



NFCC
North Fulton
Community Charities

2017 Audited Financial Statements

NORTH FULTON COMMUNITY CHARITIES, INC.

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INDEPENDENT AUDITORS' 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, 2017 and 2016, 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.

Auditors' 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 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.

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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, 2017, 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.

Prior Period Financial Statements

The financial statements as of June 30, 2016, were audited by GrossDukeNelson & Co, PC, who merged with Brady, Ware & Schoenfeld, Inc. as of January 1, 2017, and whose report dated October 12, 2016, expressed an unmodified opinion on those statements.



Atlanta, Georgia
October 11, 2017

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,293,169	\$ 1,228,478
Inventories	240,111	251,849
Grants receivable	79,303	80,000
Prepaid and other	<u>38,580</u>	<u>22,037</u>
Total Current Assets	<u>1,651,163</u>	<u>1,582,364</u>
PROPERTY AND EQUIPMENT:		
Land and land improvements	1,168,375	1,168,375
Building and building improvements	2,094,994	2,048,272
Furniture, fixtures and equipment	237,312	226,111
Vehicles	111,260	122,835
Software	3,995	36,578
Leasehold Improvements	<u>11,349</u>	<u>11,349</u>
	3,627,285	3,613,520
Less accumulated depreciation	<u>(1,057,787)</u>	<u>(999,217)</u>
Total Property and Equipment, net	<u>2,569,498</u>	<u>2,614,303</u>
CERTIFICATES OF DEPOSIT	<u>501,430</u>	<u>-</u>
Total Assets	<u>\$ 4,722,091</u>	<u>\$ 4,196,667</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 93,623	\$ 95,114
Deferred revenue	<u>12,000</u>	<u>11,800</u>
Total Current Liabilities	<u>105,623</u>	<u>106,914</u>
DEFERRED COMPENSATION	<u>27,042</u>	<u>-</u>
Total Liabilities	<u>132,665</u>	<u>106,914</u>
COMMITMENTS (Notes 4, 5 and 8)		
NET ASSETS:		
Unrestricted	4,328,480	3,802,549
Temporarily restricted	<u>260,946</u>	<u>287,204</u>
Total Net Assets	<u>4,589,426</u>	<u>4,089,753</u>
Total Liabilities and Net Assets	<u>\$ 4,722,091</u>	<u>\$ 4,196,667</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions and grants	\$ 1,896,381	\$ 439,681	\$ 2,336,062
In-kind contributions	2,332,761	-	2,332,761
Funding from government agencies	-	213,498	213,498
Thrift shop	1,318,738	-	1,318,738
Special events	-	137,525	137,525
Interest income	3,991	525	4,516
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>817,487</u>	<u>(817,487)</u>	<u>-</u>
 Total Support and Revenue	 <u>6,369,358</u>	 <u>(26,258)</u>	 <u>6,343,100</u>
 FUNCTIONAL EXPENSES:			
Program services:			
Financial assistance	1,731,241	-	1,731,241
Thrift shop	1,072,877	-	1,072,877
Food pantry	1,505,531	-	1,505,531
Holiday programs	529,674	-	529,674
Enrichment programs	283,747	-	283,747
Supporting services:			
Fundraising	214,178	-	214,178
General and administrative	<u>506,179</u>	<u>-</u>	<u>506,179</u>
 Total Functional Expenses	 <u>5,843,427</u>	 <u>-</u>	 <u>5,843,427</u>
 CHANGE IN NET ASSETS	 525,931	 (26,258)	 499,673
 NET ASSETS, JUNE 30, 2016	 <u>3,802,549</u>	 <u>287,204</u>	 <u>4,089,753</u>
 NET ASSETS, JUNE 30, 2017	 <u>\$ 4,328,480</u>	 <u>\$ 260,946</u>	 <u>\$ 4,589,426</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.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	Program Services					Supporting Services		Total Expenses
	Financial Assistance	Thrift Shop	Food Pantry	Seasonal Programs	Enrichment Programs	Fundraising	General and Administrative	
In-kind:								
Food	\$ -	\$ -	\$ 1,333,564	\$ 73,462	\$ -	\$ -	\$ -	1,407,026
Clothing and household items	-	266,749	-	382,027	-	-	-	648,776
Other	41,651	1,074	836	49,988	74,799	14,547	98,466	281,361
Total In-kind	41,651	267,823	1,334,400	505,477	74,799	14,547	98,466	2,337,163
Direct assistance:								
Rent	997,942	-	-	-	-	-	-	997,942
Utilities	172,988	-	-	-	-	-	-	172,988
Transportation	13,736	-	-	-	-	-	-	13,736
Medical	7,083	-	-	-	-	-	-	7,083
Other	10,539	-	24,297	2,109	-	-	-	36,945
Total Direct Assistance	1,202,288	-	24,297	2,109	-	-	-	1,228,694
Other:								
Payroll and payroll taxes	334,609	462,679	57,415	8,565	98,728	94,039	271,181	1,327,216
Benefits	46,113	61,213	5,663	208	12,440	3,290	36,477	165,404
Utilities	8,966	30,003	15,984	-	6,315	5,928	6,376	73,572
Repairs and maintenance	15,951	41,982	21,309	742	10,518	4,215	4,581	99,298
Security	-	52,484	-	8,109	-	-	-	60,593
Professional fees and services	30,215	4,756	3,142	392	34,308	9,344	27,055	109,212
Supplies and postage	4,744	11,555	8,438	826	14,442	573	15,926	56,504
Special events	-	-	-	-	-	54,285	-	54,285
Transaction fees	8,453	25,753	1,890	136	495	247	1,317	38,291
Insurance	9,527	21,676	6,088	257	3,999	1,429	9,869	52,845
Rent	-	-	-	-	17,892	7,308	-	25,200
Vehicle expense	1,912	8,621	29	-	-	-	-	10,562
Printing	-	1,636	-	-	-	803	20,277	22,716
Equipment	375	1,554	4,297	1,641	79	180	49	8,175
Marketing	-	365	-	-	1,066	4,822	2,950	9,203
Miscellaneous	6,651	17,977	3,756	1,154	2,553	11,987	5,181	49,259
Depreciation	19,786	62,800	18,823	58	6,113	1,181	6,474	115,235
Total Other	487,302	805,054	146,834	22,088	208,948	199,631	407,713	2,277,570
Total Functional Expenses	\$ 1,731,241	\$ 1,072,877	\$ 1,505,531	\$ 529,674	\$ 283,747	\$ 214,178	\$ 506,179	\$ 5,843,427
Percent of Total	30%	18%	26%	9%	5%	4%	9%	100%

