Atlanta Wealth Building Initiative, Inc.

FINANCIAL STATEMENTS

December 31, 2023 and 2022

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REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Atlanta Wealth Building Initiative, Inc.

Opinion

We have audited the accompanying financial statements of Atlanta Wealth Building Initiative, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atlanta Wealth Building Initiative, Inc. (the Organization) as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
August 28, 2024

FINANCIAL STATEMENTS

December 31,		**2023**		2022
Assets				
Current assets				
Cash and cash equivalents	**$**	**2,559,546**	$	2,128,707
Grant receivables, net		**1,131,545**		50,000
Total current assets		**3,691,091**		2,178,707
Non-current assets				
Operating lease right-of-use assets, net		**64,671**		-
Property and equipment, net		**92,085**		5,734
Total non-current assets		**156,756**		5,734
Total assets	**$**	**3,847,847**	$	2,184,441
Liabilities and Net Assets				
Current liabilities				
Accounts payable	**$**	**168,226**	$	4,720
Current portion of operating lease liabilities		**29,730**		-
Total current liabilities		**197,956**		4,720
Long-term liabilities				
Operating lease liabilities, less current portion		**44,520**		-
Total long-term liabilities		**44,520**		-
Total liabilities		**242,476**		4,720
Net assets				
Without donor restrictions		**1,693,070**		566,971
With donor restrictions		**1,912,301**		1,612,750
Total net assets		**3,605,371**		2,179,721
Total liabilities and net assets	**$**	**3,847,847**	$	2,184,441

Atlanta Wealth Building Initiative, Inc.
Statements of Activities

For the year ended December 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Grants and contributions	$ 1,368,970	$ 2,579,000	**$ 3,947,970**
Special events	40,000	-	**40,000**
Other income	20,226	-	**20,226**
Net assets released from restrictions	2,279,449	(2,279,449)	**-**
Total revenue and other support	3,708,645	299,551	**4,008,196**
Expenses			
Program services	1,990,597	-	**1,990,597**
Supporting services			
General and administrative	450,765	-	**450,765**
Fundraising	141,184	-	**141,184**
Total supporting services	591,949	-	**591,949**
Total expenses	2,582,546	-	**2,582,546**
Change in net assets	1,126,099	299,551	**1,425,650**
Net assets at beginning of year	566,971	1,612,750	**2,179,721**
Net assets at end of year	$ 1,693,070	$ 1,912,301	**$ 3,605,371**

The accompanying notes are an integral part of these financial statements.

For the year ended December 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Grants and contributions	$ 806,982	$ 1,380,000	$ 2,186,982
Net assets released from restrictions	459,750	(459,750)	-
Total revenue and other support	1,266,732	920,250	2,186,982
Expenses			
Program services	1,101,035	-	1,101,035
Supporting services			
General and administrative	418,160	-	418,160
Fundraising	153,525	-	153,525
Total supporting services	571,685	-	571,685
Total expenses	1,672,720	-	1,672,720
Change in net assets	(405,988)	920,250	514,262
Net assets at beginning of year	972,959	692,500	1,665,459
Net assets at end of year	$ 566,971	$ 1,612,750	$ 2,179,721

For the year ended December 31, 2023

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	$ 764,799	$ 260,318	$ 85,776	**$ 1,110,893**
Partnership agreement	579,668	-	-	**579,668**
Program consultants and other	186,715	13,931	774	**201,420**
Professional services	98,956	57,147	4,860	**160,963**
Advertising and marketing	75,128	13,792	-	**88,920**
Travel	72,104	13,333	-	**85,437**
Office expense	55,318	28,962	-	**84,280**
Technology	62,083	19,092	-	**81,175**
Subscriptions	36,739	15,357	639	**52,735**
Meeting expense	43,756	7,742	-	**51,498**
Fundraising	-	-	49,135	**49,135**
Depreciation and amortization	-	14,275	-	**14,275**
Staff development	10,600	1,871	-	**12,471**
Workers compensation	1,842	2,713	-	**4,555**
Insurance	2,889	510	-	**3,399**
Miscellaneous	-	1,722	-	**1,722**
Total	$ 1,990,597	$ 450,765	$ 141,184	**$ 2,582,546**

