

DUNWOODY NATURE CENTER, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

DUNWOODY NATURE CENTER, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS:	
Statements of Financial Position	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Summary of Accounting Policies	10-13
Notes to Financial Statements	14-16



BLAD & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

1832 INDEPENDENCE SQ., STE. A DUNWOODY, GA 30338
770-512-7600 WWW.BLADCPA.COM

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, 2018 and 2017, 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, 2018 and 2017, 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 20, 2019

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

	As of December 31.	
ASSETS	2018	2017
CURRENT:		
Cash and cash equivalents	\$ 558,683	\$ 562,591
Investments (Note 3)	1,228	1,966
Other receivable	398	-
Contributions receivable	133,418	29,780
TOTAL CURRENT ASSETS	693,727	594,337
CASH AND CONTRIBUTIONS RECEIVABLE RESTRICTED FOR LONG TERM PURPOSES (Note 1)	172,619	304,991
LEASEHOLD IMPROVEMENTS UNDER CONSTRUCTION (Note 2)	141,588	55,665
PROPERTY AND EQUIPMENT:		
Furniture and fixtures	33,911	26,628
Leasehold improvements	1,016,548	142,116
	1,050,459	168,744
Less accumulated depreciation	(87,572)	(60,745)
TOTAL PROPERTY AND EQUIPMENT	962,887	107,999
CAPITALIZED WEBSITE COSTS, less accumulated amortization of \$4,783 and \$2,870, respectively	957	2,870
	\$ 1,971,778	\$ 1,065,862
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 22,890	\$ 11,139
Deferred revenue	8,414	5,265
TOTAL LIABILITIES	31,304	16,404
NET ASSETS:		
Without donor restrictions	1,734,063	706,757
With donor restrictions(Note 1)	206,411	342,701
Total Net Assets	1,940,474	1,049,458
	\$ 1,971,778	\$ 1,065,862

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

DUNWOODY NATURE CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
PUBLIC SUPPORT AND REVENUE:			
Contributions	\$ 102,396	\$ 281,736	\$ 384,132
Membership dues	56,620	-	56,620
Program fees	444,253	-	444,253
Fundraising, net of costs of direct benefits to donors of \$38,014	71,241	-	71,241
Donated goods & services related to pavilion construction	620,000	-	620,000
Donated goods & services-other	181,500	-	181,500
Interest and dividend income	2,001	-	2,001
Loss on investments	134	-	134
	<u>1,478,145</u>	<u>281,736</u>	<u>1,759,881</u>
Total Public Support and Revenue before Transfers	1,478,145	281,736	1,759,881
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	<u>418,026</u>	<u>(418,026)</u>	<u>-</u>
Total Public Support and Revenue	<u>1,896,171</u>	<u>(136,290)</u>	<u>1,759,881</u>
EXPENSES:			
Program	698,719	-	698,719
Fundraising	114,790	-	114,790
Management and general	55,356	-	55,356
	<u>868,865</u>	<u>-</u>	<u>868,865</u>
Total Expenses	868,865	-	868,865
CHANGES IN NET ASSETS	1,027,306	(136,290)	891,016
NET ASSETS:			
Beginning of year	<u>706,757</u>	<u>342,701</u>	<u>1,049,458</u>
End of year	<u>\$ 1,734,063</u>	<u>\$ 206,411</u>	<u>\$ 1,940,474</u>

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

DUNWOODY NATURE CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
PUBLIC SUPPORT AND REVENUE:			
Contributions	\$ 129,340	\$ 422,969	\$ 552,309
Membership dues	56,324	-	56,324
Program fees	327,046	-	327,046
Fundraising, net of costs of direct benefits to donors of \$33,833	58,768	14,150	72,918
Donated goods & services	35,825	-	35,825
Interest and dividend income	1,369	-	1,369
Loss on investments	(44)	-	(44)
Other	390	-	390
	609,018	437,119	1,046,137
Total Public Support and Revenue before Transfers			
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	124,691	(124,691)	-
Total Public Support and Revenue	733,709	312,428	1,046,137
EXPENSES:			
Program	426,563	-	426,563
Fundraising	117,268	-	117,268
Management and general	55,681	-	55,681
	599,512	-	599,512
Total Expenses			
CHANGES IN NET ASSETS	134,197	312,428	446,625
NET ASSETS:			
Beginning of year	572,560	30,273	602,833
End of year	\$ 706,757	\$ 342,701	\$ 1,049,458

