

**Villa International Atlanta, Inc.**

Independent Auditor's Report and  
Audited Financial Statements

As of and for the Year Ended December 31, 2022



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## Independent Auditor's Report

To Management and the Board of Directors of  
Villa International Atlanta, Inc.  
Atlanta, Georgia

### Opinion

We have audited the accompanying financial statements of Villa International Atlanta, Inc. (the Organization) (a not-for-profit entity), which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statement of activities, functional expenses, and cash flows for the year ended December 31, 2022, 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 positions of the Organization as of December 31, 2022 and 2021, and the changes in its net assets, functional expenses, and its cash flows for the year ended December 31, 2022 in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). 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 other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these financial statements in accordance with U.S. GAAP, 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.

## **Auditors' 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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgement 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 judgement, 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.



K. Glenn Aldridge, PC  
(d/b/a Aldridge & Associates)  
Duluth, Georgia  
November 15, 2023

## Villa International Atlanta, Inc.

### Statement of Financial Positions As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 174,333	\$ 249,085
Investments, current	211,229	242,905
Accounts receivable	-	720
Prepaid expenses and other assets	583	1,225
Total current assets	<u>386,145</u>	<u>550,185</u>
Noncurrent assets:		
Property and equipment, net	1,526,649	1,523,299
Investments in perpetuity	56,250	56,250
Total noncurrent assets	<u>1,582,899</u>	<u>1,523,299</u>
Total assets	<u>\$ 1,969,044</u>	<u>\$ 2,073,484</u>
<b>Liabilities and net assets</b>		
Accounts payable and accrued expenses	\$ 9,630	\$ 432
Deferred revenue	-	6,175
Current portion of capital lease	-	3,991
Total liabilities	<u>9,630</u>	<u>10,598</u>
Net assets:		
Without donor restrictions	1,893,255	1,992,989
With donor restrictions	66,159	69,897
Total net assets	<u>1,959,414</u>	<u>2,062,886</u>
Total liabilities and net assets	<u>\$ 1,969,044</u>	<u>\$ 2,073,484</u>

## Villa International Atlanta, Inc.

### Statement of Activities For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, support and gains:</b>			
Rental fees	\$ 361,962	\$ -	\$ 361,962
Contributions and grants	88,231	5,012	93,243
Fundraising income, net of direct expenses: \$10,622	28,264	-	28,264
Other revenue, support and gains	11,933	-	11,933
Net assets released from restrictions	2,762	(2,762)	-
Total revenues, support and gains	493,152	2,250	495,402
<b>Expenses and losses:</b>			
Expenses:			
Program activities:			
Program	509,925	-	509,925
Total program activities	509,925	-	509,925
Supporting activities:			
Management and general	41,710	-	41,710
Fundraising and development	15,416	-	15,416
Total support activities	57,126	-	57,126
Total expenses	567,051	-	567,051
Losses:			
Investment losses	25,835	5,988	31,823
Total expenses and losses	592,886	5,988	598,874
<b>Changes in net assets</b>	(99,734)	(3,738)	(103,472)
<b>Net assets, beginning of year</b>	1,992,989	69,897	2,062,886
<b>Net assets, end of year</b>	\$ 1,893,255	\$ 66,159	\$ 1,959,414

**Villa International Atlanta, Inc.**

**Statement of Functional Expenses  
For the Year Ended December 31, 2022**

	Program Activities		Supporting Activities			Total expenses by nature
	Program	Total	Management and general	Fundraising and development	Total	
Compensation and benefits	\$ 196,075	\$ 196,075	\$ 24,426	\$ 3,585	\$ 28,011	\$ 224,086
Occupancy	52,894	52,894	5,231	-	5,231	58,125
Information technology	2,842	2,842	451	173	624	3,466
Fees for services	13,152	13,152	513	3,416	3,929	17,081
Printing	1,009	1,009	505	226	731	1,740
Insurance	24,858	24,858	1,891	270	2,162	27,020
Repairs and maintenance	69,096	69,096	-	-	-	69,096
Telephone	13,418	13,418	277	138	415	13,833
Bank and investment fees	12,992	12,992	-	265	265	13,257
Small equipment and leases	1,981	1,981	660	230	890	2,871
Supplies	23,886	23,886	1,798	-	1,798	25,684
Other expenses	2,406	2,406	941	7,113	8,054	10,460
Depreciation	95,315	95,315	5,017	-	5,017	100,332
<b>Total expenses by function</b>	<b>\$ 509,925</b>	<b>\$ 509,925</b>	<b>\$ 41,710</b>	<b>\$ 15,416</b>	<b>\$ 57,126</b>	<b>\$ 567,051</b>

