THE ATLANTA DEVELOPMENT AUTHORITY,
D/B/A INVEST ATLANTA
(A Component Unit of the City of Atlanta, Georgia)

Financial Statements

June 30, 2013

(With Independent Auditors' Report Thereon)

THE ATLANTA DEVELOPMENT AUTHORITY
d/b/a INVEST ATLANTA
(A Component Unit of the City of Atlanta, Georgia)

June 30, 2013

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MAULDIN
& JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
The Atlanta Development Authority, d/b/a Invest Atlanta
Atlanta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and each major fund of **The Atlanta Development Authority, d/b/a Invest Atlanta** ("Invest Atlanta"), a component unit of the City of Atlanta, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Invest Atlanta's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of ADA/CAU Partners, Inc.; Imagine Downtown Managing Member 2007 QEI, LLC; and Imagine Downtown, Inc. which together represent 41%, 89% and 30%, respectively, of the assets, net position (deficit), and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for ADA/CAU Partners, Inc.; Imagine Downtown Managing Member 2007 QEI, LLC; and Imagine Downtown, Inc. is based solely on the reports of the other auditors. 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 from material misstatement. The financial statements of Invest Atlanta's discretely presented component units, ADA/CAU Partners, Inc.; Imagine Downtown Managing Member 2007 QEI, LLC; and Imagine Downtown, Inc. were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and each major fund of The Atlanta Development Authority, d/b/a Invest Atlanta as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 16, Invest Atlanta implemented Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012. These standards modified terminology and presentation of certain accounts and changed the accounting for bond issuance costs. Our opinions are not modified with respect to this matter.

Also, based on the report of other auditors, the accompanying financial statements of ADA/CAU Partners, Inc., which represents 37%, 92% and 24%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units, have been prepared assuming that ADA/CAU Partners, Inc. will continue as a going concern. As discussed in Note 13 to the financial statements, ADA/CAU Partners, Inc. has suffered recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are also described in Note 13. The financial statements of ADA/CAU Partners, Inc. do not include any adjustments that might result from the outcome of this uncertainty. Also noted in Note 13, Invest Atlanta has no responsibility to fund or contribute any monies to ADA/CAU Partners, Inc. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2013 on our consideration of Invest Atlanta'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Invest Atlanta's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 13, 2013

This section of The Atlanta Development Authority d/b/a Invest Atlanta's ("Invest Atlanta") annual financial report presents our discussion and analysis of Invest Atlanta's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the financial statements and accompanying notes.

Fiscal Year 2013 Selected Financial Highlights (Proprietary Funds)

- Invest Atlanta's current assets decreased approximately $1.0 million. The majority of the decrease relates to the $0.7 million reduction of restricted cash related primarily to expenses to promote economic development from the 2010 bond issue of the Atlanta Urban Redevelopment Agency (AURA), a component unit of the Downtown Development Authority (DDA).

- Total non-current assets decreased approximately $10.5 million. This is due predominantly to $7.5 million in payments which decreased the DDA's investment in a direct financing lease with the City of Atlanta related to the 2009 refunding revenue bonds (Underground Atlanta Project).

- Long-term obligations decreased approximately $11.0 million primarily due to principal payments on both DDA's 2009 refunding revenue bonds (Underground Atlanta Project) and on the Atlanta Urban Redevelopment Agency's (AURA) economic recovery zone bonds.

- Invest Atlanta's assets related to business-type activities exceeded its liabilities at the close of the fiscal year ended June 30, 2013 by approximately $75.6 million (*net position).* Of this amount, approximately $30.0 million represents a deficit balance in unrestricted net position which cannot be used to meet the Authority's ongoing obligations to citizens and creditors. Invest Atlanta's net position also has approximately $67.9 million invested in capital assets (net of related debt), approximately $8.2 million restricted for debt services, and approximately $29.6 million restricted for grant programs.

- The Administrative Fund is used primarily to account for the operating activities of Invest Atlanta. This Fund shows operating income for the fiscal year of approximately $0.4 million compared to a $0.3 million operating loss for the fiscal year ended June 30, 2012. The improvement relates primarily to a reduction in general and administrative expenses of the Fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Invest Atlanta's basic financial statements. Invest Atlanta's basic financial statements consist of four components: management's discussion and analysis (this section), government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Invest Atlanta's finances, including information related to its component units.

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

The *statement of activities* presents information showing how Invest Atlanta's net position changed during the most recent fiscal year. All changes in net position 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 government-wide financial statements include Invest Atlanta itself (known as the *primary government*) as well as legally separate entities that are so intertwined with Invest Atlanta that they are treated as part of the primary government. These include the Urban Residential Finance Authority (URFA) and the Downtown Development Authority (DDA). In addition, the government wide financial statements also include legally separate entities for which the Authority is financially accountable: Atlanta BeltLine, Inc. (ABI); Inner City Development Corporation; ADA/CAU Partners, Inc.; the Atlanta Economic Renaissance Corporation; Pryor Road/Lakewood, LLC; Imagine Downtown, Inc.; Imagine Downtown Managing Member 2007 QEI, LLC; and Lakewood Senior (collectively known as *component units*). Financial information for these component units is reported separately from the financial information presented for the primary government itself. As required by the Governmental Accounting Standards Board, the presentation of the activities of URFA in these statements includes the activity and balances of its component units without distinguishing between them. The breakout of that activity can be found in separately prepared financial statements of URFA.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The accompanying statements include four funds, one for each of the three intertwined entities, including Invest Atlanta, URFA, and DDA and one for Invest Atlanta's grants and restricted programs. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements, but show the activity in greater detail, presenting the activity of each of the four funds and also presenting cash flow information.

The basic proprietary fund financial statements can be found on pages 12-15 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 government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-40 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of Invest Atlanta as the primary government, assets exceeded liabilities by approximately $75.6 million at the close of fiscal year 2013.

By far, the largest portion of Invest Atlanta's net position represents the net investments in capital assets (net of related debt). Restricted net position primarily relates to the net position created by Invest Atlanta and URFA's participation in various loan programs as well as DDA's net position related to its debt service for the 2006 Revenue Bonds (Parking Deck) and 2009 Refunding Revenue Bonds (Underground Atlanta Project) and net position restricted for redevelopment.

Summary of Invest Atlanta's Net Position
June 30, 2013 and June 30, 2012
Proprietary Funds

	2013	2012 (Restated)
Assets:		
Current assets	$ 41,066,162	$ 42,053,981
Capital assets	71,096,535	70,348,565
Other non-current assets	96,401,954	107,607,443
Total assets	208,564,651	220,009,989
Liabilities:		
Current liabilities	15,151,316	15,221,164
Long-term liabilities	117,774,544	128,773,059
Total liabilities	132,925,860	143,994,223
Net position:		
Net investment in capital assets	67,884,393	66,629,756
Restricted	37,748,559	38,034,426
Unrestricted	(29,994,161)	(28,648,416)
Total net position	$ 75,638,791	$ 76,015,766

Invest Atlanta's total assets decreased approximately $11.4 million. The decrease is made up of multiple factors including a $7.5 million decrease in DDA's investments in direct financing leases with the City of Atlanta for the Government Center Parking Deck and Underground Atlanta Project, and $0.7 million less in restricted cash mostly due to the DDA expending funds to promote economic development.

Invest Atlanta's total liabilities decreased approximately $11.1 million for the fiscal year ended June 30, 2013. The decrease is primarily related to principal payments on notes, loans, and bonds payable of $10.7 million. The largest principal payment was $6.5 million on DDA's 2009 Underground Atlanta Project bonds.

Invest Atlanta's total net position related to business type activities decreased approximately $0.4 million during the fiscal year ended June 30, 2013. Total net position reflects the Administrative Fund, Grants and Restricted Program Fund, and the blended component units of URFA and DDA. Each of these funds or component units is different in purpose.

Summary of Changes in Invest Atlanta's Net Position
Fiscal Years Ended June 30, 2013 and June 30, 2012
Proprietary Funds

	2013	2012 (Restated)
Revenues:		
Program revenues:		
Charges for services	$ 10,621,341	$ 8,319,756
Operating grants	7,850,210	6,644,136
Capital contributions	-	234,024
General revenues:		
Interest income	4,166	6,016
Other	2,553,176	2,704,763
Total revenues	21,028,893	17,908,695
Expenses:		
Economic development	21,405,868	19,135,658
Total expenses	21,405,868	19,135,658
Change in net position	(376,975)	(1,226,963)
Net position, beginning of fiscal year, as restated	76,015,766	77,242,729
Net position, end of fiscal year	$ 75,638,791	$ 76,015,766

Charges for services and operating grants accounted for 87.8% of the total revenues of Invest Atlanta for the year ended June 30, 2013. This revenue includes income from development properties held, service fees, loan fees related primarily to loan programs administered by URFA, and funding received from various sources to provide loans/grants for those programs Invest Atlanta administers (as reported in the Grants and Restricted Program Fund).

The amount received from the City of Atlanta is approximately $5.7 million and mainly relates to the City's support for the debt service related to the 2006 and 2009 revenue bonds issued by DDA, 2005 Series Opportunity Program issued by Invest Atlanta, and the 2007A revenue bonds issued by URFA.

For fiscal 2013, the Authority received $2.5 million in operating subsidy from the City of Atlanta for economic development activities. This revenue is reflected in other income and makes up approximately 11.9% of total revenues.

Invest Atlanta's total expenses are related to its mission of economic development for the City of Atlanta and primarily include: economic development and program expenses of approximately $7.9 million, interest on long-term financing of approximately $5.7 million, general and administrative expenses of approximately $7.3 million and program expenses of approximately $42,000. Total expenses for the current fiscal year of approximately $21.4 million represent an 11.9% increase over the prior fiscal year.

Capital Asset and Debt Administration (Primary Government)

Capital assets. The investment in capital assets includes land, buildings and improvements, furniture and equipment, and leasehold improvements.

Capital asset balances of Invest Atlanta at June 30, 2013 and June 30, 2012 are as follows:

	June 30, 2013	June 30, 2012
Land	$ 67,044,606	$ 67,051,365
Buildings and improvements	745,971	745,971
Leasehold improvements	4,417,764	3,514,613
Furniture and equipment	921,139	1,420,643
Gross capital assets	73,129,480	72,732,592
Less: accumulated depreciation	(2,032,945)	(2,384,027)
Net capital assets	$ 71,096,535	$ 70,348,565

For more information on capital assets, see Note 5 to the financial statements.

