

CITIZEN ADVOCACY OF ATLANTA & DEKALB, INC.
Atlanta, Georgia

REVIEW REPORT
FINANCIAL STATEMENTS

Year Ended June 30, 2020

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Independent Accountant's Review Report

To the Board of Directors
Citizen Advocacy of Atlanta & DeKalb, Inc.
Decatur, Georgia

We have reviewed the accompanying financial statements of **Citizen Advocacy of Atlanta & DeKalb, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Fricke & Associates, LLC

Peachtree Corners, Georgia
October 23, 2020



Member American Institute of Certified Public Accountants
Georgia Society of Certified Public Accountants



CITIZEN ADVOCACY OF ATLANTA & DEKALB, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

Current assets:	
Cash and cash equivalents	\$ 46,486
Accounts receivable	10,452
Prepaid expenses	<u>3,459</u>
Total current assets	60,397
Property and equipment, net	<u>-</u>
Total assets	<u>\$ 60,397</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 1,462
Compensated absences	5,202
Payroll taxes	<u>2,294</u>
Total current liabilities	8,958
Long-term liabilities:	
PPP loan payable	<u>19,856</u>
Total liabilities	28,814
Net assets:	
Without donor restrictions	<u>31,583</u>
Total liabilities and net assets	<u>\$ 60,397</u>

The accompanying notes are an integral part of these financial statements.

CITIZEN ADVOCACY OF ATLANTA & DEKALB, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Operating activities:		
Revenues and other support		
GAO contract revenue	\$	114,670
Contributions		27,127
Other		<u>1,414</u>
Total revenues and other support		143,211
Expenses		
Program services		117,318
Supporting services		
General and administrative		18,392
Fundraising		<u>3,360</u>
Total expenses		<u>139,070</u>
Change in net assets		4,141
Net assets, beginning of year		<u>27,442</u>
Net assets, end of year	\$	<u><u>31,583</u></u>

The accompanying notes are an integral part of these financial statements.

CITIZEN ADVOCACY OF ATLANTA & DEKALB, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Advocacy</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related expenses				
Compensation	\$ 85,292	\$ 9,748	\$ 2,437	\$ 97,477
Employee benefits				
Medical insurance	4,800	552	166	5,518
Workers compensation	1,921	220	55	2,196
Payroll taxes	<u>6,511</u>	<u>748</u>	<u>225</u>	<u>7,484</u>
Total compensation and related expenses	98,524	11,268	2,883	112,675
Occupancy				
Property and casualty insurance	810	90	-	900
Rent - building	4,800	-	-	4,800
Rent - storage	-	2,364	-	2,364
Telephone and internet	<u>1,650</u>	<u>183</u>	<u>-</u>	<u>1,833</u>
Total occupancy expenses	7,260	2,637	-	9,897
Administration				
Accounting fees	2,923	3,625	-	6,548
Bank service fees	-	55	-	55
Board development	2,897	331	83	3,311
Insurance	1,677	186	-	1,863
Recruitment and training	1,699	-	-	1,699
Taxes and licenses	-	30	-	30
Other	-	-	394	394
Supplies	<u>2,338</u>	<u>260</u>	<u>-</u>	<u>2,598</u>
Total administration expense:	<u>11,534</u>	<u>4,487</u>	<u>477</u>	<u>16,498</u>
 Total expenses	 <u>\$ 117,318</u>	 <u>\$ 18,392</u>	 <u>\$ 3,360</u>	 <u>\$ 139,070</u>

The accompanying notes are an integral part of these financial statements.

CITIZEN ADVOCACY OF ATLANTA & DEKALB, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

Cash flows from operating activities:	
Change in net assets	\$ 4,141
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	3,614
Prepaid expenses	(2,396)
Increase (decrease) in operating liabilities:	
Accounts payable	(5,968)
Accrued compensated absences	(984)
Accrued payroll taxes	<u>(5,913)</u>
Net cash used by operating activities	<u>(7,506)</u>
Cash flows from financing activities:	
PPP loan proceeds	<u>19,856</u>
Net cash provided by financing activities	<u>19,856</u>
Increase in cash and cash equivalents	12,350
Cash and cash equivalents, beginning of year	<u>34,136</u>
Cash and cash equivalents, end of year	<u>\$ 46,486</u>

The accompanying notes are an integral part of these financial statements.

