

THE ATLANTA POLICE FOUNDATION, INC.  
AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

THE ATLANTA POLICE FOUNDATION, INC.

TABLE OF CONTENTS

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	PAGE
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	10-12
Notes to Financial Statements	13-14

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Certified Public Accountant

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**INDEPENDENT AUDITOR'S REPORT**

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

I have audited the statements of financial position of The Atlanta Police Foundation, Inc., as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my 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, 2010 and 2009, and the results of its operations and changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Robert S. Blad, P.C.*

Dunwoody, Georgia  
May 9, 2011

THE ATLANTA POLICE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

	As of December 31,	
	2010	2009
<u>ASSETS</u>		
CURRENT:		
Cash and cash equivalents	\$ 359,293	\$ 595,119
Certificate of deposits with original maturities over 90 days	352,823	100,000
Contributions and other receivables, less reserve for bad debt of \$12,567 and \$43,567	354,827	560,975
Prepaid expenses	48,092	16,849
TOTAL CURRENT ASSETS	1,115,035	1,272,943
CONTRIBUTIONS RECEIVABLE (Note 4)	148,333	-
NET PROPERTY AND EQUIPMENT	6,443	4,538
CAPITALIZED WEBSITE COSTS, less accumulated amortization of \$12,527 and \$7,725, respectively	16,508	1,500
OTHER	6,993	6,993
	<u>\$1,293,312</u>	<u>\$1,285,974</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 30,540	\$ 41,876
Deferred revenue	17,000	22,650
TOTAL LIABILITIES	47,540	64,526
NET ASSETS:		
Unrestricted	611,500	(107,477)
Temporarily restricted (Note 1)	634,272	1,328,925
TOTAL NET ASSETS	1,245,772	1,221,448
	<u>\$1,293,312</u>	<u>\$1,285,974</u>

The accompanying summary of accounting policies and notes are an integral part of these financial statements.

**THE ATLANTA POLICE FOUNDATION, INC.**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Contributions	\$ 305,441	\$ 755,857	\$1,061,298
Donated services and goods	1,200,730	-	1,200,730
Fundraising and special events - gross	455,822	109,520	565,342
Fundraising and special events - direct benefits to donors	(209,539)	-	(209,539)
Atlanta Security Council dues	39,000	-	39,000
Operation Shield fees	15,119	-	15,119
Interest income	5,776	-	5,776
Other	<u>1,551</u>	<u>5,022</u>	<u>6,573</u>
<b>Total public support and revenue before transfers</b>	<b>1,813,900</b>	<b>870,399</b>	<b>2,684,299</b>
Net assets released from restrictions due to satisfaction of donor-imposed requirements	<u>1,565,052</u>	<u>(1,565,052)</u>	<u>-</u>
<b>Total Public Support and Revenue</b>	<b><u>3,378,952</u></b>	<b><u>(694,653)</u></b>	<b><u>2,684,299</u></b>
<b>EXPENSES:</b>			
Management and general	66,864	-	66,864
Program	2,390,635	-	2,390,635
Fund raising	<u>202,476</u>	<u>-</u>	<u>202,476</u>
<b>Total Expenses</b>	<b><u>2,659,975</u></b>	<b><u>-</u></b>	<b><u>2,659,975</u></b>
<b>CHANGES IN NET ASSETS</b>	<b>718,977</b>	<b>(694,653)</b>	<b>24,324</b>
<b>NET ASSETS:</b>			
Beginning of period	<u>(107,477)</u>	<u>1,328,925</u>	<u>1,221,448</u>
End of period	<u>\$ 611,500</u>	<u>\$ 634,272</u>	<u>\$1,245,772</u>

The accompanying summary of accounting policies and notes are an integral part of these financial statements.

THE ATLANTA POLICE FOUNDATION, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Contributions	\$ 52,002	\$1,358,731	\$1,410,733
Donated services and goods	219,938	-	219,938
Fundraising and special events - gross	541,781	43,427	585,208
Fundraising and special events - direct benefits to donors	(201,500)	-	(201,500)
Atlanta Security Council dues	30,000	-	30,000
Operation Shield fees	19,130	-	19,130
Interest income	2,312	-	2,312
Other	<u>1,691</u>	<u>-</u>	<u>1,691</u>
Total public support and revenue before transfers	665,354	1,402,158	2,067,512
Net assets released from restrictions due to satisfaction of donor- imposed requirements	<u>413,225</u>	<u>(413,225)</u>	<u>-</u>
Total Public Support and Revenue	<u>1,078,579</u>	<u>988,933</u>	<u>2,067,512</u>
<b>EXPENSES:</b>			
Management and general	69,069	-	69,069
Program	996,789	-	996,789
Fund raising	<u>150,679</u>	<u>-</u>	<u>150,679</u>
Total Expenses	<u>1,216,537</u>	<u>-</u>	<u>1,216,537</u>
CHANGES IN NET ASSETS	(137,958)	988,933	850,975
<b>NET ASSETS:</b>			
Beginning of period	<u>30,481</u>	<u>339,992</u>	<u>370,473</u>
End of period	<u>\$ (107,477)</u>	<u>\$1,328,925</u>	<u>\$1,221,448</u>

The accompanying summary of accounting policies and notes are an integral part of these financial statements.

