ATLANTA BELTLINE, INC.

(A Component Unit of the
Atlanta Development Authority)

Basic Financial Statements

June 30, 2011

(With Independent Auditor's Report Thereon)

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

June 30, 2011

Table of Contents

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the **Atlanta BeltLine, Inc.** ("ABI"), a component unit of the Atlanta Development Authority, as of and for the fiscal year ended June 30, 2011. These financial statements are the responsibility of the ABI's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Atlanta BeltLine, Inc. as of June 30, 2011, and the changes in its financial position and its cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2011 on our consideration of ABI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 3 through 6) 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 27, 2011

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Management's Discussion and Analysis (Unaudited)
June 30, 2011

This section of the Atlanta BeltLine, Inc. ("ABI") annual financial report presents our discussion and analysis of ABI's financial performance during the fiscal year ended June 30, 2011. Please read it in conjunction with the financial statements and accompanying notes.

Fiscal Year 2011 Selected Financial Highlights

- ABI's total assets increased approximately $8 million for the fiscal year ended June 30, 2011. The majority of the increase relates to increases in the investment, improvement, and development of various segments along the Atlanta BeltLine. Capital assets increased with continued development of Clear Creek, Historic Fourth Ward Park, DH Stanton Park, and the BeltLine Corridor.

- Total current liabilities decreased by approximately $6 million for the fiscal year ended June 30, 2011. This is mainly the result of a reduction of $4.6 million in accounts payable and accrued expenses primarily related to construction contracts and a decrease of approximately $2.8 million due to MARTA. Additional liabilities include approximately a decrease of $714,000 in notes payable, approximately $800,000 increase in the amount due to BeltLine Tax Allocation District, and approximately $357,000 increase in unearned revenue.

- Total non-current liabilities decreased approximately $1.4 million for the fiscal year ended June 30, 2011. This is mainly attributable to the principal payment on the note payable as discussed further in Note 7.

- ABI's total net assets (deficit) increased approximately $15 million for the fiscal year ended June 30, 2011, primarily due to the approximately $11.8 million received in intergovernmental funding and the $8.6 million in private grants/contributions for costs that are predominantly recorded as capital assets.

- ABI's total revenues increased approximately $5.4 million for the fiscal year ended June 30, 2011. This is a result of private grants and contributions increasing by approximately $5.5 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to ABI's financial statements. ABI's financial statements are comprised of three components: management's discussion and analysis (this section), the financial statements, and the notes to the financial statements.

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

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

The financial statements can be found on pages 7-9 of this report.

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Management's Discussion and Analysis (Unaudited)
June 30, 2011

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 10 through 16 of this report.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. In the case of ABI, assets exceeded liabilities by approximately $11.5 million at June 30, 2011. A summary of the net assets is presented below.

Atlanta BeltLine Inc.'s Net Assets (Deficit)

	2011	2010
Assets:		
Current assets	$ 8,298,719	$ 12,809,564
Capital assets	60,930,294	40,553,349
Other noncurrent assets	-	7,929,093
Total assets	69,229,013	61,292,006
Liabilities:		
Current liabilities	5,510,994	11,488,343
Noncurrent liabilities	52,263,063	53,703,766
Total liabilities	57,774,057	65,192,109
Net assets (deficit):		
Invested in capital assets, net of related debt	10,755,958	(3,608,844)
Unrestricted	698,988	(291,259)
Total net assets (deficit)	$ 11,454,946	$ (3,900,103)

ABI's total assets equal approximately $69.2 million. Current assets primarily consist of cash and cash equivalents (45%), while noncurrent assets only consist of capital assets. ABI's total liabilities equal approximately $57.8 million. Liabilities primarily consist of a long-term payable to the City of Atlanta (43%) and a loan payable to a consortium of financial institutions (50%).

- For the fiscal year ended June 30, 2011, ABI's total net assets increased approximately $15.3 million, primarily due to the approximately $11.8 million received in intergovernmental funding for expenses that are predominantly recorded as capital assets and approximately $8.6 million from private grants and contributions.