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

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	Program Services				Supporting Services		Total Expenses
	Financial Assistance	Thrift Shop	Food Pantry	Holiday Programs	Enrichment Programs	Fundraising	
In-kind:							
Food	\$ -	\$ -	\$ 1,338,361	\$ 75,061	\$ -	\$ -	\$ 1,413,422
Clothing and household items	-	320,826	-	413,325	-	-	734,151
Other	52,029	1,127	479	17,941	59,373	7,168	156,190
Total In-kind	52,029	321,953	1,338,840	506,327	59,373	7,168	2,303,763
Direct assistance:							
Rent	1,045,292	-	-	-	-	-	1,045,292
Utilities	231,378	-	-	-	-	-	231,378
Transportation	13,238	-	-	-	-	-	13,238
Medical	12,127	-	-	-	-	-	12,127
Other	21,098	-	20,705	-	-	-	41,803
Total Direct Assistance	1,323,133	-	20,705	-	-	-	1,343,838
Other:							
Payroll and payroll taxes	328,166	474,007	36,917	8,565	112,251	89,236	1,316,836
Benefits	52,015	50,834	1,731	153	12,587	2,969	170,082
Utilities	9,385	31,468	16,338	-	6,879	4,739	75,901
Repairs and maintenance	14,926	62,135	24,919	2,501	10,146	3,787	122,926
Security	-	50,574	-	7,519	-	-	58,093
Professional fees and services	12,979	5,671	8,232	1,192	29,051	5,198	83,538
Supplies and postage	4,639	11,882	5,333	4,795	14,469	495	55,798
Special events	-	-	-	-	-	43,814	43,814
Transaction fees	7,050	26,982	862	58	479	96	36,502
Insurance	7,923	20,667	5,975	294	3,672	2,087	50,244
Rent	-	-	-	-	19,152	6,048	25,200
Vehicle expense	1,929	7,998	20	50	-	-	9,997
Printing	-	2,050	41	43	-	41	18,345
Equipment	870	4,191	3,118	2,769	451	403	11,957
Marketing	-	82	-	-	-	9,782	9,864
Miscellaneous	2,036	17,356	3,736	4,137	2,948	8,011	45,072
Depreciation	23,347	51,547	32,513	2	5,697	1,337	120,067
Total Other	465,265	817,444	139,735	32,078	217,782	178,043	2,254,236
Total Functional Expenses	\$ 1,840,427	\$ 1,139,397	\$ 1,499,280	\$ 538,405	\$ 277,155	\$ 185,211	\$ 5,901,837
Percent of Total	31%	19%	26%	9%	5%	3%	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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 499,673	\$ (288,373)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	115,235	120,067
Loss on disposal of property and equipment	4,107	235
Change in donated inventories	11,738	(35,868)
Deferred compensation	27,042	-
(Increase) decrease in:		
Inventories	-	(4,320)
Grants receivable	697	45,646
Prepaid and other	(16,543)	3,775
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,491)	(4,321)
Deferred revenue	200	(16,571)
	<u>640,658</u>	<u>(179,730)</u>
Net Cash Provided By (Used In) Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(74,537)	(25,958)
Purchase of certificates of deposit	(501,430)	-
	<u>(575,967)</u>	<u>(25,958)</u>
Net Cash Used In Investing Activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	64,691	(205,688)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,228,478</u>	<u>1,434,166</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,293,169</u>	<u>\$ 1,228,478</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, 2017 AND 2016

