

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

AMERICANA COMMUNITY CENTER, INC.

JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Americana Community Center, Inc.

We have audited the accompanying financial statements of Americana Community Center, Inc., (a not-for-profit organization) which comprise the statements of financial position as of June 30, 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 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 respects, the financial position of Americana Community Center, Inc. as of June 30, 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.

Baldwin CPAs, PLLC

Louisville, Kentucky
March 6, 2017

**STATEMENTS OF FINANCIAL POSITION
AMERICANA COMMUNITY CENTER, INC.
JUNE 30, 2016 AND 2015**

	2016	2015
ASSETS		
Cash	\$ 181,812	\$ 122,019
Grants receivable	5,075	12,086
Promises to give	422,594	581,528
Land, building and equipment, net	1,944,173	2,008,949
Total assets	\$ 2,553,654	\$ 2,724,582
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 7,931	\$ 59,526
Accrued expenses	37,742	23,102
Notes payable	783,685	898,734
Total liabilities	829,358	981,362
 NET ASSETS		
Unrestricted	1,282,302	1,154,692
Temporarily restricted	441,994	588,528
Total net assets	1,724,296	1,743,220
Total liabilities and net assets	\$ 2,553,654	\$ 2,724,582

The accompanying notes are an integral part of these financial statements

**STATEMENTS OF ACTIVITIES
AMERICANA COMMUNITY CENTER, INC.
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016			2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:						
Government grants	\$ 114,200	\$ -	\$ 114,200	\$ 75,300	\$ -	\$ 75,300
Contributions and grants	584,631	126,752	711,383	288,221	435,818	724,039
Special events income	65,908	-	65,908	19,576	-	19,576
Special events expense	(12,192)	-	(12,192)	-	-	-
Interest income	72	-	72	13	-	13
Miscellaneous	48,199	-	48,199	24,595	-	24,595
Total revenue and support	800,818	126,752	927,570	407,705	435,818	843,523
Net assets released from restrictions						
Restrictions satisfied by payments	273,286	(273,286)	-	776,175	(776,175)	-
Total revenue, support and reclassifications	1,074,104	(146,534)	927,570	1,183,880	(340,357)	843,523
Expenses:						
Program services	711,243	-	711,243	751,534	-	751,534
Management and general	130,802	-	130,802	83,464	-	83,464
Fund raising	104,449	-	104,449	105,244	-	105,244
Total expenses	946,494	-	946,494	940,242	-	940,242
Increase (decrease) in net assets	127,610	(146,534)	(18,924)	243,638	(340,357)	(96,719)
Net assets at beginning of year	1,154,692	588,528	1,743,220	911,054	928,885	1,839,939
Net assets at end of year	\$ 1,282,302	\$ 441,994	\$ 1,724,296	\$ 1,154,692	\$ 588,528	\$ 1,743,220

The accompanying notes are an integral part of these financial statements

**STATEMENTS OF FUNCTIONAL EXPENSES
AMERICANA COMMUNITY CENTER, INC.
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016				2015			
	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>
Salaries	\$ 421,015	\$ 278,980	\$ 69,695	\$ 72,340	\$ 364,649	\$ 257,951	\$ 42,911	\$ 63,787
Payroll taxes	30,853	20,492	5,085	5,276	29,914	21,161	3,521	5,232
Employee benefits	51,942	34,500	8,560	8,882	55,340	39,147	6,514	9,679
Contract services	52,359	52,359	-	-	1,300	1,300	-	-
Supplies	42,100	27,776	6,892	7,432	34,003	13,820	2,299	17,884
Office expense	1,762	1,171	290	301	4,287	3,490	313	484
Program expense	60,188	60,188	-	-	155,036	155,036	-	-
Postage	114	76	19	19	570	403	67	100
Occupancy	94,906	87,314	6,453	1,139	128,664	118,371	8,749	1,544
Insurance	27,115	24,946	1,844	325	27,643	25,432	1,879	332
Interest	27,973	25,735	1,902	336	30,666	28,213	2,085	368
Professional fees	13,430	4,138	8,227	1,065	9,741	1,939	7,323	479
Telephone	9,817	6,520	1,618	1,679	7,747	5,480	912	1,355
Travel	10,012	7,793	1,089	1,130	10,346	7,903	983	1,460
Training	225	150	37	38	305	216	36	53
Dues, subscriptions & journals	10,605	7,027	1,756	1,822	3,597	2,545	423	629
Equipment rental	1,579	1,499	80	-	1,806	1,726	80	-
Bad debt	10,795	-	10,795	-	-	-	-	-
Miscellaneous	10,742	7,135	1,770	1,837	5,905	4,177	695	1,033
Depreciation	68,962	63,444	4,690	828	68,723	63,224	4,674	825
Total expenses	<u>\$ 946,494</u>	<u>\$ 711,243</u>	<u>\$ 130,802</u>	<u>\$ 104,449</u>	<u>\$ 940,242</u>	<u>\$ 751,534</u>	<u>\$ 83,464</u>	<u>\$ 105,244</u>