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, 2018

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Compensation and related	\$ 233,142	\$ 47,771	\$ 37,699	\$ 318,612
Outside services	135,864	45,253	8,660	189,777
Environmental improvements	8,659	55	-	8,714
Marketing	9,955	6,581	-	16,536
Office	28,328	4,835	1,098	34,261
Supplies	44,875	-	-	44,875
Occupancy	16,821	1,369	791	18,981
Travel	393	16	-	409
Insurance	4,591	569	446	5,606
Depreciation and amortization	28,948	129	94	29,171
Telecommunications	3,912	485	380	4,777
Postage and printing	1,331	2,129	371	3,831
Other	5,260	2,898	3,657	11,815
Donated goods and services	176,640	2,700	2,160	181,500
	<u>176,640</u>	<u>2,700</u>	<u>2,160</u>	<u>181,500</u>
Total expenses	<u>\$ 698,719</u>	<u>\$ 114,790</u>	<u>\$ 55,356</u>	<u>\$ 868,865</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, 2017

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Compensation and related	\$ 181,559	\$ 44,155	\$ 35,549	\$ 261,263
Outside services	112,674	52,701	8,143	173,518
Environmental improvements	6,761	-	330	7,091
Marketing	8,610	2,323	-	10,933
Office	18,788	9,169	1,081	29,038
Supplies	34,960	-	-	34,960
Occupancy	10,401	1,036	912	12,349
Travel	754	42	10	806
Insurance	4,972	728	593	6,293
Depreciation and amortization	12,016	132	105	12,253
Telecommunications	2,771	406	331	3,508
Postage and printing	5,286	439	271	5,996
Other	4,871	3,437	1,652	9,960
Donated services	22,140	2,700	6,704	31,544
	<u>22,140</u>	<u>2,700</u>	<u>6,704</u>	<u>31,544</u>
Total expenses	<u>\$ 426,563</u>	<u>\$ 117,268</u>	<u>\$ 55,681</u>	<u>\$ 599,512</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,**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 891,016	\$ 446,625
Adjustment to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	29,171	12,253
Contributions of leasehold improvements	(620,000)	(4,281)
Contributions restricted for long term purpose	(267,733)	(413,544)
Unrealized (gain) losses on marketable securities	50	11
Increase in receivables	(104,036)	(15,831)
Decrease in accounts payables and accrued expenses	11,751	(45,130)
Increase in deferred revenue	3,149	1,015
	<u>(56,632)</u>	<u>(18,882)</u>
Net cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(262,146)	(12,637)
Decrease (increase) in cash restricted for long term purposes	42,284	(52,284)
Marketable security proceeds (purchases) - net	688	123
Leasehold improvements under construction costs	(85,923)	(55,665)
	<u>(305,097)</u>	<u>(120,463)</u>
Net cash flows from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collection of contributions restricted for long-term purpose	357,821	160,837
	<u>357,821</u>	<u>160,837</u>
Net cash flows from financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,908)	21,492
CASH AND CASH EQUIVALENTS:		
Beginning of year	562,591	541,099
	<u>562,591</u>	<u>541,099</u>
End of year	\$ 558,683	\$ 562,591
	<u>558,683</u>	<u>562,591</u>

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 two classes: net assets without donor restrictions and net assets with donor restrictions.

PUBLIC SUPPORT AND REVENUE RECOGNITION

The net assets, revenue, support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions into two classes:

Net assets without donor restrictions are currently available for purposes under the direction of the board, designated by the board for specific use, or resources invested in furniture and equipment.

Net assets with donor restrictions are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

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 net assets with restrictions to net assets without restrictions 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 net assets without donor restrictions.

ADVERTISING

Advertising costs are expensed when incurred. Advertising costs for the year ended December 31, 2018 and 2017 were \$16,535 and \$10,933, respectively.

DUNWOODY NATURE CENTER, INC.

SUMMARY OF ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Organization consist of cash in the bank and shares of a money market fund. The Organization maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

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 35 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 2018 and 2017. The lease renews annually unless cancelled by either party. During January 2018, the lease was renewed for 40 years.

During the year ended December 31, 2018, the Organization received additional donated services from the city of Dunwoody. These donated services consisted of landscaping and maintenance services with an estimated fair market value of \$154,500. In addition, the Organization received donated construction costs for a pavilion and detention pond, which are recorded in leasehold improvements. The donated construction costs of the pavilion amounted to \$400,000 and the estimated fair market value of the donated construction costs of the detention pond amounted to \$220,000.

