

**DUNWOODY NATURE CENTER, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015**

# DUNWOODY NATURE CENTER, INC.

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**BLAD & ASSOCIATES, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Dunwoody Nature Center, Inc.  
Atlanta, Georgia

We have audited the accompanying financial statements of Dunwoody Nature Center, Inc. (a nonprofit organization), 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 audit 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 position of Dunwoody Nature Center, Inc. as of December 31, 2016 and 2015, its changes in net assets, functional expenses and 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  
May 19, 2017

**DUNWOODY NATURE CENTER, INC.  
STATEMENTS OF FINANCIAL POSITION**

	<b>As of December 31.</b>	
<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
<b>CURRENT:</b>		
Cash and cash equivalents	\$ 541,099	\$ 279,371
Investments (Note 3)	2,100	83,132
Contracts receivable	12,000	4,350
Other receivable	1,949	-
Contributions receivable	-	1,500
Prepaid expenses	-	3,040
	557,148	371,393
<b>LEASEHOLD IMPROVEMENTS UNDER CONSTRUCTION (Note 2)</b>	63,413	14,400
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture and fixtures	26,628	32,263
Leasehold improvements	61,785	59,022
	88,413	91,285
Less accumulated depreciation	(50,405)	(49,854)
	38,008	41,431
<b>CAPITALIZED WEBSITE COSTS, less accumulated amortization of \$957 and \$0, respectively</b>	4,783	-
	\$ 663,352	\$ 427,224
	663,352	427,224
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 56,269	\$ 8,599
Deferred revenue	4,250	-
	60,519	8,599
<b>TOTAL LIABILITIES</b>	60,519	8,599
<b>NET ASSETS:</b>		
Unrestricted	572,560	382,220
Temporarily restricted (Note 1)	30,273	36,405
	602,833	418,625
<b>Total Net Assets</b>	602,833	418,625
	\$ 663,352	\$ 427,224

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

**DUNWOODY NATURE CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Contributions	\$ 161,949	\$ 33,499	\$ 195,448
Government contracts	31,000	-	31,000
Membership dues	48,892	-	48,892
Program fees	303,080	-	303,080
Fundraising, net of costs of direct benefits to donors of \$42,495	62,214	-	62,214
Donated goods & services	40,500	-	40,500
Donated stock	2,116	-	2,116
Interest and dividend income	2,883	-	2,883
Gains on investments	3,695	-	3,695
Other	9,550	-	9,550
<b>Total Public Support and Revenue before Transfers</b>	<b>665,879</b>	<b>33,499</b>	<b>699,378</b>
<b>Net Assets Released from restrictions due to satisfaction of donor-imposed requirements</b>	<b>39,631</b>	<b>(39,631)</b>	<b>-</b>
<b>Total Public Support and Revenue</b>	<b>705,510</b>	<b>(6,132)</b>	<b>699,378</b>
<b>EXPENSES:</b>			
Program	388,471	-	388,471
Fundraising	82,937	-	82,937
Management and general	43,762	-	43,762
<b>Total Expenses</b>	<b>515,170</b>	<b>-</b>	<b>515,170</b>
<b>CHANGES IN NET ASSETS</b>	<b>190,340</b>	<b>(6,132)</b>	<b>184,208</b>
<b>NET ASSETS:</b>			
<b>Beginning of year</b>	<b>382,220</b>	<b>36,405</b>	<b>418,625</b>
<b>End of year</b>	<b>\$ 572,560</b>	<b>\$ 30,273</b>	<b>\$ 602,833</b>

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

**DUNWOODY NATURE CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Contributions	\$ 107,221	\$ 44,998	\$ 152,219
Government contracts	9,000	-	9,000
Membership dues	44,924	-	44,924
Program fees	292,209	-	292,209
Fundraising, net of costs of direct benefits to donors of \$37,111	42,068	9,955	52,023
Donated Facilities	27,000	-	27,000
Donated Stock	1,637	-	1,637
Interest and dividend income	3,719	-	3,719
Losses on investments	(1,105)	-	(1,105)
Other	4,950	-	4,950
<b>Total Public Support and Revenue before Transfers</b>	<b>531,623</b>	<b>54,953</b>	<b>586,576</b>
<b>Net Assets Released from restrictions due to satisfaction of donor-imposed requirements</b>	<b>51,232</b>	<b>(51,232)</b>	<b>-</b>
<b>Total Public Support and Revenue</b>	<b>582,855</b>	<b>3,721</b>	<b>586,576</b>
<b>EXPENSES:</b>			
Management and general	366,700	-	366,700
Program	58,503	-	58,503
Fundraising	50,633	-	50,633
<b>Total Expenses</b>	<b>475,836</b>	<b>-</b>	<b>475,836</b>
<b>CHANGES IN NET ASSETS</b>	<b>107,019</b>	<b>3,721</b>	<b>110,740</b>
<b>NET ASSETS:</b>			
<b>Beginning of year</b>	<b>275,201</b>	<b>32,684</b>	<b>307,885</b>
<b>End of year</b>	<b>\$ 382,220</b>	<b>\$ 36,405</b>	<b>\$ 418,625</b>

