

SAFE KIDS GEORGIA, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2016 AND 2015

**SAFE KIDS OF GEORGIA, INC.
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DECEMBER 31, 2016 and 2015**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Safe Kids Georgia, Inc.

We have audited the accompanying financial statements of Safe Kids Georgia, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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.

Auditors' 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 auditors' 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 auditors consider 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 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 Safe Kids Georgia, Inc. as of December 31, 2016 and 2015, 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.

Warren Averett, LLC

Atlanta, Georgia
October 5, 2017

**SAFE KIDS OF GEORGIA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER, 31, 2016 AND 2015**

| ASSETS | | |
|-----------------------------------|-------------|-------------|
| | 2016 | 2015 |
| Cash and cash equivalents | \$ 212,810 | \$ 213,036 |
| Donations held by third-party | 309,539 | 261,763 |
| Contributions receivable | 22,500 | 19,000 |
| Inventory | 261,758 | 214,090 |
| | \$ 806,607 | \$ 707,889 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable | \$ 6,411 | \$ 9,680 |
| NET ASSETS | | |
| Unrestricted | 454,269 | 409,688 |
| Temporarily restricted | 345,927 | 288,521 |
| | 800,196 | 698,209 |
| | \$ 806,607 | \$ 707,889 |

See notes to the financial statements

SAFE KIDS OF GEORGIA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER, 31, 2016
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

| | 2016 | | | 2015 Total |
|--|--------------|---------------------------|------------|---------------|
| | Unrestricted | Temporarily Restricted | Total | |
| REVENUES AND SUPPORT | | | | |
| Contributions | \$ 101,366 | \$ - | \$ 101,366 | \$ 69,090 |
| Car seat course | 4,729 | - | 4,729 | 15,969 |
| Gifts in-kind | 427,305 | - | 427,305 | 162,708 |
| Other grants | 18,512 | 214,690 | 233,202 | 298,120 |
| Sale of child safety merchandise | 5,788 | - | 5,788 | 3,825 |
| Other income | 5,028 | - | 5,028 | 881 |
| Net assets released from restrictions | 157,284 | (157,284) | - | - |
| Total revenues and support | 720,012 | 57,406 | 777,418 | 550,593 |
| EXPENSES | | | | |
| Program services | | | | |
| Coalition support | 341,061 | - | 341,061 | 280,404 |
| Community programs | 237,159 | - | 237,159 | 112,746 |
| | 578,220 | - | 578,220 | 393,150 |
| Fundraising | 36,087 | - | 36,087 | 25,102 |
| General and administration | 61,124 | - | 61,124 | 51,523 |
| Total expenses | 675,431 | - | 675,431 | 469,775 |
| CHANGE IN NET ASSETS | 44,581 | 57,406 | 101,987 | 80,818 |
| NET ASSETS AT BEGINNING OF YEAR | 409,688 | 288,521 | 698,209 | 617,391 |
| NET ASSETS AT END OF YEAR | \$ 454,269 | \$ 345,927 | \$ 800,196 | \$ 698,209 |

See notes to the financial statements

**SAFE KIDS OF GEORGIA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER, 31, 2015**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-------------------|
| REVENUES AND SUPPORT | | | |
| Contributions | \$ 69,090 | \$ - | \$ 69,090 |
| Car seat course | 15,969 | - | 15,969 |
| Gifts in-kind | 162,708 | - | 162,708 |
| Other grants | 22,770 | 275,350 | 298,120 |
| Sale of child safety merchandise | 3,825 | - | 3,825 |
| Other income | 881 | - | 881 |
| Net assets released from restrictions | 176,416 | (176,416) | - |
| Total revenues and support | <u>451,659</u> | <u>98,934</u> | <u>550,593</u> |
| EXPENSES | | | |
| Program services | | | |
| Coalition support | 280,404 | - | 280,404 |
| Community programs | 112,746 | - | 112,746 |
| | <u>393,150</u> | - | <u>393,150</u> |
| Fundraising | 25,102 | - | 25,102 |
| General and administration | 51,523 | - | 51,523 |
| Total expenses | <u>469,775</u> | <u>-</u> | <u>469,775</u> |
| CHANGE IN NET ASSETS | (18,116) | 98,934 | 80,818 |
| NET ASSETS AT BEGINNING OF YEAR | 427,804 | 189,587 | 617,391 |
| NET ASSETS AT END OF YEAR | <u>\$ 409,688</u> | <u>\$ 288,521</u> | <u>\$ 698,209</u> |

