

DECATUR EDUCATION FOUNDATION, INC.  
FINANCIAL STATEMENTS FOR THE YEARS ENDED  
JUNE 30, 2017 AND 2016  
With Independent Auditor's Report Thereon

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Decatur Education Foundation, Inc.  
Decatur, Georgia

We have audited the accompanying financial statements of Decatur Education Foundation, Inc. DEF (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, and cash flows for the years then ended June 30, 2017 and 2016, 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 of 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 aspects, the financial position of Decatur Education Foundation, Inc., as of June 30, 2017 and 2016, 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.



Morrow, Georgia  
January 24, 2018

DECATUR EDUCATION FOUNDATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2017 AND 2016

ASSETS		
	2017	2016
<b>CURRENT ASSETS</b>		
Cash	\$ 515,334	446,514
Investments	680,065	597,594
Contributions receivable	5,047	13,426
Pledges receivable, less than one year	37,320	40,350
Prepaid expenses	<u>14,402</u>	<u>5,594</u>
<b>TOTAL CURRENT ASSETS</b>	<b>1,252,168</b>	<b>1,103,478</b>
<b>FIXED ASSETS</b>		
Property and equipment, net of accumulated depreciation	2,908	2,473
<b>OTHER ASSETS</b>		
Long-term pledges receivable, net	<u>33,998</u>	<u>56,784</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,289,074</u></b>	<b><u>\$ 1,162,735</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 6,249	\$ 7,814
Payroll liabilities	<u>3,669</u>	<u>3,387</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>9,918</u>	<u>11,201</u>
<b>TOTAL LIABILITIES</b>	<u>9,918</u>	<u>11,201</u>
<b>NET ASSETS</b>		
Unrestricted	194,436	186,601
Temporarily restricted	<u>1,084,720</u>	<u>964,933</u>
<b>TOTAL NET ASSETS</b>	<u>1,279,156</u>	<u>1,151,534</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,289,074</u></b>	<b><u>\$ 1,162,735</u></b>

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

DECATUR EDUCATION FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>2016 Total</u>
<b>PUBLIC SUPPORT AND REVENUES</b>				
Contributions	\$ 177,994	\$ 266,935	\$ 444,929	\$ 401,687
Special events, net	192,263	-	192,263	186,398
Unrealized gain	77	27,216	27,293	2,244
Interest revenue	513	21,603	22,116	21,159
In-kind revenue	<u>9,500</u>	<u>-</u>	<u>9,500</u>	<u>10,000</u>
Public support and revenues	380,347	315,754	696,101	621,488
Temporarily restricted funds utilized for purposes intended	<u>195,966</u>	<u>(195,966)</u>	<u>-</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>576,313</u>	<u>119,788</u>	<u>696,101</u>	<u>621,488</u>
<b>EXPENSES</b>				
Program services	447,392	-	447,392	490,180
Management and general expenses	46,260	-	46,260	26,418
Fundraising expenses	<u>74,827</u>	<u>-</u>	<u>74,827</u>	<u>53,574</u>
<b>TOTAL EXPENSES</b>	<u>568,479</u>	<u>-</u>	<u>568,479</u>	<u>570,172</u>
<b>CHANGE IN NET ASSETS</b>	7,834	119,788	127,622	51,316
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>186,602</u>	<u>964,932</u>	<u>1,151,534</u>	<u>1,100,218</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 194,436</u>	<u>\$ 1,084,720</u>	<u>\$ 1,279,156</u>	<u>\$ 1,151,534</u>

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DECATUR EDUCATION FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES</b>			
Contributions	\$ 176,183	\$ 225,504	\$ 401,687
Special events, net	186,398	-	186,398
Unrealized gain	-	2,244	2,244
Interest revenue	570	20,589	21,159
In-kind revenue	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Public support and revenues	373,151	248,337	621,488
Temporarily restricted funds utilized for purposes intended	<u>192,513</u>	<u>(192,513)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>565,664</u>	<u>55,824</u>	<u>621,488</u>
<b>EXPENSES</b>			
Program services	490,180	-	490,180
Management and general expenses	26,418	-	26,418
Fundraising expenses	<u>53,574</u>	<u>-</u>	<u>53,574</u>
<b>TOTAL EXPENSES</b>	<u>570,172</u>	<u>-</u>	<u>570,172</u>
<b>CHANGE IN NET ASSETS</b>	(4,508)	55,824	51,316
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>191,109</u>	<u>909,109</u>	<u>1,100,218</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 186,601</u>	<u>\$ 964,933</u>	<u>\$ 1,151,534</u>