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 7.

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 seasonal programs. 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 2017 or 2016. 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 2013.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:

Accounting For Uncertainty in Income Taxes:

NFCC accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a probability assessment of the estimated tax liability for all uncertain tax positions. Tax positions for NFCC include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax. No significant uncertain tax positions exist as of June 30, 2017.

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 11, 2017, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK:

Financial instruments which potentially subject NFCC to concentrations of credit risk consist principally of cash, cash equivalents and certificates of deposit held at two financial institutions. Deposits with these institutions represent instruments which potentially subject the organization to concentrations of credit risk to the extent the deposits exceed federally insured limits.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

NOTE 3 – INVENTORIES:

Inventories at June 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Thrift Shop	\$ 127,484	\$ 138,005
Food Pantry	88,778	90,631
Other	<u>23,849</u>	<u>23,213</u>
Total	<u>\$ 240,111</u>	<u>\$ 251,849</u>

NOTE 4 – LINE OF CREDIT:

NFCC has a \$350,000 secured bank line of credit maturing December 2019, interest at Prime plus 0.5% (4.75% at June 30, 2017). The line of credit is collateralized by land and building. There were no borrowings outstanding against the line of credit at June 30, 2017 and 2016.

NOTE 5 – OPERATING LEASES:

NFCC leases office space and equipment under non-cancellable operating leases expiring through December 2017. Rental expense was \$35,654 in 2017 and 2016.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets at June 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Capital	\$ 3,108	\$ 14,299
Financial Assistance	40,229	125,857
Family Enrichment	86,807	65,431
Food Pantry	66,169	74,213
Other	<u>64,633</u>	<u>7,404</u>
Total	<u>\$ 260,946</u>	<u>\$ 287,204</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS, Continued

NOTE 7 – 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, 2017:

<u>Capacity of Service</u>	<u>Number of Hours</u>	<u>Estimated Value</u>
Thrift shop	43,375	\$ 314,469
Office and food pantry	34,831	252,525
General volunteer work	16,519	119,763
Food pick-up and delivery	8,385	60,791
Special projects	<u>4,740</u>	<u>34,365</u>
Total	<u>107,850</u>	<u>\$ 781,913</u>

Professional services provided to NFCC on a pro-bono basis have been recorded at fair value and approximated \$154,000 and \$73,000 for the years ended June 30, 2017 and 2016.

NOTE 8 – RETIREMENT PLANS

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 \$17,354 and \$17,915 for the years ended June 30, 2017 and 2016.

NFCC entered into a deferred compensation agreement with the Executive Director in December 2016 which is governed by Section 457(b) of the Internal Revenue Code. Amounts accrued for the distribution of benefits under the agreement totaled \$27,042 at June 30, 2017.