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS
AMERICANA COMMUNITY CENTER, INC.
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (18,924)	\$ (96,719)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Disposition of fixed assets	-	841
Depreciation	68,962	68,723
Debt forgiveness	-	(30,000)
(Increase) decrease in operating assets:		
Grants receivable	7,011	(1,737)
Promises to give	158,934	212,891
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>(36,955)</u>	<u>4,042</u>
Net cash provided (used) by operating activities	<u>179,028</u>	<u>158,041</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in restricted cash	-	256,905
Purchase of improvements and equipment	<u>(4,186)</u>	<u>(778,616)</u>
Net cash provided (used) by investing activities	<u>(4,186)</u>	<u>(521,711)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	-	600,000
Payments on notes payable	<u>(115,049)</u>	<u>(114,311)</u>
Net cash provided (used) by financing activities	<u>(115,049)</u>	<u>485,689</u>
Net increase (decrease) in cash	59,793	122,019
Cash at beginning of year	<u>122,019</u>	<u>-</u>
Cash at end of year	<u>\$ 181,812</u>	<u>\$ 122,019</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 27,973</u>	<u>\$ 30,666</u>

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS - CONTINUED
AMERICANA COMMUNITY CENTER, INC.
JUNE 30, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Americana Community Center, Inc. (the Center) is a not-for-profit organization, located in Louisville, Kentucky, which seeks to provide a spectrum of services for the many diverse residents of Metro Louisville. This enables people to discover and utilize resources to build strong families, create a safe, supportive community and realize their individual potential.

Among the programs offered by the Center are the following: Family Education, Adult Education (including GED, English as a Second Language, and citizenship classes), Youth Programs (after-school and summer program), Asset Building, the annual Americana World Festival, a Community Garden, Community Building activities and special events, and the Family Health Center-Americana in partnership with Family Health Centers, Inc. Funds to provide these services are provided by individuals, corporations, foundations and the City of Louisville.

Basis of Accounting

The Center prepares its financial statements in accordance with the accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) with regards to financial statements of Not-for-Profit Organizations. Under this guidance, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net assets categories follows:

Unrestricted Net Assets: include the portion of expendable funds that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: include gifts for which donor-imposed restrictions have not been met.

Permanently Restricted Net Assets: include amounts which the donor has stipulated that the corpus be invested in perpetuity and only the income be

NOTES TO FINANCIAL STATEMENTS - CONTINUED
AMERICANA COMMUNITY CENTER, INC.
JUNE 30, 2016 AND 2015

made available for program operations in accordance with donor restrictions.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash

The Center considers all checking accounts and money market accounts to be cash equivalents. Cash received with donor-imposed restrictions limiting its use to long-term purposes is not considered cash for the purposes of the statement of cash flows. Restricted cash includes cash held for campus improvements.

Grants Receivable

Grants receivable consist primarily of amounts due from reimbursement type grants, where the expenditure has already been made, or the program objective has been met, and reimbursement has been requested from the grantor.

Promises to Give

Promises to give are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Unconditional pledges receivable becoming due in the next year are recorded at net realizable value. Unconditional pledges receivable in subsequent years are reported at the present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are recognized. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Land, Building and Equipment

Land, building and equipment is recorded at cost, or if donated, at the approximate fair value at the date of donation. The cost of property and equipment purchased in excess of \$500 is capitalized. Depreciation is computed using primarily the straight-line method over the estimated lives of the assets of 5 to 40 years.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
AMERICANA COMMUNITY CENTER, INC.
JUNE 30, 2016 AND 2015

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-Kind Contributions

The Center receives in-kind contributions from various corporations and individuals in the form of supplies and equipment. These in-kind items are recorded as part of the public support on the statements of activities. The donated items are recorded at their fair value at the time of donation and were \$45,432 and \$61,659 for the years ended June 30, 2016 and 2015, respectively.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Center generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Center with specific assistance programs, and the Center has partnerships with organizations that provide in-kind contributions including Jefferson County Public Schools Adult Education, Jefferson County Public Schools ESL K-12, Kentucky Refugee Ministries, Family Health Centers, Inc., the Corporation for National & Community Service, AmeriCorps VISTA members, and student interns from the University of Louisville.

