

WELCOMING AMERICA, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

WELCOMING AMERICA, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS:	
Statements of Financial Position	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Summary of Accounting Policies	10-12
Notes to Financial Statements	13-15



BLAD & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

1832 INDEPENDENCE SQ., STE. A DUNWOODY, GA 30338
770-512-7600 WWW.BLADCPA.COM

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Welcoming America, Inc., which comprise the statement of financial position, as of December 31, 2015 and 2014, 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

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 Welcoming America, Inc. as of December 31, 2015 and 2014, 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.

Blad & Associates, P.C.

Dunwoody, Georgia
August 24, 2016

Welcoming America, Inc.
Statements of Financial Position

	As of December 31,	
	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 618,814	\$ 539,054
Receivables - Contributions (Note 2)	1,512,938	739,912
Receivables - Contracts	1,865	27,221
Prepaid expenses	18,716	2,735
Total Current Assets	2,152,333	1,308,922
CONTRIBUTIONS RECEIVABLE (Note 2)	957,222	325,000
OTHER ASSETS:		
Website costs, net of accumulated amortization of \$7,229	57,834	-
Capitalized software, net of accumulated amortization of \$1,886	24,634	-
Deposits	10,616	2,813
TOTAL ASSETS	\$ 3,202,639	\$ 1,636,735
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accruals	\$ 153,487	\$ 72,155
Deferred rent (Note 5)	2,105	-
Deferred revenue	25,000	-
Total Current Liabilities	180,592	72,155
LONG-TERM LIABILITIES -		
Deferred rent (Note 5)	31,393	-
TOTAL LIABILITIES	211,985	72,155
CONTINGENCY AND COMMITMENTS (Notes 3 and 5)		
NET ASSETS:		
Unrestricted	356,641	292,047
Temporarily restricted (Note 4)	2,634,013	1,272,533
Total Net Assets	2,990,654	1,564,580
TOTAL LIABILITIES AND NET ASSETS	\$ 3,202,639	\$ 1,636,735

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

Welcoming America, Inc.
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
PUBLIC SUPPORT AND REVENUE:			
Contributions (Note 1)	\$ 634,169	\$ 3,062,671	\$ 3,696,840
Contracts and fees	202,933	-	202,933
Donated services	10,790	-	10,790
Other income	<u>2,057</u>	<u>-</u>	<u>2,057</u>
Total Public Support and Revenue before Transfers	849,949	3,062,671	3,912,620
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	<u>1,701,191</u>	<u>(1,701,191)</u>	<u>-</u>
Total Public Support and Revenue	<u>2,551,140</u>	<u>1,361,480</u>	<u>3,912,620</u>
EXPENSES:			
Management and general	434,015	-	434,015
Program	1,680,073	-	1,680,073
Fundraising	<u>372,458</u>	<u>-</u>	<u>372,458</u>
Total Expenses	<u>2,486,546</u>	<u>-</u>	<u>2,486,546</u>
CHANGES IN NET ASSETS	64,594	1,361,480	1,426,074
NET ASSETS:			
Beginning of year	<u>292,047</u>	<u>1,272,533</u>	<u>1,564,580</u>
End of year	<u><u>\$ 356,641</u></u>	<u><u>\$ 2,634,013</u></u>	<u><u>\$ 2,990,654</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, 2014

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
PUBLIC SUPPORT AND REVENUE:			
Contributions (Note 1)	\$ 438,599	\$ 1,560,000	\$ 1,998,599
Contracts and fees	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>
EXPENSES:			
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
NET ASSETS:			
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 Functional Expenses
For the Year Ended December 31, 2015

	<u>Management and General</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related costs	241,316	899,968	278,224	1,419,508
Affiliate support	-	217,475	-	217,475
Outside services	59,732	215,572	22,267	297,571
Conference and meetings	23,922	98,764	1,857	124,543
Report, postage and printing	3,769	18,466	827	23,062
Advertising and promotion	118	331	13	462
Depreciation	1,550	5,779	1,787	9,116
	-	-	-	
Travel	30,567	85,905	15,462	131,934
Occupancy	19,838	73,985	22,872	116,695
Office related	3,688	4,456	1,469	9,613
Supplies	20,509	14,014	4,259	38,782
Communications	10,180	37,965	11,737	59,882
Insurance	286	1,066	330	1,682
Other	18,540	6,327	11,354	36,221
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 434,015</u>	<u>\$ 1,680,073</u>	<u>\$ 372,458</u>	<u>\$ 2,486,546</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
	<u>185,179</u>	<u>1,393,929</u>	<u>150,724</u>	<u>1,729,832</u>
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.
Statements of Cash Flows

	As of December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,426,074	\$ 450,649
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,116	-
(Increase) decrease in receivables	(1,379,892)	(378,159)
(Increase) decrease in prepaid expenses	(15,981)	2,443
(Increase) decrease in deposits	(7,803)	-
Increase (decrease) in accounts payable and accruals	81,332	(57,399)
Increase (decrease) in deferred revenue	25,000	-
Increase (decrease) in deferred rent	33,498	-
	171,344	17,534
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of software and website development	(91,584)	-
	(91,584)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	79,760	17,534
CASH AND CASH EQUIVALENTS:		
Beginning of year	539,054	521,520
End of year	\$ 618,814	\$ 539,054

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, 2015 and 2014.

