

**WELCOMING AMERICA, INC.**

**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

# WELCOMING AMERICA, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Welcoming America, Inc.  
Decatur, Georgia

I have audited the accompanying financial statements of Welcoming America, Inc., which comprise the statement of financial position, as of December 31, 2012, 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 consolidated 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

My responsibility is to express an opinion on these consolidating financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Welcoming America, Inc. as of December 31, 2012 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.

*Robert S. Blad, P.C.*

Dunwoody, Georgia  
August 21, 2013

# Welcoming America, Inc.

## Statement of Financial Position

As of December 31, 2012

<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 523,012
Receivables - Contributions	<u>534,427</u>
<b>Total Current Assets</b>	1,057,439
<b>CONTRIBUTIONS RECEIVABLE, net of discount of \$14,266</b>	277,396
<b>OTHER ASSETS - Deposit</b>	<u>2,813</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,337,648</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES:</b>	
Accounts payable and accruals	<u>\$ 26,570</u>
<b>Total Liabilities</b>	<u>26,570</u>
<b>CONTINGENCY AND COMMITMENTS (Notes 2 and 4)</b>	
<b>NET ASSETS:</b>	
Unrestricted	116,078
Temporarily restricted (Note 3)	<u>1,195,000</u>
<b>Total Net Assets</b>	<u>1,311,078</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,337,648</u></u>

See accompanying summary of accounting policies and notes to financial statements.

# Welcoming America, Inc.

## Statement of Activities

For the Year Ended December 31, 2012

	<b>Unrestricted Net Assets</b>	<b>Temporarily Restricted Net Assets</b>	<b>Total Net Assets</b>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Contributions (Note 1)	\$ 325,064	\$ 1,287,000	\$ 1,612,064
Grants and contracts	17,769	-	17,769
Donated services	8,000	-	8,000
<b>Total Public Support and Revenue before Transfers</b>	350,833	1,287,000	1,637,833
<b>Net Assets Released from restrictions due to satisfaction of donor-imposed requirements</b>	717,000	(717,000)	-
<b>Total Public Support and Revenue</b>	1,067,833	570,000	1,637,833
<b>EXPENSES:</b>			
Management and general	97,684	-	97,684
Program	758,381	-	758,381
Fundraising	151,284	-	151,284
<b>Total Expenses</b>	1,007,349	-	1,007,349
<b>CHANGES IN NET ASSETS</b>	60,484	570,000	630,484
<b>NET ASSETS:</b>			
<b>Beginning of year</b>	55,594	625,000	680,594
<b>End of year</b>	\$ 116,078	\$ 1,195,000	\$ 1,311,078

See accompanying summary of accounting policies and notes to financial statements.

## Welcoming America, Inc.

### Statement of Functional Expenses

For the Year Ended December 31, 2012

	<u>Management and General</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related costs	57,066	353,952	114,713	525,731
Affiliate support	-	118,500	-	118,500
Outside services	24,510	117,110	6,278	147,898
Conference and meetings	203	61,510	398	62,111
Report, postage and printing	1,343	8,332	2,700	12,375
Advertising and promotion	1,037	5,677	1,969	8,683
Travel	6,637	52,978	12,122	71,737
Occupancy	3,119	19,347	6,270	28,736
Office related	1,712	8,213	2,698	12,623
Supplies	929	5,763	1,868	8,560
Communications	1,018	6,314	2,046	9,378
Insurance	110	685	222	1,017
Total expenses	<u>\$ 97,684</u>	<u>\$ 758,381</u>	<u>\$ 151,284</u>	<u>\$ 1,007,349</u>

See accompanying summary of accounting policies and notes to financial statements.

## Welcoming America, Inc.

### Statement of Cash Flows For the Year Ended December 31, 2012

#### CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ 630,484
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
(Increase) decrease in receivables	(282,597)
(Increase) decrease in deposit	(751)
Increase (decrease) in accounts payable and accruals	<u>4,460</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>351,596</u>

#### NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

351,596

#### CASH AND CASH EQUIVALENTS:

Beginning of year	<u>171,416</u>
End of year	<u><u>\$ 523,012</u></u>

See accompanying summary of accounting policies and notes to financial statements.

# **Welcoming America, Inc.**

## **Summary of Accounting Policies**

### **ORGANIZATION**

Welcoming America, Inc. (the "Organization"), formed in 2009, is a national, grassroots-driven collaborative that works to promote mutual respect and cooperation between foreign-born and U.S.-born Americans. The ultimate goal of Welcoming America is to create a welcoming atmosphere – community by community – in which immigrants are more likely to integrate into the social fabric of their adopted hometowns. The Organization takes a three-pronged approach to its mission, focusing on local leadership development, strategic communications, and public engagement.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization's net assets, revenue, support and expenses are classified based on the existence or absence of donor-imposed restrictions into three classes: permanently restricted, temporarily restricted and unrestricted net assets.