Debt administration. Long term obligations of Invest Atlanta are reported in the Statement of Net Position. For the fiscal year ended June 30, 2013, activity is summarized as follows:

Primary government:	June 30, 2012	Additions	Reductions	June 30, 2013
Notes payable to the City of Atlanta funded by CDBG	$ 332,426	$ -	$ (14,681)	$ 317,745
Bonds payable, 2005 Opportunity Bonds	17,730,000	-	(830,000)	16,900,000
Bonds payable, 2007A HOP	30,100,000	-	(1,210,000)	28,890,000
Bonds payable, 1999 DDA Revenue Bonds	625,376	-	(69,571)	555,805
Bonds payable, 2006 DDA Revenue Bonds	21,040,000	-	(675,000)	20,365,000
Bonds payable, 2009 DDA Revenue Bonds	35,895,000	-	(6,480,000)	29,415,000
Bonds payable, 2010 DDA Revenue Bonds	21,830,000	-	(1,085,000)	20,745,000
Discount, 2006 DDA Revenue Bonds	(154,469)	-	7,724	(146,745)
Premium, 2009 DDA Revenue Bonds	1,096,426	-	(427,851)	668,575
Construction Loan Payable	2,047,597	-	(375,000)	1,672,597
Capital Lease Payable	97,273	-	(62,096)	35,177
Line of Credit Payable	250,000	-	(100,000)	150,000
Pollution Remediation Obligation	154,100	-	(94,100)	60,000
Total primary government	$ 131,043,729	$ -	$ (11,415,575)	$ 119,628,154

Invest Atlanta (including URFA and DDA) issues a significant amount of conduit debt. In accordance with GASB standards, conduit debt is not included in Invest Atlanta's Statement of Net Position, but is disclosed in Note 8 to the financial statements. These liabilities are not included in the financial statements as they are limited obligations of Invest Atlanta (including URFA and DDA) issued on behalf of a third party developer who is responsible for their repayment.

See Note 7 to the financial statements for more information of long-term liabilities of Invest Atlanta.

Requests for Information

This financial report is designed to provide a general overview of Invest Atlanta's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Chief Financial Officer, 133 Peachtree Street, NE, Suite 2900, Atlanta, GA 30303.

ATLANTA DEVELOPMENT AUTHORITY,
d/b/a INVEST ATLANTA
(A Component Unit of the City of Atlanta, Georgia)
Statement of Net Position
June 30, 2013

	Business-type Activities	Component Units
Assets		
Current assets:		
Cash and cash equivalents	$ 8,419,589	$ 3,719,315
Restricted cash and cash equivalents	28,392,463	2,568,334
Investment in direct financing lease with the City of Atlanta, current portion	673,273	-
Other receivables	927,902	829,992
Prepaid items	337,586	236,938
Due from the BeltLine Tax Allocation District	-	1,030,283
Due from the Eastside Tax Allocation District	-	5,346
Due from the Westside Tax Allocation District	-	75,074
Due from the Atlanta BeltLine Partnership	-	294,762
Due from the City of Atlanta	-	264,230
Due from the City of Atlanta, current portion of long term debt	875,000	-
Due from component units	25,712	-
Due from Atlanta Housing Opportunity, Inc., current portion of long term debt	1,414,637	-
Other current assets	-	57
Total current assets	41,066,162	9,024,331
Noncurrent assets:		
Investment in direct financing leases with the City of Atlanta	41,380,239	-
Due from the City of Atlanta	16,025,000	-
Due from Atlanta Housing Opportunity, Inc.	27,074,972	-
Due from others	-	1,727,222
Loans receivable, net of allowance	3,304,811	-
Other receivable, net of allowance	3,815,670	-
Investment in CV Underground	1,952,148	-
Investment in real estate	-	1,494,110
Investment in development projects	594,843	(443,508)
Capital assets, nondepreciable	67,044,606	50,016,604
Capital assets, net of depreciation	4,051,929	28,491,614
Prepaid items, noncurrent	1,987,825	-
Bond issuance costs, net of amortization	-	5,415,402
Advances to component units	264,921	-
Other assets	1,525	225,216
Total noncurrent assets	167,498,489	86,926,660
Total assets	208,564,651	95,950,991
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	1,183,533	2,747,991
Bonds, notes, and loans payable, current portion	11,698,589	2,716,163
Capital leases payable, current portion	20,900	-
Accrued interest payable	1,571,847	3,103,939
Pollution remediation liability	60,000	-
Line of credit payable	150,000	-
Unearned revenue	457,879	2,220,875
Funds held in escrow	8,568	51,600
Due to the City of Atlanta	-	103,500
Due to the primary government	-	25,712
Due to the BeltLine Tax Allocation District	-	858,825
Due to others	-	1,725,923
Total current liabilities	15,151,316	13,554,528
Noncurrent liabilities:		
Advances from primary government	-	264,921
Loan payable to the City of Atlanta	-	24,000,000
Other payables	101,745	120,000
Due to others	7,037,432	-
Unearned revenue	2,936,702	128,310
Capital leases payable	14,277	-
Bonds, notes and loans payable	107,684,388	77,304,612
Total noncurrent liabilities	117,774,544	101,817,843
Total liabilities	132,925,860	115,372,371
Net Position (Deficit)		
Net investment in capital assets	67,884,393	(20,653,821)
Restricted for debt services	8,190,012	-
Restricted for grant programs	29,558,547	-
Unrestricted	(29,994,161)	1,232,441
Total net position (deficit)	$ 75,638,791	$ (19,421,380)

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
d/b/a INVEST ATLANTA
(A Component Unit of the City of Atlanta, Georgia)
Statement of Activities
Fiscal Year Ended June 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Business-type Activities	Component Units
Functions/ Programs:						
Primary government:						
Business-type activities:						
Economic development	$ 21,405,868	$ 10,621,341	$ -	$ 7,850,210	$ (2,934,317)	
Total primary government activities	$ 21,405,868	$ 10,621,341	$ -	$ 7,850,210	(2,934,317)	
Component units:						
Inner City Development Corporation	$ 1,759	$ -	$ -	$ -		$ (1,759)
Atlanta BeltLine, Inc.	33,970,915	457,528	6,505,069	6,799,232		(20,209,086)
ADA/CAU Partners, Inc.	7,265,606	4,811,480	-	-		(2,454,126)
Atlanta Economic Renaissance Corporation	5,209	17,908	-	-		12,699
Pryor Road/Lakewood, LLC	-	-	-	-		-
Lakewood Senior	152	-	-	-		(152)
Imagine Downtown Managing Member 2007 QEI, LLC	468,424	666,915	-	-		198,491
Imagine Downtown, Inc.	466,907	524,666	-	-		57,759
Total component unit activities	$ 42,178,972	$ 6,478,497	$ 6,505,069	$ 6,799,232		(22,396,174)
General revenues:						
Interest income					4,166	942
Miscellaneous revenue					2,553,176	-
Total general revenues					2,557,342	942
Change in net position					(376,975)	(22,395,232)
Net position – beginning of year, as restated					76,015,766	2,973,852
Net position – ending of year					$ 75,638,791	$ (19,421,380)

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
d/b/a INVEST ATLANTA
(A Component Unit of the City of Atlanta, Georgia)
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities - Enterprise Funds				
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 207,240	$ 3,060,237	$ 5,149,338	$ 2,774	$ 8,419,589
Restricted cash and cash equivalents	213,169	-	1,431,231	26,748,063	28,392,463
Investment in direct financing leases with the City of Atlanta , current portion	-	-	-	673,273	673,273
Other receivables	884,311	-	43,591	-	927,902
Prepaid items	174,159	-	11,512	151,915	337,586
Due from other funds	-	146,703	-	-	146,703
Due from the City of Atlanta, current portion of long term debt	875,000	-	-	-	875,000
Due from component units	25,712	-	-	-	25,712
Due from Atlanta Housing Opportunity, Inc., current portion of long term debt	-	-	1,414,637	-	1,414,637
Total current assets	2,379,591	3,206,940	8,050,309	27,576,025	41,212,865
Noncurrent assets:					
Investment in direct financing leases with the City of Atlanta	-	-	-	41,380,239	41,380,239
Due from the City of Atlanta	16,025,000	-	-	-	16,025,000
Due from Atlanta Housing Opportunity, Inc.	-	-	27,074,972	-	27,074,972
Loans receivable, net of allowance	-	2,777,025	527,786	-	3,304,811
Other receivables, net of allowance	-	-	3,815,670	-	3,815,670
Investment in CV Underground	-	-	-	1,952,148	1,952,148
Investment in development projects	19,933	-	574,910	-	594,843
Capital assets, nondepreciable	67,044,606	-	-	-	67,044,606
Capital assets, net of depreciation	1,347,396	-	666,713	2,037,820	4,051,929
Prepaid items, noncurrent	-	-	50,566	1,937,259	1,987,825
Advances to other funds	1,138,337	774,783	569,949	-	2,483,069
Advances to component units	264,921	-	-	-	264,921
Other assets	1,525	-	-	-	1,525
Total noncurrent assets	85,841,718	3,551,808	33,280,566	47,307,466	169,981,558
Total assets	88,221,309	6,758,748	41,330,875	74,883,491	211,194,423
Liabilities					
Current liabilities:					
Accounts payable	489,636	39,590	98,126	-	627,352
Bonds, notes, and loans payable, current portion	875,000	-	1,632,784	9,190,805	11,698,589
Capital leases payable, current portion	20,900	-	-	-	20,900
Accrued interest payable	66,373	-	135,452	1,370,022	1,571,847
Accrued liabilities	556,181	-	-	-	556,181
Line of credit payable	150,000	-	-	-	150,000
Unearned revenue	-	-	457,879	-	457,879
Pollution remediation liability	60,000	-	-	-	60,000
Funds held in escrow	-	-	8,568	-	8,568
Due to other funds	146,703	-	-	-	146,703
Total current liabilities	2,364,793	39,590	2,332,809	10,560,827	15,298,019
Noncurrent liabilities:					
Capital leases payable	14,277	-	-	-	14,277
Unearned revenue	2,936,702	-	-	-	2,936,702
Other payables	101,745	-	-	-	101,745
Due to others	-	-	7,037,432	-	7,037,432
Advances from other funds	1,344,732	-	-	1,138,337	2,483,069
Bonds, notes, and loans payable	16,025,000	-	29,247,558	62,411,830	107,684,388
Total noncurrent liabilities	20,422,456	-	36,284,990	63,550,167	120,257,613
Total liabilities	22,787,249	39,590	38,617,799	74,110,994	135,555,632
Net Position (Deficit)					
Net investment in capital assets	68,356,825	-	(1,954,447)	1,482,015	67,884,393
Restricted for debt services	-	-	-	8,190,012	8,190,012
Restricted for grant programs	-	6,719,158	4,281,338	18,558,051	29,558,547
Unrestricted	(2,922,765)	-	386,185	(27,457,581)	(29,994,161)
Total net position	$ 65,434,060	$ 6,719,158	$ 2,713,076	$ 772,497	$ 75,638,791