See notes to the financial statements

SAFE KIDS OF GEORGIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER, 31, 2016
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

| | <u>Coalition Support</u> | <u>Community Programs</u> | <u>Total Program Services</u> | <u>Fundraising</u> | <u>General and Administration</u> | <u>2016 Total</u> | <u>2015 Total</u> |
|-------------------------------------|------------------------------|-------------------------------|---------------------------------------|--------------------|---|-----------------------|-----------------------|
| Salaries and wages | \$ 144,209 | \$ - | \$ 144,209 | \$ 30,488 | \$ 26,033 | \$ 200,730 | \$ 211,597 |
| Fringe benefits | 44,794 | - | 44,794 | 5,599 | 5,599 | 55,992 | 39,431 |
| Total salaries and related expenses | 189,003 | - | 189,003 | 36,087 | 31,632 | 256,722 | 251,028 |
| Bike helmets | - | - | - | - | - | - | 903 |
| Other safety programs | - | 43,902 | 43,902 | - | 59 | 43,961 | 32,742 |
| Safety seats | - | 136,081 | 136,081 | - | - | 136,081 | 19,599 |
| Professional fees | 27,164 | - | 27,164 | - | 3,018 | 30,182 | 15,403 |
| Insurance | 7,337 | - | 7,337 | - | 815 | 8,152 | 4,212 |
| Printing and postage | 2,381 | 265 | 2,646 | - | - | 2,646 | 556 |
| Meetings and events | 27,415 | - | 27,415 | - | 6,854 | 34,269 | 27,223 |
| Promotional items | 2,177 | 41,355 | 43,532 | - | - | 43,532 | 21,415 |
| Travel | 7,567 | 841 | 8,408 | - | - | 8,408 | 6,024 |
| Rent | 69,596 | - | 69,596 | - | 7,733 | 77,329 | 23,632 |
| Utilities | 6,671 | - | 6,671 | - | 741 | 7,412 | 7,326 |
| Supplies | 1,334 | - | 1,334 | - | 148 | 1,482 | 5,741 |
| Professional development | - | - | - | - | 5,409 | 5,409 | 2,836 |
| Contractor services | - | 14,325 | 14,325 | - | 4,649 | 18,974 | 51,009 |
| Miscellaneous expenses | 416 | 390 | 806 | - | 66 | 872 | 126 |
| | <u>\$ 341,061</u> | <u>\$ 237,159</u> | <u>\$ 578,220</u> | <u>\$ 36,087</u> | <u>\$ 61,124</u> | <u>\$ 675,431</u> | <u>\$ 469,775</u> |

See notes to the financial statements

**SAFE KIDS OF GEORGIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER, 31, 2015**

| | Coalition Support | Community Programs | Total Program Services | Fundraising | General and Administration | Total |
|-------------------------------------|------------------------------|-------------------------------|---------------------------------------|--------------------|---|-------------------|
| Salaries and wages | \$ 169,279 | \$ - | \$ 169,279 | \$ 21,159 | \$ 21,159 | \$ 211,597 |
| Fringe benefits | 31,545 | - | 31,545 | 3,943 | 3,943 | 39,431 |
| Total salaries and related expenses | 200,824 | - | 200,824 | 25,102 | 25,102 | 251,028 |
| Bike helmets | - | 903 | 903 | - | - | 903 |
| Other safety programs | - | 32,742 | 32,742 | - | - | 32,742 |
| Safety seats | - | 19,599 | 19,599 | - | - | 19,599 |
| Professional fees | 13,863 | - | 13,863 | - | 1,540 | 15,403 |
| Insurance | 3,791 | - | 3,791 | - | 421 | 4,212 |
| Printing and postage | 500 | 56 | 556 | - | - | 556 |
| Meetings and events | 21,778 | - | 21,778 | - | 5,445 | 27,223 |
| Promotional items | 1,071 | 20,344 | 21,415 | - | - | 21,415 |
| Travel | 5,422 | 602 | 6,024 | - | - | 6,024 |
| Rent | 21,269 | - | 21,269 | - | 2,363 | 23,632 |
| Utilities | 6,593 | - | 6,593 | - | 733 | 7,326 |
| Supplies | 5,167 | - | 5,167 | - | 574 | 5,741 |
| Professional development | - | - | - | - | 2,836 | 2,836 |
| Contractor services | - | 38,500 | 38,500 | - | 12,509 | 51,009 |
| Miscellaneous expenses | 126 | - | 126 | - | - | 126 |
| | <u>\$ 280,404</u> | <u>\$ 112,746</u> | <u>\$ 393,150</u> | <u>\$ 25,102</u> | <u>\$ 51,523</u> | <u>\$ 469,775</u> |

