

**WELCOMING AMERICA, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**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, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years 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**

My responsibility is to express an opinion on these 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, 2014 and 2013, 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.

*Robt A. Bear, P. C.*

Dunwoody, Georgia

June 18, 2015

Welcoming America, Inc.  
Statements of Financial Position

	As of December 31,	
	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 539,054	\$ 521,520
Receivables - Contributions	739,912	687,735
Receivables - Contracts	27,221	26,239
Prepaid expenses	2,735	5,178
Total Current Assets	1,308,922	1,240,672
CONTRIBUTIONS RECEIVABLE	325,000	-
OTHER ASSETS - Deposit	2,813	2,813
<b>TOTAL ASSETS</b>	<b>\$ 1,636,735</b>	<b>\$ 1,243,485</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accruals	\$ 72,155	\$ 129,554
Total Current Liabilities	72,155	129,554
<b>TOTAL LIABILITIES</b>	<b>72,155</b>	<b>129,554</b>
<b>CONTINGENCY AND COMMITMENTS (Notes 2 and 4)</b>		
<b>NET ASSETS:</b>		
Unrestricted	292,047	489,264
Temporarily restricted (Note 3)	1,272,533	624,667
Total Net Assets	1,564,580	1,113,931
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,636,735</b>	<b>\$ 1,243,485</b>

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

Welcoming America, Inc.  
Statement of Activities  
For the Year Ended December 31, 2014

	<u>Unrestricted</u> <u>Net Assets</u>	<u>Temporarily</u> <u>Restricted</u> <u>Net Assets</u>	<u>Total</u> <u>Net Assets</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Contributions (Note 1)	\$ 438,599	\$ 1,560,000	\$ 1,998,599
Contracts	180,101	-	180,101
Other income	1,781	-	1,781
	<u>620,481</u>	<u>1,560,000</u>	<u>2,180,481</u>
Total Public Support and Revenue before Transfers			
	620,481	1,560,000	2,180,481
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	<u>912,134</u>	<u>(912,134)</u>	<u>-</u>
Total Public Support and Revenue	<u>1,532,615</u>	<u>647,866</u>	<u>2,180,481</u>
<b>EXPENSES:</b>			
Management and general	185,179	-	185,179
Program	1,393,929	-	1,393,929
Fundraising	150,724	-	150,724
	<u>1,729,832</u>	<u>-</u>	<u>1,729,832</u>
Total Expenses			
	1,729,832	-	1,729,832
CHANGES IN NET ASSETS	(197,217)	647,866	450,649
<b>NET ASSETS:</b>			
Beginning of year	<u>489,264</u>	<u>624,667</u>	<u>1,113,931</u>
End of year	<u>\$ 292,047</u>	<u>\$ 1,272,533</u>	<u>\$ 1,564,580</u>

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

Welcoming America, Inc.  
Statement of Activities  
For the Year Ended December 31, 2013

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Contributions (Note 1)	\$ 404,610	\$ 570,000	\$ 974,610
Grants and contracts	202,679	-	202,679
Other income	15,582	-	15,582
Total Public Support and Revenue before Transfers	622,871	570,000	1,192,871
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	<u>1,140,333</u>	<u>(1,140,333)</u>	<u>-</u>
Total Public Support and Revenue	<u>1,763,204</u>	<u>(570,333)</u>	<u>1,192,871</u>
 <b>EXPENSES:</b>			
Management and general	138,852	-	138,852
Program	1,074,098	-	1,074,098
Fundraising	177,068	-	177,068
Total Expenses	<u>1,390,018</u>	<u>-</u>	<u>1,390,018</u>
CHANGES IN NET ASSETS	373,186	(570,333)	(197,147)
 <b>NET ASSETS:</b>			
Beginning of year	<u>116,078</u>	<u>1,195,000</u>	<u>1,311,078</u>
End of year	<u>\$ 489,264</u>	<u>\$ 624,667</u>	<u>\$ 1,113,931</u>