**THE ATLANTA POLICE FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Management and general</u>	<u>Program services</u>	<u>Fund raising</u>	<u>Total</u>
Atlanta Police				
Department Support:				
Crime Stoppers	\$ -	\$ 660,850	\$ -	\$ 660,850
Operation Shield	-	254,809	-	254,809
Recruitment	-	317,420	-	317,420
Strategic initiatives	-	218,932	-	218,932
Life insurance	-	40,117	-	40,117
Mounted patrol	-	37,330	-	37,330
Training	-	98,885	-	98,885
Scholarships	-	73,036	-	73,036
Other	-	142,756	-	142,756
	-	<u>1,844,135</u>	-	<u>1,844,135</u>
Compensation and related expenses	37,771	441,805	84,937	564,513
Outside services	20,778	-	84,870	105,648
Parking	511	5,883	1,127	7,521
Occupancy	1,714	33,942	6,344	42,000
Supplies	564	10,776	2,978	14,318
Telecommunications	630	11,808	2,050	14,488
Printing and copying	342	4,967	1,086	6,395
Depreciation and amortization	521	5,992	1,149	7,662
Meetings	492	5,814	371	6,677
Postage	380	4,372	4,644	9,396
Travel	363	11,137	54	11,554
Special events	-	-	-	-
Other	2,798	10,004	12,866	25,668
	<u>2,798</u>	<u>10,004</u>	<u>12,866</u>	<u>25,668</u>
Total expenses	<u>\$ 66,864</u>	<u>\$2,390,635</u>	<u>\$ 202,476</u>	<u>\$2,659,975</u>

The accompanying summary of accounting policies and notes are an integral part of these financial statements.

THE ATLANTA POLICE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Management and general</u>	<u>Program services</u>	<u>Fund raising</u>	<u>Total</u>
Atlanta Police				
Department Support:				
Crime Stoppers	\$ -	\$ 67,981	\$ -	\$ 67,981
Scholarships	-	102,411	-	102,411
Strategic initiatives	-	75,000	-	75,000
Life insurance	-	40,117	-	40,117
Training	-	56,153	-	56,153
Mounted patrol	-	25,277	-	25,277
Other	-	<u>152,562</u>	-	<u>152,562</u>
	-	519,501	-	519,501
Compensation and related expenses	31,526	371,370	79,009	481,905
Outside services	22,088	5,404	42,459	69,951
Parking	391	4,741	1,008	6,140
Occupancy	2,790	37,876	7,799	48,465
Supplies	459	6,203	1,581	8,243
Telecommunications	504	12,031	1,576	14,111
Printing and copying	313	3,809	2,482	6,604
Depreciation and amortization	300	3,632	772	4,704
Meetings	5,024	10,408	533	15,965
Postage	147	1,788	4,749	6,684
Travel	231	7,657	78	7,966
Special events	-	5,608	-	5,608
Other	<u>5,296</u>	<u>6,761</u>	<u>8,633</u>	<u>20,690</u>
Total expenses	<u>\$ 69,069</u>	<u>\$ 996,789</u>	<u>\$ 150,679</u>	<u>\$1,216,537</u>

The accompanying summary of accounting policies and notes are an integral part of these financial statements.

THE ATLANTA POLICE FOUNDATION, INC.

STATEMENT OF CASH FLOWS

	For the Year Ended December 31,	
	----- 2010	----- 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 24,324	\$ 850,975
Adjustment to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	7,662	4,704
Bad debt provision	(31,000)	-
Contribution restricted for long-term purposes	(148,333)	-
Cash provided by (used for):		
Receivables	237,148	(518,971)
Prepaid expenses	(31,243)	23,268
Accounts payable and accrued expenses	(11,336)	(4,988)
Deferred revenue	<u>(5,650)</u>	<u>(15,072)</u>
Net cash flows from operating activities	<u>41,572</u>	<u>339,916</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(4,766)	(3,602)
Capitalized website costs	(19,809)	-
Certificate of deposits proceeds (purchases)	<u>(252,823)</u>	<u>75,529</u>
Net cash flows from investing activities	<u>(277,398)</u>	<u>71,927</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(235,826)	411,843
CASH AND CASH EQUIVALENTS:		
Beginning of period	<u>595,119</u>	<u>183,276</u>
End of period	<u>\$ 359,293</u>	<u>\$ 595,119</u>
SUPPLEMENTAL INFORMATION:		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

The accompanying summary of accounting policies and notes are an integral part of these financial statements.