For the year ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	$ 401,563	$ 181,324	$ 123,435	$ 706,322
Professional services	124,819	131,963	-	256,782
Grants expense	205,000	-	-	205,000
Program consultants and other	171,575	16,816	-	188,391
Technology	58,372	14,553	-	72,925
Advertising and marketing	26,940	26,940	-	53,880
Meeting expense	42,891	10,723	-	53,614
Office expense	30,269	16,171	-	46,440
Subscriptions	25,684	4,911	-	30,595
Fundraising	-	-	30,090	30,090
Travel	3,793	7,785	-	11,578
Miscellaneous	4,481	1,119	-	5,600
Staff development	-	4,633	-	4,633
Insurance	2,630	657	-	3,287
Workers compensation	1,970	303	-	2,273
Depreciation	1,048	262	-	1,310
Total	$ 1,101,035	$ 418,160	$ 153,525	$ 1,672,720

For the years ended December 31,	**2023**	2022
Operating Activities		
Change in net assets	**$ 1,425,650**	$ 514,262
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	**14,275**	1,310
Amortization of right-of-use assets	**27,334**	-
Changes in operating assets and liabilities		
Grants receivable, net	**(1,081,545)**	945,000
Accounts payable	**163,506**	(222,347)
Operating lease liabilities	**(17,755)**	-
Refundable advance	**-**	(200,000)
Net cash provided by (used in) operating activities	**531,465**	1,038,225
Investing Activities		
Purchase of property and equipment	**(100,626)**	(6,123)
Net cash provided by (used in) investing activities	**(100,626)**	(6,123)
Net change in cash and cash equivalents	**430,839**	1,032,102
Cash and cash equivalents, at beginning of year	**2,128,707**	1,096,605
Cash and cash equivalents, at end of year	**$ 2,559,546**	$ 2,128,707

Schedule of Noncash Transactions

Lease liabilities arising from obtaining right-of-use assets		
Operating leases	**$ 92,005**	$ -

Note 1: DESCRIPTION OF THE ORGANIZATION

Atlanta Wealth Building Initiative, Inc. (AWBI) (the Organization) is a catalytic nonprofit that seeks to achieve shared prosperity by building Black wealth through community wealth building strategies. The Organization is a community of advocates, and activists working to transform systems and structures of capital to create opportunities for Black residents in Atlanta and across the South. The Organization promotes an understanding of community wealth-building strategies to cultivate the engagement, capacity, and leadership necessary to shape a new economic narrative.

By challenging systemic bias and introducing new systems and structures of capital, AWBI aims to re-engineer and redesign the economic ecosystem such that all sectors, from small businesses to large corporations, to anchor institutions, philanthropy, nonprofits, and government, consider day-to-day how to integrate the economic well-being of our most disinvested communities into their strategy, operations, and policies.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for credit losses and the allocation of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Grants Receivable

Grants receivable are stated at unpaid balances, less an allowance for credit losses. The Organization provides for losses on grants receivable using the allowance method. Grants receivable at December 31, 2023 and 2022 consists of amounts due from various foundations in the amount of approximately $1,132,000 and $50,000, respectively.

The allowance is based on experience, third-party agreements, and other circumstances, which may affect the ability of grantors to meet their obligations. Grants receivable balances at December 31, 2023 and 2022 are considered fully collectible and management does not consider any allowance for credit losses necessary.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of $1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Leases

The Organization leases office space. The Organization determines if an arrangement is a lease at inception.

Right-of-Use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve in the amount of $448,000 and $177,000 at December 31, 2023 and 2022, respectively.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Grants and contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Fundraiser and event revenue is recognized once the event has taken place.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries, benefits, and professional services are allocated based on actual percentage of time spent in each functional area. Expenses related to advertising and marketing, travel, office expense, technology, subscriptions, meeting expense are allocated based on a fixed percentage.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended December 31, 2023 and 2022, advertising costs totaled $88,920 and $53,880, respectively.

