THE ATLANTA POLICE FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

B&A BLAD & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

THE ATLANTA POLICE FOUNDATION, INC.

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BLAD & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Atlanta Police Foundation, Inc.
Atlanta, Georgia

We have audited the accompanying financial statements of The Atlanta Police Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 my 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 The Atlanta Police Foundation, Inc. as of December 31, 2017 and 2016, 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
June 15, 2018

1832 INDEPENDENCE SQUARE • SUITE A • DUNWOODY, GA 30338
770-512-7600 • FAX 770-512-0507 • RBLAD@BLADCPA.COM
WWW.BLADCPA.COM

THE ATLANTA POLICE FOUNDATION, INC.
Statements of Financial Position

	As of December 31, 2017	As of December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,444,834	$ 3,232,249
Certificates of deposit with original maturities over 90 days	1,005,533	1,753,273
Contributions and other receivables, less reserve for bad debts of $7,400 and $8,400, respectively (Note 5)	2,071,888	2,204,016
Grant receivable		
Prepaid expenses	111,845	94,976
Other current assets	453,800	-
Home inventory (Note 8)	1,001,652	239,000
Total Current Assets	6,089,552	7,523,514
CASH RESTRICTED FOR LONG TERM PURPOSES (Note 1)	-	1,112,493
CONTRIBUTIONS RECEIVABLE (Note 5)	1,061,834	357,750
NET PROPERTY AND EQUIPMENT	3,293,719	372,537
CAPITALIZED WEBSITE COSTS, less accumulated amortization of $28,364 and $21,120, respectively	5,770	10,000
OTHER ASSETS	13,394	13,394
TOTAL ASSETS	$ 10,464,269	$ 9,389,688
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accruals	$ 723,935	$ 1,325,217
Deferred revenue	100,466	209,662
Total Current Liabilities	824,401	1,534,879
Total Liabilities	824,401	1,534,879
CONTINGENCY AND COMMITMENTS (Notes 4 and 6)		
NET ASSETS:		
Unrestricted	4,624,603	1,645,429
Temporarily restricted (Note 1)	5,015,265	6,209,380
Total Net Assets	9,639,868	7,854,809
TOTAL LIABILITIES AND NET ASSETS	$ 10,464,269	$ 9,389,688

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

THE ATLANTA POLICE FOUNDATION, INC.
Statement of Activities
For the Year Ended December 31,2017

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
PUBLIC SUPPORT AND REVENUE:			
Contributions	$ 147,769	$ 7,317,946	$ 7,465,715
Donated services and goods	1,796,275	260,300	2,056,575
Contracts	138,339	-	138,339
Fundraising and special events:			-
Gross	706,605	146,455	853,060
Less direct benefits to donors	(305,617)	-	(305,617)
Operation Shield fees	154,716	-	154,716
Home sales	137,594	-	137,594
Interest Income	8,651	-	8,651
Other income	3,000	-	3,000
Total Public Support and Revenue before Transfers	2,787,332	7,724,701	10,512,033
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements	8,918,816	(8,918,816)	-
Total Public Support and Revenue	11,706,148	(1,194,115)	10,512,033
EXPENSES:			
Management and general	243,025	-	243,025
Program	8,131,202	-	8,131,202
Fundraising	352,748	-	352,748
Total Expenses	8,726,974	-	8,726,974
CHANGES IN NET ASSETS	2,979,174	(1,194,115)	1,785,059
NET ASSETS:			
Beginning of year (Note 2)	1,645,429	6,209,380	7,854,809
End of year	$ 4,624,603	$ 5,015,265	$ 9,639,868

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

THE ATLANTA POLICE FOUNDATION, INC.
Statement of Activities-RESTATED
For the Year Ended December 31,2016

