

ATLANTA BELTLINE, INC.
(A Component Unit of the
Atlanta Development Authority)

Basic Financial Statements

June 30, 2007

(With Independent Auditor's Report Thereon)

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)

June 30, 2007

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Atlanta BeltLine, Inc.
Atlanta, Georgia

We have audited the accompanying basic financial statements of the **Atlanta BeltLine, Inc.** (the "ABI"), a component unit of the Atlanta Development Authority, as of June 30, 2007 and for the period since inception then ended. These financial statements are the responsibility of the ABI's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Atlanta BeltLine, Inc. as of June 30, 2007, and the changes in its financial position and its cash flows for the period since inception then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2007 on our consideration of the ABI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis (on pages 3 through 5) is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 17, 2007

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Management's Discussion and Analysis (Unaudited)
June 30, 2007

As management of the Atlanta BeltLine, Inc. (the "ABI"), we offer readers of the ABI's financial statements this narrative overview and analysis of the financial activities of the ABI for the period from inception through June 30, 2007. The ABI is a component unit of the Atlanta Development Authority and was created on September 1, 2006. The ABI is considered as one of the most comprehensive economic development efforts ever undertaken in the City of Atlanta and the largest, most wide-ranging urban redevelopment currently underway in the United States. The ABI will combine greenspace, trails, transit, and new development along 22 miles of historic rail segments that encircle the urban core. The financial analysis represented in management's discussion and analysis represents the period from inception of September 1, 2006 through June 30, 2007, a ten (10) month period. Therefore, due to it being the first year of the entity, there is only one year presented and in future years a comparison of two years will be included.

Financial Highlights

- The liabilities of the ABI exceeded its assets at June 30, 2007 by \$131,719 (*net assets*).
- The ABI's total net assets decreased by \$131,719. The ABI was created on September 1, 2006; therefore, there are only ten (10) months of operations presented as of June 30, 2007.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the ABI's basic financial statements. The ABI's basic financial statements are comprised of two components: 1) financial statements and 2) notes to the financial statements.

Financial statements. The *statement of net assets* presents information on all of the ABI's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the ABI is improving or deteriorating.

The *statement of revenues, expenses, and changes in fund net assets* presents information showing how the ABI's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The basic financial statements can be found on pages 6-8 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 9 and 10 of this report.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of the ABI, liabilities exceeded assets by \$131,719 at June 30, 2007. A summary of the net assets is presented below.

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Management's Discussion and Analysis (Unaudited)
June 30, 2007

Atlanta BeltLine Inc.'s Net Assets

	2007
Assets:	
Current assets	\$ 513,206
Total assets	513,206
Liabilities:	
Current liabilities	644,925
Total liabilities	644,925
Net assets (deficit):	
Unrestricted	(131,719)
Total net assets (deficit)	\$ (131,719)

The ABI's total assets equal \$513,206. The assets primarily consist of cash and cash equivalents (98%). ABI's total liabilities equal \$644,925. The liabilities primarily consist of a loan from Atlanta BeltLine Partnership (78%) and accrued consulting fees (15%).

For the period from inception through June 30, 2007, the ABI's total net assets decreased by \$131,719.

Atlanta BeltLine, Inc.'s Changes in Net Assets

	2007
Revenues:	
City of Atlanta funding (administrative)	\$ 620,370
City of Atlanta funding (special projects, grants, and restricted programs)	1,028,395
Private grants and contributions	130,488
Interest income	9,605
Total revenues	1,788,858
Expenses:	
General and administrative	1,920,577
Total expenses	1,920,577
Decrease in net assets	(131,719)
Net assets, at inception	-
Net assets (deficit), end of year	\$ (131,719)

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Management's Discussion and Analysis (Unaudited)
June 30, 2007

The ABI's revenues and expenses increased by 100% due to the fact that 2007 was the initial year of operations. Revenues consist primarily of City of Atlanta funding (92%) and private grants and contributions (7%). Expenses consist primarily of salaries and benefits (36%), consulting costs (28%), and legal costs (17%).

The Atlanta Beltline Partnership provided ABI with \$500,000 in order to help cash flow. It is expected that ABI will repay the Atlanta BeltLine Partnership with proceeds from a planned bond issuance for the BeltLine Tax Allocation District.

Requests for Information

This financial report is designed to provide a general overview of the ABI's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, 86 Pryor Street, SW, Suite 300, Atlanta, GA 30303.

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Statement of Net Assets
June 30, 2007

Assets		
Current assets:		
Cash and cash equivalents	\$	504,230
Due from the Atlanta Development Authority		8,976
Total current assets		513,206
Liabilities		
Current liabilities:		
Accrued expenses		138,159
Due to the Atlanta Development Authority		6,766
Due to the Atlanta BeltLine Partnership		500,000
Total current liabilities		644,925
Net Assets (Deficit)		
Unrestricted		(131,719)
Total net assets (deficit)	\$	(131,719)

See accompanying notes to financial statements.