Atlanta BeltLine, Inc.'s Changes in Net Assets (Deficit)

	2011	2010
Revenues:		
Intergovernmental funding	$ 11,735,774	$ 11,825,455
Private grants and contributions	8,616,729	3,109,339
Interest income (non-operating)	7,308	35,984
Capital contributions (non-operating)	94,300	-
Other income	204,397	252,417
Total revenues	20,658,508	15,223,195
Expenses:		
General and administrative	4,816,626	3,904,083
Interest expense (non-operating)	269,680	311,610
Depreciation expense	6,136	913
Loss on disposal of capital assets (non-operating)	23,181	-
Capital assets donated to City of Atlanta (non-operating)	179,297	-
Other	8,529	6,495
Total expenses	5,303,449	4,223,101
Increase (decrease) in net assets	15,355,059	11,000,094
Net assets (deficit), beginning of fiscal year	(3,900,103)	(14,900,197)
Net assets (deficit), end of fiscal year	$ 11,454,956	$ (3,900,103)

At June 30, 2011, revenues consist primarily of intergovernmental funding from the BeltLine Tax Allocation District and the City of Atlanta (57%) and private grants and contributions (42%). At June 30, 2011, expenses consist primarily of general and administrative costs (91%) and interest expense of (5%).

Capital Assets

The capital assets of ABI total approximately $60.9 million for the fiscal year ended June 30, 2011. Capital assets are comprised of land, land improvements, and construction in process related to the Atlanta BeltLine project. The majority of this balance is comprised of six projects and land acquisitions: Clear Creek ($17.6 million) and Historic Fourth Ward Park ($10.6 million), DH Stanton park ($4.9 million), BeltLine Corridor ($3.9 million) and Land Acquisitions ($18.5 million). See Note 6 for more detail of ABI's capital assets.

Debt

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 Atlanta BeltLine projects. Interest is payable semi-annually. For a period of 24 months commencing April 17, 2008, the loan was to accrue interest at a daily rate of LIBOR + .55%. Effective, March 17, 2009, in accordance with the original loan agreement, a downgrade of the City of Atlanta's debt rating caused the interest rate to adjust to a daily rate of LIBOR + .65%. Commencing on April 17, 2010 the interest rate changed to a daily rate of LIBOR .75%, which is in effect until the notes mature on September 17, 2022 and October 17, 2022. During fiscal year 2010, the City's debt rating was downgraded and thus triggered a clause which increased the daily rate to LIBOR +.85%. Commencing on September 17, 2010, principal will be due in annual installments until the notes mature. As of June 30, 2011, the outstanding balance on the note is $28,703,767.

The City of Atlanta contributed $30,000,000 to ABI for the estimated cost to complete the Clear Creek project which will result in the construction of a storm water retention pond and infrastructure improvements for sewer basin relief. The costs to complete the project are now estimated to be lower than the $30 million funded. Due to the excess funds projected, ABI returned approximately $5 million during fiscal year 2010. The liability will be satisfied upon transfer of the completed project and any residual cash of the $25 million to the City of Atlanta. See Note 7 for more detail of ABI's long-term debt.

Requests for Information

This financial report is designed to provide a general overview of ABI's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance and Administration, 86 Pryor Street SW, Suite 200, Atlanta, GA 30303.

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Statement of Net Assets
June 30, 2011

Assets		
Current assets:		
Cash and cash equivalents	$	220,599
Restricted cash and cash equivalents		3,529,431
Accounts receivable		804,075
Due from the Atlanta BeltLine Partnership		1,162,379
Due from the City of Atlanta		259,603
Due from the BeltLine Tax Allocation District		2,253,681
Prepaid items		68,951
Total current assets		8,298,719
Noncurrent assets:		
Capital assets, nondepreciable		60,905,198
Capital assets, net of depreciation		25,096
Total noncurrent assets		60,930,294
Total assets		69,229,013
Liabilities		
Current liabilities:		
Accounts payable		1,341,797
Accrued expenses		1,161,886
Notes payable, current portion		1,440,704
Unearned revenue		356,791
Due to the Atlanta BeltLine Partnership		27,324
Due to MARTA		315,142
Due to the Atlanta Development Authority		71,253
Due to the BeltLine Tax Allocation District		796,097
Total current liabilities		5,510,994
Noncurrent liabilities:		
Due to the City of Atlanta		25,000,000
Notes payable		27,263,063
Total noncurrent liabilities		52,263,063
Total liabilities		57,774,057
Net Assets		
Invested in capital assets, net of related debt		10,755,958
Unrestricted		698,998
Total net assets	$	11,454,956

See the accompanying notes to the financial statements.