## Villa International Atlanta, Inc.

### Statement of Cash Flows For the Year Ended December 31, 2022

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#### Cash flows from operating activities

Cash provided by operating activities:

Cash received from rent payments	\$ 362,682
Cash received from donors and grantors	87,068
Cash received from other sources	40,197

Cash used by operating activities:

Cash paid to employees	(224,086)
Cash paid to service providers and vendors	(236,932)

Net cash provided by operating activities 28,929

#### Cash flows from investing activities

Cash purchases of property and equipment (103,681)

Net cash used by investing activities (103,681)

**Net decrease in cash and cash equivalents** (74,752)

**Cash and cash equivalents, beginning of year** 249,085

**Cash and cash equivalents, end of year** \$ 174,333

#### Supplemental disclosure of noncash activities:

Investment losses	\$ 31,823
Depreciation	100,332



**1. NATURE OF ACTIVITIES**

Villa International Atlanta, Inc. (the Organization), incorporated under the laws of the state of Georgia on March 10, 1969, as a nonprofit corporation 33-room residence for international guest in Atlanta. The Organization nurtures the need for international hospitality. The Organization bears witness to God's love for the world as it creates a safe community of mutual respect and hospitality, encourages friendship and global understanding, and promotes the health and wellness of the world.

The Organization provides affordable housing and instills a feeling of community within the residents and their families.

The Organization has one location in Georgia, and is supported primarily through collections of rent and contributions. In addition, other resources are available on the Organization's website at [www.villainternational.org](http://www.villainternational.org) and through other social media.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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).

The following significant accounting policies are described to enhance the usefulness of the financial statements to the reader.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**Cash and Cash Equivalents**

Cash and equivalents include cash, checking and savings accounts, and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalent balances may exceed federally insured amounts. There were no balances that exceeded the federally insured amount as of December 31, 2022. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

There were no restricted cash or cash equivalents at December 31, 2022.

**Investments**

Investments are recorded at fair value based on quoted market prices or other valuation methods. Realized and unrealized gains and losses on the investments are recognized as income or loss.

**Property and Equipment**

The Organization's capitalization policy is to capitalize property and equipment with a purchase price, or donation value, more than \$2,500 and which has a useful life greater than one year. Property and equipment purchased are recorded at cost, or fair value at the date of donation, if donated.

Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Property items retired, or otherwise disposed of, are removed from the asset and accumulated depreciation accounts and any resulting gain or loss is reflected in the statement of activities.

Depreciation is provided over the estimated useful lives of the individual assets using the straight-line method as follows: buildings and building improvements, 10 to 39 years; land improvements, 20 years; furniture, fixtures and equipment 5 to 15 years; vehicles, 3 to 5 years.

**Fair Value Measurement**

When required or elected, the Organization reports certain assets and liabilities (financial instruments) at fair value (the estimated price at which an asset can be sold or a liability settled in an orderly transaction to a third party under current market conditions) using appropriate valuation techniques based on available inputs.

Available inputs are categorized (based on the amount of subjectivity associated with the information source) using a three-level fair value hierarchy defined by U.S. GAAP as follows:

**Level 1** – Unadjusted quoted prices in active markets for identical assets and liabilities

**Level 2** – Observable inputs other than quoted prices for identical assets and liabilities

**Level 3** – Unobservable inputs supported by little or no market activity

The Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 and Level 2 are not available.

**Impairment**

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If a long-lived asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the asset exceeds the fair value of the asset. There were no indicators of asset impairment for the year ended December 31, 2022.

**Net Assets**

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, amounts reported in the financial statements are classified in two self-balancing net asset categories as follows:

- Net assets without donor restrictions are resources currently available for use in general operations, including internal limits imposed by Board decisions.
- Net assets with donor restrictions are resources whose use is limited by donor / grantor-imposed restrictions for specific purpose, passage of time, or perpetual donor-imposed stipulations that neither expire by the passage of time nor can be removed by actions of the Organization.

The Board has not placed any internal limits on net assets without donor restrictions at December 31, 2022; accordingly, all net assets without donor restrictions are undesignated.

