



NFCC
North Fulton
Community Charities

Audited Financial Statements
Years Ended June 30, 2019 and 2018

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BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of **North Fulton Community Charities, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 audits 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 auditors' 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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INDEPENDENT AUDITORS' REPORT - CONTINUED

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, 2019 and 2018, 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.

Effect of Adopting New Accounting Standards

As discussed in Note 1, **North Fulton Community Charities, Inc.** adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.



Atlanta, Georgia
October 28, 2019

NORTH FULTON COMMUNITY CHARITIES, INC.**STATEMENTS OF FINANCIAL POSITION**

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,271,763	\$ 1,323,386
Grants receivable	165,227	83,465
Pledges receivable, net	279,227	-
Inventories	229,024	223,296
Prepaid and other	<u>58,742</u>	<u>48,452</u>
Total current assets	2,003,983	1,678,599
PROPERTY AND EQUIPMENT, NET	3,527,230	3,539,935
LONG-TERM PLEDGES RECEIVABLE, NET	<u>266,232</u>	<u>-</u>
	<u>\$ 5,797,445</u>	<u>\$ 5,218,534</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 145,867	\$ 108,360
Deferred revenue	<u>38,500</u>	<u>250</u>
Total current liabilities	184,367	108,610
LONG-TERM LIABILITIES		
Deferred compensation	60,377	45,159
Line of credit	<u>-</u>	<u>285,219</u>
	<u>60,377</u>	<u>330,378</u>
Total liabilities	244,744	438,988
NET ASSETS		
Net assets without donor restrictions	4,182,526	4,478,247
Net assets with donor restrictions	<u>1,370,175</u>	<u>301,299</u>
Total net assets	<u>5,552,701</u>	<u>4,779,546</u>
	<u>\$ 5,797,445</u>	<u>\$ 5,218,534</u>

NORTH FULTON COMMUNITY CHARITIES, INC.**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 1,266,380	\$ 1,633,804	\$ 2,900,184
In-kind contributions	2,511,453	-	2,511,453
Funding from government agencies	-	312,399	312,399
Thrift shop	1,186,965	-	1,186,965
Special events	-	110,445	110,445
Interest income	3,562	165	3,727
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>987,937</u>	<u>(987,937)</u>	<u>-</u>
Total support and revenue and reclassifications	<u>5,956,297</u>	<u>1,068,876</u>	<u>7,025,173</u>
FUNCTIONAL EXPENSE			
Program services			
Financial assistance	1,601,111	-	1,601,111
Thrift shop	1,065,618	-	1,065,618
Food pantry	1,880,594	-	1,880,594
Seasonal programs	480,615	-	480,615
Enrichment programs	279,170	-	279,170
Supporting services			
Fundraising	294,442	-	294,442
General and administrative	<u>650,468</u>	<u>-</u>	<u>650,468</u>
Total functional expenses	<u>6,252,018</u>	<u>-</u>	<u>6,252,018</u>
CHANGE IN NET ASSETS	(295,721)	1,068,876	773,155
NET ASSETS			
Beginning of year	<u>4,478,247</u>	<u>301,299</u>	<u>4,779,546</u>
End of year	<u>\$ 4,182,526</u>	<u>\$ 1,370,175</u>	<u>\$ 5,552,701</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 1,333,399	\$ 574,246	\$ 1,907,645