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
d/b/a INVEST ATLANTA
(A Component Unit of the City of Atlanta, Georgia)
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	Total
Operating revenues:					
Service, administration, and loan fees	$ 3,063,298	$ 1,097,494	$ 4,560,967	$ -	$ 8,721,759
Developer fees	-	-	22,618	-	22,618
Private grants	-	-	2,500,000	-	2,500,000
Rental income	-	-	-	1,058,961	1,058,961
Income received from others for debt service payments	813,767	-	1,651,327	3,698,883	6,163,977
Other revenue	2,549,007	4,169	4,236	-	2,557,412
Total operating revenues	6,426,072	1,101,663	8,739,148	4,757,844	21,024,727
Operating expenses:					
Interest on bonds, notes, and loans	833,342	-	1,664,336	3,209,992	5,707,670
Program expenses	-	42,209	-	-	42,209
Economic development	26,255	-	5,527,663	2,306,329	7,860,247
Depreciation and amortization	228,281	-	3,643	120,388	352,312
General and administrative	4,923,500	109,723	2,131,787	155,617	7,320,627
Total operating expenses	6,011,378	151,932	9,327,429	5,792,326	21,283,065
Operating income (loss)	414,694	949,731	(588,281)	(1,034,482)	(258,338)
Interest income on bank accounts	2,030	-	55	2,081	4,166
Transfers in	-	-	-	94,535	94,535
Transfers out	(94,535)	-	-	-	(94,535)
Loss of the disposal of capital assets	(108,023)	-	(14,780)	-	(122,803)
Change in net position	214,166	949,731	(603,006)	(937,866)	(376,975)
Net position at beginning of year, as restated	65,219,894	5,769,427	3,316,082	1,710,363	76,015,766
Net position at end of year	$ 65,434,060	$ 6,719,158	$ 2,713,076	$ 772,497	$ 75,638,791

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
d/b/a INVEST ATLANTA
(A Component Unit of the City of Atlanta, Georgia)
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	Total
Cash flows from operating activities:					
Receipts from customers and grantors	$ 3,597,371	$ 965,650	$ 8,778,184	$ -	$ 13,341,205
Receipts from third parties (rental income)	-	-	-	1,024,764	1,024,764
Receipts of interest on loans	-	-	12,410	-	12,410
Payments to component units	70,760	-	-	-	70,760
Miscellaneous receipts	2,549,007	-	-	-	2,549,007
Receipts of developer fees	-	-	22,618	-	22,618
Payments to Tax Allocation District	(755,550)	-	-	-	(755,550)
Payments to/from other funds	148,936	(149,336)	-	400	-
Payments to suppliers	(668,083)	(213,333)	(1,248,907)	(73,403)	(2,203,726)
Payments to employees	(4,037,854)	-	(1,052,492)	-	(5,090,346)
Payments for programs	-	(42,209)	(5,328,376)	(2,306,729)	(7,677,314)
Other	-	-	7,666	-	7,666
Net cash provided by (used in) operating activities	904,587	560,772	1,191,103	(1,354,968)	1,301,494
Cash flows from noncapital financing activities:					
Receipts from the City of Atlanta to cover debt service on revenue bonds issued on behalf of the City of Atlanta	1,647,225	-	2,843,890	3,698,883	8,189,998
Receipt of principal and interest on loans	-	-	13,009	-	13,009
Repayment of bonds, notes, and loan principal	-	-	(1,599,681)	-	(1,599,681)
Payments for interest	(840,258)	-	(1,671,769)	(3,777,613)	(6,289,640)
Repayment on bond principal on debt issued on behalf of the Downtown Development Authority	-	-	-	(69,571)	(69,571)
Repayment on bond principal related to revenue bonds issued on behalf of the City of Atlanta	(830,000)	-	-	(7,155,000)	(7,985,000)
Funds received on direct financing lease with the City of Atlanta	-	-	-	7,454,623	7,454,623
Repayment of advances to other funds	(260,720)	(111,541)	372,261	-	-
Advances to other funds	(70,540)	-	-	70,540	-
Repayment of advances to City of Atlanta	-	-	10,000	-	10,000
Principal reduction of Recovery Zone bonds	-	-	-	(1,085,000)	(1,085,000)
Transfers in	-	-	-	94,535	94,535
Transfers out	(94,535)	-	-	-	(94,535)
Acquisition of capital assets	(328,497)	-	-	-	(328,497)
Proceeds from the sale of capital assets	208,480	-	-	-	208,480
Repayment of line of credit	(100,000)	-	-	-	(100,000)
Net cash used in noncapital financing activities	(668,845)	(111,541)	(32,290)	(768,603)	(1,581,279)
Cash flows from capital financing activities:					
Principal payment for capital lease	(62,096)	-	-	-	(62,096)
Net cash used in capital financing activities	(62,096)	-	-	-	(62,096)
Cash flows from investing activities:					
Receipts of interest on bank accounts	2,030	-	55	2,081	4,166
Net cash provided by investing activities	2,030	-	55	2,081	4,166
Net increase (decrease) in cash and cash equivalents	175,676	449,231	1,158,868	(2,121,490)	(337,715)
Cash and cash equivalents at beginning of fiscal year	244,733	2,611,006	5,421,701	28,872,327	37,149,767
Cash and cash equivalents at end of fiscal year	$ 420,409	$3,060,237	$ 6,580,569	$ 26,750,837	$ 36,812,052
Reconciliation to Statement of Net Position:					
Cash and cash equivalents	$ 207,240	$3,060,237	$ 5,149,338	$ 2,774	$ 8,419,589
Restricted cash and cash equivalents	213,169	-	1,431,231	26,748,063	28,392,463
	$ 420,409	$3,060,237	$ 6,580,569	$ 26,750,837	$ 36,812,052

(continued)

ATLANTA DEVELOPMENT AUTHORITY
d/b/a INVEST ATLANTA
(A Component Unit of the City of Atlanta, Georgia)
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds				
	Administrative Fund	Grants and Restricted Program Fund	Urban Residential Finance Authority	Downtown Development Authority	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 414,694	$ 949,731	$ (588,281)	$ (1,034,482)	$ (258,338)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expenses, net	228,281	-	22,291	(299,739)	(49,167)
Interest receipts reported in operating income (loss)	(813,767)	-	(1,664,336)	(3,698,883)	(6,176,986)
Interest payments reported in operating income (loss)	833,342	-	1,664,336	3,777,613	6,275,291
(Increase) decrease in:					
Other receivables	615,239	-	988,657	-	1,603,896
Loans receivable	-	(136,013)	1,154,597	-	1,018,584
Investment in CV Underground	-	-	-	(34,197)	(34,197)
Prepaid items and other assets	19,628	-	9,056	132,703	161,387
Due from (to) component units	70,760	-	62,609	-	133,369
Due from (to) other funds	148,936	(149,336)	-	400	-
Increase (decrease) in:					
Accounts payable and accrued expenses	304,101	(103,610)	1,971	(198,383)	4,079
Funds held in escrow	-	-	3,430	-	3,430
Due to the BeltLine Tax Allocation District	(755,550)	-	-	-	(755,550)
Pollution remediation liability	(94,100)	-	-	-	(94,100)
Other payables	14,189	-	(427,839)	-	(413,650)
Unearned revenue	(81,166)	-	(35,388)	-	(116,554)
Net cash provided by (used in) operating activities	$ 904,587	$ 560,772	$ 1,191,103	$ (1,354,968)	$ 1,301,494
Non-cash capital financing activities:					
Tenant allowances provided on office lease	$ 1,119,464	$ -	$ -	$ -	$ 1,119,464

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
d/b/a INVEST ATLANTA
(A Component Unit of the City of Atlanta, Georgia)
Combining Statement of Net Position
Component Units
June 30, 2013