**Recognition of Revenue**

*Rent*

Villa International recognizes rental fees when control of the promised service is transferred to residents, in an amount that reflects the considerations the Organization expected to be entitled to in exchange for the service. Revenue is recognized as the service is provided, at a point in time. The Organization's rental fees are quoted to residents on a per bed or room stay. Rental fees are due at least monthly or upon exit.

*Fundraising Revenue*

Fundraising revenue is recognized in the period in which the event is held.

*Unconditional Contributions*

Charitable contributions are reported when made, which is generally when cash is received, unconditional promises to give are made, or ownership of donated assets is transferred to the Organization.

The Organization recognizes contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed temporary restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and presented in the accompanying statement of activities as net assets released from restrictions.

In certain cases, contributions are solicited for support and project accounts that have been previously funded by unrestricted resources in anticipation of receiving donor restricted contributions. Such contributions are immediately recognized as reclassifications to unrestricted support in the period received since the donor-imposed restrictions have already been satisfied.

*Contributions of or to Acquire Long-Term Assets*

Contributions of long-term assets, such as property and equipment, are recorded as unrestricted support unless explicit donor stipulations specify how the long-term asset must be used. Contributions of long-term assets with explicit restrictions that specify how the assets are to be used are recognized as restricted support when received and are released from restrictions when the donated assets are placed into service.

Contributions of cash and other assets that must be used to acquire long-term assets are recognized as restricted support. In the absence of explicit donor stipulations about how long those long-term assets must be maintained, the Organization reports expirations of donor-imposed restrictions when the acquired long-term assets are placed into service.

*Conditional Contributions*

Conditional contributions received are either accounted for as a liability or are unrecognized initially until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional. There were no conditional contributions at December 31, 2022.

*Donated Goods and Services*

Unconditional contributions of goods are recorded at fair value at the date of donation. Conditional contributions of goods are either accounted for as a liability or are unrecognized initially until the barriers to entitlement are overcome, at which point the asset is recognized as unconditional. There were no conditional contributions of goods at December 31, 2022.

# Villa International Atlanta, Inc.

## Notes to Financial Statements For the Year Ended December 31, 2022

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Donated professional services that create or enhance nonfinancial assets, or require skills that would otherwise typically be purchased, are recorded as contributions at their estimated fair values when the services are rendered. There were no significant donated professional services during 2022.

### **Advertising Costs**

Advertising costs (which are included in other expenses and consist primarily of direct advertisements, graphic design, promotional materials, and participation in community events) are expensed as incurred. There were no significant advertising costs in 2022.

### **Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Except for depreciation, all expenses are allocated based on an estimate of where time and efforts are made and benefits are received. Depreciation are allocated based on estimated usage and square footage.

### **Fundraising and Development Activities**

The FASB defines fundraising activities as activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time. A solicitation activity is considered fundraising regardless of the outcome. Fundraising activities typically include publicizing and conducting fundraising campaigns; maintaining donor mailing lists; conducting special fundraising events; preparing and distributing fundraising manuals, instructions, and other materials; conducting other activities involved with soliciting contributions from individuals, foundations, government agencies, and others; and soliciting contributions of services from individuals (i.e. time), regardless of whether those services meet the recognition criteria for contributions.

The FASB defines development activities as activities undertaken to solicit for prospective members and membership dues, membership relations, and similar activities.

Given that attendance to the Organization is voluntary, contractual, and does not require member relations or activities, management does not believe that the Organization engages in development activities. In addition, the Organization engages in fundraising activities.

### **Tax Exempt Status**

The Organization has been organized as a Georgia nonprofit corporation, recognized by the IRS as exempt from federal income tax under Internal Revenue Code Section 501(c)(3), and determined not to be a private foundation.

# Villa International Atlanta, Inc.

## Notes to Financial Statements For the Year Ended December 31, 2022

The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income derived from business activities that are unrelated to its exempt purpose. Management has determined that the Organization had no unrelated business income during 2022 and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization only recognizes the tax benefit from an uncertain tax position taken or to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where the Organization operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2022.

The Organization is subject to federal and state examinations, generally three years from the date that the returns are filed; currently there are no examinations in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years prior to 2020.

### **Geographic Concentration**

The Organization conducts its operations solely within Atlanta, Georgia, and, therefore, is subject to risks from changes in local economic conditions. A downturn in the local economy could cause a decrease in rent and charitable contributions. While the Organization believes it has the resources to continue its programs and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources, its ability to do so, and the extent to which it continues, may be dependent on many interdependent factors.

