

**MIDTOWN ASSISTANCE CENTER, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2023 AND 2022**



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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, 2023 AND 2022**

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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 statements of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the years 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, 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Warren Averett, LLC*

Atlanta, Georgia  
January 23, 2024

**MIDTOWN ASSISTANCE CENTER, INC.  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2023 AND 2022**

<b>ASSETS</b>		
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 622,970	\$ 437,469
Grants receivable	45,000	186,547
Prepaid expenses	5,434	5,634
Property and equipment, net	252,853	321,812
<b>TOTAL ASSETS</b>	<b>\$ 926,257</b>	<b>\$ 951,462</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 22,553	\$ 22,574
Other current liabilities	681	40
<b>TOTAL LIABILITIES</b>	23,234	22,614
<b>NET ASSETS</b>		
Without donor restrictions	887,696	862,745
With donor restrictions	15,327	66,103
<b>TOTAL NET ASSETS</b>	<b>903,023</b>	<b>928,848</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 926,257</b>	<b>\$ 951,462</b>

See notes to the financial statements.

**MIDTOWN ASSISTANCE CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
(WITH COMPARATIVE TOTALS FOR 2022)

	<b>2023</b>			<b>2022</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Individual, corporation and foundation contributions	\$ 617,025	\$ 84,368	\$ 701,393	\$ 806,818
Government grants	-	106,814	106,814	456,290
Congregation support	117,848	-	117,848	129,516
Contributions of nonfinancial assets	245,117	-	245,117	139,290
Special events (direct benefit to donors \$6,169 and \$7,288, respectively)	36,085	-	36,085	55,690
Interest income	20,546	-	20,546	2,245
Net assets released from restrictions	241,958	(241,958)	-	-
Total public support and revenue	1,278,579	(50,776)	1,227,803	1,589,849
<b>EXPENSES</b>				
Program services	1,095,900	-	1,095,900	1,153,598
Supporting services				
Management and general	85,147	-	85,147	94,612
Fundraising	72,581	-	72,581	67,434
Total expenses	1,253,628	-	1,253,628	1,315,644
<b>CHANGE IN NET ASSETS</b>	24,951	(50,776)	(25,825)	274,205
<b>NET ASSETS AT BEGINNING OF YEAR</b>	862,745	66,103	928,848	654,643
<b>NET ASSETS AT END OF YEAR</b>	\$ 887,696	\$ 15,327	\$ 903,023	\$ 928,848

See notes to the financial statements.

**MIDTOWN ASSISTANCE CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
*(WITH COMPARATIVE TOTALS FOR 2022)*

	<b>2023</b>			<b>2022</b>	
	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>	<b>Total Expenses</b>
		<b>Management and General</b>	<b>Fund Raising</b>		
Salaries and wages	\$ 316,055	\$ 9,590	\$ 28,647	\$ 354,292	\$ 347,120
Payroll taxes	22,964	729	1,938	25,631	24,593
Employee benefits	34,322	6,894	4,689	45,905	39,986
Total salaries and related expenses	373,341	17,213	35,274	425,828	411,699
Housing assistance	255,810	-	-	255,810	438,981
Food assistance	195,636	-	-	195,636	49,028
Facilities	92,574	2,809	8,391	103,774	108,231
Utilities assistance	59,687	-	-	59,687	100,230
Other	16,030	11,723	20,600	48,353	48,989
Professional fees	-	29,609	-	29,609	39,035
Marketing	-	19,634	-	19,634	24,629
Transportation assistance	14,051	-	-	14,051	22,142
Insurance	10,908	331	989	12,228	12,525
Technology	7,941	241	720	8,902	6,129
Telephone expense	5,230	1,090	743	7,063	11,802
Office expense	3,175	96	288	3,559	18,335
Dues/publications	-	535	-	535	902
Total expenses before depreciation	1,034,383	83,281	67,005	1,184,669	1,292,657
Depreciation	61,517	1,866	5,576	68,959	22,987
<b>TOTAL EXPENSES</b>	<b>\$ 1,095,900</b>	<b>\$ 85,147</b>	<b>\$ 72,581</b>	<b>\$ 1,253,628</b>	<b>\$ 1,315,644</b>

See notes to the financial statements.