	Inner City Development Corporation	Atlanta BeltLine, Inc.	ADA/CAU Partners, Inc.	Atlanta Economic Renaissance Corporation	Pryor Road/ Lakewood, LLC	Lakewood Senior	Imagine Downtown Managing Memb. 2007 QEI, LLC	Imagine Downtown, Inc.	Total Component Units
Assets									
Current assets:									
Cash and cash equivalents	$ 181,614	$ 906,653	$ 357,896	$ 37,316	$ 4,227	$ 536	$ 2,130,380	$ 100,693	$ 3,719,315
Restricted cash and cash equivalents	-	1,323,094	1,245,240	-	-	-	-	-	2,568,334
Prepaid items	-	216,315	20,623	-	-	-	-	-	236,938
Accounts receivable	-	564,195	220,270	-	5,000	-	40,477	50	829,992
Due from the Atlanta BeltLine Partnership	-	294,762	-	-	-	-	-	-	294,762
Due from the City of Atlanta	-	264,230	-	-	-	-	-	-	264,230
Due from the BeltLine Tax Allocation District	-	1,030,283	-	-	-	-	-	-	1,030,283
Due from the Eastside Tax Allocation District	-	5,346	-	-	-	-	-	-	5,346
Due from the Westside Tax Allocation District	-	75,074	-	-	-	-	-	-	75,074
Other assets	-	-	-	57	-	-	-	-	57
Total current assets	181,614	4,679,952	1,844,029	37,373	9,227	536	2,170,857	100,743	9,024,331
Noncurrent assets:									
Capital assets, nondepreciable	-	50,016,604	-	-	-	-	-	-	50,016,604
Capital assets, net of depreciation	-	280,373	28,211,241	-	-	-	-	-	28,491,614
Investment in real estate	200,869	-	-	1,293,241	-	-	-	-	1,494,110
Investment in development projects	-	-	-	-	-	(460,732)	6,979	10,245	(443,508)
Bond issuance costs, net of amortization	-	-	5,415,402	-	-	-	-	-	5,415,402
Due from others	-	-	-	-	-	-	1,450,536	276,686	1,727,222
Other assets	-	-	48,269	-	-	-	159,941	17,006	225,216
Total noncurrent assets	200,869	50,296,977	33,674,912	1,293,241	-	(460,732)	1,617,456	303,937	86,926,660
Total assets	382,483	54,976,929	35,518,941	1,330,614	9,227	(460,196)	3,788,313	404,680	95,950,991
Liabilities									
Current liabilities:									
Accounts payable and accrued liabilities	-	1,739,385	937,356	3,000	-	-	58,000	10,250	2,747,991
Bonds, notes, and loans payable, current portion	-	1,856,163	860,000	-	-	-	-	-	2,716,163
Accrued interest payable	-	-	1,612,564	1,491,375	-	-	-	-	3,103,939
Funds held in escrow	-	-	-	51,600	-	-	-	-	51,600
Unearned revenue	-	570,845	-	1,323	-	-	1,412,993	235,714	2,220,875
Due to the City of Atlanta	-	103,500	-	-	-	-	-	-	103,500
Due to the primary government	-	25,712	-	-	-	-	-	-	25,712
Due to others	-	-	-	-	-	-	276,737	1,449,186	1,725,923
Due to the BeltLine Tax Allocation District	-	858,825	-	-	-	-	-	-	858,825
Total current liabilities	-	5,154,430	3,409,920	1,547,298	-	-	1,747,730	1,695,150	13,554,528
Noncurrent liabilities:									
Advances from primary government	-	-	-	264,921	-	-	-	-	264,921
Loan payable to the City of Atlanta	-	24,000,000	-	-	-	-	-	-	24,000,000
Bonds, notes and loans payable	-	23,700,311	49,938,049	3,666,252	-	-	-	-	77,304,612
Unearned revenue, long term	-	-	-	128,310	-	-	-	-	128,310
Other liabilities	-	-	120,000	-	-	-	-	-	120,000
Total noncurrent liabilities	-	47,700,311	50,058,049	4,059,483	-	-	-	-	101,817,843
Total liabilities	-	52,854,741	53,467,969	5,606,781	-	-	1,747,730	1,695,150	115,372,371
Net Position (Deficit)									
Net investment in capital assets	-	1,932,987	(22,586,808)	-	-	-	-	-	(20,653,821)
Unrestricted	382,483	189,201	4,637,780	(4,276,167)	9,227	(460,196)	2,040,583	(1,290,470)	1,232,441
Total net position (deficit)	$ 382,483	$ 2,122,188	$ (17,949,028)	$ (4,276,167)	$ 9,227	$ (460,196)	$ 2,040,583	$ (1,290,470)	$ (19,421,380)

See the accompanying notes to the financial statements.

ATLANTA DEVELOPMENT AUTHORITY
d/b/a INVEST ATLANTA
(A Component Unit of the City of Atlanta, Georgia)
Combining Statement of Activities
Component Units
Fiscal Year Ended June 30, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position								
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Inner City Development Corporation	Atlanta BeltLine, Inc.	ADA/CAU Partners, Inc.	Atlanta Economic Renaissance Corporation	Pryor Road/ Lakewood, LLC	Lakewood Senior	Imagine Downtown Managing Member 2007 QEI, LLC	Imagine Downtown, Inc.	Total Component Units
Functions/ Programs:													
Component units:													
Inner City Development Corporation	$ 1,759	$ -	$ -	$ -	$ (1,759)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,759)
Atlanta BeltLine, Inc.	33,970,915	457,528	6,505,069	6,799,232	-	(20,209,086)	-	-	-	-	-	-	(20,209,086)
ADA/CAU Partners, Inc.	7,265,606	4,811,480	-	-	-	-	(2,454,126)	-	-	-	-	-	(2,454,126)
Atlanta Economic Renaissance Corporation	5,209	17,908	-	-	-	-	-	12,699	-	-	-	-	12,699
Pryor Road/Lakewood, LLC	-	-	-	-	-	-	-	-	-	-	-	-	-
Lakewood Senior	152	-	-	-	-	-	-	-	-	(152)	-	-	(152)
Imagine Downtown Managing Member 2007 QEI, LLC	468,424	666,915	-	-	-	-	-	-	-	-	198,491	-	198,491
Imagine Downtown, Inc.	466,907	524,666	-	-	-	-	-	-	-	-	-	57,759	57,759
Total component unit activities	$ 42,178,972	$ 6,478,497	$ 6,505,069	$ 6,799,232	(1,759)	(20,209,086)	(2,454,126)	12,699	-	(152)	198,491	57,759	(22,396,174)
General revenues:													
Interest income					-	565	377	-	-	-	-	-	942
Total general revenues					-	565	377	-	-	-	-	-	942
Changes in net position					(1,759)	(20,208,521)	(2,453,749)	12,699	-	(152)	198,491	57,759	(22,395,232)
Net position (deficit) – beginning of fiscal year					384,242	22,330,709	(15,495,279)	(4,288,866)	9,227	(460,044)	1,842,092	(1,348,229)	2,973,852
Net position (deficit) – ending of fiscal year					$ 382,483	$ 2,122,188	$ (17,949,028)	$ (4,276,167)	$ 9,227	$ (460,196)	$ 2,040,583	$ (1,290,470)	$ (19,421,380)

See the accompanying notes to the financial statements

(1) Summary of Significant Accounting Policies

(a) The Financial Reporting Entity

In 1997, the Atlanta Development Authority was created by the City of Atlanta, Georgia (the "City") as the official economic development agency for the City. The Atlanta Development Authority is currently doing business under the name Invest Atlanta ("Invest Atlanta"). Invest Atlanta is comprised of a combination of several economic development and financing entities which have been included in Invest Atlanta's financial statements as blended component units in conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* :

The Urban Residential Finance Authority ("URFA") of the City of Atlanta, Georgia was created pursuant to the Urban Residential Finance Authorities Act for Large Municipalities and commenced activities in 1979. Within the City of Atlanta, URFA is authorized to assist in providing financing for the construction or rehabilitation of single-family and multi-family residential housing and to provide funds to be used as down payment assistance for families within certain income limitations. URFA's Board of Directors is substantially the same as the Board of Directors of Invest Atlanta and it has a financial benefit and burden relationship with Invest Atlanta. As a result, URFA is a blended component unit of Invest Atlanta. URFA financial statements also include Lakewood Hills, Inc.; Crogman School Development, LLC; Crogman School, Inc.; GP URFA Sexton, Inc.; Sylvan Hills Development LLC; and Toby Sexton Development, LLC. Each of the preceding entities is a discretely presented component unit of URFA and each has a year ending December 31. Balances for each of the discretely presented component units of URFA are shown in this report as of their year ending date.

The Downtown Development Authority ("DDA") was created to promote the revitalization and redevelopment of the City by financing projects that will promote the general welfare of the City of Atlanta and provide trade, commerce, industry, and employment opportunities within the City. DDA's Board of Directors is substantially the same as the Board of Directors of Invest Atlanta and it has a financial benefit and burden relationship with Invest Atlanta. As a result, DDA is a blended component unit of Invest Atlanta. DDA financial statements also include the Atlanta Urban Redevelopment Agency ("AURA") which was created to issue Recovery Zone Economic Development Bonds and with those bond proceeds, provide financing for certain economic development projects within the Atlanta Urban Redevelopment Area as determined by the City of Atlanta. AURA is considered to be a blended component unit of DDA as the governing body for both DDA and the AURA are identical.

The component unit column in the government-wide financial statements includes the Inner City Development Corporation; Atlanta BeltLine Inc.; ADA/CAU Partners, Inc.; the Atlanta Economic Renaissance Corporation; Pryor Road/Lakewood, LLC; Lakewood Senior; Imagine Downtown Managing Member 2007 QEI, LLC; and Imagine Downtown, Inc. They are each reported in a separate column to emphasize they are legally separate from Invest Atlanta. Each of these component units is accounted for using the guidance applicable to proprietary funds.

(1) Summary of Significant Accounting Policies (Continued)

(a) The Financial Reporting Entity (Continued)

The Inner City Development Corporation ("ICDC") was created to acquire land and develop the Historic Westside Village area. The Board of Directors of ICDC is appointed by the Board of Directors of Invest Atlanta and the assets of ICDC are legally entitled to revert to Invest Atlanta. ICDC and its component unit have a December 31 year-end.

Atlanta BeltLine, Inc. ("ABI") was incorporated in 2006 to act as implementation agent for Invest Atlanta with respect to the Atlanta BeltLine Project (the "BeltLine"). The majority of ABI's Board of Directors are appointed by Invest Atlanta and it has a financial benefit and burden relationship with Invest Atlanta. ABI includes its component unit, Chester Avenue Lofts, LLC.

ADA/CAU Partners, Inc. was created to construct college dormitories on the campus of Clark Atlanta University. The Board of Directors of ADA/CAU Partners, Inc. is appointed by the Board of Directors of Invest Atlanta, who can also impose their will on the ADA/CAU Partners, Inc. by removal of board members at any time.

The Atlanta Economic Renaissance Corporation ("AERC"), formerly the Atlanta Economic Development Corporation ("AEDC"), was created to coordinate and encourage efforts by the private and public sectors to promote the general economic development of the City and its residents. The Board of Directors of AERC is appointed by the Board of Directors of Invest Atlanta, who can also impose their will on AERC by removal of board members at any time.

