



**Americana Community Center, Inc.**

**Independent Auditors' Report**

**And Financial Statements**

**For the Years Ended**

**June 30, 2019 and 2018**

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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, 2019 and 2018, 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, 2019 and 2018, 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  
February 20, 2020

**Americana Community Center, Inc.**  
**Statements of Financial Position**  
**June 30, 2019 and 2018**

	2019	2018
<b>Assets</b>		
Cash	\$ 162,876	\$ 622,663
Accounts receivable	50,491	12,590
Promises to give, net	283,410	441,978
Land, building and equipment, net	1,821,384	1,853,087
<b>Total Assets</b>	\$ 2,318,161	\$ 2,930,318
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 8,030	\$ 13,973
Accrued expenses	64,328	58,568
Custodial funds	50,253	-
Notes payable	99,971	551,888
<b>Total Liabilities</b>	222,582	624,429
<b>Net Assets</b>		
Without donor restrictions	1,796,003	1,795,443
With donor restrictions	299,576	510,446
<b>Total Net Assets</b>	2,095,579	2,305,889
<b>Total Liabilities and Net Assets</b>	\$ 2,318,161	\$ 2,930,318

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

**Americana Community Center, Inc.**  
**Statements of Activities**  
**For the Years Ended June 30, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support</b>						
Government grants	\$ 94,500	\$ -	\$ 94,500	\$ 126,945	\$ -	\$ 126,945
Contributions and grants	487,120	374,410	861,530	601,383	349,804	951,187
Special events income	57,461	-	57,461	67,879	-	67,879
Special events expense	(21,505)	-	(21,505)	(22,485)	-	(22,485)
Interest income	2,032	-	2,032	1,056	-	1,056
Miscellaneous	15,917	-	15,917	28,837	-	28,837
	<u>635,525</u>	<u>374,410</u>	<u>1,009,935</u>	<u>803,615</u>	<u>349,804</u>	<u>1,153,419</u>
<b>Net Assets Released from Restriction</b>	<u>585,280</u>	<u>(585,280)</u>	<u>-</u>	<u>277,644</u>	<u>(277,644)</u>	<u>-</u>
<b>Total Revenue and Support</b>	<u>1,220,805</u>	<u>(210,870)</u>	<u>1,009,935</u>	<u>1,081,259</u>	<u>72,160</u>	<u>1,153,419</u>
<b>Expenses</b>						
Program services	927,531	-	927,531	910,512	-	910,512
Management and general	141,970	-	141,970	121,234	-	121,234
Fund raising	150,744	-	150,744	125,555	-	125,555
<b>Total Expenses</b>	<u>1,220,245</u>	<u>-</u>	<u>1,220,245</u>	<u>1,157,301</u>	<u>-</u>	<u>1,157,301</u>
<b>Change in Net Assets</b>	560	(210,870)	(210,310)	(76,042)	72,160	(3,882)
Net assets at beginning of year	<u>1,795,443</u>	<u>510,446</u>	<u>2,305,889</u>	<u>1,871,485</u>	<u>438,286</u>	<u>2,309,771</u>
<b>Net Assets at End of Year</b>	<u>\$ 1,796,003</u>	<u>\$ 299,576</u>	<u>\$ 2,095,579</u>	<u>\$ 1,795,443</u>	<u>\$ 510,446</u>	<u>\$ 2,305,889</u>