### **3. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE**

The Organization had no liabilities carried at fair value on a recurring basis and no assets or liabilities carried at fair value on a nonrecurring basis at December 31, 2022. The following table presents assets measured at fair value on a recurring basis at December 31, 2022:

		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	Fair Value	Level 1	Level 2	Level 3	Total
Growth and income funds	\$ 176,695	\$ 176,695	\$ -	\$ -	\$ 176,695
U.S. Treasury bonds	90,784	-	90,784	-	90,784
	\$ 267,479	\$ 176,695	\$ 90,784	\$ -	\$ 267,479

# Villa International Atlanta, Inc.

## Notes to Financial Statements For the Year Ended December 31, 2022

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Investment losses for assets measured at fair value on a recurring basis using Level 1 inputs totaled \$31,823 for 2022, and have been included in losses on the statement of activities.

### 4. ENDOWMENT FUNDS

The Organization has received multiple endowment contributions from donors to support the capital and operational needs of the Organization. The endowment funds are governed by management and those charged with governance and consists of three sub funds, “unrestricted” endowment funds, “restricted” endowment funds and “perpetual” funds.

The funds are managed by a third-party expert advisory group, while management and those charged with governance are responsible for oversight of the third-party advisory group and determining distributions.

Income and corpus distributions from the “unrestricted” endowment sub fund may be used at the approval of management and those charged with governance when an urgent need or opportunity critical to the mission of the Organization arises.

As of December 31, 2022, the endowment funds consisted of the following:

Endowment funds without donor restrictions	\$ 58,513
Endowment funds restricted by time and purpose	7,159
Endowment funds restricted in perpetuity	56,250
<b>Total endowment funds</b>	<b>\$ 121,922</b>

Endowment funds are included within the investments stated on the statement of financial position.

### 5. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2022 follows:

Land and land improvements	\$ 260,000
Buildings and building improvements	2,871,688
Furniture, fixtures and equipment	632,304
	3,763,992
Less accumulated depreciation	2,237,343
<b>Property and equipment, net</b>	<b>\$ 1,526,649</b>

Depreciation expense totaled \$100,332 for 2022.

## Villa International Atlanta, Inc.

### Notes to Financial Statements For the Year Ended December 31, 2022

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#### 6. NET ASSETS WITH DONOR RESTRICTIONS

The following is a summary of net assets with donor restrictions as of December 31, 2022:

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Subject to purpose restriction:	
Time restricted	\$ 7,159
In perpetuity	56,250
Other restrictions	2,750

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Total net assets with donor restrictions	\$ 66,159
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The following is a summary of the net assets released from donor restrictions for the year ended December 31, 2022:

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Purpose restrictions accomplished:	
Scholarship expenses	\$ 2,762

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Total net assets released from donor restrictions	\$ 2,762
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#### 7. RETIREMENT PLAN

Full-time employees who are scheduled to work a minimum of 1,000 hours annually may participate in a 403(b) plan offered as a benefit to employees of the Organization. During 2022, the Organization contributed \$6,475 to participant accounts.

#### 8. RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions as of December 31, 2022:

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Transaction description:	
Contributions from governance members and affiliates	\$ 35,570

#### 9. LIQUIDITY AND AVAILABILITY DISCLOSURES

At December 31, 2022, the Organization held enough cash and cash equivalents to meet approximately ten months of normal operating expenses (average monthly operating expenses totaled approximately \$38,000 during 2022).



## Villa International Atlanta, Inc.

### Notes to Financial Statements For the Year Ended December 31, 2022

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The Organization prepares an annual budget that is reviewed and approved by the Board in advance of the upcoming year. Periodic meetings are held by the Board to review internal financial statements and budget to actual comparisons. Management does not commit to expenditures if cash is not available to pay the expenditures immediately.

Following is a schedule, as of December 31, 2022, that reflects the financial assets available to meet cash needs for general expenditures within one year:

Financial assets, at year end:	
Cash and cash equivalents	\$ 174,333
Unrestricted investments	58,513
	<u>232,846</u>
Less:	
Donor-imposed restrictions likely to be met by expenditure within one year making financial assets unavailable for general expenditure	2,750
	<u>\$ 230,096</u>

#### 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2023, which is the date on which the financial statements were available to be issued. In general, these events are recognized in the financial statements if the conditions existed at the date of the statement of financial position but are not recognized if the conditions did not exist at the statement of financial position date. The Organization discloses non-recognized events if required to keep the financial statements from being misleading. No subsequent events have been identified by the Organization for disclosure.

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