



NFCC

**North Fulton
Community Charities**

FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020



BRADY WARE
& SCHOENFELD

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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, 2021 and 2020, 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, 2021 and 2020, 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.



Atlanta, Georgia
October 27, 2021

NORTH FULTON COMMUNITY CHARITIES, INC.**STATEMENTS OF FINANCIAL POSITION****June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,686,472	\$ 3,637,805
Grants receivable	213,394	341,650
Pledges receivable	186,883	529,016
Inventories	272,416	316,241
Prepaid and other	<u>106,207</u>	<u>68,345</u>
Total current assets	3,465,372	4,893,057
PROPERTY AND EQUIPMENT, NET	7,985,042	3,995,237
LONG-TERM PLEDGES RECEIVABLE, NET	<u>56,218</u>	<u>246,574</u>
	<u>\$ 11,506,632</u>	<u>\$ 9,134,868</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 116,457	\$ 564,753
Deferred revenue	<u>39,840</u>	<u>48,750</u>
Total current liabilities	156,297	613,503
LONG-TERM LIABILITIES		
Loan payable	-	329,362
Line of credit	<u>-</u>	<u>2,000</u>
	<u>-</u>	<u>331,362</u>
Total liabilities	156,297	944,865
NET ASSETS		
Without donor restrictions:		
Undesignated	10,624,643	6,063,605
Designated	<u>-</u>	<u>299,500</u>
	10,624,643	6,363,105
With donor restrictions	<u>725,692</u>	<u>1,826,898</u>
Total net assets	<u>11,350,335</u>	<u>8,190,003</u>
	<u>\$ 11,506,632</u>	<u>\$ 9,134,868</u>

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

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 2,568,489	\$ 2,836,724	\$ 5,405,213
In-kind contributions	2,654,173	50,170	2,704,343
Funding from government agencies	333,562	832,483	1,166,045
Thrift shop	908,554	-	908,554
Special events	-	87,114	87,114
Interest income	7,494	1,655	9,149
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>4,909,352</u>	<u>(4,909,352)</u>	<u>-</u>
 Total support and revenue and reclassifications	 <u>11,381,624</u>	 <u>(1,101,206)</u>	 <u>10,280,418</u>
FUNCTIONAL EXPENSES			
Program services			
Financial assistance	2,202,920	-	2,202,920
Thrift shop	932,739	-	932,739
Food pantry	2,240,803	-	2,240,803
Seasonal programs	653,722	-	653,722
Enrichment programs	148,468	-	148,468
Supporting services			
Fundraising	251,806	-	251,806
General and administrative	<u>687,642</u>	<u>-</u>	<u>687,642</u>
 Total functional expenses	 <u>7,118,100</u>	 <u>-</u>	 <u>7,118,100</u>
CHANGE IN NET ASSETS FROM OPERATIONS	4,263,524	(1,101,206)	3,162,318
OTHER CHANGES IN NET ASSETS			
Loss on disposal of property and equipment	<u>(1,986)</u>	<u>-</u>	<u>(1,986)</u>
CHANGE IN NET ASSETS	4,261,538	(1,101,206)	3,160,332
NET ASSETS			
Beginning of year	<u>6,363,105</u>	<u>1,826,898</u>	<u>8,190,003</u>
 End of year	 <u>\$ 10,624,643</u>	 <u>\$ 725,692</u>	 <u>\$ 11,350,335</u>

