Americana Community Center, Inc.

Independent Auditors' Report

And Financial Statements

For the Years Ended

June 30, 2017 and 2016

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Independent Auditors' 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, 2017 and 2016, 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.

Auditors' 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 auditors' 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, 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.

Baldwin CPAs, PLLC

Louisville, Kentucky
November 16, 2017

Americana Community Center, Inc.
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Cash	$ 713,967	$ 181,812
Grants receivable	24,725	5,075
Promises to give, net	391,841	422,594
Land, building and equipment, net	1,902,603	1,944,173
Total assets	$ 3,033,136	$ 2,553,654
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 8,204	$ 7,931
Accrued expenses	46,995	37,742
Notes payable	668,166	783,685
Total liabilities	723,365	829,358
Net Assets		
Unrestricted	1,871,485	1,282,302
Temporarily restricted	438,286	441,994
Total net assets	2,309,771	1,724,296
Total liabilities and net assets	$ 3,033,136	$ 2,553,654

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

Americana Community Center, Inc.
Statements of Activities
For the Years Ended June 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Government grants	$ 97,000	$ -	$ 97,000	$ 114,200	$ -	$ 114,200
Contributions and grants	1,306,972	155,552	1,462,524	584,631	126,752	711,383
Special events income	70,107	-	70,107	65,908	-	65,908
Special events expense	(10,904)	-	(10,904)	(12,192)	-	(12,192)
Interest income	614	-	614	72	-	72
Miscellaneous	41,367	-	41,367	48,199	-	48,199
Total revenue and support	1,505,156	155,552	1,660,708	800,818	126,752	927,570
Net assets released from restrictions						
Restrictions satisfied by payments	159,260	(159,260)	-	273,286	(273,286)	-
Total revenue, support and reclassifications	1,664,416	(3,708)	1,660,708	1,074,104	(146,534)	927,570
Expenses:						
Program services	821,138	-	821,138	711,243	-	711,243
Management and general	123,868	-	123,868	130,802	-	130,802
Fund raising	130,227	-	130,227	104,449	-	104,449
Total expenses	1,075,233	-	1,075,233	946,494	-	946,494
Change in net assets	589,183	(3,708)	585,475	127,610	(146,534)	(18,924)
Net assets at beginning of year	1,282,302	441,994	1,724,296	1,154,692	588,528	1,743,220
Net assets at end of year	$ 1,871,485	$ 438,286	$ 2,309,771	$ 1,282,302	$ 441,994	$ 1,724,296

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

Americana Community Center, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2017 and 2016

	2017				2016			
	Total	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising
Salaries	$ 469,485	$ 313,125	$ 68,981	$ 87,379	$ 421,015	$ 278,980	$ 69,695	$ 72,340
Payroll taxes	37,164	24,785	5,463	6,916	30,853	20,492	5,085	5,276
Employee benefits	59,467	39,658	8,742	11,067	51,942	34,500	8,560	8,882
Contract services	63,479	63,479	-	-	52,359	52,359	-	-
Supplies	40,417	26,954	5,941	7,522	42,100	27,776	6,892	7,432
Office expense	1,987	1,325	292	370	1,762	1,171	290	301
Program expense	87,545	87,545	-	-	60,188	60,188	-	-
Postage	393	262	58	73	114	76	19	19
Printing	1,753	1,169	258	326	-	-	-	-
Occupancy	104,573	96,207	7,111	1,255	94,906	87,314	6,453	1,139
Insurance	20,581	18,935	1,399	247	27,115	24,946	1,844	325
Interest	30,921	28,447	2,103	371	27,973	25,735	1,902	336
Professional fees	38,086	20,321	12,094	5,671	13,430	4,138	8,227	1,065
Telephone	10,595	7,066	1,557	1,972	9,817	6,520	1,618	1,679
Travel	13,043	9,814	1,425	1,804	10,012	7,793	1,089	1,130
Training	400	267	59	74	225	150	37	38
Dues, subscriptions & journal	19,302	12,873	2,837	3,592	10,605	7,027	1,756	1,822
Equipment rental	162	82	80	-	1,579	1,499	80	-
Bad debt	-	-	-	-	10,795	-	10,795	-
Miscellaneous	3,891	2,595	572	724	10,742	7,135	1,770	1,837
Depreciation	71,989	66,229	4,896	864	68,962	63,444	4,690	828
Total expenses	$ 1,075,233	$ 821,138	$ 123,868	$ 130,227	$ 946,494	$ 711,243	$ 130,802	$ 104,449