Welcoming America, Inc.

Summary of Accounting Policies (Continued)

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.

DONATED GOODS, SERVICES AND FACILITIES

The Organization received no material donated services during the year ended December 31, 2015 and 2014 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 value of accounts payable approximate their fair value based on their short term nature. Contribution receivables are estimated by discounting the future cash flows using current rates and are carried at the estimated collectible amount.

SUBSEQUENT EVENTS

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

Welcoming America, Inc.

Summary of Accounting Policies (Concluded)

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.

WEB SITE COSTS

Web site costs incurred during the planning, training and operation stages are expensed as incurred. Web site application and infrastructure development costs are capitalized. Once the web site is ready for its intended use, the capitalized costs are amortized over the estimated useful life of the web site (5 years).

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, 2015 and 2014, 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.

CAPITALIZED SOFTWARE COSTS

Capitalized software costs include the costs of purchased software and external consultants for implementation. Costs incurred during the planning, training and operation stages are expensed as incurred. Only costs directly related to software acquisition and implementation are capitalized. Once the software is ready for its intended use, capitalized costs are amortized over the estimated useful life of the software and implementation (5 years).

Welcoming America, Inc.

Notes to Financial Statements

NOTE 1 - CONCENTRATIONS

For the year December 31, 2015, the Organization received a \$2.5 million grant from a donor to be used by the organization to implement its strategic plan over three years. Additionally, the same donor provided an additional grant of \$250,000 for the organization meeting certain agreed upon timelines and goals in conjunction with the strategic plan implementation. The Organization has the opportunity to earn another \$250,000 grant in 2016, based on meeting similar agreed upon goals and timelines.

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. At December 31, 2015, receivables include a total of \$1,914,671 owed from one donor. At December 31, 2014, receivables include a total of \$950,000 owed from two donors.

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

NOTE 2 –CONTRIBUTIONS RECEIVABLE

A summary of contributions receivable is as follows for the years ended December 31,:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 1,555,489	\$ 767,133
Receivable in one to five years	<u>1,000,000</u>	<u>325,000</u>
Total contributions receivable	2,555,489	-
Less: discounts to net present value (using an interest rate of 4.4%)	<u>(85,329)</u>	<u>-</u>
Net contributions receivable	<u>\$ 2,470,160</u>	<u>\$ 1,092,344</u>

NOTE 3 - 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.

Welcoming America, Inc.

Notes to Financial Statements
(continued)

NOTE 3 – CONTINGENCY (concluded)

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 4 – 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>2015</u>	<u>2014</u>
Fiscal year 2015	\$ -	125,000
Fiscal year 2016	1,082,449	239,533
Fiscal year 2017	957,222	-
Welcoming Cities/Counties	<u>594,342</u>	<u>908,000</u>
		\$
	<u>\$ 2,634,013</u>	<u>1,272,533</u>

NOTE 5 - COMMITMENTS

The Organization leases Massachusetts and Kentucky office facilities under month-to-month operating leases. The main office lease in Atlanta expired in 2015, and the Organization entered into a lease agreement for a new office facility with a term through September 30, 2020. This new lease contained a period of free rent along with staged escalations, raising monthly rent from \$8,444 in 2015 to \$9,554 in 2020. Rent expense for this lease has been recognized on a straight-line basis with deferred rent payable reflected in both current and long-term liabilities.

Welcoming America, Inc.

Notes to Financial Statements
(Concluded)

NOTE 5 – COMMITMENTS (concluded)

Total rental expense under all leases approximated \$113,000 and \$38,000 for the years ended December 31 2015 and 2014. Minimum lease payments required under the Atlanta lease are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 103,000
2017	105,600
2018	108,200
2019	110,900
2020	<u>85,100</u>
	<u>\$ 512,800</u>

NOTE 6 - RETIREMENT PLAN

In 2015, the Organization established a 401(k) Profit Sharing retirement plan. The employee can make contributions to the plan through a salary reduction agreement with the Organization, subject to certain maximum limitations. The Organization can make a discretionary matching contribution to the plan based on an annually established percentage. Additionally, the Organization can make discretionary profit sharing contributions to the plan which is allocated to participants based upon compensation levels. The plan is underwritten and maintained by an outside party. During the years ended December 31, 2015, there were no employer contributions to the plan.