Income Taxes

Under §501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. The Organization had no unrelated business income for the years ended December 31, 2023 and 2022.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2023 and 2022, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 28, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

The Organization adopted ASU 2016-13 on January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

December 31,	**2023**	2022
Total assets at year-end	**$ 3,847,847**	$ 2,184,441
Less non-financial assets		
Operating lease right-of-use assets, net	**(64,671)**	-
Property and equipment, net	**(92,085)**	(5,734)
Financial assets at year-end	**3,691,091**	2,178,707
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	**(1,912,301)**	(1,612,750)
Financial assets available to meet cash needs for general expenditures within one year	**$ 1,778,790**	$ 565,957

The Organization is principally supported by grants and contributions. The goal of the Organization is to maintain available financial assets to meet its next 90 days of operating expenses of approximately $623,000.

Note 4: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at December 31, 2023 and 2022:

	Estimated Useful Life (years)		2023		2022
Computers	5	**$**	**21,588**	$	5,897
Furniture, fixtures and equipment	5		**41,701**		1,309
Leasehold improvements	3		**44,543**		-
Total depreciable property and equipment			**107,832**		7,206
Less accumulated depreciation and amortization			**(15,747)**		(1,472)
Total property and equipment, net		**$**	**92,085**	$	5,734

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 amounted to approximately $14,275 and $1,310, respectively.

Note 5: LEASES

The Organization has an operating lease for office space. The lease has a remaining lease term of 2 years. The Organization's lease has an option to extend this lease for 2 years.

The components of lease expense consist of the following:

For the years ended December 31,		2023		2022
Operating lease cost	**$**	**27,954**	$	-
Short-term lease cost	**$**	**-**	$	19,160

Other information related to leases was as follows:

For the years ended December 31,		2023		2022
Supplemental Cash Flow Information				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	**$**	**17,755**	$	-

Note 5: LEASES (Continued)

Weighted average remaining lease term and discount rates consist of the following:

For the years ended December 31,	**2023**	2022
Weighted average remaining lease term		
Operating leases	**2 years**	-
Weighted average discount rate		
Operating leases	**3.75%**	-

Future minimum lease payments under non-cancellable leases as of December 31, 2023, were as follows:

For the years ending December 31,	Operating Leases
2024	$ 32,100
2025	42,000
2026	3,500
Total future minimum lease payments	77,600
Less imputed interest	(3,350)
Present value of lease liabilities	$ 74,250
Reported as of December 31, 2023	
Current maturities of operating lease liabilities	$ 29,730
Operating lease liabilities, less current maturities	44,520
Total	$ 74,250

Note 6: NET ASSETS

Net assets without donor restriction at December 31, 2023 and 2022, consists of amounts undesignated totaling $1,769,550 and $566,971, respectively.

A summary of net assets with donor restrictions consists of the following:

December 31,	**2023**	2022
Purpose restricted		
Grants - education, salaries, professional fees, grant funding	**$ 1,912,301**	$ 1,612,750
Total net assets with donor restrictions	**$ 1,912,301**	$ 1,612,750

Note 6: NET ASSETS (Continued)

Net assets released from restrictions at December 31, 2023 and 2022 consists of $2,279,449 and $459,750, respectively, used for various purpose restrictions including education, salaries, professional fees, consultants and grant funding.

Note 7: CONCENTRATIONS

The Organization maintains cash deposits with financial institutions at December 31, 2023 and 2022 in excess of federally insured limits of approximately $2,304,000 and $1,875,000, respectively.

The Organization received contributions from three donors that amounted to 52% and 69% of total support for the years ended December 31, 2023 and 2022, respectively. Amounts due from these donors were approximately $775,000 and $50,000, respectively.

Note 8: DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution plan (the Plan) covering all employees with at least six months of service who agree to make contributions to the Plan. The Organization matches participants' contributions to the Plan up to 4% of the individual participant's compensation. Total expense for the years ended December 31, 2023 and 2022 was approximately $8,000 and $5,700, respectively.