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Fiscal Year ended June 30, 2011

Operating revenues:	
Intergovernmental funding	$ 11,735,774
Private grants and contributions	8,616,729
Other income	204,397
Total operating revenues	20,556,900
Operating expenses:	
General and administrative	4,816,626
Depreciation expense	6,136
Other expenses	8,529
Total operating expenses	4,831,291
Operating income	15,725,609
Non-operating revenue (expense):	
Donated capital assets, not held for resale	94,300
Capital assets donated to the City of Atlanta	(179,297)
Interest expense	(269,680)
Loss on disposal of capital asset	(23,181)
Interest income	7,308
Change in net assets	15,355,059
Net assets (deficit) at beginning of fiscal year	(3,900,103)
Net assets at end of fiscal year	$ 11,454,956

See the accompanying notes to the financial statements.

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Statement of Cash Flows
Fiscal Year ended June 30, 2011

Cash flows from operating activities:		
Receipts from grantors and others	$	25,222,567
Payments to suppliers, vendors, and other governments		(9,602,879)
Payments to employees for salaries and related benefits		(2,339,600)
Net cash provided by operating activities		13,280,088
Cash flows from capital financing activities:		
Acquisition and construction of capital assets		(20,491,259)
Principal payments on notes payable		(726,133)
Payments for interest		(269,680)
Net cash used by capital financing activities		(21,487,072)
Cash flows from investing activities:		
Interest on investments		7,308
Net cash provided by investing activities		7,308
Net decrease in cash and cash equivalents		(8,199,676)
Cash and cash equivalents at beginning of fiscal year		11,949,706
Cash and cash equivalents at end of fiscal year	$	3,750,030
Reconciliation of Cash and Cash Equivalents To Statement of Net Assets:		
Cash and cash equivalents	$	220,599
Restricted cash and equivalents		3,529,431
	$	3,750,030
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	15,725,609
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		6,136
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable		55,446
Due from the Atlanta BeltLine Partnership		(1,162,379)
Due from the City of Atlanta		2,014,361
Due from Beltline Tax Allocation District		3,401,448
Prepaid items		(68,614)
Increase (decrease) in:		
Accounts payable		(3,681,365)
Accrued expenses		(873,187)
Due to the Atlanta BeltLine Partnership		(472,676)
Unearned revenue		356,791
Due to MARTA		(2,773,528)
Due to BeltLine Tax Allocation District		796,097
Due to the Atlanta Development Authority		(44,051)
Net cash provided by operating activities	$	13,280,088
Non-cash operating activities		
Capital assets donated to the City of Atlanta	$	179,297
Donated capital assets, not held for resale		(94,300)
Loss on disposal of capital asset		23,181

See the accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

(a) The Financial Reporting Entity

Atlanta BeltLine, Inc. ("ABI") was incorporated in 2006 to act as implementation agent on behalf of the Atlanta Development Authority ("ADA") with respect to the Atlanta BeltLine project (the "BeltLine"). BeltLine development activities will enrich Atlanta's quality of life with parks, trails, transit, and economic development and set a national standard for transformative investment, sustainable growth, and equitable development.

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

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

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

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

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

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. ABI's principal operating revenue is derived from contributions to support the development of the BeltLine, and other related activity. Operating expenses for the fund include development, program, and direct general and administrative expenses of ABI. 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 ABI's policy to use restricted resources first, then unrestricted resources as they are needed.

(1) Summary of Significant Accounting Policies (Continued)

(c) Cash and Cash Equivalents

For the purposes of the statement of cash flows, ABI considers all short-term investment securities with original maturities of three months or less, local government investment pools, repurchase agreements, money market accounts, and investment agreements under which funds can be withdrawn at any time without penalty to be cash equivalents. Certain resources set aside for BeltLine projects are classified as restricted assets on the statement of net assets because their use is limited by the purpose of certain agreements with the City of Atlanta.

(d) Capital Assets

Capital assets are stated at cost. The BeltLine capital assets consist of non-depreciable land, construction in progress related to both the Clear Creek and BeltLine Projects, and furniture and equipment. Depreciation on capital assets is calculated on the straight-line method over the estimated useful lives as follows:

Furniture and Equipment	3-5 years

(e) Due to the Primary Government

Amounts are reported in the statement of net assets for amounts due to the ADA which are the result from ADA loaning ABI money to cover certain operating costs in which these amounts will be reimbursed within one year of the fiscal year end.