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

Americana Community Center, 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	$ 585,475	$ (18,924)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	71,989	68,962
(Increase) decrease in operating assets:		
Grants receivable	(19,650)	7,011
Promises to give	30,753	158,934
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	9,526	(36,955)
Net cash provided (used) by operating activities	678,093	179,028
Cash Flows from Investing Activities:		
Purchase of improvements and equipment	(30,419)	(4,186)
Net cash provided (used) by investing activities	(30,419)	(4,186)
Cash Flows from Financing Activities:		
Payments on notes payable	(115,519)	(115,049)
Net cash provided (used) by financing activities	(115,519)	(115,049)
Net increase (decrease) in cash	532,155	59,793
Cash at beginning of year	181,812	122,019
Cash at end of year	$ 713,967	$ 181,812
Supplemental Disclosures		
In-kind donations of equipment	$ 11,300	$ -
Cash paid for interest	$ 30,921	$ 27,973

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 on the accrual basis of accounting 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 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.

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. Promises to give becoming due in the next year are recorded at net realizable value. Promises to give 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.

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 $56,983 and $45,432 for the years ended June 30, 2017 and 2016, 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.

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. At June 30, 2017 and 2016, the Center's uninsured cash balances totaled $455,330 and $0, respectively.

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.

Note 3 - Promises to Give

Promises to give consist of the following at June 30:

	2017	2016
Capital campaign	$ 300,000	$ 400,000
Operations	99,667	39,860
	$ 399,667	$ 439,860
Receivable in less than one year	$ 199,667	$ 139,860
Receivable in one to five years	200,000	300,000
Total promises to give	399,667	439,860
Less discounts to net present value	(7,826)	(17,266)
Net promises to give	$ 391,841	$ 422,594

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.

Note 4 - Land, Building and Equipment

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

	2017	2016
Land	$ 81,800	$ 81,800
Building and improvements	2,233,561	2,225,879
Furniture and equipment	139,398	116,661
Total costs	2,454,759	2,424,340
Less accumulated depreciation	(552,156)	(480,167)
Land, building and equipment, net	$ 1,902,603	$ 1,944,173
Depreciation expense	$ 71,989	$ 68,962

Note 5 - Notes Payable

Notes payable consisted of the following at June 30:

	2017	2016
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.	$ 299,970	$ 399,970
Mortgage payable to a bank, secured by real property at 4801 Southside Drive, interest rate of 3.75%, monthy payments of $2,489 with a maturity of February 2024.	368,196	383,715
	$ 668,166	$ 783,685

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

6/30/18	$ 116,143
6/30/19	116,770
6/30/20	117,353
6/30/21	18,077
6/30/22	18,794
Thereafter	281,029
Total	$ 668,166

Note 6 - Restrictions on Assets

Temporarily restricted net assets consist of the following:

	2017	2016
Renovation	$ 292,174	$ 382,734
Programs	146,112	59,260
Total	$ 438,286	$ 441,994

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, 2017 and 2016 were $9,868 and $7,717, respectively.

Note 8 - Accounting Standards Updates

Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The core principle of ASU 2014-09 is to recognize revenues when a customer obtains control of a good or service, in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. The standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09 by one year. The updated standard will be effective for the year ending June 30, 2020. The Organization has not yet selected a transition method and is currently evaluating the effect that the new standard will have on its combined financial statements.

Accounting Standards Update 2016-02, Leases (Topic 842)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, requiring all leases to be recognized on the Organization's balance sheet as a right-of-use asset and a lease liability, unless the lease is a short term lease (generally a lease with a term of twelve months or less). At the commencement date of the lease, the Organization will recognize: 1) a lease liability for Organization's obligation to make payments under the lease agreement, measured on a discounted basis; and 2) a right-of-use asset that represents the Organization's right to use, or control the use of, the specified asset for the lease term. Upon adopting the ASU, the Organization will be required to recognize and measure its leases at the beginning of the earliest period presented using a modified retrospective approach.

ASU 2016-02 will be effective for the Organization for the year ending June 30, 2021, with early adoption permitted. The Organization is currently evaluating the effect that the new standard will have on its combined financial statements.

Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958)

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, that changes how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. The ASU includes a reduction in the number of net asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. The ASU will be effective for the Organization for the year ending June 30, 2019. Early adoption is permitted. The Organization is currently evaluating the effect that the new standard will have on its combined financial statements.

Note 9 - Subsequent Events

Management has evaluated subsequent events for recognition or disclosure in the financial statements through November 16, 2017, which was the date at which the financial statements were available to be issued.