**MIDTOWN ASSISTANCE CENTER, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (25,825)	\$ 274,205
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	68,959	22,987
Decrease (increase) in:		
Grants receivable	141,547	(79,047)
Prepaid expenses	200	2,887
(Decrease) increase in:		
Accounts payable and accrued liabilities	(21)	476
Other current liabilities	641	(11,219)
Net cash provided by operating activities	185,501	210,289
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(344,799)
Net cash used in investing activities	-	(344,799)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	185,501	(134,510)
<b>CASH AND CASH EQUIVALENTS AT:</b>		
<b>BEGINNING OF YEAR</b>	437,469	571,979
<b>END OF YEAR</b>	\$ 622,970	\$ 437,469

See notes to the financial statements.

**MIDTOWN ASSISTANCE CENTER, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023 AND 2022**

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## **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**

### **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, 2022, in the accompanying financial statements are included to provide a basis for comparison with 2023 and present summarized totals only. Accordingly, the 2022 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, 2022, from which the summarized information was derived.

### **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.

**MIDTOWN ASSISTANCE CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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, 2023 and 2022.

**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 limits that range from \$250,000 to \$500,000 by the Federal Deposit Insurance Corporation (FDIC). No exposure existed at September 30, 2023 or 2022.

**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.

**MIDTOWN ASSISTANCE CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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 5,800 and 2,800 volunteer hours during the years ended 2023 and 2022, 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, 2023 and January 23, 2024, 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, 2023 AND 2022**

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**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. As of September 30, 2023 and 2022, property and equipment, net consisted of:

	<b>2023</b>	<b>2022</b>
Leasehold improvements	\$ 340,934	\$ 340,934
Furniture and fixtures	3,865	3,865
	344,799	344,799
Less accumulated depreciation	(91,946)	(22,987)
	\$ 252,853	\$ 321,812

Depreciation expense of \$68,959 and \$22,987 was recorded for the years ended September 30, 2023 and 2022, 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% (12.94% at September 30, 2023) and matures on June 5, 2025. The line did not have a balance at September 30, 2023 or 2022.

**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 Financial Accounting Standards Board (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 each of the years ended September 30, 2023 and 2022.

**MIDTOWN ASSISTANCE CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**6. COMPOSITION OF NET ASSETS**

Net assets with donor restrictions were available for the following purposes at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditures for specific purpose:		
Homeless prevention	\$ 10,327	\$ 57,678
Hunger prevention	5,000	8,425
	<u>\$ 15,327</u>	<u>\$ 66,103</u>

Net assets with donor restrictions released from restrictions during the years ended September 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Homeless prevention	\$ 224,983	\$ 596,933
Hunger prevention	10,925	1,771
Office relocation	-	62,500
Other	6,050	4,050
	<u>\$ 241,958</u>	<u>\$ 665,254</u>

**7. CONTRIBUTED NONFINANCIAL ASSETS**

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

	<u>2023</u>	<u>2022</u>	<u>Utilization in Programs/ Activities</u>	<u>Donor Restriction</u>	<u>Valuation Techniques and Inputs</u>
Rent	\$ 103,774	\$ 108,231	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.
Professional services	-	14,400	Various administrative legal matters	No associated donor restrictions	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.
Transportation tokens	262	3,059	Program	No associated donor restrictions	Estimated based on current market value for comparable items.
Food	141,081	13,600	Program	No associated donor restrictions	Estimated based on current market value for comparable items.
	<u>\$ 245,117</u>	<u>\$ 139,290</u>			

**MIDTOWN ASSISTANCE CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**8. FUND RAISING EVENTS**

A 5K race was held during the year ended September 30, 2023, as follows:

Sponsorships, entry fees and tickets	\$	42,254
Direct costs for race management, t-shirts, awards, promotion and food and beverage		<u>(6,169)</u>
Net proceeds	\$	<u><u>36,085</u></u>

For financial statement reporting, both the revenue and costs have been reduced by \$6,169 as of September 30, 2023, 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, 2023 and 2022, 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.

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 622,970	\$ 437,469
Grants receivable	<u>45,000</u>	<u>186,547</u>
Financial assets, at year-end	667,970	624,016
Less assets unavailable for general expenditures within one year:		
Net assets with donor purpose restrictions	<u>(15,327)</u>	<u>(66,103)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 652,643</u></u>	<u><u>\$ 557,913</u></u>

The Center is substantially supported by contributions and grants. Because a donor's restrictions requires 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.