpose:

Homeless prevention	\$ 68,503
Internet and digital inclusion	127
Hunger prevention	20,534
COVID relief	33,378
	<u>\$ 122,542</u>

MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

4. COMPOSITION OF NET ASSETS – CONTINUED

Net assets with donor restrictions released from restrictions during the year ended September 30, 2020 were as follows:

Homeless prevention	\$ 358,205
Internet and digital inclusion	25,559
Hunger prevention	7,130
COVID relief	548,597
	<u>\$ 939,491</u>

5. FUND RAISING EVENTS

A 5K race, luncheon, and two other smaller fund-raising events were held during the year ended September 30, 2020, as follows:

Sponsorships, entry fees, and tickets	\$ 43,142
Direct costs for race management, t-shirts, awards, promotion, and food and beverage	<u>(7,293)</u>
Net proceeds	<u>\$ 35,849</u>

For financial statement reporting, both the revenue and costs have been reduced by \$7,293 as of September 30, 2020, which is the computed value of t-shirts and awards given to participants which offset reportable contributions in accordance with FASB 958, *Not-For-Profit Entities*.

MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

6. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Center's financial assets as of September 30, 2020, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

Financial assets:	
Cash and cash equivalents	\$ 582,651
Grants receivable	<u>70,000</u>
Financial assets, at year-end	652,651
Less: Assets unavailable for general expenditures within one year:	
Net assets with donor purpose restrictions	<u>(122,542)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 530,109</u>

The Center is substantially supported by contributions and grants. Because a donor's restrictions requires resources to be used in particular manner or in a future period, The Center must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

7. CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT)

In early 2020 an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity.

On March 27, 2020 in response to the pandemic, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (CARES). In the weeks that followed, the Center applied for and received a \$71,000 Paycheck Protection Program (PPP) loan granted by the Small Business Administration. The Center has elected to account for the PPP loan as a conditional contribution in accordance with the guidance provided by FASB ASU 2018-08. Under the guidance a conditional contribution includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right-of-return of the asset if a barrier to entitlement is not met. The barriers for a PPP loan require that qualifying expenses must be incurred (compensation, mortgage interest, rent and utilities) and that the recipient maintains employee headcount and compensation levels at pre-established levels. If these barriers are not met, the recipient will be required to repay the loan over a specified period of time.

**MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

7. CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT) – CONTINUED

At September 30, 2020, the Center believes it has met the conditions of the grant and that all of the loan will be ultimately forgiven. However, if a portion of the loan must be repaid, the terms (1% per annum, repayable over a maximum of five years with a six-month deferral period) are such that the Center has sufficient liquidity to repay the unforgiven portion.