See notes to the financial statements

**SAFE KIDS OF GEORGIA, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER, 31, 2016 AND 2015**

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 101,987 | \$ 80,818 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: | | |
| Change in assets and liabilities: | | |
| Donations held by third-party | (47,776) | (151,476) |
| Contributions receivable | (3,500) | 2,300 |
| Inventory | (47,668) | 11,655 |
| Accounts payable | (3,269) | (7,058) |
| | <u>(102,213)</u> | <u>(144,579)</u> |
| Net cash used in operating activities | (226) | (63,761) |
| CASH AND CASH EQUIVALENTS | | |
| AT BEGINNING OF YEAR | <u>213,036</u> | <u>276,797</u> |
| AT END OF YEAR | <u>\$ 212,810</u> | <u>\$ 213,036</u> |

See notes to the financial statements

SAFE KIDS GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
DESCRIPTION OF BUSINESS**

Safe Kids Georgia, Inc. (“Safe Kids”) is a nonprofit organization that serves the administrative needs of several Safe Kids Worldwide coalitions located within the State of Georgia. Safe Kids is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). Children’s Healthcare of Atlanta (“CHOA”) is the lead agency for Safe Kids and provides office space and financial and administrative support for the Safe Kids’ state office. The mission of Safe Kids is for Georgia’s children from birth to 19 years of age to have a safe place to grow and play, free from accidental injuries. Safe Kids has been the leader in this type of program since 1990. At December 31, 2016 and 2015, Safe Kids had 30 coalitions, located throughout the State of Georgia that help to achieve its mission. Safe Kids provides accounting support to most of the coalitions by maintaining a centralized bank account and separately tracking the receipts and expenses of the individual coalitions. Safe Kids has the ultimate decision-making authority over coalition expenses; therefore, the coalition activity has been reflected within the statements of activities. Six coalitions have funds managed by other lead agencies; therefore, the activity of those coalitions is not included in the statements of activities. Safe Kids also works on various community programs throughout the year providing information and classes to groups within the State of Georgia.

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

Accrual Basis of Accounting

The financial statements of Safe Kids have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Presentation

Safe Kids classifies its net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Safe Kids and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations and are fully available, at the discretion of Safe Kids’ management and Board of Directors, to utilize in any of its programs or supporting services. In addition, restricted gifts whose donor-imposed restrictions were met during the fiscal year are also included in this category.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of Safe Kids and/or the passage of time or law.

SAFE KIDS GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF BUSINESS – CONTINUED

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

Safe Kids maintains its cash balance in a single financial institution.

The Federal Deposit Insurance Corporation (“FDIC”) insures up to \$250,000 per financial institution. Safe Kids has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short-term maturity of these financial instruments, the carrying value approximates the fair value.

Donations Held by Third-Party

Donations held by a third party represent temporarily restricted contributions received from Safe Kids National and various contributors that are restricted for use in a future period. These amounts, held and administered by CHOA, totaled \$309,539 and \$261,763 at December 31, 2016 and 2015, respectively.

Contributions Receivable

Contributions receivable at December 31, 2016 and 2015 were \$22,500 and \$19,000 and are considered to be collectible by management and are expected to be collected within a year. When contributions are expected to be collected in a time period greater than one year, discounts are calculated using rates commensurate with the risks involved.

Inventory

Inventory consists of car seats and other child safety devices valued at estimated fair value at the date of donation using the first in, first out method (“FIFO”).

Public Support, Revenues and Expenses

Revenues are recognized when earned and support is recognized when contributions are made. Revenues and support may be recognized when cash is received, unconditional *promises* are made, or ownership of donated assets is transferred to Safe Kids. Unconditional promises that are expected to be collected within one year are recorded at net realizable value.