Pryor Road/Lakewood, LLC is wholly owned by Invest Atlanta and was created to purchase and develop real property along Pryor Road in Atlanta. As the sole member of the limited liability corporation, Invest Atlanta controls the activity of Pryor Road/Lakewood, LLC. Pryor Road/Lakewood, LLC has a December 31 year-end.

Lakewood Senior, Inc. was created in 2007 and became the managing general partner of Park Place South Senior, LP ("PPS"). PPS was created to construct a senior apartment community within the Park Place South Master Community development. The Board of Directors of Lakewood Senior, Inc. is appointed by the Board of Directors of Invest Atlanta, who can also impose their will on Lakewood Senior, Inc. by removal of board members at any time.

Imagine Downtown Managing Member 2007 QEI, LLC ("IDMM"), is a Georgia limited liability company that was formed to serve directly, or indirectly, as a manager and member of Imagine Downtown, Inc.'s ("IDI") assemblage of entities which include IDI 1-2007, 2-2007, and 3-2007 Managing Member, LLC. IDMM was formed to serve directly, or indirectly, as a manager and member of each of the IDI entities, which are subsidiary qualified Community Development Entities ("subsidiary CDE"). Invest Atlanta owns 100% of Imagine Downtown Managing Member 2007 QEI, LLC and Imagine Downtown Managing Member 2007 QEI, LLC owns 100% of each IDI entity. As the sole member of the limited liability corporation, Invest Atlanta controls the activity of IDMM, which has a December 31 year-end.

(1) Summary of Significant Accounting Policies (Continued)

(a) The Financial Reporting Entity (Continued)

Imagine Downtown, Inc. was created in 2005 to serve and provide investment capital for low-income communities or low-income persons. Imagine Downtown, Inc.'s primary activity is making qualified loans to, or qualified investments in, active low-income businesses. As the sole owner of IDI, Invest Atlanta controls the activity of Imagine Downtown, Inc. which has a December 31 year-end.

Separate financial statements or financial information on these component units may be obtained from the Chief Financial Officer, Invest Atlanta at 133 Peachtree Street, NE, Suite 2900, Atlanta, GA 30303. Management has considered the criteria set forth in Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, *Defining the Financial Reporting Entity, as modified this year with the implementation of GASB Statement No. 61, The Financial Reporting Entity: Omnibus.* Based upon the application of the above criteria, the City of Atlanta, Georgia has determined Invest Atlanta to be a component unit of the City.

(b) Government-wide and Fund Financial Statements

Invest Atlanta presents government-wide financial statements which are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements (i.e. the statement of net position and the statement of activities) do not provide information by fund. Net position in the statement of net position is distinguished between amounts invested in capital assets (net of any related debt), amounts that are restricted for use by third parties or outside requirements, and amounts that are unrestricted.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or benefit from the services provided by a given function or segment and include interest income on loans provided for economic development and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted interest income on investments and other items not properly included among program revenues are reported as general revenues.

In addition to the government-wide financial statements, Invest Atlanta has prepared separate financial statements for proprietary funds. These fund financial statements also use the accrual basis of accounting and the economic resources measurement focus.

Under 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. Interest income and service, administration, and loan fees are recognized as revenue when earned regardless of when the cash is received. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenses are recorded when a liability is incurred.

(1) Summary of Significant Accounting Policies (Continued)

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

Invest Atlanta reports the following major enterprise funds:

Administrative Fund – This fund is used to account for all economic development and administrative activity of Invest Atlanta except those financed with grants. This fund includes all personnel, office, and administrative costs of Invest Atlanta.

Grants and Restricted Program Fund – This fund is used to account for all activity of Invest Atlanta that is restricted for grant activities.

Urban Residential Finance Authority – These statements are used to account for all economic development activity of the blended component unit - URFA.

Downtown Development Authority – These statements are used to account for all economic development activity of the blended component unit - DDA.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 each of Invest Atlanta's enterprise funds is interest income on loans outstanding; service, administration, and loan fees; and other activity surrounding the development of property. Operating expenses for the enterprise funds include direct general and administrative expenses of administering the economic development programs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is Invest Atlanta's policy to use restricted resources first, then unrestricted resources as they are needed.

(d) Cash, Cash Equivalents, and Investments

For the purposes of the statement of cash flows, Invest Atlanta considers the following to be cash equivalents: 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. State statutes authorize Invest Atlanta to invest in obligations of any State; obligations of any political subdivision of any State; certificates of deposit or time deposits of any national State bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1").

(1) Summary of Significant Accounting Policies (Continued)

(d) Cash, Cash Equivalents, and Investments (Continued)

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment or other specific purposes are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants or by the purpose of certain agreements with other parties.

Investments are carried at fair value based on quoted market prices.

(e) Loans Receivable

Loans receivable are stated at their unpaid principal balance, less any loan discounts. The discounts are amortized using a method approximating a level yield over the estimated average life of the loans.

(f) Investment in Real Estate

Investments in real estate consist of property stated at the lower of aggregate cost or net realizable value. Cost includes the purchase price of the land and development costs, as well as capitalized interest. There was no interest capitalized during fiscal 2013. Valuation allowances are provided to adjust the carrying value of land held for resale to net realizable values (see Note 6).

(g) Investment in Development Projects

Investments in development projects represent Invest Atlanta's acquisition and improvement of properties in anticipation of either private or public development of the property. Investments and improvements are recorded at cost.

(h) Capital Assets

Capital assets are stated at cost. Depreciation on capital assets is calculated on the straight-line method over the estimated useful lives as follows:

Leasehold improvements	29 years
Furniture and Equipment	3-5 years
Building and improvements	40 years

(i) Income Taxes

Invest Atlanta's income is exempt from Federal income taxes pursuant to Section 115 of the Internal Revenue Code.

(j) Use of Estimates

In the normal course of business, Invest Atlanta management 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

Invest Atlanta is authorized to invest in obligations or investments as determined by the Board of Directors of Invest Atlanta, subject to any agreement with bondholders and with applicable law. As of June 30, 2013, Invest Atlanta 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, 2013, Invest Atlanta had no bank balances that were exposed to custodial credit risk.

(3) Investment in Direct Financing Leases with the City of Atlanta

The Government Center Parking Deck was placed into operation in January 2008 and the land and related building of the Parking Deck was leased to the City of Atlanta in a lease that qualifies as a capital lease. The lease payments from the City of Atlanta equal the debt service payments on the Series 2006 Revenue Bonds (see Note 7 for revenue bonds payable disclosure). As of June 30, 2013, the investment in direct financing lease is $19,448,512.

In 2009, DDA issued $52,790,000 in Refunding Revenue Bonds (Series 2009) on behalf of the City of Atlanta to pay off or refund the City's 2002 Series Underground Atlanta Project Revenue Bonds. The principal and interest on the Series 2009 Revenue Bonds are special limited obligations of DDA and shall be payable solely from monies payable to DDA by the City of Atlanta (see Note 7 for revenue bonds payable disclosure) under a capital lease arrangement for the Underground Atlanta Project. As of June 30, 2013, a net receivable of $22,605,000 is recorded by the Downtown Development Authority as an investment in direct financing lease with the City of Atlanta with the difference ($6,810,000) between the total outstanding Series 2009 revenue bonds and the receivable being money transferred by the City of Atlanta to DDA's trust account for future debt service payments.

(4) Investment in CV Underground

During 1999, Invest Atlanta entered into an agreement with other parties to contribute capital to CV Underground, LLC. CV Underground, LLC (the "Company") was formed in 1999 to manage and operate the Underground Atlanta Festival Marketplace. In exchange for its capital contribution, Invest Atlanta is entitled to the first one percent of distributable cash from the Company's operations, with the remaining ninety-nine percent going to the majority owner. As of June 30, 2013, Invest Atlanta's interest in CV Underground is approximately $1,952,148.

(5) Capital Assets

Capital assets activity for the fiscal year ended June 30, 2013 consists of the following:

Invest Atlanta Administrative Fund	June 30, 2012	Additions	Deletions	June 30, 2013
Capital assets not being depreciated:				
Land	$ 67,051,365	$ 267,722	$ (274,481)	$ 67,044,606
Total capital assets, not being depreciated	67,051,365	267,722	(274,481)	67,044,606
Capital assets being depreciated:				
Leasehold improvements	-	926,517	-	926,517
Furniture and equipment	877,531	253,722	(210,114)	921,139
	877,531	1,180,239	(210,114)	1,847,656
Accumulated depreciation:				
Leasehold improvements	-	(46,326)	-	(46,326)
Furniture and equipment	(440,071)	(181,955)	168,092	(453,934)
Capital assets net of depreciation	437,460	951,958	(42,022)	1,347,396
Net capital assets	$ 67,488,825	$ 1,219,680	$ (316,503)	$ 68,392,002

(5) Capital Assets Continued)

	June 30, 2012	Additions	Deletions	June 30, 2013
Downtown Development Authority:				
Capital assets being depreciated:				
Furniture and equipment	$ 543,112	$ -	$ (543,112)	$ -
Leasehold improvements	3,491,247	-	-	3,491,247
	4,034,359	-	(543,112)	3,491,247
Accumulated depreciation:				
Furniture and equipment	(543,112)	-	543,112	-
Leasehold improvements	(1,333,039)	(120,388)	-	(1,453,427)
Net capital assets	$ 2,158,208	$ (120,388)	$ -	$ 2,037,820
Urban Residential Finance Authority:				
Capital assets being depreciated:				
Building and improvements	$ 745,971	$ -	$ -	$ 745,971
Leasehold improvements	23,366	-	(23,366)	-
	769,337	-	(23,366)	745,971
Accumulated depreciation:				
Building and improvements	(60,610)	(18,648)	-	(79,258)
Leasehold improvements	(7,195)	(1,391)	8,586	-
Net capital assets	$ 701,532	$ (20,039)	$ (14,780)	$ 666,713
Total primary government:				
Capital assets not being depreciated:				
Land	$ 67,051,365	$ 267,722	$ (274,481)	$ 67,044,606
Total capital assets not being depreciated	67,051,365	267,722	(274,481)	67,044,606
Capital assets being depreciated:				
Furniture and equipment	1,420,643	253,722	(753,226)	921,139
Building and improvements	745,971	-	-	745,971
Leasehold improvements	3,514,613	926,517	(23,366)	4,417,764
	5,681,227	1,180,239	(776,592)	6,084,874
Accumulated depreciation:				
Furniture and equipment	(983,183)	(181,955)	711,204	(453,934)
Building and improvements	(60,610)	(18,648)	-	(79,258)
Leasehold improvements	(1,340,234)	(168,105)	8,586	(1,499,753)
Total capital assets being depreciated	3,297,200	811,531	(56,802)	4,051,929
Net capital assets	$ 70,348,565	$ 1,079,253	$ (331,283)	$ 71,096,535