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

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 3,149,676	\$ 1,562,353	\$ 4,712,029
In-kind contributions	2,188,991	-	2,188,991
Funding from government agencies	-	992,049	992,049
Thrift shop	836,784	-	836,784
Special events	-	175,218	175,218
Interest income	13,927	970	14,897
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>2,273,867</u>	<u>(2,273,867)</u>	<u>-</u>
 Total support and revenue and reclassifications	 <u>8,463,245</u>	 <u>456,723</u>	 <u>8,919,968</u>
FUNCTIONAL EXPENSES			
Program services			
Financial assistance	1,770,902	-	1,770,902
Thrift shop	943,158	-	943,158
Food pantry	1,715,820	-	1,715,820
Seasonal programs	517,789	-	517,789
Enrichment programs	273,602	-	273,602
Supporting services			
Fundraising	357,990	-	357,990
General and administrative	<u>552,240</u>	<u>-</u>	<u>552,240</u>
 Total functional expenses	 <u>6,131,501</u>	 <u>-</u>	 <u>6,131,501</u>
CHANGE IN NET ASSETS FROM OPERATIONS	2,331,744	456,723	2,788,467
OTHER CHANGES IN NET ASSETS			
Loss on disposal of property and equipment	<u>(151,165)</u>	<u>-</u>	<u>(151,165)</u>
CHANGE IN NET ASSETS	2,180,579	456,723	2,637,302
NET ASSETS			
Beginning of year	<u>4,182,526</u>	<u>1,370,175</u>	<u>5,552,701</u>
 End of year	 <u>\$ 6,363,105</u>	 <u>\$ 1,826,898</u>	 <u>\$ 8,190,003</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Services					Supporting Services		Total Expenses
	Financial Assistance	Thrift Shop	Food Pantry	Seasonal Programs	Enrichment Programs	Fundraising	General and Administrative	
In-kind:								
Food	\$ -	\$ -	\$ 1,801,005	\$ 54,616	\$ -	\$ -	\$ -	\$ 1,855,621
Clothing and household items	-	194,679	-	30,508	-	-	-	225,187
Other	62,724	-	-	501,004	15,843	26,400	1,057	607,028
Total In-kind	62,724	194,679	1,801,005	586,128	15,843	26,400	1,057	2,687,836
Direct assistance:								
Rent	1,427,439	-	-	-	-	-	-	1,427,439
Utilities	80,836	-	-	-	-	-	-	80,836
Transportation	462	-	-	-	-	-	-	462
Other	711	-	40,128	14,063	-	-	-	54,902
Total direct assistance	1,509,448	-	40,128	14,063	-	-	-	1,563,639
Other:								
Payroll and payroll taxes	409,293	401,881	210,548	36,895	51,428	147,417	359,438	1,616,900
Benefits	51,464	65,656	15,699	1,016	1,519	22,308	35,909	193,571
Utilities	17,887	43,305	20,384	2,939	4,163	2,088	7,887	98,653
Repairs and maintenance	14,265	51,296	33,038	1,343	4,184	1,169	5,876	111,171
Security	4,389	36,197	24,131	1,576	3,690	-	-	69,983
Professional fees and services	15,940	7,688	16,120	1,064	29,312	6,527	135,285	211,936
Supplies and postage	985	8,738	7,037	1,646	11,157	474	10,436	40,473
Special events	-	-	-	-	-	25,842	-	25,842
Transaction fees	29,415	20,343	752	310	18	226	8,407	59,471
Insurance	28,224	29,360	10,479	3,379	4,569	12,290	22,947	111,248
Rent	22,230	-	-	-	-	-	1,170	23,400
Vehicle expense	-	5,882	4,166	-	-	-	-	10,048
Printing	344	-	-	-	-	1,307	25,021	26,672
Equipment	5,043	7,495	4,551	1,271	3,238	65	4,701	26,364
Marketing	3,504	1,633	-	-	-	-	8,655	13,792
Miscellaneous	8,226	5,915	3,948	1,531	3,457	3,066	12,924	39,067
Interest expense	-	-	-	-	-	-	8,139	8,139
Bad Debt	-	-	-	-	-	-	24,000	24,000
Depreciation	19,539	52,671	48,817	561	15,890	2,627	15,790	155,895
Total other	630,748	738,060	399,670	53,531	132,625	225,406	686,585	2,866,625
Total functional expenses	\$ 2,202,920	\$ 932,739	\$ 2,240,803	\$ 653,722	\$ 148,468	\$ 251,806	\$ 687,642	\$ 7,118,100
Percent of total	31%	13%	31%	9%	2%	4%	10%	100%

See notes to financial statements.

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program Services					Supporting Services		Total Expenses
	Financial Assistance	Thrift Shop	Food Pantry	Seasonal Programs	Enrichment Programs	Fundraising	General and Administrative	
In-kind:								
Food	\$ -	\$ -	\$ 1,371,147	\$ 57,045	\$ 12,934	\$ -	\$ -	\$ 1,441,126
Clothing and household items	-	154,224	-	334,210	-	-	-	488,434
Other	36,595	-	-	100,375	-	32,182	8,524	177,676
Total In-kind	36,595	154,224	1,371,147	491,630	12,934	32,182	8,524	2,107,236
Direct assistance:								
Rent	1,132,657	-	-	-	-	-	-	1,132,657
Utilities	88,317	-	-	-	-	-	-	88,317
Transportation	4,463	-	-	-	-	-	-	4,463
Medical	423	-	-	-	-	-	-	423
Other	1,884	-	50,742	2,970	-	-	-	55,596
Total direct assistance	1,227,744	-	50,742	2,970	-	-	-	1,281,456
Other:								
Payroll and payroll taxes	358,036	442,194	155,365	7,835	159,850	169,293	325,816	1,618,389
Benefits	45,903	76,426	19,421	475	9,239	23,221	41,074	215,759
Utilities	9,807	36,152	16,418	4,287	5,929	3,837	10,006	86,436
Repairs and maintenance	15,465	30,122	20,816	745	8,820	4,024	3,480	83,472
Security	490	56,131	-	933	-	-	-	57,554
Professional fees and services	7,212	5,068	7,374	1,050	30,174	16,039	109,754	176,671
Supplies and postage	5,797	10,976	11,410	753	11,639	3,772	6,448	50,795
Special events	-	-	-	-	-	48,860	-	48,860
Transaction fees	24,184	23,851	778	103	126	3,493	289	52,824
Insurance	14,833	30,633	12,525	777	6,783	8,454	23,372	97,377
Rent	2,600	-	-	-	18,248	7,821	-	28,669
Vehicle expense	-	13,182	4,721	971	-	-	-	18,874
Printing	83	85	-	64	71	22,741	3,131	26,175
Equipment	1,158	5,968	8,874	3,422	140	544	453	20,559
Marketing	-	200	-	-	1,066	6,322	35	7,623
Miscellaneous	6,837	10,023	4,932	1,495	2,391	5,107	12,977	43,762
Interest expense	-	-	-	-	-	-	100	100
Depreciation	14,158	47,923	31,297	279	6,192	2,280	6,781	108,910
Total other	506,563	788,934	293,931	23,189	260,668	325,808	543,716	2,742,809
Total functional expenses	\$ 1,770,902	\$ 943,158	\$ 1,715,820	\$ 517,789	\$ 273,602	\$ 357,990	\$ 552,240	\$ 6,131,501
Percent of total	28%	15%	27%	8%	5%	6%	11%	100%

