



NFCC
North Fulton
Community Charities

2016 Audited Financial Statements

NORTH FULTON COMMUNITY CHARITIES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
North Fulton Community Charities, Inc.:

We have audited the accompanying financial statements of North Fulton Community Charities, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Fulton Community Charities, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

GrossDukeNelson & Co, PC

October 12, 2016

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,228,478	\$ 1,434,166
Inventories	251,849	211,661
Grants receivable	80,000	125,646
Prepaid and other	<u>22,037</u>	<u>25,812</u>
Total Current Assets	<u>1,582,364</u>	<u>1,797,285</u>
PROPERTY AND EQUIPMENT:		
Land and land improvements	1,168,375	1,168,375
Building and building improvements	2,048,272	2,048,272
Furniture, fixtures and equipment	226,111	203,833
Vehicles	122,835	122,835
Software	36,578	36,578
Leasehold Improvements	<u>11,349</u>	<u>12,187</u>
	3,613,520	3,592,080
Less accumulated depreciation	<u>(999,217)</u>	<u>(883,433)</u>
Total Property and Equipment, net	<u>2,614,303</u>	<u>2,708,647</u>
Total Assets	<u>\$ 4,196,667</u>	<u>\$ 4,505,932</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 95,114	\$ 99,435
Deferred revenue	<u>11,800</u>	<u>28,371</u>
Total Current Liabilities	<u>106,914</u>	<u>127,806</u>
COMMITMENTS (Notes 4, 5 and 9)		
NET ASSETS:		
Unrestricted	3,802,549	4,096,520
Temporarily restricted	<u>287,204</u>	<u>281,606</u>
Total Net Assets	<u>4,089,753</u>	<u>4,378,126</u>
Total Liabilities and Net Assets	<u>\$ 4,196,667</u>	<u>\$ 4,505,932</u>

The accompanying notes are an integral part of these financial statements.

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions and grants	\$ 1,217,535	\$ 425,539	\$ 1,643,074
In-kind contributions	2,339,632	-	2,339,632
Funding from government agencies	-	169,700	169,700
Thrift shop	1,370,679	-	1,370,679
Special events	-	87,585	87,585
Interest income	2,226	568	2,794
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>677,794</u>	<u>(677,794)</u>	<u>-</u>
 Total Support and Revenue	 <u>5,607,866</u>	 <u>5,598</u>	 <u>5,613,464</u>
FUNCTIONAL EXPENSES:			
Program services:			
Financial assistance	1,840,427	-	1,840,427
Thrift shop	1,139,397	-	1,139,397
Food pantry	1,499,280	-	1,499,280
Holiday programs	538,405	-	538,405
Enrichment programs	277,155	-	277,155
Supporting services:			
Fundraising	185,211	-	185,211
General and administrative	<u>421,962</u>	<u>-</u>	<u>421,962</u>
 Total Functional Expenses	 <u>5,901,837</u>	 <u>-</u>	 <u>5,901,837</u>
 CHANGE IN NET ASSETS	 (293,971)	 5,598	 (288,373)
 NET ASSETS, JUNE 30, 2015	 <u>4,096,520</u>	 <u>281,606</u>	 <u>4,378,126</u>
 NET ASSETS, JUNE 30, 2016	 <u>\$ 3,802,549</u>	 <u>\$ 287,204</u>	 <u>\$ 4,089,753</u>

The accompanying notes are an integral part of these financial statements.

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions and grants	\$ 1,293,946	\$ 489,929	\$ 1,783,875
In-kind contributions	2,426,043	-	2,426,043
Funding from government agencies	-	246,196	246,196
Thrift shop	1,335,318	-	1,335,318
Special events	-	88,220	88,220
Interest income	2,136	551	2,687
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>955,819</u>	<u>(955,819)</u>	<u>-</u>
 Total Support and Revenue	 <u>6,013,262</u>	 <u>(130,923)</u>	 <u>5,882,339</u>
 FUNCTIONAL EXPENSES:			
Program services:			
Financial assistance	1,645,350	-	1,645,350
Thrift shop	1,094,067	-	1,094,067
Food pantry	1,600,710	-	1,600,710
Holiday program	538,326	-	538,326
Enrichment programs	296,188	-	296,188
Supporting services:			
Fundraising	190,578	-	190,578
General and administrative	<u>402,292</u>	<u>-</u>	<u>402,292</u>
 Total Functional Expenses	 <u>5,767,511</u>	 <u>-</u>	 <u>5,767,511</u>
 CHANGE IN NET ASSETS	 245,751	 (130,923)	 114,828
 NET ASSETS, JUNE 30, 2014	 <u>3,850,769</u>	 <u>412,529</u>	 <u>4,263,298</u>
 NET ASSETS, JUNE 30, 2015	 <u>\$ 4,096,520</u>	 <u>\$ 281,606</u>	 <u>\$ 4,378,126</u>

The accompanying notes are an integral part of these financial statements.