In-kind contributions	2,305,695	-	2,305,695
Funding from government agencies	-	365,888	365,888
Thrift shop	1,249,244	-	1,249,244
Special events	-	152,122	152,122
Interest income	5,533	-	5,533
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>1,051,903</u>	<u>(1,051,903)</u>	<u>-</u>
Total support and revenue and reclassifications	<u>5,945,774</u>	<u>40,353</u>	<u>5,986,127</u>
FUNCTIONAL EXPENSES			
Program services			
Financial assistance	1,699,584	-	1,699,584
Thrift shop	1,029,783	-	1,029,783
Food pantry	1,582,430	-	1,582,430
Seasonal programs	472,937	-	472,937
Enrichment programs	264,451	-	264,451
Supporting services			
Fundraising	242,013	-	242,013
General and administrative	<u>504,809</u>	<u>-</u>	<u>504,809</u>
Total functional expenses	<u>5,796,007</u>	<u>-</u>	<u>5,796,007</u>
CHANGE IN NET ASSETS	149,767	40,353	190,120
NET ASSETS			
Beginning of year	<u>4,328,480</u>	<u>260,946</u>	<u>4,589,426</u>
End of year	<u>\$ 4,478,247</u>	<u>\$ 301,299</u>	<u>\$ 4,779,546</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program Services					Supporting Services		Total Expenses
	Financial Assistance	Thrift Shop	Food Pantry	Seasonal Programs	Enrichment Programs	Fundraising	General and Administrative	
In-kind:								
Food	\$ -	\$ -	\$ 1,631,701	\$ 43,109	\$ -	\$ -	\$ -	\$ 1,674,810
Clothing and household items	-	246,038	-	379,485	-	-	-	625,523
Other	80,114	-	-	25,000	54,127	13,095	48,435	220,771
Total In-kind	80,114	246,038	1,631,701	447,594	54,127	13,095	48,435	2,521,104
Direct assistance:								
Rent	938,147	-	-	-	-	-	-	938,147
Utilities	103,778	-	-	-	-	-	-	103,778
Transportation	1,967	-	-	-	-	-	-	1,967
Medical	925	-	-	-	-	-	-	925
Other	5,258	-	42,154	-	-	-	-	47,412
Total direct assistance	1,050,075	-	42,154	-	-	-	-	1,092,229
Other:								
Payroll and payroll taxes	344,911	482,990	83,116	16,015	118,221	167,505	349,615	1,562,373
Benefits	41,017	66,968	8,063	709	5,941	14,746	50,883	188,327
Utilities	8,511	32,732	16,607	2,393	5,918	3,774	11,585	81,520
Repairs and maintenance	10,990	39,144	21,306	580	8,222	3,863	10,377	94,482
Security	-	46,733	-	7,787	-	-	300	54,820
Professional fees and services	8,359	4,105	17,760	602	31,762	18,015	102,810	183,413
Supplies and postage	6,016	12,299	11,723	1,333	23,195	4,279	8,987	67,832
Special events	-	-	-	-	-	34,875	52	34,927
Transaction fees	10,287	23,664	1,702	29	-	1,273	494	37,449
Insurance	15,385	32,837	10,348	2,259	5,801	6,259	18,881	91,770
Rent	-	-	-	-	17,640	7,560	-	25,200
Vehicle expense	-	12,891	15	-	-	-	-	12,906
Printing	85	-	85	43	-	4,900	14,788	19,901
Equipment	1,254	1,288	4,455	476	381	117	1,902	9,873
Marketing	-	536	-	-	711	5,036	-	6,283
Miscellaneous	14,903	12,176	4,935	759	2,982	7,721	13,963	57,439
Interest expense	-	-	-	-	-	-	12,067	12,067
Depreciation	9,204	51,217	26,624	36	4,269	1,424	5,329	98,103
Total other	470,922	819,580	206,739	33,021	225,043	281,347	602,033	2,638,685
Total functional expenses	\$ 1,601,111	\$ 1,065,618	\$ 1,880,594	\$ 480,615	\$ 279,170	\$ 294,442	\$ 650,468	\$ 6,252,018
Percent of total	26%	17%	30%	8%	4%	5%	10%	100%