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

Welcoming America, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2014

	<u>Management and General</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related costs	129,226	687,553	106,034	922,813
Affiliate support	-	335,000	-	335,000
Outside services	31,428	107,675	17,750	156,853
Conference and meetings	669	87,683	8	88,360
Report, postage and printing	1,259	21,452	251	22,962
Advertising and promotion	22	461	2	486
	-	-	-	
Travel	6,667	94,441	10,708	111,816
Occupancy	4,707	33,227	4,439	42,373
Office related	1,705	4,896	927	7,528
Supplies	4,953	2,055	221	7,230
Communications	1,886	17,796	2,260	21,942
Insurance	1,140	411	-	1,551
Other	1,516	1,279	8,124	10,918
	-	-	-	
Total expenses	<u>\$ 185,179</u>	<u>\$ 1,393,929</u>	<u>\$ 150,724</u>	<u>\$ 1,729,832</u>

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



Welcoming America, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2013

	<u>Management and General</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related costs	84,756	582,649	153,555	820,960
Affiliate support	-	282,210	-	282,210
Outside services	32,866	68,496	821	102,183
Conference and meetings	2,718	30,855	1,223	34,796
Report, postage and printing	1,345	19,503	1,239	22,087
Advertising and promotion	285	6,717	234	7,236
Travel	8,961	44,635	10,141	63,737
Occupancy	3,156	24,668	5,736	33,560
Office related	2,595	2,512	2,637	7,744
Supplies	1,040	3,388	690	5,118
Communications	1,130	8,465	792	10,387
 Total expenses	 <u>\$ 138,852</u>	 <u>\$ 1,074,098</u>	 <u>\$ 177,068</u>	 <u>\$ 1,390,018</u>

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

Welcoming America, Inc.

Statements of Cash Flows

	As of December 31,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 450,649	\$ (197,147)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in receivables	(378,159)	97,849
(Increase) decrease in prepaid expenses	2,443	(5,178)
(Increase) decrease in deposit	-	-
Increase (decrease) in accounts payable and accruals	(57,399)	102,984
Net Cash Provided by (Used in) Operating Activities	<u>17,534</u>	<u>(1,492)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	17,534	(1,492)
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>521,520</u>	<u>523,012</u>
End of year	<u>\$ 539,054</u>	<u>\$ 521,520</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 years ended December 31, 2014 and 2013.

#### **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.

## **Welcoming America, Inc.**

### **Summary of Accounting Policies**

(Continued)

#### **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.

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

The Organization received no material donated services during the year ended December 31, 2014 and 2013 that met the criteria for recognition under GAAP.

#### **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.

**Welcoming America, Inc.**

**Summary of Accounting Policies**  
(Concluded)

**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, 2014 and 2013, there are no known items which would result in a material accrual related to where the Organization has federal or state attributable tax positions. Generally, taxing authorities have from the later of the filing date or the extended due date to examine a tax filing.

**Welcoming America, Inc.**

**Notes to Financial Statements**

**NOTE 1 - CONCENTRATIONS**

For the year December 31, 2014, the Organization received a \$1 million grant from a donor to be used to welcoming cities/counties programs over a three year period and grants totaling \$560,000 from two donors to be used for operations over a multi year period. For the year December 31, 2013, the Organization received grants totaling \$581,250 from two donors to be used for operations over a two year period and regranting. At December 31, 2014, receivables include a total of \$950,000 owed from two donors. At December 31, 2013, receivables include \$250,000 owed from one donor. In addition, the Organization received approximately \$192,000 for one governmental agency during 2013.

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.

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**

Temporarily restricted net assets represent unexpended contributions in cash and receivables which were designated by the donors for the following:

	<u>As of December 31,</u>	
	<u>2014</u>	<u>2013</u>
Fiscal year 2014	\$ -	448,333
Fiscal year 2015	125,000	8,334
Fiscal year 2015	239,533	-
Welcoming Cities/Counties	908,000	25,000
Affiliates	-	143,000
	<u>\$ 1,272,533</u>	<u>\$ 624,667</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 approximated \$38,000 and \$34,000 for the years ended December 31 2014 and 2013. Minimum lease payments required under the Atlanta lease are as follows:

<u>Year</u>	<u>Amount</u>
2015	<u>23,500</u>

Subsequent to year end, the Organization entered into an operating lease to replace the current main office facility. The term of the lease is from May 1, 2015 through September 30, 2020 and monthly rent of \$8,444 begins on September 1, 2015. The lease has rent escalations with monthly rent increasing to \$9,554 in May 2020.