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	Program Services					Supporting Services		Year Ended	Year Ended
	Financial Assistance	Thrift Shop	Food Pantry	Holiday Programs	Enrichment Programs	Fundraising	General and Administrative	June 30, 2016	June 30, 2015
								Total Expenses	Total Expenses
In-kind:									
Food	\$ -	\$ -	\$ 1,338,361	\$ 75,061	\$ -	\$ -	\$ -	\$ 1,413,422	\$ 1,484,650
Clothing and household items	-	320,826	-	413,325	-	-	-	734,151	750,679
Other	52,029	1,127	479	17,941	59,373	7,168	18,073	156,190	168,032
Total In-kind	52,029	321,953	1,338,840	506,327	59,373	7,168	18,073	2,303,763	2,403,361
Direct assistance:									
Rent	1,045,292	-	-	-	-	-	-	1,045,292	838,025
Utilities	231,378	-	-	-	-	-	-	231,378	265,338
Transportation	13,238	-	-	-	-	-	-	13,238	16,101
Medical	12,127	-	-	-	-	-	-	12,127	22,327
Other	21,098	-	20,705	-	-	-	-	41,803	42,822
Total Direct Assistance	1,323,133	-	20,705	-	-	-	-	1,343,838	1,184,613
Other:									
Payroll and payroll taxes	328,166	474,007	36,917	8,565	112,251	89,236	267,694	1,316,836	1,248,350
Benefits	52,015	50,834	1,731	153	12,587	2,969	49,793	170,082	134,167
Utilities	9,385	31,468	16,338	-	6,879	4,739	7,092	75,901	75,416
Repairs and maintenance	14,926	62,135	24,919	2,501	10,146	3,787	4,512	122,926	171,228
Security	-	50,574	-	7,519	-	-	-	58,093	55,713
Professional fees and services	12,979	5,671	8,232	1,192	29,051	5,198	21,215	83,538	63,170
Supplies and postage	4,639	11,882	5,333	4,795	14,469	495	14,185	55,798	58,617
Special events	-	-	-	-	-	43,814	-	43,814	42,566
Transaction fees	7,050	26,982	862	58	479	96	975	36,502	33,411
Insurance	7,923	20,667	5,975	294	3,672	2,087	9,626	50,244	47,159
Rent	-	-	-	-	19,152	6,048	-	25,200	24,600
Vehicle expense	1,929	7,998	20	50	-	-	-	9,997	19,952
Printing	-	2,050	41	43	-	41	16,170	18,345	26,551
Equipment	870	4,191	3,118	2,769	451	403	155	11,957	5,534
Marketing	-	82	-	-	-	9,782	-	9,864	14,683
Miscellaneous	2,036	17,356	3,736	4,137	2,948	8,011	6,848	45,072	33,752
Depreciation	23,347	51,547	32,513	2	5,697	1,337	5,624	120,067	124,668
Total Other	465,265	817,444	139,735	32,078	217,782	178,043	403,889	2,254,236	2,179,537
Total Functional Expenses-2016	\$ 1,840,427	\$ 1,139,397	\$ 1,499,280	\$ 538,405	\$ 277,155	\$ 185,211	\$ 421,962	\$ 5,901,837	
Percent of Total-2016	31%	19%	26%	9%	5%	3%	7%	100%	
Total Functional Expenses-2015	\$ 1,645,350	\$ 1,094,067	\$ 1,600,710	\$ 538,326	\$ 296,188	\$ 190,578	\$ 402,292		\$ 5,767,511
Percent of Total-2015	29%	19%	28%	9%	5%	3%	7%		100%

The accompanying notes are an integral part of these financial statements.

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (288,373)	\$ 114,828
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	120,067	124,668
Loss on disposal of property and equipment	235	731
In-kind contributions	(35,868)	(14,373)
(Increase) decrease in:		
Inventories	(4,320)	-
Grants receivable	45,646	(107,195)
Prepaid and other	3,775	9,189
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,321)	34,613
Deferred revenue	<u>(16,571)</u>	<u>(54,164)</u>
Net Cash (Used In) Provided By Operating Activities	<u>(179,730)</u>	<u>108,297</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(25,958)</u>	<u>(34,240)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(205,688)	74,057
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,434,166</u>	<u>1,360,109</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,228,478</u>	<u>\$ 1,434,166</u>

The accompanying notes are an integral part of these financial statements.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities:

North Fulton Community Charities, Inc. (NFCC) is a Georgia non-profit organization established to provide residents of northern Fulton County, Georgia with short-term emergency assistance. NFCC assists families with financial assistance for rent, utilities, medical expenses, transportation and other basic needs. NFCC operates a food pantry and thrift shop to support families with food, clothing and household needs. NFCC also provides life skill classes and advocates for the needs of low income residents.