CITIZEN ADVOCACY OF ATLANTA & DEKALB, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization and Purpose

Citizen Advocacy of Atlanta & DeKalb, Inc. (the “Organization”) is a nonprofit corporation organized in 1991 to promote protection and advocacy for people who have developmental disabilities within Fulton and DeKalb County, Georgia regardless of age, degree of impairment, length of residence, sex or race. Services provided by **Citizen Advocacy of Atlanta & DeKalb, Inc.** include the following:

Providing protection and advocacy to individuals who have developmental disabilities by initiating and supporting one-to-one relationships between individuals who have a developmental disability and independent unpaid people, recruited by **Citizen Advocacy of Atlanta & DeKalb, Inc.**, who make a commitment to represent these individuals best interest; and

In the course of initiating and supporting these relationships and in all actions and communications of **Citizen Advocacy of Atlanta & DeKalb, Inc.**, to uphold the dignity of individuals who have disabilities and to generate personal and financial support for the work they perform.

(b) Basis of Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants “Audits and Accounting Guide for Not-for-Profit Organizations” (Guide). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(c) Adoption of Accounting Pronouncements

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance clarifies the definitions of reciprocal and non-reciprocal transactions and modifies the criteria used to evaluate conditional vs. unconditional contributions.

CITIZEN ADVOCACY OF ATLANTA & DEKALB, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Adoption of Accounting Pronouncements, continued

In addition, the new guidance defines that a conditional contribution exists when the agreement contains both a right of return of the contributed assets and a barrier that must be overcome. The guidance is effective for the Organization for years beginning after December 15, 2019. The Organization implemented ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements. Accordingly, there is no effect on net assets in connection with our implementation.

(d) Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restricted support. Donations of property and equipment are recorded as support with or without donor restrictions at their estimated fair value at the date of donation. There were no donor restricted contributions for the year ended June 30, 2020.

(e) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(f) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of June 30, 2020 no cash equivalents were maintained by the Organization.

(g) Concentrations of Credit Risk

At June 30, 2020 the Organization's carrying amount of cash and cash equivalents was \$49,409 and bank balances were \$46,486. These bank balances were covered by federal depository insurance.

(h) Accounts Receivable

Receivables consist of grant reimbursements due on grants for expenditures made but not reimbursed. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the financial statements do not include any amounts that would necessitate the need for an allowance for uncollectible receivables. See Note 2

CITIZEN ADVOCACY OF ATLANTA & DEKALB, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Prepaid Expense

Payments made to vendors for services that will benefit periods subsequent to year end, are recorded as prepaid expenses.

(j) Property and Equipment

Property and equipment are stated at historical cost or fair market value at the date of the gift, if donated. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation of furniture, fixtures and equipment are computed over the estimated useful life of the applicable asset using the straight-line method. *See Note 3*

(k) Accounts payable

Accounts payable consists of amounts due vendors and customers for services and goods received which will be paid in the subsequent period.

(l) Income Taxes

The Organization is a nonprofit corporation that 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 does not receive any income from unrelated business activities and is not required to file a federal Exempt Organization Business Income Tax Return (Form 990-T) and therefore has no uncertain tax positions that are material to the financial statements. The Organization believes it is no longer subject to tax examinations for years prior to 2015. Management is required to evaluate any uncertain tax positions taken, if any, and provide additional disclosures. At this time, the Organization does not believe it has taken any uncertain tax positions that may have a material effect on its financial statements or note disclosures for the year ended June 30, 2020.

(m) Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of estimates of time and effort. Such allocations are determined by management on an equitable basis. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

CITIZEN ADVOCACY OF ATLANTA & DEKALB, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(n) Contributed Services

Members of the Board of Directors and other employees volunteer services to the Organization without compensation. Furthermore, a substantial number of volunteers have donated significant amounts of time in the Organization’s program services, fundraising and operating activities. The value of these contributed services has not been recorded in the financial statements because an objective and measurable basis for determining the value of these services is not available.

(o) Contractual Assistance

The Organization’s relationship with the Georgia Advocacy Office, Inc. is evaluated each year and if certain criteria are met, a contract may be negotiated. The Georgia Advocacy Office, Inc. funds the entire contract using funds from the U.S. Department of Health and Human Services and the State of Georgia Department of Community Affairs. Funds received from the contract are restricted to use on the Citizen Advocacy Program, which only serves people with developmental disabilities by matching each person into a voluntary relationship with a private citizen. *See Note 2*

NOTE 2 – FUNDING

The Organization received funding commitment from the Georgia Advocacy Office, Inc. for the year ended June 30, 2020 in the amount of \$114,670 and receives additional reimbursement for other approved expenses. Accounts receivable associated with this funding at June 30, 2020 is \$10,452.

