

IN WSTK, INC.
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**IN WDSTK, INC.
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

TABLE OF CONTENTS

| | <u>Page(s)</u> |
|--|----------------|
| Independent Auditor's Report..... | 1-2 |
| Financial Statements: | |
| Statement of Financial Position | 3 |
| Statement of Activities and Functional Expenses..... | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements..... | 6-10 |



NICHOLS, CAULEY & ASSOCIATES, LLC

1825 Barrett Lakes Blvd, Suite 200
Kennesaw, Georgia 30144
770-422-0598 FAX 678-214-2355
kennesaw@nicholscauley.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
IN WDSTK, Inc.
Woodstock, Georgia

We have audited the accompanying financial statements of IN WDSTK, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 IN WDSTK, Inc., as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Richards, Caulley + Associates, LLC

Kennesaw, GA

January 23, 2020

FINANCIAL STATEMENTS

**IN WDSTK, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

ASSETS

| | |
|--------------------------|---------------------------------|
| Cash | \$ 98,284 |
| Contributions receivable | 52,642 |
| Inventory | 11,743 |
| Equipment, net | <u>16,184</u> |
| Total assets | <u><u>\$ 178,853</u></u> |

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|----------------------------|---------------|
| Accounts payable | \$ 9,022 |
| Downtown Dollars liability | <u>29,000</u> |
| Total liabilities | <u>38,022</u> |

NET ASSETS

| | |
|---|---------------------------------|
| Without donor restrictions | <u>140,831</u> |
| Total net assets | <u>140,831</u> |
| Total liabilities and net assets | <u><u>\$ 178,853</u></u> |

See accompanying notes to the financial statements.

IN WDSTK, INC.
STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | Without Donor Restrictions |
|---|-------------------------------|
| REVENUES AND OTHER SUPPORT | |
| Contributions and donations | \$ 437,364 |
| Membership dues | 18,947 |
| Visitor center revenue | 58,085 |
| Special events | 43,796 |
| Other revenues | 895 |
| Total revenues and other support | 559,087 |
| EXPENSES | |
| Tourism promotion: | |
| Salaries and benefits | 135,006 |
| Advertising and promotion | 95,763 |
| Operations and supplies | 99,873 |
| Total tourism promotion | 330,642 |
| General and administrative: | |
| Salaries and benefits | 64,718 |
| Operations and supplies | 49,335 |
| Total general and administrative | 114,053 |
| Total expenses | 444,695 |
| Change in net assets without donor restrictions | 114,392 |
| Net assets without donor restrictions at beginning of year | 26,439 |
| Net assets without donor restrictions at end of year | \$ 140,831 |

See accompanying notes to the financial statements.

**IN WDSTK, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| CASH FLOWS FROM (TO) OPERATING ACTIVITIES | |
|--|-------------------------|
| Change in net assets | \$ 114,392 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 1,904 |
| Change in assets and liabilities: | |
| (Increase) decrease in accounts receivable | 2,500 |
| (Increase) decrease in contributions receivable | (28,249) |
| (Increase) decrease in inventory | (1,546) |
| Increase (decrease) in accounts payable | (4,757) |
| Increase (decrease) in downtown dollars liability | <u>(1,000)</u> |
| Net cash from (to) operating activities | <u>83,244</u> |
| Net increase (decrease) in cash | <u>83,244</u> |
| Cash at beginning of year | <u>15,040</u> |
| Cash at end of year | <u><u>\$ 98,284</u></u> |

See accompanying notes to the financial statements.

IN WDSTK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

IN WDSTK, Inc. (the “entity”) was incorporated under the provisions of the Georgia Nonprofit Corporation Code in 2010 and established as a tax-exempt entity under section 501(c)(6) of the Internal Revenue Code. The entity was organized to advance the general welfare and prosperity of the downtown central business district of Woodstock, Georgia so that its citizens and all areas of its business community shall prosper. The Board of Directors of the entity is composed of nine members serving three year terms. The Board of Directors elects members to serve on the Board.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

A. Basis of Accounting

The financial statements are presented using the accrual basis of accounting. Revenues are recognized when they are earned and their expenses are recognized when they are incurred.