## **THE ATLANTA POLICE FOUNDATION, INC.**

### **SUMMARY OF ACCOUNTING POLICIES**

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#### **ORGANIZATION**

The Atlanta Police Foundation, Inc., the "Organization", is a Georgia nonprofit organization that was established in 2002. The Organization purpose is to support rank and file Atlanta Police officers in their effort to drive crime down in the City of Atlanta. The Organization is the only authorized independent organization securing non-tax resources for the Atlanta Police Department. The Organization's is located in downtown Atlanta.

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.

#### **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.

#### **EXPENSE RECOGNITION**

All expenses are recognized in the statement of activities as decreases in unrestricted net assets.

#### **STATEMENT OF CASH FLOWS**

Cash includes interest bearing checking accounts and bank certificates of deposit with original maturities 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).

**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 (3-7 years) of the assets using the straight-line method. Acquisition of property and equipment or repairs, maintenance or betterments that materially prolong useful lives of assets are capitalized. Property and equipment consisted of the following:

	As of December 31,	
	2010	2009
Furniture and equipment	\$ 22,808	\$ 27,404
Leasehold improvements	1,560	1,560
Software	22,555	22,555
Less accumulated depreciation	<u>(40,480)</u>	<u>(46,981)</u>
	<u>\$ 6,443</u>	<u>\$ 4,538</u>

**DONATED SERVICES AND GOODS**

Donated services and goods are reflected as contributions in the accompanying statements at their estimated values at the date of service or donation. For 2010 and 2009, the Organization received the following donated services and goods:

	2010	2009
Outdoor advertising	\$ 576,615	\$ -
TV media	-	16,821
Consulting	138,000	175,000
Police service	200,012	-
Horses	23,000	-
Surveillance camera system	244,199	-
Facilities	-	40,502
Other	<u>18,904</u>	<u>18,905</u>
	1,200,730	251,228
Less amounts included in fundraising and special events	<u>-</u>	<u>(31,290)</u>
	<u>\$1,200,730</u>	<u>\$ 219,938</u>

**THE ATLANTA POLICE FOUNDATION, INC.**

**SUMMARY OF ACCOUNTING POLICIES  
(CONCLUDED)**

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**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 valuation of donated services and goods and the functional allocation of expenses.

**FUNCTIONAL ALLOCATION OF EXPENSES**

The Organization allocates its expenses on a functional basis among its 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.

**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.

**SUBSEQUENT EVENTS**

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

**FINANCIAL INSTRUMENTS**

The Organization's financial instruments consist of receivables, accounts payable and accrued expenses. These financial instruments are stated at cost, which approximates fair value.

**ADVERTISING**

In 2010 and 2009, the Organization charged advertising totaling approximately \$577,000 and \$17,000, respectively, to expense. Primarily all of the advertising was donated to the Organization. For nondirect-response advertising, the Organization's policy is to expense costs as incurred.

THE ATLANTA POLICE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represent contributions in cash and receivables with the following donor-imposed restrictions:

	As of December 31,	
	<u>2010</u>	<u>2009</u>
General operations:		
2010	\$ -	\$1,145,000
2011	289,834	-
2012	173,333	-
2005 Campaign	-	37,063
Crime stoppers	-	48,818
Life insurance program	-	39,425
Housing initiatives	81,274	56,274
Scholarships	83,986	-
Other	<u>5,845</u>	<u>2,345</u>
	<u>\$ 634,272</u>	<u>\$1,328,925</u>

In 2009, the Organization started a \$7 million capital campaign, "Public Safety First Campaign" which will support the following priorities: police visibility and effectiveness, public safety leadership and operations and program reserves. 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 - ECONOMIC DEPENDENCY**

In 2009, the Organization received a multi-year lead pledge totaling \$1,000,000 in contributions from one donor. In 2010, the Organization received contributions totaling approximately \$324,000 from another donor including a \$300,000 multi-year pledge.

In 2009, the Organization recognized contributions of donated services totaling \$175,000 from two donors. One of these contributions for \$100,000 was made by a donor affiliated with a board member. In 2010, the Organization recognized a contribution of donated advertising totaling \$576,615 from two donors.

In 2010 and 2009, approximately 12% and 14%, respectively, of the Organization's public support and revenue came from two annual special events.

THE ATLANTA POLICE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
(CONCLUDED)

**NOTE 3 - COMMITMENTS**

The Organization leases its office space under an operating lease agreement through 2012. For 2010 and 2009, the Organization incurred total annual rent expense of approximately \$42,000 and \$48,500, respectively. The following is the minimum rental payments required under the lease:

<u>Year</u>	<u>Amount</u>
2011	\$ 42,000
2012	<u>14,000</u>
	<u>\$ 56,000</u>

On July 1, 2010, the Organization entered into a five year contract with the Organization's President. If the Organization dismisses the President without cause, the Organization would pay six month's salary and benefits under the contract terms.

**NOTE 4 - PROMISES TO GIVE**

A summary of promises to give included in receivables consist of the following as of December 31, 2010:

Receivables in less than one year	\$ 347,653
Receivables in one to five years	<u>148,333</u>
	<u>\$ 495,986</u>

**NOTE 5 - 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.