See notes to financial statements.

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Program Services					Supporting Services		Total Expenses
	Financial Assistance	Thrift Shop	Food Pantry	Seasonal Programs	Enrichment Programs	Fundraising	General and Administrative	
In-kind:								
Food	\$ -	\$ -	\$ 1,389,080	\$ 51,838	\$ -	\$ -	\$ -	\$ 1,440,918
Clothing and household items	-	252,929	-	354,356	-	-	-	607,285
Other	<u>78,638</u>	<u>975</u>	<u>894</u>	<u>27,391</u>	<u>66,886</u>	<u>14,453</u>	<u>37,563</u>	<u>226,800</u>
Total In-kind	<u>78,638</u>	<u>253,904</u>	<u>1,389,974</u>	<u>433,585</u>	<u>66,886</u>	<u>14,453</u>	<u>37,563</u>	<u>2,275,003</u>
Direct assistance:								
Rent	1,066,790	-	-	-	-	-	-	1,066,790
Utilities	116,189	-	-	-	-	-	-	116,189
Transportation	9,835	-	-	-	-	-	-	9,835
Medical	3,310	-	-	-	-	-	-	3,310
Other	<u>10,130</u>	<u>-</u>	<u>26,711</u>	<u>16,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,116</u>
Total direct assistance	<u>1,206,254</u>	<u>-</u>	<u>26,711</u>	<u>16,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,249,240</u>
Other:								
Payroll and payroll taxes	311,474	454,612	66,230	8,954	102,161	116,019	280,526	1,339,976
Benefits	32,437	56,457	7,177	232	7,131	3,576	50,179	157,189
Utilities	8,968	31,526	16,586	204	6,064	5,916	9,489	78,753
Repairs and maintenance	14,050	38,423	19,702	656	9,238	3,758	4,687	90,514
Security	-	51,620	-	6,760	-	-	-	58,380
Professional fees and services	7,227	3,150	4,930	2,266	31,196	5,328	45,062	99,159
Supplies and postage	5,775	12,046	8,320	746	10,364	678	16,205	54,134
Special events	-	-	-	-	-	66,526	-	66,526
Transaction fees	8,087	24,024	1,289	28	300	150	1,512	35,390
Insurance	12,085	28,403	7,704	692	5,375	1,460	13,529	69,248
Rent	-	-	-	-	17,892	7,308	-	25,200
Vehicle expense	1,200	9,301	21	-	-	-	-	10,522
Printing	-	255	-	-	-	1,494	23,707	25,456
Equipment	314	1,081	3,532	1,939	372	359	48	7,645
Marketing	-	191	-	-	43	5,034	305	5,573
Miscellaneous	2,342	13,686	4,698	541	2,787	8,702	9,982	42,738
Interest expense	-	-	-	-	-	-	6,706	6,706
Depreciation	<u>10,733</u>	<u>51,104</u>	<u>25,556</u>	<u>59</u>	<u>4,642</u>	<u>1,252</u>	<u>5,309</u>	<u>98,655</u>
Total other	<u>414,692</u>	<u>775,879</u>	<u>165,745</u>	<u>23,077</u>	<u>197,565</u>	<u>227,560</u>	<u>467,246</u>	<u>2,271,764</u>
Total functional expenses	<u>\$ 1,699,584</u>	<u>\$ 1,029,783</u>	<u>\$ 1,582,430</u>	<u>\$ 472,937</u>	<u>\$ 264,451</u>	<u>\$ 242,013</u>	<u>\$ 504,809</u>	<u>\$ 5,796,007</u>
Percent of total	<u>29%</u>	<u>18%</u>	<u>27%</u>	<u>8%</u>	<u>5%</u>	<u>4%</u>	<u>9%</u>	<u>100%</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 773,155	\$ 190,120
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	98,103	98,655
Loss on sale of property and equipment	-	1,133
Change in donated inventories	(5,728)	16,815
Deferred compensation	15,218	18,117
Noncash contribution of property and equipment	<u>-</u>	<u>(62,047)</u>
	880,748	262,793
Changes in operating assets and liabilities:		
Grants receivable	(81,762)	(4,162)
Prepaid and other	(10,290)	(9,872)
Accounts payable and accrued expenses	37,507	14,737
Deferred revenue	<u>38,250</u>	<u>(11,750)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	864,453	251,746
INVESTING ACTIVITIES		
Purchases of property and equipment	(85,398)	(732,975)
Proceeds from redemption of certificates of deposit	-	501,430
Proceeds from sale of property and equipment	<u>-</u>	<u>3,000</u>
Net Cash and Cash Equivalents Used by Investing Activities	(85,398)	(228,545)
FINANCING ACTIVITIES		
Net borrowings (payments) on line of credit	(285,219)	7,016
Pledges receivable, net	<u>(545,459)</u>	<u>-</u>
Net Cash and Cash Equivalents Provided (Used) by Financing Activities	<u>(830,678)</u>	<u>7,016</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(51,623)	30,217
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,323,386</u>	<u>1,293,169</u>
End of year	\$ 1,271,763	\$ 1,323,386
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 12,067</u>	<u>\$ 6,061</u>
Noncash transactions:		
Acquisition of property and equipment financed by line of credit	<u>\$ -</u>	<u>\$ 278,203</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 - The financial statement presentation follows the recommendations of generally accepted accounting principles. NFCC is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Financial Estimates - The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses - The costs of providing the various programs and other activities are summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All expenses are allocated based on direct identification except for occupancy and related expenses which are allocated based on direct usage and computed using square footage.

Contributions and Revenue - Contributions received are recorded as support and revenue without donor restrictions and with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 9. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Concentration of Credit Risk - NFCC maintains cash balances at various financial institutions. At various times during 2019 and 2018, the cash balance was in excess of FDIC insured limits.

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 which approximates net realizable value as defined by generally accepted accounting principles. Inventory purchased is recorded at cost.

Property and Equipment - Property and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Routine repairs and maintenance are charged to expense when incurred and renewals and betterments are capitalized. When property and equipment are retired or sold, the related cost and accumulated depreciation are removed from the respective accounts, and the resulting gains and losses are included in income.

NFCC reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at June 30, 2019 and 2018.

Income Taxes - NFCC is a nonprofit organization and is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is presented in these financial statements. NFCC is not considered to be a private foundation.

Uncertainty in Tax Positions - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing NFCC's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe NFCC has taken any material uncertain tax positions, including any position that would place NFCC's exempt status in jeopardy, as of June 30, 2019.