(5) Capital Assets (Continued)

Capital assets activity for the discretely presented component units for the fiscal year ended June 30, 2013 consists of the following:

	June 30, 2012	Additions	Deletions	June 30, 2013
Capital assets not being depreciated:				
Construction in progress	$ 72,737,408	$ 6,178,925	$(28,899,729)	$ 50,016,604
Total capital assets not being depreciated	72,737,408	6,178,925	(28,899,729)	50,016,604
Capital assets being depreciated:				
Furniture and equipment	1,914,762	181,794	-	2,096,556
Buildings and improvements	37,311,882	-	-	37,311,882
Land improvements	3,270,833	-	-	3,270,833
Total capital assets being depreciated	42,497,477	181,794	-	42,679,271
Less accumulated depreciation	(12,889,761)	(1,297,896)	-	(14,187,657)
Total capital assets being depreciated, net of accumulated depreciation	29,607,716	(1,116,102)	-	28,491,614
Net capital assets	$ 102,345,124	$ 5,062,823	$(28,899,729)	$ 78,508,218

(6) Investment in Real Estate

Investment in real estate consisted of the following at June 30, 2013:

Component units:	
Inner City Development Corporation:	
Historic Westside Village	$ 200,869
Atlanta Economic Renaissance Corporation:	
Flood Plain Land	81,995
Southside Industrial Park (SIP)	3,412,561
Less accumulated write-down to net realizable value	(2,201,315)
Total	$ 1,494,110

(6) Investment in Real Estate (Continued)

Historic Westside Village

The parcels of vacant land in the Historic Westside Village project are being held for resale.

Southside Industrial Park ("SIP")

AERC owns approximately 80 acres at Southside Industrial Park ("SIP"). SIP was originally developed in 1986, and a Phase 2 was developed in 1993. As a result, AERC has notes payable to the City amounting to $3,666,252. AERC and the City entered into an agreement establishing the priority of payments on these obligations from the land sale proceeds. The agreement requires that the proceeds from sales, net of an established percentage ranging from 8% to 20% to be retained by AERC as reimbursement of administrative expenses, would be utilized to repay these loans.

Approximately 18.8 acres of SIP property were sold in June 2001. No land sales occurred from 2002 through 2013.

The total valuation allowance was $2,201,315 at June 30, 2013. Management has determined that the market value of the land exceeds its net cost basis and that further write downs of the value of the land are not considered necessary.

(7) Long-term Liabilities

Activity for the bonds, notes, loans payable, and other long-term liabilities for the fiscal year ended June 30, 2013 consists of the following:

	June 30, 2012 (Restated)	Additions	Reductions	June 30, 2013	Due Within One Fiscal Year
Primary government:					
Construction loan payable	$ 2,047,597	$ -	$ (375,000)	$ 1,672,597	$ 350,000
Notes payable to the City of Atlanta funded by Community Development Block Grants	332,426	-	(14,681)	317,745	7,784
Bonds payable, 2005 Series Opportunity Program	17,730,000	-	(830,000)	16,900,000	875,000
Bonds payable, 2007A Series Housing Opportunity Program	30,100,000	-	(1,210,000)	28,890,000	1,275,000
Bonds payable, 1999 Downtown Development Authority Revenue Bonds	625,376	-	(69,571)	555,805	555,805
Bonds payable, 2006 Downtown Development Authority Revenue Bonds	21,040,000	-	(675,000)	20,365,000	705,000
Discount on 2006 Downtown Development Authority Revenue Bonds	(154,469)	-	7,724	(146,745)	-
Bonds payable, 2009 Downtown Development Authority Revenue Bonds	35,895,000	-	(6,480,000)	29,415,000	6,810,000
Unamortized premium on 2009 Downtown Development Authority Revenue Bonds	1,096,426	-	(427,851)	668,575	-
Bonds payable, 2010 Downtown Recovery Bonds	21,830,000	-	(1,085,000)	20,745,000	1,120,000
Capital leases payable	97,273	-	(62,096)	35,177	20,900
Line of credit payable	250,000	-	(100,000)	150,000	150,000
Pollution Remediation Obligation	154,100	-	(94,100)	60,000	60,000
Total primary government	$ 131,043,729	$ -	$ (11,415,575)	$ 119,628,154	$ 11,929,489
Component units:					
Bonds payable, 2004 Clark Atlanta University project	$ 50,286,385	$ 511,664	$ -	$ 50,798,049	$ 860,000
Loan payable to the City of Atlanta, secured by SIP land sale revenue	2,134,720	-	-	2,134,720	-
Loan payable to the City of Atlanta, secured by SIP land sale revenue	271,532	-	-	271,532	-
Loan payable to the City of Atlanta, secured by SIP land sale revenue	1,260,000	-	-	1,260,000	-
Loan payable to the City of Atlanta	25,000,000	-	(1,000,000)	24,000,000	-
Note payable	27,263,062	-	(1,706,588)	25,556,474	1,856,163
Unearned revenue	129,878	-	(1,568)	128,310	-
Total component units	$ 106,345,577	$ 511,664	$ (2,708,156)	$ 104,149,085	$ 2,716,163

(7) Long-term Liabilities (Continued)

Amounts previously reported as a discount on the 2007A Bonds and the 2009 Bonds, as of June 30, 2012, in the amount of $124,000 and $69,125, respectively, were an underwriters discount and therefore included as part of the issuance costs related to these bonds. These costs were written off, effective July 1, 2012, as part of the restatement of net position in implementing GASB Statement No. 65 as discussed in Note 16.

Primary Government

Component units of URFA are included in the URFA Fund in the financial statements. Construction of the Lakewood Hills development was financed with construction loans. On April 28, 2008, Lakewood Hills Inc. refinanced its construction loan with Wachovia Bank. The note, in the amount of $3,000,000, incurred interest at the 1-month LIBOR plus 1.80 percent rate. Payments of interest only were due beginning June 1, 2008 and continuing until maturity, which was the earlier of the date of the sale of the last individual residential lot or August 17, 2011. On August 17, 2011, Lakewood Hills, Inc. refinanced its construction loan with Wells Fargo Bank (previously Wachovia Bank, NA). The note, in the amount of $3,300,000, incurred interest at the 1-month LIBOR plus 4 percent rate. Payments of interest only were due until maturity, which was the earlier of the date of the sale of the last individual residential lot or August 31, 2012. Proceeds from sales of individual residential lots were to be used to reduce the principal balance outstanding on the note, in accordance with the terms of the loan agreement with Wells Fargo Bank. On August 20, 2012, Lakewood Hills, Inc. refinanced its construction loan with Wells Fargo Bank. The note, in the amount of $1,847,597, which is the balance due on the construction loan at the time of the refinancing, incurs interest at the 1-month LIBOR plus 4 percent rate. Proceeds from sales of individual residential lots were to be used to reduce the principal balance outstanding on the note, in accordance with the terms of the loan agreement with Wells Fargo Bank. Payments of $87,500 plus interest are due quarterly until maturity, which is December 1, 2017. The balance of this loan at December 31, 2012 was $1,672,597.

On January 15, 2009, Lakewood Hills, Inc. obtained a loan in the amount of $986,728 from Invest Atlanta in which Lakewood Hills, Inc. received the funds through a line of credit with BB&T. Lakewood Hills, Inc. used the funds to pay down the construction loan with Sun Trust Bank. The loan bears interest at a variable rate and matures on January 15, 2019. The loan is to be repaid with net proceeds from the sale of condominium units, with the entire balance and any unpaid accrued interest due becoming immediately payable upon the first to occur of the sale of the last unit or the maturity date. As of fiscal year-end, the loan due to Invest Atlanta was $948,563 which is excluded from the tabular presentation of the summary of changes in long-term debt on the preceding page and is included as due to others in the statement of net position. The amount is reported as due to others as Invest Atlanta has reported an allowance for this amount as uncollectible and thus no receivable is reported.

Invest Atlanta, through URFA, entered into loan agreements with the City of Atlanta wherein the City loaned Invest Atlanta $900,000 of U.S. Department of Housing and Urban Development (HUD) funds under its Community Development Block Grant ("CDBG") program. The CDBG funds were used to establish mezzanine financing for Evergreen Village Estates, L.P. and Fulton Cotton Mill Associates, L.P. to leverage their investment of tax-exempt housing revenue bonds in the acquisition and rehabilitation of certain development projects. At June 30, 2013, the balance of the remaining loans payable was $317,745.

(7) Long-term Liabilities (Continued)

Primary Government (Continued)

On January 12, 2006, Invest Atlanta issued $22,000,000 of Taxable Revenue Bonds (Homeless Opportunity Project), Series 2005, for the purpose of financing certain supportive housing projects in the City of Atlanta, which will provide for the delivery of services to counteract unemployment, underemployment, and resulting homelessness. The City of Atlanta guarantees the principal and interest payments on the bonds. Interest on the bonds is payable semiannually on June 1 and December 1 of each fiscal year, with interest rates ranging from 3.50% to 5.00%. The bonds mature on December 1, 2026. At June 30, 2013, the outstanding principal balance was $16,900,000. Also at June 30, 2013, an amount of $16,900,000 is recorded as being due from the City of Atlanta.