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

DECATUR EDUCATION FOUNDATION, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	Program activities		Management and general		Fundraising		Totals	
	2017	2016	2017	2016	2017	2016	2017	2016
Grants	\$ 235,019	\$ 249,287	\$ -	\$ -	\$ -	\$ -	\$ 235,019	\$ 249,287
Payroll expenses	121,517	127,258	30,379	15,250	50,633	32,779	202,529	175,287
Scholarships	49,000	56,900	-	-	-	-	49,000	56,900
Consulting	13,618	17,037	5,153	3,595	5,674	4,389	24,445	25,021
Communications	13,022	12,042	3,255	1,444	5,425	3,102	21,702	16,588
Other	2,032	5,614	3,711	2,821	7,601	8,788	13,344	17,223
Office and equipment	6,109	13,948	1,528	1,130	2,546	2,431	10,183	17,509
Services	5,940	5,987	1,485	717	2,475	1,542	9,900	8,246
Travel	778	1,792	195	217	325	462	1,298	2,471
Meetings	357	315	554	1,244	148	81	1,059	1,640
<b>TOTAL EXPENSES</b>	<b>\$ 447,392</b>	<b>\$ 490,180</b>	<b>\$ 46,260</b>	<b>\$ 26,418</b>	<b>\$ 74,827</b>	<b>\$ 53,574</b>	<b>\$ 568,479</b>	<b>\$ 570,172</b>

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

DECATUR EDUCATION FOUNDATION, INC.  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 127,622	\$ 51,316
Depreciation	1,283	2,141
Unrealized (gain)/loss	(27,216)	(2,244)
Decrease (Increase) in operating assets		
Contributions receivable	8,379	(10,722)
Pledges receivable	25,816	(38,365)
Prepaid insurance	(8,808)	961
(Decrease) Increase in operating liabilities		
Accounts payable	(1,565)	3,119
Payroll liabilities	<u>282</u>	<u>(320)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	125,793	5,886
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	62,380	958
Purchase of investments	(117,635)	(25,449)
Purchase of fixed assets	<u>(1,718)</u>	<u>(1,586)</u>
NET CASH USED IN INVESTING ACTIVITIES	(56,973)	(26,077)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	68,820	(20,191)
CASH BEGINNING OF YEARS	<u>446,514</u>	<u>466,705</u>
CASH END OF YEARS	<u>\$ 515,334</u>	<u>\$ 446,514</u>

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

DECATUR EDUCATION FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**1. ORGANIZATION**

Decatur Education Foundation, Inc. (“DEF”) is a charitable, not-for-profit organization that harnesses community resources to provide educational and enrichment opportunities for all Decatur youth.

DEF is an independent nonprofit that works in close partnership with City Schools of Decatur. More specifically, DEF works to:

- Help individuals or organizations implement select ideas to support youth
- Fund special initiatives from City Schools of Decatur
- Host and manage scholarships and other funds for designated purposes
- Connect people and ideas with others to benefit Decatur youth
- Create or join collaborations to address needs and support programs.

The organization’s support comes primarily from individual donors’ contributions, corporate and foundation gifts, and receipts from various fundraising events.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

DEF classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of DEF and changes therein are classified and reported as follows:

Unrestricted net assets – net assets not subject to donor imposed restrictions.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of DEF and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported.



DECATUR EDUCATION FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Estimates

Management of DEF makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

Cash and cash equivalents

For financial statement purposes, highly liquid investments with original maturities of three months or less when purchased are reported as cash and cash equivalents. For the years ended June 30, 2017 and 2016, DEF had no cash equivalents.

Financial instruments

The financial instruments shown as assets in the statements of financial position are traditional in nature. The carrying value of cash and cash equivalents and all other financial instruments, including receivables, approximate their fair value.

Investments

Investments in equity and debt securities are reported at fair value with realized and unrealized gains and losses included in the statement of activities. Realized and unrealized gains or losses on marketable securities are determined by using specific identification.

Property and equipment

Property and equipment are capitalized at cost. It is DEF's policy to capitalize expenditures for these items in excess of \$1,000. Lesser amounts are expensed. Property and equipment are being depreciated over estimated useful lives of five to ten years using a straight-line method.

Contributed materials, services, and use of facility

Materials donated to DEF are reflected in the financial statements at the fair value of the materials received. Total contributed materials and services for the years ended June 30, 2017 and 2016 are as follows:

	2017	2016
Donated materials	\$ 1,150	\$ 1,400
Donated services	<u>8,350</u>	<u>8,600</u>
	<u>\$ 9,500</u>	<u>\$ 10,000</u>

DECATUR EDUCATION FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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. Accordingly, certain costs have been allocated between program activities, management and general expenses, and fundraising expenses.