### **PUBLIC SUPPORT AND REVENUE RECOGNITION**

Support is recognized in the year received at its fair market value. Contributions with donor-imposed restrictions are reported as restricted-support. The satisfaction or expiration of donor-imposed restrictions is recorded as a transfer from restricted to unrestricted net assets in the year the satisfaction or expiration occur.

Pledges to give payments in future years are recorded as support in the year the pledge is made.

### **EXPENSE RECOGNITION**

All expenses are recognized in the statement of activities as decreases in unrestricted net assets.

### **STATEMENT OF CASH FLOWS**

Cash and cash equivalents include all highly liquid temporary investments with a maturity of three months or less. The Organization made no interest or income tax payments in the year ended December 31, 2012.

### **USE OF ESTIMATES**

The preparation of financial statements in accordance with GAAP requires reliance on accounting information based on estimates which may or may not come true in the near term. Significant estimates include the functional allocation of expenses.

### **INCOME TAXES**

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying financial statements. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.



# **Welcoming America, Inc.**

## **Summary of Accounting Policies** (Concluded)

### **DONATED GOODS, SERVICES AND FACILITIES**

The Organization received \$8,000 in donated legal services from two law firms during the year ended December 31, 2012.

### **FUNCTIONAL ALLOCATION OF EXPENSES**

The Organization allocates its expenses on a functional basis among their various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated based on salary expenditures and other criteria.

### **FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Organization's financial instruments are receivables, and accounts payable. The recorded values of these instruments approximate their fair value based on their short term nature.

### **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the audit report date, which is the date the financial statements were available to be issued.

### **AFFILIATE SUPPORT**

Affiliate support consists of sub-grants, resources, training, technical assistance and outcome measurement to independent, autonomous local organizations to implement Welcoming America initiatives and to assist these organizations in capacity building.

### **UNCERTAIN TAX POSITIONS**

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of December 31, 2012, there are no known items which would result in a material accrual related to where the Organization has federal or state attributable tax positions.

# Welcoming America, Inc.

## Notes to Financial Statements

### NOTE 1 - CONCENTRATIONS

For the year ended December 31, 2012, the Organization received approximately 61% of its total support and revenue from two donors. The two donors plus one additional donor comprised 84% of receivables at December 31, 2012.

The Organization maintains bank accounts in financial institutions that at times may exceed federally insured limits.

### NOTE 2 - CONTINGENCY

Grants and contributions often require the fulfillment of certain conditions as set forth in the terms of the related instrument. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management represents that the Organization has complied with any such conditions. Although the return of funds is a possibility, management deems the contingency unlikely.

In prior years, the Organization received a multi-year grant commitment for \$300,000, of which the Organization received \$100,000 during 2012. As of December 31, 2012, \$100,000 of this grant remained in receivables. Installments of the grant funding are dependent upon the Organization and its affiliate organizations achieving certain performance metrics. While the possibility exists that the metric requirements might not be met, management believes that this contingency is unlikely. Accordingly, the future \$100,000 grant commitment is recognized in receivables at December 31, 2012.

The Organization depends heavily on contributions to support ongoing operations. To the extent economic conditions negatively impact future contribution levels, the Organization's ability to continue at its current level of activity could be substantially impacted.

### NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2012, temporarily restricted net assets represent unexpended contributions in cash and receivables which were designated by the donors for the following:

	2012
Fiscal year 2013	\$ 658,333
Fiscal year 2014	283,333
Fiscal year 2015	8,334
Affiliates	230,000
Strategic planning	15,000
	<u>\$ 1,195,000</u>

# Welcoming America, Inc.

## Notes to Financial Statements (Concluded)

### NOTE 4 - COMMITMENTS

The Organization leased both its Atlanta and Massachusetts office facilities under operating leases which expired during 2012. Upon expiration of the Massachusetts lease agreement, the Organization renewed the lease on a month-to-month basis. Upon expiration of the main office lease in Atlanta, the Organization entered into a lease agreement for a new office facility with a term through 2015. Total rental expense under all leases was \$26,664 for the year ended December 31 2012. Minimum lease payments required under the new Atlanta lease are as follows:

<u>Year</u>	<u>2012</u>
2013	\$ 27,000
2014	29,500
2015	<u>23,500</u>
	<u>\$ 80,000</u>