On April 11, 2007, Invest Atlanta, through URFA, issued $35,000,000 of Georgia Taxable Revenue Bonds (Housing Opportunity Program), Series 2007A, for the purpose of loaning the proceeds from the sale of the bonds to Atlanta Housing Opportunity, Inc. ("AHOI"), a Georgia non-profit corporation. AHOI uses the bond proceeds to make loans to finance single-family and multi-family housing purchases in the City of Atlanta. The City of Atlanta has guaranteed that it will make payments sufficient in time and amount to enable AHOI to pay the principal and interest on the bonds. Interest on the bonds is payable semiannually on June 1 and December 1 of each fiscal year, with interest rates ranging from 5.068% to 5.802%. The bonds mature on December 1, 2027. At June 30, 2013, the outstanding principal balance was $28,890,000. Also at June 30, 2013, an amount of $28,489,609 is recorded as being due from AHOI, with the difference between the outstanding principal balance on the bonds and the receivable resulting from other small amounts receivable as a result of other activities not related to these bonds.

In February 1999, Invest Atlanta, through DDA, issued $2,400,000 of Series 1999 Downtown Development Authority Revenue Bonds for renovations and leasehold improvements of office space. Principal and interest payments are payable monthly until the bonds mature in 2014 and the Bonds carry an interest rate of 4.6%. The balance due on these bonds at June 30, 2013 is $555,805.

In 2006, Invest Atlanta, through DDA, issued $23,480,000 of Revenue Bonds ($17,990,000, Series 2006A, and $5,490,000, Series 2006B) for the purpose of acquiring land and building a five-story parking facility. Interest is due semiannually on June 1 and December 1 of each fiscal year with varying interest rates ranging from 4% to 5%. Principal payments are due annually and the bonds mature in 2032. The balance due on these bonds at June 30, 2013 is $20,365,000. This facility is currently being leased to the City of Atlanta with the lease payments equal to the debt service payments on the bonds.

In 2009, Invest Atlanta, through DDA issued $52,790,000 of refunding revenue bonds ($44,975,000, Series 2009A, and $7,815,000, Series 2009B). The Series 2009A bonds were used to refund the principal of the City of Atlanta Series 2002, Variable Rate Refunding Revenue Bonds (Underground Atlanta Project). The Series 2009B bonds were issued for the purpose of paying (a) the termination fee in connection with an interest rate swap relating to the City's Series 2002 Bonds, (b) accrued interest on the City's Series 2002 Bonds, and (c) the costs of issuance of the Series 2009 Bonds. Interest is due semiannually on January 1 and July 1 of each fiscal year with varying interest rates ranging from 2% to 5%. The 2009A bonds mature in 2016, whereas the 2009B bonds matured in 2010. The balance due on the series 2009A bond at June 30, 2013 is $29,415,000. Invest Atlanta has recorded a receivable from the City of Atlanta for all future debt service payments.

(7) Long-term Liabilities (Continued)

Primary Government (Continued)

On October 28, 2010, Invest Atlanta, through DDA, issued $22,775,000 of Taxable Recovery Zone Economic Development Bonds. The Series 2010 bonds were used to finance the costs of implementing the Urban Redevelopment Plan including certain costs in connection with (1) the acquisition, rehabilitation, and improvement of real property and buildings; (2) certain public transportation projects in the Urban Redevelopment Area; and (3) the acquisition and construction and installation of other related improvements of the Urban Redevelopment Plan. Commencing on January 1, 2011, interest is due semiannually on January 1 and July 1 of each fiscal year with a fixed interest rate of 5.37%. Under an intergovernmental agreement with the City of Atlanta, all principal and interest payments are payable solely and only from the City's pledge to make debt service payments. Additionally, approximately 45% of each interest payment is subsided by the Federal Government under the Build America Bonds and Recovery Zone Bonds. The 2010 bonds mature on January 1, 2028. The balance due on the 2010 Series bonds at June 30, 2013 is $20,745,000.

In 2012, Invest Atlanta entered into a line of credit agreement with Wells Fargo Bank. The line of credit has a limit of $1,000,000 and matures on June 1, 2014. As of fiscal year-end 2013, the drawn balance of the line of credit payable is $150,000.

Invest Atlanta is responsible for the cleanup of portions of the BeltLine Corridor extending from DeKalb Avenue to Monroe Avenue. Invest Atlanta, through ABI, contracted with an engineering and consulting firm to calculate the expected outlays of the pollution remediation, with an original total expected cost of $710,000. As of June 30, 2013, the remaining balance due on this liability is $60,000.

During the current and previous fiscal years, Invest Atlanta, as lessee, entered into various lease agreements for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and have been recorded at the present value of the future minimum lease payments as of the date of inception. These leases are being serviced in Invest Atlanta's Administrative Fund.

The following is an analysis of equipment leased under capital leases as of June 30, 2013:

	Invest Atlanta Administration Fund
Equipment	$ 59,705
Less accumulated depreciation	(17,912)
Carrying value	$ 41,793

(7) Long-term Liabilities (Continued)

Primary Government (Continued)

The following is a schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2013:

Fiscal Year Ending	Invest Atlanta Administration Fund
2014	$ 21,651
2015	14,434
Total minimum lease payments	36,085
Less amount representing interest	(908)
Present value of future minimum lease payments	35,177
Less current maturities	(20,900)
	$ 14,277

Component Units

ADA/CAU Partners, Inc.

ADA/CAU Partners, Inc. refinanced its Series 2001A and 2001B Bonds with a loan payable in the aggregate amount of $51,900,000 funded with proceeds from the issuance of student housing revenue bonds, Series 2004A and 2004B. As discussed in Note 13, ADA/CAU Partners, Inc. depleted its debt service reserve and borrowed funds from the bond insurer (ACA Financial Guaranty Corporation) to make debt service payments during the years ended June 30, 2013 and 2012. These amounts borrowed from the bond insurer are added to the bonds payable offset by the reduction in amounts to bondholders. During fiscal year 2013, this resulted in an increase in the bonds payable. At June 30, 2013, the balance due on these bonds (including the bond premium and amounts due to the bond insurer) is $50,798,049.

Atlanta Economic Renaissance Corp ("AERC")

AERC has three loans payable to the City related to the purchase of development land held for sale at Southside Industrial Park (SIP) (Note 6). The loan agreements call for repayment of the loans upon sale of the land at SIP. The loans were due to be repaid no later than March 1, 1998, with accrued and unpaid interest capped at specific amounts. As a result of the cap, interest expense has not been accrued on these notes during their remaining terms. As no land sales occurred from 2002 through 2013, no payments were made on the notes. Management is currently marketing the properties for sale. At June 30, 2013, the balance due on these loans is $3,666,252.

(7) Long-term Liabilities (Continued)

Component Units (Continued)

Atlanta Beltline, Inc. ("ABI")

In 2007, ABI entered into an agreement with a consortium of financial institutions to receive $29,429,900 of interim funding for the implementation of the 2007 BeltLine Projects in which this debt was guaranteed by the City of Atlanta. Interest only is payable semi-annually. For a period of 24 months commencing April 17, 2010, the loan was to accrue interest at a daily rate of LIBOR + .75%. However, due to a downgrade of the City of Atlanta's debt rating, the interest rate changed in accordance with the original loan agreement to a daily rate of LIBOR + .85%. This rate is effective until the notes mature on September 17, 2022 and October 17, 2022. Commencing on September 17, 2010, principal will be due in annual installments until the notes mature. As of June 30, 2013, the outstanding balance on the notes payable is $25,556,474.

In 2007, ABI and the City of Atlanta entered into an intergovernmental agreement for the Clear Creek Project. The Clear Creek Project will result in the construction of a storm water retention pond and infrastructure improvements for sewer basin relief. The City of Atlanta contributed $30 million to ABI for the estimated cost to complete the project. During fiscal year 2010, ABI returned $5 million of the unspent project dollars to the City and during fiscal year 2013, ABI returned $1 million of the unspent project dollars to the City. Thus, the City has only provided up to $24 million for the Clear Creek Project. Upon completion, both the project and any portion of the $24 million not expended by ABI will revert back to the City of Atlanta in order to satisfy this obligation. This amount has no maturity date, nor is interest charged. All costs associated with the Clear Creek Project are being accounted for as construction in process. Under the agreement, any costs in excess of $24 million are required to be funded by ABI. At June 30, 2013, total depreciable project cost to date was $23,833,863.

Long Term Unearned Revenue

Long term unearned revenue relates to AERC's receipt of federal funds from the City for land acquisitions and improvements related to the SIP land held for sale. These funds were provided to AERC contingent upon AERC's development and eventual sale of the SIP land held for sale. Therefore, the revenue has been deferred until land sales occur, at which time grant revenue is recognized equal to the portion of the cost of land sold which was originally funded by these grants. No revenue was recognized during 2013, although $1,568 was reclassified, and the unearned grant revenue relating to this project totaled $128,310 at June 30, 2013.

(7) Long-term Liabilities (Continued)

Debt Service Requirements

Annual principal and interest requirements for the bonds payable are set forth below (dollar amounts in thousands):

	Bonds of Invest Atlanta		
	Principal	Interest	Total
Fiscal Year Ending June 30:			
2014	$ 875	$ 776	$ 1,651
2015	915	734	1,649
2016	955	689	1,644
2017	1,005	640	1,645
2018	1,055	588	1,643
2019 - 2023	6,110	2,087	8,197
2024 - 2027	5,985	553	6,538
Totals	$ 16,900	$ 6,067	$ 22,967

	Bonds of DDA		
	Principal	Interest	Total
Fiscal Year Ending June 30:			
2014	$ 9,191	$ 3,349	$ 12,540
2015	9,045	2,894	11,939
2016	9,480	2,433	11,913
2017	9,930	1,951	11,881
2018	2,090	1,654	3,744
2019 - 2023	11,595	6,621	18,216
2024- 2028	13,865	3,469	17,334
2029 - 2032	5,885	598	6,483
Totals	71,081	$ 22,969	$ 94,050
Plus premium	669		
Less discount	(147)		
Net bonds payable	$ 71,603		

(7) Long-term Liabilities (Continued)

Debt Service Requirements (Continued)

	Bonds of URFA		
	Principal	Interest	Total
Fiscal Year Ending June 30:			
2014	$ 1,275	$ 1,592	$ 2,867
2015	1,345	1,524	2,869
2016	1,415	1,452	2,867
2017	1,490	1,375	2,865
2018	1,575	1,293	2,868
2019 - 2023	9,345	4,631	13,976
2024 - 2028	12,445	2,250	14,695
Totals	$ 28,890	$ 14,117	$ 43,007

