

MIDTOWN ASSISTANCE CENTER, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023



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The report accompanying this deliverable was issued
by Warren Averett, LLC.

**MIDTOWN ASSISTANCE CENTER, INC.
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SEPTEMBER 30, 2024 AND 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Midtown Assistance Center, Inc.

Opinion

We have audited the accompanying statements of Midtown Assistance Center, Inc. (the Center), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Midtown Assistance Center, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Warren Averett, LLC

Atlanta, Georgia
February 5, 2025

**MIDTOWN ASSISTANCE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND 2023**

ASSETS		
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 484,232	\$ 622,970
Grants receivable	25,000	45,000
Prepaid expenses	11,511	5,434
Property and equipment, net	183,893	252,853
TOTAL ASSETS	\$ 704,636	\$ 926,257
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 36,328	\$ 22,553
Other current liabilities	5,944	681
TOTAL LIABILITIES	42,272	23,234
NET ASSETS		
Without donor restrictions	658,238	887,696
With donor restrictions	4,126	15,327
	4,126	15,327
TOTAL NET ASSETS	662,364	903,023
TOTAL LIABILITIES AND NET ASSETS	\$ 704,636	\$ 926,257

See notes to the financial statements.

MIDTOWN ASSISTANCE CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE				
Individual, corporation and foundation contributions	\$ 755,484	\$ 89,212	\$ 844,696	\$ 701,393
Government grants	-	57,500	57,500	106,814
Congregation support	109,918	-	109,918	117,848
Contributions of nonfinancial assets	266,375	-	266,375	245,117
Special events (direct benefit to donors \$6,122 and \$6,169, respectively)	52,155	-	52,155	36,085
Interest income	24,997	-	24,997	20,546
Net assets released from restrictions	157,913	(157,913)	-	-
Total public support and revenue	1,366,842	(11,201)	1,355,641	1,227,803
EXPENSES				
Program services	1,438,798	-	1,438,798	1,095,900
Supporting services				
Management and general	65,043	-	65,043	85,147
Fundraising	92,459	-	92,459	72,581
Total expenses	1,596,300	-	1,596,300	1,253,628
CHANGE IN NET ASSETS	(229,458)	(11,201)	(240,659)	(25,825)
NET ASSETS AT BEGINNING OF YEAR	887,696	15,327	903,023	928,848
NET ASSETS AT END OF YEAR	\$ 658,238	\$ 4,126	\$ 662,364	\$ 903,023

See notes to the financial statements.

MIDTOWN ASSISTANCE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023	
	Program Services	Supporting Services		Total Expenses	Total Expenses
	Management and General	Fund Raising			
Salaries and wages	\$ 425,289	\$ 10,012	\$ 35,358	\$ 470,659	\$ 354,292
Payroll taxes	31,439	766	2,679	34,884	25,631
Employee benefits	63,336	1,913	6,877	72,126	45,905
Total salaries and related expenses	520,064	12,691	44,914	577,669	425,828
Housing assistance	379,104	-	-	379,104	255,810
Food assistance	234,541	-	-	234,541	195,636
Facilities	93,771	2,208	7,795	103,774	103,774
Other	29,144	12,003	31,697	72,844	48,353
Utilities assistance	69,092	-	-	69,092	59,687
Professional fees	-	33,171	-	33,171	29,609
Transportation assistance	19,397	-	-	19,397	14,051
Insurance	12,957	305	1,077	14,339	12,228
Technology	8,396	198	698	9,292	8,902
Telephone expense	6,665	796	818	8,279	7,063
Office expense	3,355	79	279	3,713	3,559
Dues/publications	-	1,125	-	1,125	535
Marketing	-	1,000	-	1,000	19,634
Total expenses before depreciation	1,376,486	63,576	87,278	1,527,340	1,184,669
Depreciation	62,312	1,467	5,181	68,960	68,959
TOTAL EXPENSES	\$ 1,438,798	\$ 65,043	\$ 92,459	\$ 1,596,300	\$ 1,253,628

See notes to the financial statements.

**MIDTOWN ASSISTANCE CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (240,659)	\$ (25,825)
Adjustments to reconcile change in net assets to net cash (required by) provided by operating activities		
Depreciation	68,960	68,959
Decrease (increase) in:		
Grants receivable	20,000	141,547
Prepaid expenses	(6,077)	200
Increase (decrease) in:		
Accounts payable and accrued liabilities	13,775	(21)
Other current liabilities	5,263	641
Net cash (required by) provided by operating activities	<u>(138,738)</u>	<u>185,501</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(138,738)	185,501
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF YEAR	<u>622,970</u>	<u>437,469</u>
END OF YEAR	<u><u>\$ 484,232</u></u>	<u><u>\$ 622,970</u></u>

See notes to the financial statements.

**MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

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, 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

Recently Adopted Accounting Guidance

Allowance for Credit Losses

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 326, *Financial Instruments – Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

The Center adopted the standard effective October 1, 2023. The impact of the adoption was not considered material to the financial statements.

Basis of Presentation

The financial statements of the Center 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.