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

**DUNWOODY NATURE CENTER, INC.**  
**STATEMENT OF FUNCTIONAL ALLOCATION**  
**For the Year Ended December 31, 2016**

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Compensation and related	\$ 166,274	\$ 34,745	\$ 27,267	\$ 228,286
Outside services	109,196	26,571	9,617	145,384
Environmental improvements	6,558	-	532	7,090
Marketing	13,089	3,129	-	16,218
Office	15,381	10,828	612	26,821
Occupancy	8,172	997	797	9,966
Travel	136	-	15	151
Supplies	24,735	-	-	24,735
Telecommunications	2,964	361	289	3,614
Postage and printing	1,076	1,823	485	3,384
Insurance	4,249	518	415	5,182
Other	5,196	1,133	1,468	7,797
Donated goods and services	24,540	2,700	2,160	29,400
Depreciation	6,905	132	105	7,142
	<u>6,905</u>	<u>132</u>	<u>105</u>	<u>7,142</u>
Total expenses	<u>\$ 388,471</u>	<u>\$ 82,937</u>	<u>\$ 43,762</u>	<u>\$ 515,170</u>

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

**DUNWOODY NATURE CENTER, INC.**  
**STATEMENT OF FUNCTIONAL ALLOCATION**  
**For the Year Ended December 31, 2015**

	<u>Management and General</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and related	\$ 159,577	\$ 35,425	\$ 28,258	\$ 223,260
Outside services	95,717	-	12,873	108,590
Environmental improvements	7,686	-	-	7,686
Marketing	6,614	7,186	100	13,900
Office	17,563	7,015	786	25,364
Occupancy	6,792	796	1,120	8,708
Travel	170	-	8	178
Supplies	33,416	-	-	33,416
Telecommunications	3,033	383	279	3,695
Postage and printing	1,405	2,339	214	3,958
Insurance	5,225	710	516	6,451
Other	1,649	1,509	4,195	7,353
Donated services	21,870	2,970	2,160	27,000
Depreciation	5,983	170	124	6,277
	<u>5,983</u>	<u>170</u>	<u>124</u>	<u>6,277</u>
Total expenses	<u>\$ 366,700</u>	<u>\$ 58,503</u>	<u>\$ 50,633</u>	<u>\$ 475,836</u>

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



**DUNWOODY NATURE CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**

	For the Year Ended December 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 184,208	\$ 110,740
Adjustment to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,142	6,277
Contributions of leasehold improvements under construction	(11,100)	-
Contributions restricted for long term purpose	-	(17,040)
Unrealized (gain) losses on marketable securities	(2,386)	988
Increase in receivables	(8,099)	(5,850)
Increase in prepaid expenses	3,040	(2,797)
Decrease in accounts payables and accrued expenses	47,670	(5,689)
Increase in deferred revenue	4,250	-
	<b>224,725</b>	<b>86,629</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property and equipment purchases	(2,762)	-
Website development purchases	(5,740)	-
Marketable security proceeds (purchases) - net	83,418	(54,829)
Lease improvements under construction costs	(37,913)	(14,400)
	<b>37,003</b>	<b>(69,229)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Collection of contributions restricted for long-term purpose	-	17,040
	<b>-</b>	<b>17,040</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>261,728</b>	<b>34,440</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	279,371	244,931
End of year	\$ 541,099	\$ 279,371

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

# **DUNWOODY NATURE CENTER, INC.**

## **SUMMARY OF ACCOUNTING POLICIES**

### **ORGANIZATION**

Dunwoody Nature Center, Inc.(the "Organization"), is a Georgia nonprofit organization established in 1990 and incorporated in January 1992. Its mission is to inspire the love of nature and cultivate environmental understanding and stewardship by conserving and enhancing Dunwoody Park, educating children, families and adults of all ages about the natural world and our place in it and motivate environmental awareness and responsible action. The Organization serves visitors and program participants across the state.

In accordance with accounting principles generally accepted in the United States of America (GAAP), the Organization's net assets and its 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. As of December 31, 2016 and 2015, the Organization had no permanently restricted 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.

### **ADVERTISING**

Advertising costs are expensed when incurred. Advertising costs for the year ended December 31, 2016 and 2015 were \$16,218 and \$13,900, respectively.

### **STATEMENT OF CASH FLOWS**

Cash and cash equivalents include all highly liquid temporary investments with a maturity of three months or less.

### **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. In addition, the Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a).