Income taxes

DEF qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. DEF had no income from unrelated activities and has no income taxes due as of June 30, 2017 and 2016.

DEF's application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes DEF has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. DEF would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. DEF is no longer subject to examination by federal, state or local tax authorities for periods before 2013.

**3. PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Office equipment	\$ 14,073	\$ 14,073
Furniture and equipment	1,718	-
Less accumulated depreciation	(12,883)	(11,600)
	\$ 2,908	\$ 2,473

**4. FAIR VALUE MEASUREMENTS**

DEF has adopted the provisions of Accounting Standards Codification 820 ("ASC 820"), Fair Value Measurements, for financial assets and liabilities. Under ASC 820, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Unobservable prices that are based on inputs not quoted on active markets, but corroborated by market data.

DECATUR EDUCATION FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**4. FAIR VALUE MEASUREMENTS – Continued**

Level 3: Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

The following table summarized DEF’s financial instruments measured at fair value on a recurring basis in accordance with ASC 820 as of June 30, 2017:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Mutual funds	\$ <u>680,065</u>	\$ <u>680,065</u>	\$ _____ -	\$ _____ -
	\$ <u>680,065</u>	\$ <u>680,065</u>	\$ _____ -	\$ _____ -

The following table summarized DEF’s financial instruments measured at fair value on a recurring basis in accordance with ASC 820 as of June 30, 2016:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Mutual funds	\$ <u>597,594</u>	\$ <u>597,594</u>	\$ _____ -	\$ _____ -
	\$ <u>597,594</u>	\$ <u>597,594</u>	\$ _____ -	\$ _____ -

Total were no investment related expenses for the years ended June 30, 2017 and 2016.

**5. OPERATING LEASE**

DEF rents office space on a month-to-month basis with monthly payments of \$600. Total rent expense incurred for the year ended June 30, 2017 and 2016 was \$7,150 and \$7,550, respectively.

**6. SPECIAL EVENTS**

DEF conducts several fundraising events throughout the year. The net proceeds from these events are reported as special events revenue in the accompanying statements of activities. The following are summaries of these activities for the year ended June 30, 2017:

	<u>Revenue</u>	<u>Expenses</u>	<u>Excess of revenue over expenses</u>
Tour deCatur	\$ 104,778	\$ 25,073	\$ 79,705
Low Country Boil	100,105	21,701	78,404
3 <sup>rd</sup> Party Events	47,442	29,343	18,099
Eat and Greet	10,332	1,657	8,675
Book Sale	<u>8,804</u>	<u>1,424</u>	<u>7,380</u>
Total	\$ <u>271,461</u>	\$ <u>79,198</u>	\$ <u>192,263</u>

DECATUR EDUCATION FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**6. SPECIAL EVENTS - Continued**

The following are summaries of these activities for the year ended June 30, 2016:

	Revenue	Expenses	Excess of revenue over expenses
Tour deCatur	\$ 120,494	\$ 24,245	\$ 96,249
Low Country Boil	88,451	20,801	67,650
3 <sup>rd</sup> Party Events	25,629	15,734	9,895
Eat and Greet	7,000	2,512	4,488
Book Sale	10,063	1,947	8,116
 Total	 \$ 251,637	 \$ 65,239	 \$ 186,398

**7. LONG-TERM PLEDGES RECEIVABLE**

During the current year, DEF received pledges from various donors. These pledges mature over 10 years. The pledges were discounted in accordance with ASC 820 using effective interest rates of 2-3%. As the pledges are received the amortized discount is recognized as contribution revenue.

Long-term receivables under these pledges are as follows:

Year ended June 30	
2019	\$ 11,000
2020	10,000
2021	6,000
2022	3,000
2023	3,000
Thereafter	3,000
	36,000
Discount	(2,002)
Total	\$ 33,998

DECATUR EDUCATION FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**8. RESTRICTED NET ASSETS**

There are donor restrictions on DEF's net assets. At June 30, 2017 and 2016, DEF's net assets were restricted temporarily for the following purposes:

	2017	2016
Scholarships for students	\$ 741,095	\$ 695,641
Other programs	143,353	134,023
New program development	95,973	21,787
Scholarships for teachers	37,804	41,341
Early childhood education	32,327	16,505
Robotics program	14,569	17,352
Special education	14,000	30,474
Youth Fund	<u>5,599</u>	<u>7,810</u>
Total temporarily restricted net assets	<u>\$ 1,084,720</u>	<u>\$ 964,933</u>

**9. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 24, 2018, which is the date the financial statements were available to be issued.