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, 2019 and 2018**

	2019				2018			
	Total	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising
Salaries	\$ 570,853	\$ 380,759	\$ 83,858	\$ 106,236	\$ 464,848	\$ 308,474	\$ 68,983	\$ 87,391
Payroll taxes	45,429	30,301	6,674	8,454	36,381	24,142	5,399	6,840
Employee benefits	98,553	65,735	14,477	18,341	77,382	51,351	11,483	14,548
Contract services	59,272	59,272	-	-	71,415	71,415	-	-
Supplies	4,772	3,183	701	888	16,882	11,203	2,505	3,174
Information Technology	5,383	3,590	791	1,002	15,636	10,376	2,320	2,940
Office expense	4,367	2,912	642	813	3,310	2,196	492	622
Program expense	109,935	109,935	-	-	177,626	177,626	-	-
Postage	266	177	39	50	1,376	913	204	259
Printing	5,413	3,611	795	1,007	3,226	2,141	479	606
Occupancy	128,182	117,927	8,717	1,538	123,324	113,458	8,386	1,480
Insurance	21,952	20,196	1,493	263	20,099	18,491	1,367	241
Interest	20,191	18,576	1,373	242	27,344	25,156	1,860	328
Professional fees	38,914	20,300	12,950	5,664	17,637	6,528	9,260	1,849
Telephone	13,879	9,257	2,039	2,583	11,073	7,348	1,643	2,082
Travel	13,511	9,012	1,985	2,514	12,770	9,651	1,376	1,743
Training	1,275	851	187	237	1,810	1,201	269	340
Equipment rental	2,095	2,015	80	-	1,193	792	177	224
Depreciation	76,003	69,922	5,169	912	73,969	68,050	5,031	888
Direct cost of special events	21,505	-	-	21,505	22,485	-	-	22,485
<b>Total expenses</b>	<b>1,241,750</b>	<b>927,531</b>	<b>141,970</b>	<b>172,249</b>	<b>1,179,786</b>	<b>910,512</b>	<b>121,234</b>	<b>148,040</b>
Less direct cost of special events	(21,505)	-	-	(21,505)	(22,485)	-	-	(22,485)
<b>Total expenses included in expense section of statement of activities</b>	<b>\$ 1,220,245</b>	<b>\$ 927,531</b>	<b>\$ 141,970</b>	<b>\$ 150,744</b>	<b>\$ 1,157,301</b>	<b>\$ 910,512</b>	<b>\$ 121,234</b>	<b>\$ 125,555</b>

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, 2019 and 2018**

	2019	2018
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (210,310)	\$ (3,882)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	76,003	73,969
(Increase) decrease in operating assets:		
Accounts receivable	(37,901)	12,135
Promises to give	158,568	(50,137)
Increase (decrease) in operating liabilities:		
Accounts payable	(5,943)	5,769
Accrued expenses	5,760	11,573
Custodial funds	50,253	-
<b>Net Cash Provided by Operating Activities</b>	<b>36,430</b>	<b>49,427</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of land, building and equipment	(44,300)	(24,453)
<b>Net Cash Used by Investing Activities</b>	<b>(44,300)</b>	<b>(24,453)</b>
<b>Cash Flows from Financing Activities:</b>		
Payments on notes payable	(451,917)	(116,278)
<b>Net Cash Used by Financing Activities</b>	<b>(451,917)</b>	<b>(116,278)</b>
<b>Net Decrease in Cash</b>	<b>(459,787)</b>	<b>(91,304)</b>
Cash at beginning of year	622,663	713,967
<b>Cash at End of Year</b>	<b>\$ 162,876</b>	<b>\$ 622,663</b>
<b>Supplemental Disclosures</b>		
Cash paid for interest	\$ 20,191	\$ 27,344

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

**Americana Community Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2019 and 2018**

**Note 1 - Summary of Significant Accounting Policies**

Organization

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, Americana Community Center, Inc. is required to report information regarding its financial position and activities according to two classes of net assets. A description of the net asset categories follows:

Net assets without donor restrictions: expendable funds that are not subject to donor-imposed stipulations or invested in land, building and equipment.

Net assets with donor restrictions: stipulated by donors for specific operating purposes or are restricted by time. These include donor restrictions requiring that the corpus to be invested in perpetuity and only the income be made available for 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.



**Americana Community Center, Inc.**  
**Notes to Financial Statements - Continued**  
**June 30, 2019 and 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Accounts Receivable

Accounts receivable consist primarily of amounts due from other not-for-profit organizations, where the expenditure has already been made, or the program objective has been met, and reimbursement has been requested from the organization.

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.

Custodial Funds

These funds account for money collected from other non-profit organizations including the AmeriCorps grant administered by the Center. The Center remits the funds to the Corporation for National and Community Services. The Center acts as a transmittal agent and, therefore, does not include the monies in its operating accounts. These funds are not Center assets.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the same period in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires because the contributed resources are spent in accordance with the donor's instructions or because of passage of time, 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 restriction. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

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 \$59,854 and \$65,620 for the years ended June 30, 2019 and 2018, respectively.

**Americana Community Center, Inc.**  
**Notes to Financial Statements - Continued**  
**June 30, 2019 and 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, costs have been allocated among the program and supporting services benefited. Directly identifiable expenses are charged to program and supporting services. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy, insurance, interest and depreciation are allocated on a square footage basis.