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
PUBLIC SUPPORT AND REVENUE:			
Contributions	$ 39,257	$ 8,228,741	$ 8,267,998
Donated services and goods	1,511,436	64,000	1,575,436
Contracts	698,001	-	698,001
Fundraising and special events:			
Gross	570,770	136,338	707,108
Less direct benefits to donors	(280,869)	-	(280,869)
Operation Shield fees	195,593	-	195,593
Home sales	750,000	-	750,000
Interest Income	5,759	-	5,759
Other income	21,601	-	21,601
Total Public Support and Revenue before Transfers	3,511,548	8,429,079	11,940,627
Net Assets Released from restrictions due to satisfaction of donor-imposed requirements (Note 2)	5,677,014	(5,677,014)	-
Total Public Support and Revenue	9,188,562	2,752,065	11,940,627
EXPENSES:			
Management and general	194,287	-	194,287
Program	7,088,279	-	7,088,279
Fundraising	218,192	-	218,192
Total Expenses	7,500,758	-	7,500,758
CHANGES IN NET ASSETS	1,687,804	2,752,065	4,439,869
NET ASSETS:			
Beginning of year	(42,375)	3,457,315	3,414,940
End of year (Note 2)	$ 1,645,429	$ 6,209,380	$ 7,854,809

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

THE ATLANTA POLICE FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31,2017

	Management and General	Program	Fundraising	Total
Atlanta Police Department Support:				
Operation Shield	$ -	$ 2,620,894	$ -	$ 2,620,894
Home construction costs	-	239,000	-	239,000
AT Promise Youth Center operations	-	442,961	-	442,961
Crime Stoppers	-	978,220	-	978,220
Strategic initiatives	-	1,555,202	-	1,555,202
Leadership Institute	-	134,019	-	134,019
Secure Neighborhoods Project	-	108,833	-	108,833
Scholarships	-	69,903	-	69,903
Youth Crime Prevention	-	18,058	-	18,058
Advanced Crime Fighting Training	-	287,394	-	287,394
Integrated Predictive Policing	-	3,673	-	3,673
Mounted patrol	-	16,327	-	16,327
Life insurance	-	40,006	-	40,006
APD Planning	-	5,744	-	5,744
ADP Communications	-	160,797	-	160,797
APD Mini Grants	-	28,732	-	28,732
APD innovation Center	-	65,519	-	65,519
Recruitment	-	16,500	-	16,500
	-	6,791,782	-	6,791,782
Compensation and related costs	137,420	1,111,866	297,348	1,546,634
Outside services	30,138	1,846	8,137	40,121
Occupancy	5,610	63,819	14,056	83,485
Supplies	1,690	13,673	3,657	19,020
Telecommunications	1,578	12,765	3,414	17,757
Printing and copying	876	7,091	1,896	9,863
Depreciation and amortization	7,823	63,299	16,928	88,050
Meetings	10,871	10,789	639	22,299
Postage	296	2,392	640	3,328
Travel	9,620	9,426	-	19,046
Other	37,103	42,454	6,033	85,589
Total expenses	$ 243,025	$ 8,131,202	$ 352,748	$ 8,726,974

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

THE ATLANTA POLICE FOUNDATION, INC.
Statement of Functional Expenses
For the Year Ended December 31,2016

	Management and General	Program	Fundraising	Total
Atlanta Police Department Support:				
Operation Shield	$ -	$ 2,609,028	$ -	$ 2,609,028
Home construction costs	-	1,262,939	-	1,262,939
Crime Stoppers	-	953,478	-	953,478
Repeat offenders	-	303,756	-	303,756
Strategic initiatives	-	222,555	-	222,555
Leadership Institute	-	124,648	-	124,648
Secure Neighborhoods Project	-	100,668	-	100,668
Scholarships	-	97,740	-	97,740
Youth Crime Prevention	-	94,626	-	94,626
Advanced Crime Fighting Training	-	71,099	-	71,099
Integrated Predictive Policing	-	55,000	-	55,000
Mounted patrol	-	38,274	-	38,274
Life insurance	-	36,350	-	36,350
APD Planning	-	25,314	-	25,314
APD Communications	-	17,115	-	17,115
APD Mini Grants	-	13,896	-	13,896
ADP Innovation Center	-	6,487	-	6,487
Recruitment	-	1,250	-	1,250
	-	6,034,223	-	6,034,223
Compensation and related costs	115,158	857,773	164,310	1,137,241
Outside services	28,670	5,918	23,933	58,521
Occupancy	4,586	65,699	10,025	80,310
Supplies	764	8,402	4,539	13,705
Telecommunications	682	14,884	2,971	18,537
Printing and copying	229	4,899	3,453	8,581
Depreciation and amortization	4,219	9,675	1,748	15,642
Meetings	7,524	8,401	1,733	17,658
Postage	206	3,256	383	3,845
Travel	8,261	20,857	620	29,738
Other	23,988	54,292	4,477	82,757
Total expenses	$ 194,287	$ 7,088,279	$ 218,192	$ 7,500,758