SAFE KIDS GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND
DESCRIPTION OF BUSINESS – CONTINUED**

Unconditional promises that are expected to be collected in future years are recorded at the present value of their estimated future cash flows at the date of donation. Conditional promises are not included as revenue until the conditions are substantially met.

Safe Kids reports gifts of cash and other assets as restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Safe Kids reports gifts of fixtures and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long these assets must be maintained, Safe Kids reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services which meet the criteria for recognition under GAAP are recorded at fair value at the date of the gift. Contributed services recorded by Safe Kids include those that improve or enhance fixtures and equipment (as contributions and increases to the basis of fixtures and equipment) and those that require specialized skills and are services that would otherwise be purchased by Safe Kids (as contributions and expenses). Donated goods (including securities, fixtures and equipment) are also recorded at fair value at the date of the gift.

Each year Safe Kids receives a substantial amount of other services donated by many individuals to successfully carry out its mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under GAAP.

Expenses are recorded when costs are incurred. The costs of providing program services and supporting activities of Safe Kids have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Awards and grants are recorded as revenue in the year for which the grants are designated.

Estimates

The preparation of financial statements in conformity with GAAP 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. Accordingly, actual results could differ from those estimates. Significant estimates in these financial statements include the allocation of expenses on a functional basis.

**SAFE KIDS GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

2. INVENTORY

At December 31, 2016 and 2015, inventory consisted of the following:

| | <u>2016</u> | <u>2015</u> |
|-------------------------------------|-------------------|-------------------|
| Car seats | \$ 181,710 | \$ 150,615 |
| Bicycle helmets | 47,758 | 21,447 |
| Smoke, fire and other safety alarms | 17,835 | 8,389 |
| Personal flotation devices | 5,708 | 17,722 |
| Other | 8,747 | 15,917 |
| | <u>\$ 261,758</u> | <u>\$ 214,090</u> |

3. NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|-----------------------|-------------------|-------------------|
| Use in future periods | \$ 332,039 | \$ 261,763 |
| Program use | 13,888 | 26,758 |
| | <u>\$ 345,927</u> | <u>\$ 288,521</u> |

Temporarily restricted net assets were released from restrictions for the years ended December 31, 2016 and 2015 as follows:

| | <u>2016</u> | <u>2015</u> |
|---------------|-------------------|-------------------|
| Time releases | \$ 134,459 | \$ 115,624 |
| Program use | 22,825 | 60,792 |
| | <u>\$ 157,284</u> | <u>\$ 176,416</u> |

SAFE KIDS GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

4. GIFTS IN-KIND

Gifts in-kind received by Safe Kids included salaries, benefits, supplies, consulting services, space rental, and other expenses contributed by CHOA. These services have been recorded as both gifts in-kind and as general expenses, as appropriate in the statements of activities.

Donated car seats and other child safety devices received by Safe Kids that were distributed to parents of children from birth to 19 years of age have been reported as gifts in-kind in the financial statements as appropriate.

Safe Kids also received various donated goods and services from third party companies and individuals. These goods and services have been recorded as both gifts in-kind and as general expenses, as appropriate, in the statements of activities.

Gifts in-kind were provided for the years ended December 31, 2016 and 2015 as follows:

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|
| Children's Healthcare of Atlanta | | |
| Operations | \$ 156,686 | \$ 73,862 |
| Space rental and utilities | 84,740 | 30,957 |
| Donated car seats and other child safety devices | 155,879 | - |
| Donated goods and services | 30,000 | 57,889 |
| | <u>\$ 427,305</u> | <u>\$ 162,708</u> |

5. OTHER GRANTS

During 2016 and 2015, grants were received from the following sources:

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|
| Unrestricted grants | | |
| Grants raised at the local level | \$ 18,512 | \$ 22,770 |
| Temporarily restricted grants | | |
| Grants received by CHOA on behalf of Safe Kids | 155,735 | 226,800 |
| Grants raised at the local level | | |
| United Way | 30,000 | 38,000 |
| Other temporarily restricted grants | 28,955 | 10,550 |
| | <u>214,690</u> | <u>275,350</u> |
| | <u>\$ 233,202</u> | <u>\$ 298,120</u> |

SAFE KIDS GEORGIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

6. SUBSEQUENT EVENTS

Management of Safe Kids has evaluated subsequent events for potential recognition and/or disclosure in the financial statements through October 5, 2017, the date that the financial statements were available to be issued.