NOTE 3 – PROPERTY AND EQUIPMENT

The following is a summary of the changes in the Organization’s property and equipment for the year ended June 30, 2020.

Furniture and equipment	\$ 17,684
Accumulated depreciation	<u>(17,684)</u>
	<u>\$ -</u>

NOTE 4 – SPACE USE COVENANT AGREEMENT

The Organization executed a space use covenant agreement on February 28, 2019 for building space to be utilized for administrative and program support activities with an unrelated party at the rate of \$300 per month. The agreement was renewed June 27, 2019, modified to \$500 per month for a larger office space effective January 1, 2020 and renewed on June 8, 2020 for the term of July 1, 2020 to June 30, 2021. Either party has the right to terminate the agreement with or without cause upon sixty days written notice to the other party. Rent expense for the year ended June 30, 2020 was \$4,800 and future payments under the agreement for the year ending June 30, 2021 are \$6,000.

CITIZEN ADVOCACY OF ATLANTA & DEKALB, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 5 – ACCRUED COMPENSATED ABSENCES

(a) Sick Leave

An employee shall be granted one day per month sick leave. Up to ten days shall be advanced to an employee. In the event that an employee leaves the employ of the Organization before working sufficient time to cover the advanced sick leave, the amount of pay advance shall be deducted from the employee's final salary. Unused sick leave may accumulate up to a maximum of twenty working days (or 160 hours). Upon leaving employment of the organization the employee may be reimbursed for up to ten days of unused sick leave. In the event an employee might be required to attend to medical needs of an immediate family member, personal sick leave may be applied.

(b) Vacation Leave

Employees shall be granted twelve working days of vacation leave after one year. Upon completion of three years of service, the employee will begin to accrue vacation at the rate of eighteen working days per year and upon completion of five years of service, twenty-four working days. (At its option, the Board of Directors may count years of employment in other Citizen Advocacy offices in calculating an employee's years of employment.) Employees working for less than one year shall be entitled to vacation time on a pro-rata basis. However, vacation leave shall not be granted to employees until three months after beginning employment, except by permission of the employee's immediate supervisor.

Vacation leave does not accumulate beyond twelve days for employees in their first three years, eighteen days in their fourth and fifth years or twenty-four days in their sixth and succeeding years. As a result, vacation leave must be used during the year in which it is earned (using the employee's anniversary date as the start of the year).

Upon leaving employment of the organization, the employee may be reimbursed for any unused vacation leave for the year in which the employee leaves on a pro-rata monthly basis, using the employee's anniversary date as the start of the year.

NOTE 6– LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	\$ 46,486
Accounts receivable	10,452
Prepaid Expenses	<u>3,459</u>
	<u>\$ 60,397</u>

As part of the liquidity management, the Organization has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's goal is generally to maintain financial assets to meet sixty days of operating expenses.

CITIZEN ADVOCACY OF ATLANTA & DEKALB, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2020

NOTE 7 – DATE OF MANAGEMENT’S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 23, 2020, the date which the financial statements were available to be issued with the following items disclosed:

(a) *Coronavirus (COVID-19)*

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported in Wuhan, China. The World Health Organization declared the outbreak a pandemic that constitutes a “Public Health Emergency of International Concern.” The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business operations causing financial hardships on businesses and individuals. Management continues to evaluate the potential negative economic impact resulting from the COVID-19 pandemic. Given the uncertainty of these circumstances, the related impact on the Organization’s operations cannot be reasonably estimated at this time.

(b) *Payroll Protection Program*

Due to the impact from the COVID-19 outbreak the Organization was approved for a U.S. Small Business Administration Paycheck Protection Program Loan (“PPP”) and received \$19,856 on May 8, 2020, with an interest rate of 1.00%. The term of the note is two years, together with accrued and unpaid interest, and any and all costs, fees and expenses then outstanding, will be due and payable on such date unless forgiven. If the loan amount is not forgiven the Organization must make monthly payments including principal and interest beginning May 5, 2021. The loan may be fully forgiven if the funds are used as stipulated within the PPP loan guidelines. No collateral or personal guarantees were required. At June 30, 2020 this loan balance is reflected as a long-term liability, PPP loan payable, on the Statement of Financial Position.

NOTE 8 – CONTINGENCIES

Grants often require the fulfillment of certain conditions as set forth in the related instrument. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management deems the contingency unlikely, since upon accepting the grants the Organization has agreed to comply with the provisions thereof.