Basis of Presentation:

NFCC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Restricted net assets are maintained in accordance with applicable donor stipulations. NFCC does not have any permanently restricted net assets.

Contributions and Revenues:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

NFCC recognized revenue for certain services received at the fair value of those services. These services include professional services that require specialized skill and services that create a non-financial asset. NFCC receives donated services from unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition have not been satisfied. See Note 8.

Conditional grants are recorded as revenue in the year the conditions are met. The continuation of the grants is subject to certain requirements.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:

Cash and Cash Equivalents:

NFCC considers all highly liquid investments with a maturity of three months or less when purchased to be “cash equivalents”.

Inventories:

Inventories consist principally of food held for the food pantry and merchandise held for the thrift shop and holiday program. Inventories received through contributions are recorded at fair market value and inventory purchased is recorded at cost.

Property and Equipment:

Property and equipment are recorded at cost when purchased. Property and equipment received through contributions are recorded at fair market value as of the date of the contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures which materially increase useful lives are capitalized and ordinary maintenance and repairs are expensed as incurred.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities are summarized on a functional basis. Accordingly, certain costs have been allocated between the program and supporting services.

Income Taxes:

NFCC has been approved under Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. NFCC is subject to taxes on income not related to its exempt purpose. There was no income unrelated to its exempt purpose in 2016 or 2015. Accordingly, no provision for income taxes is included in the accompanying financial statements. NFCC is not subject to U.S. federal or state income tax examinations by tax authorities for years before 2012.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:

Marketing Costs:

Marketing costs are expensed as incurred.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events:

NFCC has evaluated subsequent events through October 12, 2016, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK:

Cash and cash equivalents includes deposits at financial institutions totaling \$1,226,997 at June 30, 2016. These deposits represent instruments which potentially subject the organization to concentrations of credit risk to the extent deposits exceed federally insured limits.

NOTE 3 – INVENTORIES:

Inventories at June 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Thrift Shop	\$ 138,005	\$ 149,483
Food Pantry	90,631	56,118
Other	<u>23,213</u>	<u>6,060</u>
Total	<u>\$ 251,849</u>	<u>\$ 211,661</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

NOTE 4 – LINE OF CREDIT:

NFCC has a \$350,000 secured bank line of credit maturing January 2017, interest at Prime plus 0.5% (4.0% at June 30, 2016) interest rate. The line of credit is collateralized by land and building. There were no borrowings outstanding against the line of credit at June 30, 2016 and 2015.

NOTE 5 – OPERATING LEASES:

NFCC leases office space and equipment under non-cancellable operating leases expiring through December 2017.

<u>Year</u>	<u>Amount</u>
2017	\$ 35,654
2018	<u>16,443</u>
Total	<u>\$52,097</u>

Rental expense was \$35,654 and \$32,123 in 2016 and 2015, respectively.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets at June 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Capital	\$ 14,299	\$ 25,232
Financial Assistance	125,857	131,280
Family Enrichment	65,431	44,458
Food Pantry	74,213	80,636
Other	<u>7,404</u>	<u>-</u>
Total	<u>\$287,204</u>	<u>\$281,606</u>

NOTE 7 – RELATED PARTY TRANSACTIONS:

NFCC's line of credit and certain depository accounts are with a local bank where a Board member is employed in a management capacity.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

NOTE 8 – CONTRIBUTED SERVICES:

NFCC receives contributed services from volunteers throughout the year for various non-specialized functions performed within the organization. Most of these services do not meet the recognition criteria and, accordingly, no amounts have been recognized in the accompanying statement of activities.

The services by capacity are as follows for the year ended June 30, 2016:

<u>Capacity of Service</u>	<u>Number of Hours</u>	<u>Estimated Value</u>
Thrift shop	46,423	\$ 336,567
Office and food pantry	26,072	189,022
General volunteer work	16,315	118,284
Food pick-up and delivery	8,681	62,937
Special projects	<u>4,896</u>	<u>35,496</u>
Total	<u>102,387</u>	<u>\$ 742,306</u>

Professional services provided to NFCC on a pro-bono basis have been recorded at fair value and approximated \$73,000 and \$68,000 for the years ended June 30, 2016 and 2015, respectively.

NOTE 9 – RETIREMENT PLAN

NFCC has a 403(b) savings plan for all eligible employees. The Plan provides for voluntary contributions up to the maximum allowed by the Internal Revenue Code. Employees are always 100% vested in their contributions and become fully vested in NFCC contributions after four years of service. NFCC matches up to 50% of the first 4% of compensation contributed by the employees. Contributions totaled \$17,915 and \$16,120 for the years ended June 30, 2016 and 2015, respectively.