Presentation

The amounts shown for the year ended September 30, 2023, in the accompanying financial statements are included to provide a basis for comparison with 2024 and present summarized totals only. Accordingly, the 2023 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States (GAAP). Such information should be read in conjunction with the Center's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

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.

An allowance for uncollectible receivables is provided based on management's evaluation of potential uncollectible promises receivable at year-end. Management does not consider any amounts to be uncollectible at September 30, 2024 and 2023.

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.

Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions upon satisfaction of the donor restriction.

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

MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

limits that range from \$250,000 to \$500,000 by the Federal Deposit Insurance Corporation (FDIC). No exposure existed at September 30, 2024 or 2023.

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.

Contributed Services and Donated Materials (In-Kind)

Contributions of services are recognized at fair value if the services received create or enhance nonfinancial assets, or if the services require specialized skills that are provided by individuals possessing such skills that would typically need to be purchased if not provided by donation. Donated materials are reflected as contributions at their estimated fair values on the date of receipt.

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 6,200 and 5,800 volunteer hours during the years ended 2024 and 2023, respectively.

Property and Equipment

The Center capitalizes all expenditures for property, furniture, fixtures and equipment in excess of \$2,500. Property and equipment are recorded at cost or fair value, if donated, and are depreciated using straight-line methods over their estimated useful lives (See Note 3).

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements 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.

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.

Subsequent Events

Management has evaluated events and transactions that occurred between September 30, 2024 and February 5, 2025, which is the date that the financial statements were available to be issued, for possible disclosure in the financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, and depreciation is computed using the straight-line method over the estimated useful lives of the assets (primarily five years). Leasehold improvements are amortized over the life of the lease.

**MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

As of September 30, 2024 and 2023, property and equipment, net consisted of:

	2024	2023
Leasehold improvements	\$ 340,934	\$ 340,934
Furniture and fixtures	3,865	3,865
	344,799	344,799
Less accumulated depreciation	(160,906)	(91,946)
	\$ 183,893	\$ 252,853

Depreciation expense of \$68,960 and \$68,959 was recorded for the years ended September 30, 2024 and 2023, respectively.

4. LINE OF CREDIT

On June 3, 2022, the Center entered into a line of credit with a bank with maximum available borrowings of up to \$100,000. The line has an interest rate of the prime rate plus 4.44% (12.44% at September 30, 2024) and matures on June 5, 2025. The line did not have a balance at September 30, 2024 or 2023.

5. 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, which began 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; therefore, in accordance with FASB ASC 958-605, the Center only records the income received from the Foundation each year. The Center received \$50,000 during each of the years ended September 30, 2024 and 2023.

**MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

6. COMPOSITION OF NET ASSETS

Net assets with donor restrictions were available for the following purposes at September 30, 2024 and 2023:

	2024	2023
Subject to expenditures for specific purpose:		
Homeless prevention	\$ 4,126	\$ 10,327
Hunger prevention	-	5,000
	\$ 4,126	\$ 15,327

Net assets with donor restrictions released from restrictions during the years ended September 30, 2024 and 2023, were as follows:

	2024	2023
Homeless prevention	\$ 121,701	\$ 224,983
Hunger prevention	30,500	10,925
Other	5,712	6,050
	\$ 157,913	\$ 241,958

7. CONTRIBUTED NONFINANCIAL ASSETS

For the fiscal years ending on September 30, contributed nonfinancial assets recognized in the statement of activities include:

**MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restriction</u>	<u>Valuation Techniques and Inputs</u>
Rent	\$ 103,774	\$ 103,774	Program, G&A and fundraising	No associated donor restrictions	Estimated fair value on the basis of recent comparable rental price in the city's real estate market.
Transportation tokens	3,752	262	Program	No associated donor restrictions	Estimated based on current market value for comparable items.
Food	<u>158,849</u>	<u>141,081</u>	Program	No associated donor restrictions	Estimated based on current market value for comparable items.
	<u>\$ 266,375</u>	<u>\$ 245,117</u>			

8. FUND RAISING EVENTS

A 5K race was held during the year ended September 30, 2024, as follows:

Sponsorships, entry fees and tickets	\$ 58,277
Direct costs for race management, t-shirts, awards, promotion and food and beverage	<u>(6,122)</u>
Net proceeds	<u>\$ 52,155</u>

For financial statement reporting, both the revenue and costs have been reduced by \$6,122 as of September 30, 2024, which is the computed value of t-shirts, hats and awards given to participants which offset reportable contributions in accordance with FASB ASC 958, *Not-For-Profit Entities*.

9. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Center's financial assets as of September 30, 2024 and 2023, 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.

**MIDTOWN ASSISTANCE CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 484,232	\$ 622,970
Grants receivable	25,000	45,000
Financial assets, at year-end	509,232	667,970
Less assets unavailable for general expenditures within one year:		
Net assets with donor purpose restrictions	(4,126)	(15,327)
Financial assets available to meet cash needs for general expenditures within one year	\$ 505,106	\$ 652,643

The Center is substantially supported by contributions and grants. Because a donor's restrictions require resources to be used in a 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.