Reclassifications

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED
AMERICANA COMMUNITY CENTER, INC.
JUNE 30, 2016 AND 2015

Expense Allocation

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to programs and supporting services based on time studies or square footage.

Income Tax Status

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of FASB ASC 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statement of activities or accrued in the statement of financial position.

NOTE 2. CONCENTRATIONS OF CREDIT RISK

Cash - The Center maintains its cash balances in several financial institutions in Louisville, Kentucky. The cash balances are insured by the Federal Deposit Insurance Corporation. At various times during the year, the cash balances exceed amounts federally insured. The risk is managed by maintaining all deposits in high quality financial institutions.

Promises to Give – Financial instruments that are exposed to credit risk consist of promises to give. Promises are principally with foundations and corporations based in the Louisville area. Realization of these accounts is dependent on various individual economic conditions.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
AMERICANA COMMUNITY CENTER, INC.
JUNE 30, 2016 AND 2015

NOTE 3. PROMISES TO GIVE

Promises to give consist of the following at June 30:

	2016	2015
Capital campaign	\$ 400,000	\$ 506,609
Operations	39,860	101,612
	\$ 439,860	\$ 608,221
Receivable in less than one year	\$ 139,860	\$ 208,221
Receivable in one to five years	300,000	400,000
Receivable in more than five years	-	-
Total promises to give	439,860	608,221
Less discounts to net present value	(17,266)	(26,693)
Net promises to give	\$ 422,594	\$ 581,528

Promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 2%. No allowance for doubtful accounts is necessary, as management believes that all amounts are collectible.

NOTES TO FINANCIAL STATEMENTS - CONTINUED
AMERICANA COMMUNITY CENTER, INC.
JUNE 30, 2016 AND 2015

NOTE 4. LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Land	\$ 81,800	\$ 81,800
Building and improvements	2,225,879	2,224,479
Furniture and equipment	<u>116,661</u>	<u>113,875</u>
Total costs	2,424,340	2,420,154
Less accumulated depreciation	<u>(480,167)</u>	<u>(411,205)</u>
Land, building and equipment, net	<u>\$ 1,944,173</u>	<u>\$ 2,008,949</u>
Depreciation expense	<u>\$ 68,962</u>	<u>\$ 68,723</u>

NOTE 5. NOTES PAYABLE

Notes payable consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Mortgage payable to a bank, secured by real property at 4801 Southside Drive, interest rate of 4.25%, annual principal payment of \$100,000 with a maturity of July 2020.	\$ 399,970	\$ 500,000
Mortgage payable to a bank, secured by real property at 4801 Southside Drive, interest rate of 3.75%, monthly payments of \$2,489 with a maturity of February 2024.	<u>383,715</u>	<u>398,734</u>
	<u>\$ 783,685</u>	<u>\$ 898,734</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED
AMERICANA COMMUNITY CENTER, INC.
JUNE 30, 2016 AND 2015

The annual maturities for each of the next five years are as follows:

6/30/17	\$ 115,603
6/30/18	116,198
6/30/19	116,816
6/30/20	117,428
6/30/21	18,124
Thereafter	<u>299,516</u>
Total	<u>\$ 783,685</u>

NOTE 6. RESTRICTIONS ON ASSETS

Temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Renovation	\$ 382,734	\$ 480,110
Programs	<u>59,260</u>	<u>108,418</u>
Total	<u>\$ 441,994</u>	<u>\$ 588,528</u>

NOTE 7. LEASING ARRANGEMENTS

The Center leases office space to other not-for-profit agencies on a month-to-month basis. Annual rents received under this arrangement for the years ended June 30, 2016 and 2015 were \$7,717 and \$11,146, respectively.

NOTE 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure in the financial statements through March 6, 2017, which was the date at which the financial statements were available to be issued.