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Period Since Inception Through June 30, 2007

Operating revenues:	
City of Atlanta funding (administrative)	\$ 620,370
City of Atlanta funding (special projects, grants and restricted programs)	1,028,395
Private grants and contributions	130,488
Total operating revenues	<u>1,779,253</u>
Operating expenses:	
General and administrative	<u>1,920,577</u>
Total operating expenses	<u>1,920,577</u>
Operating loss	(141,324)
Non-operating revenues:	
Interest income	<u>9,605</u>
Change in net assets	(131,719)
Net assets at inception	<u>-</u>
Net assets (deficit) at end of year	<u><u>\$ (131,719)</u></u>

See accompanying notes to financial statements.

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Statement of Cash Flows
Period Since Inception Through June 30, 2007

Cash flows from operating activities:	
Receipts from grantors	\$ 1,779,253
Payments to suppliers and vendors	(814,432)
Payments to employees	(511,027)
Other	40,831
	<hr/>
Net cash provided by operating activities	494,625
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Cash flows from operating activities:	
Interest on investments	9,605
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Net cash provided by investing activities	9,605
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Net increase in cash and cash equivalents	504,230
Cash and cash equivalents at beginning of year	-
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Cash and cash equivalents at end of year	<u>\$ 504,230</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (141,324)
Adjustment to reconcile operating loss to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in:	
Due from the Atlanta Development Authority	(8,976)
Increase (decrease) in:	
Accrued expenses	138,159
Due to the Atlanta Development Authority	6,766
Due to the Atlanta BeltLine Partnership	500,000
	<hr/>
Net cash provided by operating activities	<u>\$ 494,625</u>

See accompanying notes to financial statements.

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2007

(1) Summary of Significant Accounting Policies

(a) *The Financial Reporting Entity*

On September 1, 2006, the Atlanta Beltline, Inc. (the “ABI”) was incorporated as a public corporation for the benefit of, to perform the functions of, and to carry out the purposes of the Atlanta Development Authority (the “ADA”) as it relates to Beltline development activities. The ABI was created to act solely in the capacity as “redevelopment agency” for the City of Atlanta, with respect to the City of Atlanta Tax Allocation District Number Six – Beltline (the “Beltline TAD”) including the administrative, development and/or redevelopment activities as, and to the extent contemplated, in the Atlanta Beltline TAD Redevelopment Plan adopted by the City Council of the City of Atlanta on November 7, 2005 pursuant to Ordinance 05-O-1733.

As a public corporation, the ABI meets the definition of a governmental entity and follows accounting principles generally accepted in the United States of America (“GAAP”) for government entities. The Governmental Accounting Standards Board (“GASB”) is the standard setting body for governmental GAAP.

Management has considered the criteria set forth in GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, *Defining the Financial Reporting Entity*. Based upon the application of the above criteria, the Atlanta Development Authority (the “Authority”) has determined ABI to be a component unit of the Authority.

(b) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance subject to this same limitation. The ABI has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund’s principal ongoing operations. The principal operating revenue of the ABI is development, contributions to support the development of the Beltline, and other related activity. Operating expenses for the fund include development, program, and direct general and administrative expenses of the ABI. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the ABI’s policy to use restricted resources first, then unrestricted resources as they are needed.

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2007

(1) Summary of Significant Accounting Policies (Continued)

(c) Cash and Cash Equivalents

For the purposes of the statement of cash flows, the ABI considers all short-term investment securities with original maturities of three months or less, local government investment pools, repurchase agreements, money market accounts, and investment agreements under which funds can be withdrawn at any time without penalty to be cash equivalents.

(d) Activity with the Primary Government

Amounts are reported in the statement of net assets for amounts due to and from the Authority which are the result from payments made on behalf of ABI, which haven't been reimbursed yet.

(e) Use of Estimates

Management of the ABI has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses to prepare the financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

(2) Deposits and Investments

(a) Credit Risk. The ABI is authorized to invest in obligations or investments as determined by the Board of ABI, subject to any agreement with bondholders and with applicable law. As of June 30, 2007, the ABI did not have any investments other than deposits with financial institutions.

(b) Custodial Credit Risk-Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2007, the ABI had no bank balances that were exposed to custodial credit risk.

(3) Due to Atlanta BeltLine Partnership

On May 28, 2007, the Atlanta BeltLine Partnership advanced \$500,000 to ABI to provide ABI with cash flow for specific consulting services. This amount has no maturity date, nor is interest charged and is expected to be repaid with a future bond issuance by the BeltLine Tax Allocation District.