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.

Recently Issued Accounting Standards

For the year ended June 30, 2019, the Center adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profits (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A new disclosure was added to provide clarity about the liquidity and availability of resources for the upcoming fiscal year (see Note 10). The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

**Americana Community Center, Inc.**  
**Notes to Financial Statements - Continued**  
**June 30, 2019 and 2018**

**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, 2019 and 2018, the Center's uninsured cash balances totaled \$0 and \$56,123 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:

	2019	2018
Capital campaign	\$ 100,000	\$ 200,000
Operations	183,410	243,939
	\$ 283,410	\$ 443,939
Receivable in less than one year	268,410	343,939
Receivable in one to five years	15,000	100,000
	283,410	443,939
Total promises to give	283,410	443,939
Less discounts to net present value	-	(1,961)
	\$ 283,410	\$ 441,978
Net promises to give, net		

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.

**Americana Community Center, Inc.**  
**Notes to Financial Statements - Continued**  
**June 30, 2019 and 2018**

**Note 4 - Land, Building and Equipment**

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

	2019	2018
Land	\$ 81,800	\$ 81,800
Building and improvements	2,302,314	2,258,014
Furniture and equipment	139,398	139,398
 Total costs	 2,523,512	 2,479,212
Less accumulated depreciation	(702,128)	(626,125)
 Land, building and equipment, net	 \$ 1,821,384	 \$ 1,853,087
 Depreciation expense	 \$ 76,003	 \$ 73,969

**Note 5 – Line of Credit**

Americana has available a \$250,000 line of credit, with a maturity date of May 28, 2020. Interest is payable at the prime rate of interest (5.50% on June 30, 2019). There was no outstanding balance at June 30, 2019 and 2018.

**Note 6 - Notes Payable**

Notes payable consisted of the following at June 30:

	2019	2018
Mortgage payable to a bank, secured by real property at 4801 Southside Drive, interest rate of 5.25%, annual principal payment of \$100,000 with a maturity of July 2020.	\$ 99,971	\$ 199,970
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.	-	351,918
	\$ 99,971	\$ 551,888

The Center paid off the remaining mortgage in September 2019.

**Americana Community Center, Inc.**  
**Notes to Financial Statements - Continued**  
**June 30, 2019 and 2018**

**Note 7 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following:

	2019	2018
Subject to specified purpose or passage of time:		
Payment for notes payable	\$ 100,000	\$ 198,039
Program activities	205,112	312,407
	\$ 305,112	\$ 510,446

**Note 8 - 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, 2019 and 2018 were \$14,033 and \$17,968 respectively.

**Note 9 - Retirement Plan**

In early 2018 the Center began a SIMPLE IRA plan that covers employees who have received at least \$5,000 in compensation during the year. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Center matches the employee contributions 100% up to 3% of employee compensation. Total expense for June 30, 2019 and 2018 was \$9,115 and \$2,893, respectively.

**Note 10 – Liquidity and Availability**

The following table reflects Americana Community Center, Inc.'s financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, perpetual endowments, or funds donors or the governing board has set aside for a specific purpose.

	2019
Financial assets	
Cash and cash equivalents	\$ 162,876
Accounts receivable	50,491
Promises to give, net	283,410
Financial assets, at year-end	496,777
Less those unavailable for general expenditure within one year	
Promises to give collectible beyond one year	(15,000)
Donor imposed restriction	(100,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 381,777

**Americana Community Center, Inc.**  
**Notes to Financial Statements - Continued**  
**June 30, 2019 and 2018**

**Note 10 – Liquidity and Availability (Continued)**

In addition to financial assets available to meet general expenditures over the year, Americana operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient program and other revenues and by utilizing resources from current and prior year's gifts, as needed.

**Note 11 - 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 Center has not yet selected a transition method and is currently evaluating the effect that the new standard will have on its financial statements.

Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958)

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU will be effective for the Center for the year ending June 30, 2020. The Center is currently evaluating the effect that the new standard will have on its financial statements.

**Note 12 - Subsequent Events**

Management has evaluated subsequent events for recognition or disclosure in the financial statements through February 20, 2020 which was the date at which the financial statements were available to be issued.