The annual principal and interest requirements, using the interest rate in effect at year-end, for the loan payable to Wells Fargo for Lakewood Hills, Inc. are set forth below (dollar amounts in thousands):

	Principal	Interest	Total
Fiscal Year Ending December 31:			
2013	$ 350	$ 65	$ 415
2014	350	50	400
2015	350	35	385
2016	350	21	371
2017	273	6	279
Totals	$ 1,673	$ 177	$ 1,850

(7) Long-term Liabilities (Continued)

Debt Service Requirements (Continued)

	Bonds of Component Units		
	Principal	Interest	Total
Fiscal Year Ending June 30:			
2014	$ 860	$ 2,991	$ 3,851
2015	910	2,938	3,848
2016	970	2,881	3,851
2017	1,030	2,820	3,850
2018	1,095	2,756	3,851
2019 - 2023	6,580	12,665	19,245
2024 - 2028	8,905	10,343	19,248
2029 - 2033	11,980	7,266	19,246
2034 - 2037	16,335	2,903	19,238
Totals	48,665	$ 47,563	$ 96,228
Plus premium	442		
Plus amounts due to bond insurer	1,691		
Net bonds payable	$ 50,798		

	Notes Payable of ABI		
	Principal	Interest	Total
Fiscal Year Ending June 30:			
2014	$ 1,856	$ 248	$ 2,104
2015	2,020	227	2,247
2016	2,152	204	2,356
2017	2,291	180	2,471
2018	2,440	155	2,595
2019 - 2023	14,797	329	15,126
Totals	$ 25,556	$ 1,343	$ 26,899

All loans and notes payable for AERC are payable to the City of Atlanta, and are required to be paid only when certain events occur, such as land sales or program income; therefore, no debt service requirement schedules are presented.

(8) Conduit Debt

URFA, DDA, and Invest Atlanta issue private activity tax exempt and taxable revenue bonds to private sector entities for projects located within the Atlanta city limits. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans or promissory notes. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Invest Atlanta is not obligated in any manner for repayment of the bonds and does not report these as liabilities in the accompanying financial statements.

At June 30, 2013, the aggregate principal amounts of bond issued as conduit debt were:

Entity	Balance
Invest Atlanta	$ 428,020,000
URFA	319,773,552
DDA	247,718,400

As the balance of conduit debt issued by DDA, at the time of the implementation of GASB Interpretation No. 2 in 1996, was not determinable, the amount disclosed above for DDA represents the aggregate original issue amount of the bonds issued as conduit debt.

(9) Operating Lease

Invest Atlanta has entered into an operating lease for the rental of office space for its operations. The lease contains a provision for free rent for the first two years of the thirteen year lease and also contains rent escalations in future years. The lease began December 1, 2012.

Future minimum rental payments on this lease as of June 30, 2013 are as follows:

Year Ending June 30,	Rental Amount
2014	$ -
2015	230,396
2016	401,292
2017	412,357
2018	423,687
2019 - 2023	2,299,896
2024 - 2026	1,226,661

No rental payments were made on this lease during the fiscal year ended June 30, 2013, however $224,103 of rent was accrued and expensed in order to evenly charge rent over the full term of the lease.

(10) Interfund Balances and Transfers

All interfund balances were for payments made or received on behalf of each respective fund or component unit which had not been reimbursed at fiscal year end. At June 30, 2013, Invest Atlanta's Administrative Fund owed $146,703 to Grants and Restricted Program Fund in connection with the Opportunity Loan Fund, which is expected to be repaid within one fiscal year.

As part of its normal course of business, Invest Atlanta provides operating funds to DDA. During the fiscal year ended June 30, 2013, transfers were $94,535 to DDA.

In previous fiscal years, Invest Atlanta advanced funds to its component unit, the Atlanta Economic Renaissance Corporation, to cover some of its operating shortfalls during that time. As of June 30, 2013, the Atlanta Economic Renaissance Corporation owes Invest Atlanta's Administrative Fund $264,921, which was not expected to be repaid within one fiscal year, but will be repaid in the near future.

At June 30, 2013, Invest Atlanta's Administrative Fund owes URFA $569,949, which was not expected to be repaid within one fiscal year, but will be repaid at a rate not to fall below $50,000 annually, in accordance with an agreement between the two entities.

At June 30, 2013, Invest Atlanta's Administrative Fund owes its Grants and Restricted Program Fund $774,783, which was not expected to be repaid within one fiscal year, and relates to Brownsfield remediation costs incurred by the Grants and Restricted Program Fund, but will be paid by the Administrative Fund.

At June 30, 2013, DDA owes Invest Atlanta's Administrative Fund $1,138,337, which was not expected to be repaid within one fiscal year, but will be repaid at some point in the future.

At June 30, 2013, ABI owes Invest Atlanta's Administrative Fund $25,712 which is expected to be repaid within one fiscal year.

As of fiscal year-end, the Atlanta Economic Renaissance Corporation, Lakewood Senior, and Imagine Downtown, Inc., all of which are component units of Invest Atlanta, have deficits of $4,276,167, $460,196, and $1,290,470, respectively, in which Invest Atlanta has agreed, if deemed necessary, to cover any major operating shortfalls these entities may have.

(11) Pension Plans

Invest Atlanta offers two different qualified tax deferred defined contribution retirement plans to its employees, both of which are administered by the International City/County Management Association Retirement Corp ("ICMA-RC"). The first plan operates under section 457(b) of the Internal Revenue Code, and allows employees to contribute a certain percentage of their pay each year (up to the Federal maximum limits). Invest Atlanta does not match contributions to the section 457(b) defined contribution plan.

(11) Pension Plans (continued)

Because Invest Atlanta does not participate in the federal social security system, it is required by law to establish a "public employee retirement system" ("PERS") to take the place of its otherwise mandatory contributions to the federal social security system. Establishing a PERS requires by law that Invest Atlanta contribute a minimum of 7.25% of base pay for all eligible employees to a qualified retirement plan. Invest Atlanta has met this requirement by establishing a second retirement plan which operates under section 401(a) of the Internal Revenue Code and is wholly funded by employer contributions which are made based on a percentage of eligible compensation for all full time employees of Invest Atlanta who are over 21 years of age. Invest Atlanta has elected to contribute more to the Plan than the required legal minimum. For the fiscal year ended June 30, 2013, Invest Atlanta contributions to the 401(a) plan totaled $583,737. Employees cannot contribute directly to the 401(a) defined contribution plan.

Together the 457(b) plan and 401(a) plan are referred to as the Plans. Investments in both Plans are self-directed by the employee and each employee vests in both Plans immediately upon hire. The benefit provisions, including the amount of the employer contribution that is in excess of the legal minimum, and contribution requirements may be amended at any time by the President or the Board of Directors of Invest Atlanta.

(12) Contingencies

Invest Atlanta participated in a number of federal financial assistance programs in prior fiscal years. These programs are subject to independent financial and compliance audits by grantor agencies. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time, although Invest Atlanta expects such amounts, if any, to be immaterial.

Invest Atlanta is subject to various legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, based on the advice of legal counsel, the amount of ultimate liability and/or gain with respect to these actions will not materially affect the financial position or results of operations of Invest Atlanta.

(13) Going Concern Consideration

ADA/CAU Partners, Inc. (the "Company"), which is a component unit of Invest Atlanta, has experienced significant operating deficits as a result of difficult market conditions. Due to the nature of the project, if a unit is not leased at the beginning of the school year, it remains vacant the entire year which has a considerable negative effect on operations. The Company depleted its debt service reserve and borrowed funds from the bond insurer (ACA Financial Guaranty Corporation) to make debt service payments during the years ended June 30, 2013 and 2012. Management of the Company has increased marketing efforts to improve occupancy which will affect the overall results of operations. Should the Company's operations not improve, the Company might not be able to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Invest Atlanta, nor the City of Atlanta, have any financial responsibility to fund any shortfalls for operations or debt service obligations.

(14) Contractual Commitments

For the fiscal year ended June 30, 2013, ABI had several active construction projects related to various projects. At fiscal year end, ABI's commitments with contractors were $6,368,736.

(15) Transfer of Assets to the City of Atlanta – Atlanta BeltLine, Inc.

Atlanta BeltLine, Inc. (discretely presented component unit of Invest Atlanta) is Invest Atlanta's implementation agent of the Atlanta BeltLine Project (the Project). The ultimate objective is that ownership of all capital improvements made by ABI related to the Project will be transferred to the City of Atlanta as the improvements are completed. At fiscal year-end, the balance of those assets, which are currently in process, and expected to be transferred to the City of Atlanta at a future date is $49,301,604. The transfer of assets is expected to occur once projects have been completed and the City of Atlanta formally accepts ownership. For the fiscal year ended, June 30, 2013, ABI transferred ownership in capital assets in the amount of $28,555,736 to the City of Atlanta.

(16) Restatement of Net Position – Implementation of New Accounting Standards

Effective July 1, 2012, Invest Atlanta implemented Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*. These standards include a requirement for the residual difference between assets and liabilities, in funds which utilize the accrual basis of accounting, to be reported as net position, instead of the previously reported net assets. Additionally, GASB Statement No. 65 requires that bond issuance costs, which were previously recognized as an asset when paid and amortized as an expense over the life of the related bonds, to be expensed when incurred for a bond issuance. As a result of implementing this new standard, the unamortized portion of bond issuance costs as of July 1, 2012 has been removed from the net position of URFA, DDA, and the overall business-type activities. This restatement affected the beginning net position as follows:

	URFA
Net Position, beginning of the year, as previously reported	$ 3,695,403
Effect of removing unamortized bond issuance costs	(379,321)
Net Position, beginning of the year, as restated	$ 3,316,082

	DDA
Net Position, beginning of the year, as previously reported	$ 2,895,295
Effect of removing unamortized bond issuance costs	(1,184,932)
Net Position, beginning of the year, as restated	$ 1,710,363

	Business-type Activities
Net Position, beginning of the year, as previously reported	$ 77,580,019
Effect of removing unamortized bond issuance costs	(1,564,253)
Net Position, beginning of the year, as restated	$ 76,015,766