B. Basis of Presentation

The financial statements of IN WDSTK, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require IN WDSTK, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of IN WDSTK, Inc.'s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of IN WDSTK, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and functional expenses.

C. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits at local financial institutions.

IN WDSTK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

D. Concentrations of Credit Risk

Financial instruments that potentially subject IN WDSTK, Inc. to concentrations of credit risk consist of cash and cash equivalents. IN WDSTK, Inc. maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. IN WDSTK, Inc.'s cash and cash equivalent accounts have been placed with high credit quality financial institutions. IN WDSTK, Inc. has not experienced, nor does it anticipate, any losses with respect to such accounts.

E. Contributions and Contributions Receivable

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributions are generally available for unrestricted use in connection with the stated purpose and goals of the entity. During the fiscal year ended June 30, 2019, the entity received contributed services from the City of Woodstock, Georgia in the amount of \$139,473 for services provided by City employees to support the operations of the entity. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

The entity reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, restricted net assets are reclassified as unrestricted.

Contributions receivable consists of funds due from the City of Woodstock's Hotel/Motel tax revenues. In fiscal year 2019, the City contributed \$293,391, or 43.75%, of their Hotel/Motel tax collections to IN WDSTK, Inc.

IN WDSTK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

F. Inventory

Inventories are valued at cost using the first in/first out (FIFO) method. Inventory consists of various souvenirs and supplies held for sale at the Visitors Center. The purchase method is used to account for inventories.

G. Equipment

Equipment is valued at historical cost or estimated historical cost if actual historical cost is not available.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capitalization threshold for capital assets is \$5,000.

Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on an estimated useful life as follows:

| | |
|-----------|----------|
| Equipment | 10 years |
|-----------|----------|

Depreciation expense was \$1,904 and accumulated depreciation was \$2,856 for the fiscal year ended June 30, 2019.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

I. Income Taxes

The entity is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code as stated in its determination letter dated May 11, 2010, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. IN WDSTK, Inc. has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. IN WDSTK, Inc. has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

J. Advertising Expenses

The entity expenses advertising costs as incurred. Advertising expenses were \$95,763 for the fiscal year ended June 30, 2019.

IN WDSTK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

K. Measure of Operations

The statement of activities and functional expenses reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to IN WDSTK, Inc.'s contributions received from the city, events, retail sales, and membership dues.

L. Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among services benefited. Such allocations are determined by management on an equitable basis.

Salaries and benefits are the only expenses that are allocated. The method of allocation of these expenses is based on time and effort.

M. New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The 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. IN WDSTK, Inc. has adjusted the presentation of these statements accordingly.

N. Subsequent Events

The entity has evaluated subsequent events through January 23, 2020, the date which the financial statements were available to be issued. IN WDSTK, Inc. is not aware of any material subsequent events.

NOTE 2 - FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

IN WDSTK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Level 1 Fair Value Measurements are inputs obtained from quoted prices (unadjusted) in active markets for identical assets or liabilities the entity has the ability to access.

Level 2 Fair Value Measurements are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 Fair Value Measurements are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The carrying amount of cash, contributions receivable, and accounts payable approximates fair value because of the short maturity of those instruments.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents IN WDSTK's financial assets at June 30, 2019:

| | |
|-------------------------------|--------------------------|
| Financial assets at year end: | |
| Cash and cash equivalents | \$ 98,284 |
| Contributions receivable | <u>52,642</u> |
| Total financial assets | <u><u>\$ 150,926</u></u> |

IN WDSTK does not hold any net assets with donor restrictions and all liquid assets are available for conversion within one year of the balance sheet date.

NOTE 4 – CONCENTRATIONS

During the fiscal year ended June 30, 2019, the entity received total funding from the City of Woodstock, Georgia in the amount of \$431,864 which comprised 77.2% of total revenue.