Adoption of New Accounting Standards - NFCC adopted the provisions of the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during 2019. ASU 2016-14 addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 has been applied retrospectively to all periods presented.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Recently Issued Accounting Standards Not Yet Adopted - In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the fiscal year ending June 30, 2020. The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

Subsequent Events - NFCC has evaluated subsequent events through October 28, 2019, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

NFCC monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of its excess operating cash. NFCC has the following financial assets less those unavailable for general expenditure within one year.

Financial Assets	
Cash and cash equivalents	\$ 1,271,763
Grants receivable	165,227
Pledges receivable, net	<u>545,459</u>
	1,982,449
Less those unavailable for general expenditure within one year:	
Net assets with purpose restrictions	<u>1,370,175</u>
Financial assets available within one year of the statement of financial position date for general expenditure.	<u>\$ 612,274</u>

In addition to financial assets available to meet general expenditures over the year, NFCC anticipates covering its general expenditures by collecting revenue from thrift shop sales and collection of contributions and new grant awards.

NOTE 3 - PLEDGES RECEIVABLE, NET

Receivable in less than one year	\$ 279,227
Receivable in one to five years	<u>305,369</u>
	584,596
Less:	
Discount to net present value	32,848
Allowance for uncollectible pledges	<u>6,289</u>
Total	<u>\$ 545,459</u>

Discount rates ranging from 1.74% to 2.88% were applied to contributions due in more than one year for the year ended June 30, 2019.

Approximately 44% of total undiscounted pledges receivable, or \$257,000, represents pledges from board members or other related parties.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INVENTORIES

Inventories at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Thrift shop	\$ 88,872	\$ 130,107
Food pantry	125,331	58,822
Other	<u>14,821</u>	<u>34,367</u>
Total	<u>\$ 229,024</u>	<u>\$ 223,296</u>

NOTE 5 - PROPERTY AND EQUIPMENT

	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 1,918,375	\$ 1,918,375
Building and building improvements	2,283,875	2,280,473
Construction in progress	161,616	127,203
Furniture, fixtures and equipment	240,155	234,384
Vehicles	77,530	77,530
Software	4,295	3,995
Leasehold improvements	<u>11,349</u>	<u>11,349</u>
Total cost	4,697,195	4,653,309
Less accumulated depreciation	<u>1,169,965</u>	<u>1,113,374</u>
	<u>\$ 3,527,230</u>	<u>\$ 3,539,935</u>

Depreciation expense was \$98,103 and \$98,655 for the years 2019 and 2018.

NOTE 6 - LINE OF CREDIT

At June 30, 2018, NFCC had in place a \$350,000 line of credit with a bank. The line of credit was increased to \$1,600,000 in June 2019 under substantially the same terms through December 2019. Interest is payable at the bank's Prime rate plus 0.5% (5.75% at June 30, 2019 and 5.50% at June 30, 2018). The line of credit is secured by land and building. Net borrowings on the line of credit were \$0 at June 30, 2019 and \$285,219 at June 30 2018.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purposes:		
Capital	\$ 1,016,537	\$ 108,100
Financial assistance	128,755	74,447
Family enrichment	76,649	60,662
Food pantry	122,003	54,353
Other	<u>26,231</u>	<u>3,737</u>
	<u>\$ 1,370,175</u>	<u>\$ 301,299</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS - continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions:		
Capital	\$ 126,882	\$ 2,798
Financial assistance	631,538	884,560
Family enrichment	143,784	77,359
Food pantry	81,465	85,831
Other	4,268	1,355
	<u>\$ 987,937</u>	<u>\$ 1,051,903</u>

NOTE 8 - OPERATING LEASE

NFCC leases office space and equipment under non-cancelable operating leases. The office lease expired in the prior year and was on a month-to-month basis until renewal on July 1, 2019 and expiring June 30, 2020. The equipment leases are on a month-to-month basis. Rental expense was \$25,200 in 2019 and 2018.

NOTE 9 - 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, 2019:

	<u>Number of Hours</u>	<u>Estimated Value</u>
Thrift shop	36,235	\$ 262,704
Office and food pantry	31,467	228,136
General volunteer work	15,257	110,613
Food pick-up and delivery	8,583	62,227
Special projects	3,814	27,652
	<u>95,356</u>	<u>\$ 691,332</u>

Professional services provided to NFCC on a pro-bono basis have been recorded at fair value and approximated \$109,000 and \$154,000 for the years 2019 and 2018.

NOTE 10 - 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 \$18,832 and \$17,379 for the years 2019 and 2018.

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 \$60,377 and \$45,159 at June 30, 2019 and 2018.