WELCOMING AMERICA, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

WELCOMING AMERICA, INC.

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BLAD & ASSOCIATES, P.C.
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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 statements of financial position, as of December 31, 2016 and 2015, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 positions of Welcoming America, Inc. as of December 31, 2016 and 2015, 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 4, 2017

Welcoming America, Inc.
Statements of Financial Position

	As of December 31,	
	2016	2015
ASSETS		RESTATED
CURRENT ASSETS:		
Cash and cash equivalents	$ 668,926	$ 618,814
Receivables - contributions (Note 2)	1,625,000	1,612,938
Receivables - contracts	79,188	1,865
Prepaid expenses	10,712	18,716
Total Current Assets	2,383,826	2,252,333
CONTRIBUTIONS RECEIVABLE (Note 2)	435,826	957,222
LEASEHOLD IMPROVEMENTS, NET OF ACCUMULATED DEPRECIATION OF $374	9,829	-
OTHER ASSETS:		
Website costs, net of accumulated amortization of $28,917 and $7,229, respectively	36,146	57,834
Capitalized software, net of accumulated amortization of $8,516 and $1,886, respectively	18,004	24,634
Deposits	10,884	10,616
TOTAL ASSETS	$ 2,894,515	$ 3,302,639
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accruals	$ 129,737	$ 153,487
Deferred rent (Note 6)	4,677	2,105
Deferred revenue	-	25,000
Total Current Liabilities	134,414	180,592
LONG-TERM LIABILITIES -		
Deferred rent (Note 6)	26,716	31,393
TOTAL LIABILITIES	161,130	211,985
CONTINGENCY AND COMMITMENTS (Notes 3 and 6)		
NET ASSETS:		
Unrestricted	35,907	135,904
Unrestricted - board designated (Note 5)	301,836	220,737
Temporarily restricted (Note 4)	2,395,642	2,734,013
Total Net Assets	2,733,385	3,090,654
TOTAL LIABILITIES AND NET ASSETS	$ 2,894,515	$ 3,302,639

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

Welcoming America, Inc.

Statement of Activities
For the Year Ended December 31, 2016

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
PUBLIC SUPPORT AND REVENUE:			
Contributions	$ 633,847	$ 1,827,206	$ 2,461,053
Contracts and fees	473,447	-	473,447
Donated services	16,080	-	16,080
Donated materials	1,647	-	1,647
Other income	1,360	-	1,360
Total Public Support and Revenue before Transfers	1,126,381	1,827,206	2,953,587
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	2,165,577	(2,165,577)	-
Total Public Support and Revenue	3,291,958	(338,371)	2,953,587
EXPENSES:			
Management and general	746,975	-	746,975
Program	2,176,246	-	2,176,246
Fundraising	387,636	-	387,636
Total Expenses	3,310,857	-	3,310,857
CHANGES IN NET ASSETS	(18,898)	(338,371)	(357,270)
NET ASSETS:			
Beginning of year	356,641	2,734,013	3,090,654
End of year	$ 337,743	$ 2,395,642	$ 2,733,385

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

Welcoming America, Inc.

Statement of Activities-RESTATED
For the Year Ended December 31, 2015

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
PUBLIC SUPPORT AND REVENUE:			
Contributions (Note 8)	$ 634,169	$ 3,162,671	$ 3,796,840
Contracts and fees	202,933	-	202,933
Donated services	10,790	-	10,790
Other income	2,057	-	2,057
Total Public Support and Revenue before Transfers	849,949	3,162,671	4,012,620
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	1,701,191	(1,701,191)	-
Total Public Support and Revenue	2,551,140	1,461,480	4,012,620
EXPENSES:			
Management and general	434,015	-	434,015
Program	1,680,073	-	1,680,073
Fundraising	372,458	-	372,458
Total Expenses	2,486,546	-	2,486,546
CHANGES IN NET ASSETS	64,594	1,461,480	1,526,074
NET ASSETS:			
Beginning of year	292,047	1,272,533	1,564,580
End of year (Note 8)	$ 356,641	$ 2,734,013	$ 3,090,654

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

Welcoming America, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2016

	Management and General	Program	Fundraising	Total
Compensation and related costs	$464,488	$1,196,420	$326,362	$1,987,270
Affiliate support	-	83,110	-	83,110
Outside services	103,241	348,803	8,868	460,912
Conference and meetings	24,705	272,660	9	297,374
Report, postage and printing	6,134	45,945	1,855	53,933
Advertising and promotion	-	992	87	1,079
Depreciation	6,377	17,515	4,800	28,692
	-	-	-	-
Travel	61,923	80,136	4,544	146,603
Occupancy	27,589	75,715	20,413	123,717
Office related	2,492	5,675	1,321	9,489
Supplies	13,219	4,047	999	18,265
Communications	14,950	41,030	11,062	67,042
Insurance	106	291	78	475
Other	21,752	3,907	7,238	32,896
Total expenses	$ 746,975	$ 2,176,246	$ 387,636	$ 3,310,857

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

	Management and General	Program	Fundraising	Total
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
Total expenses	$ 434,015	$ 1,680,073	$ 372,458	$ 2,486,546

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

Welcoming America, Inc.