(f) Use of Estimates

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

(2) Deposits and Investments

(a) ***Credit Risk.*** ABI is authorized to invest in obligations or investments as determined by its Board of Directors, subject to any agreement with bondholders and with applicable law. As of June 30, 2011, ABI did not have any investments other than deposits with financial institutions.

(b) ***Custodial Credit Risk-Deposits.*** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2011, ABI had no bank balances that were exposed to custodial credit risk.

(3) Due from the City of Atlanta

ABI continued construction on the Boulevard Crossing Park, DH Stanton Park, and the Historic 4th Ward Park projects during the current fiscal year, each of which are related to the overall Atlanta BeltLine Project. Certain cost incurred by ABI on these projects will be reimbursed by the City of Atlanta. As of June 30, 2011, ABI was owed $259,603 from the City of Atlanta.

(4) Due from and Due to the BeltLine Tax Allocation District

A portion of redevelopment costs and general cost incurred by ABI to manage the BeltLine Project are reimbursed monthly to ABI by the BeltLine Tax Allocation District. As of June 30, 2011, ABI was owed $2,253,681 from the BeltLine Tax Allocation District.

As of June 30, 2011, $796,097 was determined by ABI as being owed back to the BeltLine Tax Allocation District as ABI initially received reimbursements from the BeltLine Tax Allocation District when ABI had already been reimbursed from other sources for the same expenses it received reimbursements from the BeltLine Tax Allocation District.

(5) Due from the Atlanta BeltLine Partnership

Project specific costs incurred by ABI are reimbursed by the non-profit entity, Atlanta BeltLine Partnership ("ABLP"). ABLP is an unrelated non-profit organization committed to raising funds from private and philanthropic sources to support the Atlanta BeltLine Project; working with neighborhoods, community organizations, faith organization, businesses, and other groups to raise general awareness and broad-base support for the Atlanta BeltLine Project; and serving as a catalyst to mobilize resources to address the social concerns raised by new development around the Atlanta BeltLine Project. Through its initiative, ABLP has pledged to fund specific projects up to a certain amount. Cost incurred to date by ABI but not yet reimbursed on those projects is considered owed to ABI. As of June 30, 2011, ABI was owed $1,162,379 from ABLP.

ATLANTA BELTLINE, INC.
(A Component Unit of the Atlanta Development Authority)
Notes to Financial Statements
June 30, 2011

(6) Capital Assets

Capital assets activity for the fiscal year ended June 30, 2011 consists of the following:

	June 30, 2010	Additions	Deletions	June 30, 2011
Total primary government:				
Capital assets not being depreciated:				
Land	$ 17,420,614	$ 1,302,211	$ (176,872)	$ 18,545,953
Rails - Construction in progress	3,626,321	566,790	-	4,193,111
Clear Creek - Construction in progress	12,737,931	4,775,261	-	17,513,192
Historic Fourth Ward Park - Construction in progress	2,041,215	8,594,264	-	10,635,479
Boulevard Crossing Park - Construction in progress	329,228	337,695	-	666,923
DH Stanton Park - Construction in progress	2,788,230	2,109,366	-	4,897,596
BeltLine Corridor - Construction in progress	1,594,291	2,313,604	-	3,907,895
East Trail - Construction in progress	-	454,884	-	454,884
Perkinson Parks - Construction in progress	-	8,327	-	8,327
Clear Creek - Construction in progress	-	81,838	-	81,838
Enota Park	-	68,643	(68,643)	-
Total capital assets not being depreciated	40,537,830	20,612,883	(245,515)	60,905,198
Capital assets subject to depreciation:				
Furniture and equipment	16,432	15,713	-	32,145
	16,432	15,713	-	32,145
Capital assets being depreciated:				
Furniture and equipment	(913)	(6,136)	-	(7,049)
Total capital assets being depreciated	15,519	9,577	-	25,096
Net property and equipment	$ 40,553,349	$ 20,622,460	$ (245,515)	$ 60,930,294

(7) Long-term Liabilities

Activity for long-term liabilities for the fiscal year ended June 30, 2011 consists of the following:

	June 30, 2010	Additions	Reductions	June 30, 2011	Due Within One Fiscal Year
Notes payable	$ 29,429,900	$ -	$ (726,133)	$ 28,703,767	$ 1,440,704
Total Long-term debt	$ 29,429,900	$ -	$ (726,133)	$ 28,703,767	$ 1,440,704

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 Atlanta 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 note matures. As of June 30, 2011, the outstanding balance on the note is $28,703,767.