# DUNWOODY NATURE CENTER, INC.

## SUMMARY OF ACCOUNTING POLICIES (Continued)

### 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 and the fair value of donated facilities.

### PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or if donated, at estimated fair value at the date of donation. Any donations of property or equipment are also recorded as support in the statement of activities at their estimated fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3 to 7 years
Leasehold improvements	10 to 15 years

Acquisitions of furniture and equipment or repairs, maintenance or betterments that materially prolong useful lives of assets are capitalized.

### DONATED GOODS, SERVICES AND FACILITIES

The Organization's facilities are owned by the City of Dunwoody, Georgia. The building is leased by the Organization at no charge, excluding certain operating expenses. The financial statements include donated services of \$27,000 reflecting the estimated fair market value for the use of the facilities during 2016 and 2015. The lease renews annually unless cancelled by either party. Amounts are recorded in donated services.

During the year ended December 31, 2016, the Organization received donated equipment and labor for creek restoration with estimated fair market value of \$11,100 which are recorded in leasehold improvements under construction. In addition, the Organization received donated design services estimated at a fair market value of \$2,400 for conceptual drawings of a new building which are recorded in donated services.

Many individuals volunteer time and perform a variety of tasks that assist the Organization with various administrative tasks. The values of these services have not been reflected in the financial statements since they do not meet the criteria for recognition in accordance with GAAP.

### 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 primarily on salary expenditures.

# **DUNWOODY NATURE CENTER, INC.**

## **SUMMARY OF ACCOUNTING POLICIES (Continued)**

### **CONTRACTS RECEIVABLE**

Contracts receivable represent amounts due from granting agencies for expenditures which have not yet been paid. Management reviews amounts past due and provides an allowance for those amounts deemed uncollectible. Management considers all accounts collectible at December 31, 2016 and 2015.

### **CONTRIBUTIONS RECEIVABLE**

Contributions receivable are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions with payment dates in future periods, restricted by the donor for specific purposes or designated for future periods are reported as temporarily restricted net support that increases that net asset class. Management reviews amounts past due and provides an allowance for those amounts deemed uncollectible. There were no outstanding contributions receivable at December 31, 2016.

### **CONCENTRATION OF CREDIT RISK**

The Organization maintains bank accounts at financial institutions. The balance in these accounts may exceed federally insured limits at times.

### **RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2016, the Organization paid approximately \$11,000 for architectural design services to a company for which one of its board member was a principal member of management. There were no related party transactions during the year ended December 31, 2015.

### **RECLASSIFICATIONS**

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

### **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the audit report date, which is the date the financial statements were available to be issued.

### **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, a taxing authority has three years to examine a tax return from the later of the filing date or extended due date.

# **DUNWOODY NATURE CENTER, INC.**

## **SUMMARY OF ACCOUNTING POLICIES (Concluded)**

### **CAPITALIZED WEBSITE COSTS**

Website costs incurred during the planning, training and operation stages are expensed as incurred. Website application and infrastructure development costs are capitalized. Once the website is ready for its intended use, the capitalized costs are amortized over the estimated useful life of the website (3 years). The website became operational during the 2016 and 6 months of amortization was recognized.

### **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 fiscal 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.

# DUNWOODY NATURE CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2016:

	<u>2016</u>	<u>2015</u>
Milkweed project	\$ 12,553	\$ 14,625
Creek restoration project	-	2,640
Dave Adams award	12,323	11,873
Title 1 scholarships	-	4,428
Kindles	1,849	-
Other	3,548	2,839
Total	<u>\$ 30,273</u>	<u>\$ 36,405</u>

### NOTE 2- LEASEHOLD IMPROVEMENT IN PROCESS

During the year ended December 31, 2015, the Organization began work on a creek restoration project. However, the work has not yet been completed as of December 31, 2016. Once the creek restoration has been completed, the total costs will be reclassified to leasehold improvements. Depreciation of the asset will begin once project is complete.

### NOTE 3- INVESTMENTS

Investments consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Exchange traded funds	\$ -	\$ 81,505
Common stocks	<u>2,100</u>	<u>1,627</u>
Total	<u>\$ 2,100</u>	<u>\$ 83,132</u>

# **DUNWOODY NATURE CENTER, INC.**

## **NOTES TO FINANCIAL STATEMENTS (Concluded)**

### **NOTE 4 – FAIR VALUE MEASUREMENTS**

The Organization applies fair value measurement standards for financial reporting, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The fair value standard established a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs to measure fair value are as follows:

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

Level 2 - Observable inputs other than quoted prices included in level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

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.

Investments of the Organization represent amounts invested in publicly traded stocks which have been valued using level 1 inputs.

The recorded values of receivables, prepaid expenses, accounts payable and accrued expenses, are stated at cost, which approximates fair value due to their short-term nature.