Statements of Cash Flows

	As of December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		RESTATED
Changes in net assets	$ (357,270)	$ 1,526,074
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	28,692	9,116
(Increase) decrease in receivables	432,011	(1,479,892)
(Increase) decrease in prepaid expenses	8,004	(15,981)
(Increase) decrease in deposits	(268)	(7,803)
Increase (decrease) in accounts payable and accruals	(23,750)	81,332
Increase (decrease) in deferred revenue	(25,000)	25,000
Increase (decrease) in deferred rent	(2,105)	33,498
Net Cash Provided by (Used in) Operating Activities	60,314	171,344
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of leasehold improvements	(10,203)	-
Purchases of software and website development	-	(91,584)
Net Cash Provided by (Used in) Investing Activities	(10,203)	(91,584)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,111	79,760
CASH AND CASH EQUIVALENTS:		
Beginning of year	618,814	539,054
End of year	$ 668,926	$ 618,814

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, 2016 and 2015.

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

Donated professional services, which require specialized skills and are provided by individuals possessing those skills, are valued at market rates for those services as unrestricted support. Donated materials are reflected as non-cash contributions at their estimated fair market value on the date of receipt. The Organization received donated professional coaching and consulting services for the year ended December 31, 2016. During the year ended December 31, 2015, the Organization received donated design services and legal services.

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.

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.

AFFILIATE REVENUE

During the year ended December 31, 2016, the Organization recorded revenue in the amount of $40,000 from an affiliate to offset one half of the October 2016 conference expenses. At December 31, 2016, $20,000 was included in accounts receivable for this affiliate. There were no significant affiliate revenue transactions at December 31, 2015.

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 (3 years).

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 (4 years).

RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation on the current year financial statements.

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, 2016 and 2015, 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.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting standard, ASU No. 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for fiscal years beginning after December 15, 2019. It is to be adopted using a modified retrospective approach. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

In August 2016, the FASB issued a new accounting standard, ASU 2016-14 (*Topic 958*), which changes the presentation and disclosure requirements for not for profits (NFP). The standard changes the net asset classification requirements and information presented about a NFP's liquidity, financial performance and cash flows. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Early adoption of the standard is permitted. The Organization plans to adopt ASU 2016-14 (*Topic 958*) for year beginning after December 15, 2017. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

NOTE 1 - CONCENTRATIONS

For the year December 31, 2016, the Organization received approximately $1,092,000 of contribution revenue from two sources and approximately $279,000 of contract revenue from a governmental agency.

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. Another $250,000 was earned in 2016 since the Organization met similar agreed upon goals and timelines.

At December 31, 2016, receivables include a total of $1,635,211 owed from three sources. At December 31, 2015, receivables include a total of $1,914,671 owed from one donor.

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:

	2016	2015
Receivable in less than one year	$ 1,625,000	$ 1,655,489
Receivable in one to five years	450,000	1,000,000
Total contributions receivable	2,075,000	2,655,489
Less: discounts to net present value (using an interest rate of 3.5% and 4.4%)	(14,174)	(85,329)
Net contributions receivable	$2,060,826	$ 2,570,160

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.

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:

	As of December 31, 2016	2015
Fiscal year 2016	$ -	$ 1,182,449
Fiscal year 2017	1,756,500	957,222
Fiscal year 2018	410,827	-
Welcoming Cities/Counties	213,315	594,342
Global Strategy Development	15,000	-
	$ 2,395,642	$ 2,734,013

NOTE 5 – BOARD RESTRICTED FUNDS

The Board of Directors has established a reserve account equal to approximately three months of expenses as a contingency in a separate bank account. All disbursements from this account require board approval.

NOTE 6 - COMMITMENTS

The Organization leases certain 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.

NOTE 6 – COMMITMENTS (concluded)

Total rental expense under all leases approximated $120,600 and $113,000 for the years ended December 31 2016 and 2015. Minimum lease payments required under the Atlanta lease are as follows:

Year	Amount
2017	105,600
2018	108,200
2019	110,900
2020	85,100
	$ 409,800

NOTE 7 - 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. For the year ended December 31, 2016, the Organization paid $28,671 in employer contributions and administration fees. During the years ended December 31, 2015, there were no employer contributions to the plan.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2016, the Organization determined that $100,000 in contribution revenue received and recorded in the year ended December 31, 2016 should have been recorded in the year ended December 31, 2015, the year the contribution was awarded. The 2015 contribution was time restricted since the funds were not paid until 2016. As a result, the restricted net asset as of December 31, 2015 has been restated to reflect the increase of $100,000.