During the year ended December 31, 2017, the Organization received donated legal services related to the negotiations of the new lease with estimated fair market value of \$4,544. In addition, the Organization received donated architectural and engineering services of \$4,281 which are recorded in leasehold improvements.

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.

DUNWOODY NATURE CENTER, INC.

SUMMARY OF ACCOUNTING POLICIES (Continued)

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.

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 net assets with donor restrictions. Management reviews amounts past due and provides an allowance for those amounts deemed uncollectible. Management considers all accounts collectible at December 31, 2018.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2018, the Organization paid approximately \$76,000 for architectural design services to a company for which one of its board member is a principal member of management. At December 31, 2018, amounts owed for these services were approximately \$10,000. For the year ended December 31, 2017, the Organization paid approximately \$56,000 for architectural design services to the same company.

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.

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. The capitalized website costs are amortized over the estimated useful life of the website (3 years). Total amortization expense for the years ended December 31, 2018 and 2017 amounted to \$1,913 for both years.

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.

DUNWOODY NATURE CENTER, INC.

SUMMARY OF ACCOUNTING POLICIES (Concluded)

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, 2018 and 2017, 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.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued a new accounting standard, ASU 2014-09 (Topic 606), which impacts revenue recognition for exchange transactions. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted subsequent to periods beginning after December 15, 2016. The Organization plans to adopt ASU 2014-09 (Topic 606) for the year beginning after December 15, 2018. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

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 June 2018, the FASB issued a new accounting standard, ASU 2018-18 (*Topic 958*), to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization plans to adopt ASU 2018-08 (*Topic 958*) for the year beginning after December 15, 2018. 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 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	2018	2017
Capital Campaign	\$ 162,619 *	\$ 294,991
Dave Adams award	12,323	12,323
Title 1 scholarships	12,460	13,660
Pavilion walkway	10,000 *	10,000
Milkweed project	2,655	6,789
Time restricted	-	3,000
Summer Camp Scholarships	3,740	-
Other	2,614	1,938
Total	<u>\$ 206,411</u>	<u>\$ 342,701</u>

* Represents cash and contributions receivables restricted for long term use:

Cash	\$ 10,000
Contributions receivable	<u>162,619</u>
	<u>\$ 172,619</u>

During the year ended December 31, 2017, the Organization launched a \$4.75 million capital campaign for the construction of a new pavilion and a new education building. During the year ended December 31, 2018, the construction of an ecosystem classroom was added to the capital campaign. All contributions received under the campaign are considered net assets with donor restrictions until they are used for construction costs of the pavilion, education and ecosystem classroom buildings. The pavilion was completed in August 2018. The construction of the education building has not been started and the completion date is not known. The completion of the ecosystem classroom is expected to be completed in June 2019.

NOTE 2- LEASEHOLD IMPROVEMENT UNDER CONSTRUCTION

During the year ended December 31, 2017, the Organization began the design phase on the new educational building. Once the educational building has been completed, the total costs will be reclassified to leasehold improvements. Depreciation of the asset will begin once project is complete.

During the year ended December 31, 2018, the Organization began the design phase on the new ecosystem classroom. Once the ecosystem classroom has been completed, the total costs will be reclassified to leasehold improvements. Depreciation of the asset will begin once project is complete.

The Organization also completed construction on a new pavilion during the year ended December 31, 2018. A portion of the construction costs were paid by the City of Dunwoody. The construction costs paid by the Organization along with the donated construction costs paid by the City have been included in leasehold improvements and are being depreciated over the estimated life of 35 years.

DUNWOODY NATURE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3- INVESTMENTS

Investments consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Common stocks	<u>\$ 1,228</u>	<u>\$ 1,966</u>

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.

NOTE 5- PROMISES TO GIVE

A summary of promises to give included in contribution receivables consist of the following:

	<u>2018</u>	<u>2017</u>
Receivables in less than one year	\$ 231,439	\$ 110,096
Receivables in one to two years	64,598	142,611
	<u>\$ 296,037</u>	<u>\$ 252,707</u>

DUNWOODY NATURE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (Concluded)

NOTE 6- LIQUIDITY AND FUNDS AVAILABLE

The Organization has \$693,727 in financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$558,683, investments of \$1,228 and receivables of \$133,816. Some of the financial assets are subject to donor restrictions or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments on hand to meet six to nine months of normal operating expenses, which are approximately \$60,000 a month. Any surplus funds in excess of the six to nine months of operating funds are to be invested in a range of investment options.