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

THE ATLANTA POLICE FOUNDATION, INC.
Statements of Cash Flows

	For the Year Ended December 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 1,785,059	$ 4,439,869
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	88,050	15,642
Contributions restricted for construction of youth center	(1,522,017)	(1,319,745)
Donated construction costs for youth center	(330,000)	-
Bad debt provision	32,250	29,455
(Increase) decrease in receivables	(604,206)	(589,303)
(Increase) decrease in prepaid expenses	(16,869)	13,873
(Increase) decrease in other current assets	(453,800)	-
(Increase) decrease in home inventory	(762,652)	(84,349)
Increase (decrease) in accounts payable and accruals	(601,282)	1,146,686
Increase (decrease) in deferred revenue	(109,196)	(183,373)
Net Cash Provided by (Used in) Operating Activities	(2,494,663)	3,468,755
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,672,078)	(370,702)
Capitalized website costs	(2,924)	-
(Increase) decrease in cash restricted for long-term purposes	1,112,493	(1,112,493)
(Increase) decrease in certificate of deposits	747,740	(1,503,273)
Net Cash Provided by (Used in) Investing Activities	(814,769)	(2,986,468)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions collected restricted for long-term purposes	1,522,017	1,319,745
Net Cash Provided by (Used in) Financing Activities	1,522,017	1,319,745
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,787,415)	1,802,032
CASH AND CASH EQUIVALENTS:		
Beginning of year	3,232,249	1,430,217
End of year	$ 1,444,834	$ 3,232,249

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

THE ATLANTA POLICE FOUNDATION, INC.

Summary of Accounting Policies

ORGANIZATION

The Atlanta Police Foundation, Inc. (the "Organization"), was established in 2003 to provide vital support to the Mayor, the Chief of Police and the Atlanta Police Department. The organization is based on a public-private partnership model that has proven to be highly effective in the prevention and reduction of crime in other major cities. Since its inception, the APF has worked to secure and leverage private resources to fund high priority projects designed to enhance the City of Atlanta's ability to fight and prevent crime.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization's net assets, 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.

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.

STATEMENT OF CASH FLOWS

Cash and cash equivalents include all highly liquid temporary investments with a maturity of three months or less. The Organization made no material interest or income tax payments in the years ended December 31, 2017 and 2016.

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 expense and recognition of contract revenue.

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. The Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

SUBSEQUENT EVENTS

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

THE ATLANTA POLICE FOUNDATION, INC.

Summary of Accounting Policies (Continued)

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives (3-30 years) of the assets using the straight-line method. Acquisitions of furniture and equipment or repairs, maintenance or betterments that materially prolong useful lives of assets are capitalized.

	As of December 31,	
	2017	2016
Building and improvements	$3,338,904	$ 343,244
Furniture and equipment	63,661	57,244
Less accumulated depreciation	(108,846)	(27,951)
	$3,293,719	$372,537

DONATED GOODS, SERVICES AND FACILITIES

Donated services and goods are reflected as contributions in the accompanying statements at their estimated values at the date of service or donation. For 2017 and 2016, the Organization received the following donated services and goods:

	As of December 31,	
	2017	2016
Outdoor advertising	$ 632,400	$ 549,859
Police service	215,000	228,500
Vehicles	453,800	-
Consulting	-	27,395
Equipment and furnishings	74,636	-
Facilities	24,782	18,682
Surveillance camera system	16,501	6,540
Other	29,527	10,160
Event tickets	19,609	
Land	260,300	257,700
Construction costs	330,000	175,000
Software development	20	301,600
	$ 2,056,575	$ 1,575,436

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 on salary expenditures and other criteria.

THE ATLANTA POLICE FOUNDATION, INC.

Summary of Accounting Policies (Continued)

ADVERTISING

In 2017 and 2016, the Organization charged advertising totaling approximately $689,000 and $658,000 respectively, to expense. Primarily all of the advertising was donated to the Organization. For non-direct-response advertising, the Organization's policy is to expense costs as incurred.

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, 2017 and 2016, 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, taxing authorities have from the later of the taxing filing or extended due date to examine a tax filing.

CONCENTRATION OF CREDIT RISK

The Organization maintains bank accounts and certificate of deposits with high quality financial institutions. At times, the balances in these accounts exceed federally insured limits.