Debt Service Requirements

Annual principal and interest requirements (using the interest rate of 1.055% at the current fiscal year-end) for the notes payable to the banks are set forth below (dollar amounts in thousands):

	Principal	Interest	Total
Fiscal Year ending June 30:			
2012	$ 1,441	$ 288	$ 1,729
2013	1,707	270	1,977
2014	1,856	251	2,107
2015	2,020	229	2,249
2016	2,151	206	2,357
2017 - 2021	13,046	635	13,681
2022 - 2023	6,483	35	6,518
Totals	$ 28,704	$ 1,914	$ 30,618

(8) Due to City of Atlanta - Clear Creek Project

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.

(8) Due to City of Atlanta - Clear Creek Project (Continued)

The City of Atlanta contributed $30 million to ABI for the estimated cost to complete the project. During the prior fiscal year, ABI returned $5 million of the unspent project dollars to the City. Thus, the City has only provided up to $25 million for the Clear Creek Project. Upon completion, both the project and any portion of the $25 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 and a portion accounted for as land. Under the agreement, any costs in excess of $25 million are required to be funded by ABI. At June 30, 2011, total project cost to date was $23,738,066.

(9) Due to MARTA

In 2008, ABI and the Metropolitan Atlanta Rapid Transit Authority ("MARTA") entered into an intergovernmental agreement for an environmental impact study in connection with transit rails and trails for the Atlanta BeltLine Project. The agreement calls for ABI to reimburse MARTA for payments made by MARTA to various vendors for services in connection with the impact study. Under the agreement, ABI will pay MARTA 50% of the cost (up to $5 million) incurred for transit rails and 100% of the cost (up to $900,000) incurred for trails. Commencing July 1, 2009, ABI began making quarterly payments of principal and interest until the entire unpaid balance is fully paid. The annual interest rate is the 1(one) month LIBOR rate, adjusted on the fifteenth (15) day of each month to reflect any changes in the 1(one) month LIBOR rate, not to ever exceed 4.5% per annum. At June 30, 2011, ABI had an unpaid balance of $315,142.

(10) Pension Plan

ABI participates in two different qualified tax deferred defined contribution retirement plans offered 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). ABI does not match contributions to the section 457(b) plan.

(10) Pension Plan (Continued)

Because ABI 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 ABI contribute to a qualified retirement plan a minimum of 7.25% of base pay for all eligible employees. ABI has met this requirement by participating in 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 ABI who are over 21 years of age. ABI has elected to contribute more to this defined contribution plan than the required legal minimum. For the fiscal year ended June 30, 2011, ABI contributions to the 401(a) defined contribution plan totaled $275,991. Employees cannot contribute directly to the 401(a) defined contribution plan.

(11) Contractual Commitments

For the fiscal year ended June 30, 2011, ABI had several active construction projects related to various Atlanta BeltLine construction projects. At fiscal year end, ABI's commitments with contractors were $10,748,276.

(12) Transfer of Assets to the City of Atlanta

As the implementation agency of the Atlanta BeltLine, the ultimate objective is that all capital improvements to the BeltLine will be transferred to the City of Atlanta for complete ownership and passing along risk of ownership. At fiscal year-end, the balance of those assets, which are currently unfinished and in process, expected to be transferred to the City of Atlanta at a future date are $60,905,198. The transfer of assets is expected to occur once projects have been completed and the City of Atlanta accepts the improvements. For the fiscal year ended, June 30, 2011, ABI had transferred ownership of approximately $179,297 in capital assets to the City of Atlanta.

(13) Subsequent Event

On September 15, 2011, ABI formed the Chester Avenue Lofts, LLC (the "Corporation). This Corporation was formed for the purpose of owning, operating, developing, managing, leasing and selling the property. The property was obtained by the Corporation through a transfer of property from ABI which had purchased it using BeltLine Tax Allocation District funds through capital injections from various sources. The Corporation will renovate the properties and sell all units during fiscal year 2012. Any cash remaining at the sale of the units will be paid to ABI.