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 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 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.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to confirm with the current year presentation.

THE ATLANTA POLICE FOUNDATION, INC.

Notes to Financial Statements

NOTE 1 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent contributions in cash, certificate of deposit, inventory and receivables with the following donor-imposed restrictions:

	As of December 31,	
	2017	2016
General operations:		
2017	$ -	$ 1,441,500
2018	778,820	-
Operation Shield (2016 restated)	1,258,863	2,644,869
Secure Neighborhoods	1,272,742	239,000
Crime stoppers	85,439	-
Strategic Initiatives	12,314	565,096
Life insurance	39,146	86,221
Leadership Institute	-	-
Youth Crime Prevention*	1,556,155	1,153,374
Advanced Crime Fighting	-	66,405
CEOPS	5,204	5,204
Other	6,582	7,711
	$ 5,015,265	$ 6,209,380

*includes $1,112,493 for construction of youth center at 12/31/16

In late 2015, the Organization launched a new $15 million capital campaign, "Cutting Edge, Cutting Crime: A Model City Campaign" set to run from 2016 through 2018, which will support the following priorities: community collaboration, public safety leadership and operations and enhanced technologies. Since these priorities are an integral part of the Organization's operations and mission, the Organization will consider all contributions received under the Campaign as unrestricted unless the contribution is designated by the donor for a specific program or has an implied time restriction for pledges to be received in future periods.

NOTE 2 – PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2016, temporarily restricted net asset assets have been restated to properly reflect activity associated with the Secure Neighborhoods project .As a result, the temporarily restricted net assets, as of December 31, 2016, has been restated to reflect an increase of the $665,242 and unrestricted net assets have been decreased by the same amount. The restatement did not impact total net assets.

NOTE 3 – ECONOMIC DEPENDENCY AND CONCENTRATIONS

At December 31, 2017, two donors comprised 44% of contributions and other receivables. For the year ended December 31, 2016, four donors comprised 56% of contributions and other receivables.

NOTE 4 – COMMITMENTS

In 2013, the Organization entered into a lease agreement for an office space extending through 2022. In addition, the Organization leases certain office equipment under operating lease agreements.

For the year ended December 31, 2017 and 2016, the Organization incurred total annual rent expense of approximately $62,000 and $56,000, respectively, for these leases. The following is the minimum rental payments required under the leases:

Year	Amount
2018	$ 64,900
2019	64,700
2020	60,000
2021	60,400
2022	62,220
Later	15,700
Total	$ 327,920

NOTE 5 – PROMISES TO GIVE

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

	As of December 31,	
	2017	2016
Receivables in less than one year	$ 2,071,888	$ 2,204,016
Receivables in one to five years	1,061,834	357,750
	$ 3,133,722	$ 2,561,766

NOTE 6 – CONTINGENCY

Contributions often require the fulfillment of certain conditions as set forth in the terms of the related instrument. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management represents that the Organization has complied with any such conditions. Although the return of funds is a possibility, management deems the contingency unlikely.

NOTE 7 – RELATED PARTY TRANSACTIONS

For the year ended December 31, 2017, the Organization received donated youth center construction costs of $160,000 from a company who had an officer that served as board member to the Organization. These construction costs are included in property and equipment.

During the year ended December 31, 2016, the Organization had business arrangements with a company who had an officer that served as board member or advisory board to the Organization. Amounts paid under these arrangements totaled approximately $52,000. Additionally, one of these companies also provided in-kind contributed services of approximately $19,000.

NOTE 8 – HOME INVENTORY

During 2015, the Organization, as part of its secure neighborhood initiative, began a program whereby the Organization along with both governmental and private partners collaborated on the development of homes in a targeted neighborhood to sell to police officers meeting certain defined qualifications. As of December 31, 2017 and 2016, home inventory represents costs on rehabilitating or constructing homes by the Organization which will be partially recovered when the homes are sold.

NOTE 9 – EMPLOYEE PENSION PLAN

During 2016, the Organization started a Tax Deferred Annuity plan under Section 403(b) of the Internal Revenue Code (IRC). An eligible employee may make contributions to the plan through a salary reduction agreement with the Organization, subject to certain maximum limitations. The Organization may make discretionary contributions to the plan. The plan is underwritten and maintained by an outside party. For the year ended December 31, 2017, the contributions to the plan totaled approximately $21,000 and $12,000.