See notes to financial statements.

NORTH FULTON COMMUNITY CHARITIES, INC.**STATEMENTS OF CASH FLOWS****Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 3,160,332	\$ 2,637,302
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	155,895	108,910
Loss on disposal of property and equipment	1,986	151,165
Change in donated inventories	43,825	(87,217)
Paycheck Protection Program loan forgiveness	<u>(329,362)</u>	<u>-</u>
	3,032,676	2,810,160
Changes in operating assets and liabilities:		
Grants receivable	128,256	(176,423)
Prepaid and other	(37,862)	(9,603)
Accounts payable and accrued expenses	(448,296)	418,886
Deferred revenue	(8,910)	10,250
Deferred compensation	<u>-</u>	<u>(60,377)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>2,665,864</u>	<u>2,992,893</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(4,147,686)</u>	<u>(728,082)</u>
FINANCING ACTIVITIES		
Net borrowings (payments) on line of credit	(2,000)	2,000
Pledges receivable, net	532,489	(230,131)
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>329,362</u>
Net Cash and Cash Equivalents Provided by Financing Activities	<u>530,489</u>	<u>101,231</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(951,333)	2,366,042
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,637,805</u>	<u>1,271,763</u>
End of year	<u>\$ 2,686,472</u>	<u>\$ 3,637,805</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 100</u>

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. These net assets may be used at the discretion of NFCC management or designated by the board of directors.

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. Professional services provided to NFCC on a pro-bono basis have been recorded at fair value and approximated \$21,526 and \$17,300 for the years 2021 and 2020.

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 11). Donations of inventory and 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Concentration of Credit Risk - NFCC maintains cash balances at various financial institutions. At various times during 2021 and 2020, 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".

Pledges receivable - Pledges receivable consist of unconditional pledges received from a broad base of contributors. Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using United States Treasury Bill rates with maturities commensurate to the time period of expected collection of pledges. Amortization of the discounts is included in contribution revenue.

Grants receivable - Grants receivable represent amounts awarded by various government agencies as well as non-government entities. Grants receivable are due within one year and are recorded at their net realizable value. Management estimates an allowance for grants receivable based on current economic conditions, historical trends and current and past experience with grantors. Management determined that no allowance was necessary at June 30, 2021 and 2020.

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 such 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, 2021 and 2020.

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, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Subsequent Events - NFCC has evaluated subsequent events through October 27, 2021, the date the financial statements were available to be issued.

NOTE 2 - REVENUE RECOGNITION

The FASB issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification ("ASC"). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the "new guidance."

NFCC adopted the requirements of the new guidance as of July 1, 2019, utilizing the modified retrospective method of transition. Adoption of the new guidance did not require any significant changes to NFCC's accounting policies for revenue recognition, trade and other receivables, contract costs, contract liabilities, or deferred costs. Accordingly, there has been no adjustment to net assets or any other statement of financial position accounts as of July 1, 2019, to reflect adoption of the new guidance.

NFCC derives its revenue primarily from contributions, grants, thrift shop sales and special events. Contributions and grants are accounted for under contribution guidance established by ASU 2018-08. Thrift shop sales are recognized at the point of sale and special events revenue is recognized at the time of the event, in amounts that reflect the consideration NFCC expects to be entitled to and in exchange for the value provided from the goods sold and benefit received during the event. Sales and other taxes NFCC collects concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contracts are recognized as expense. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year.

NFCC's contracts related to special events are cancelable at any time by either party and all thrift shop sales are final. NFCC's standard payment terms for special events are typically due before the scheduled event. Payment terms can vary based upon the entity that is paying. NFCC does not have any significant financing components. There is no variable consideration related to services provided.

Revenue from performance obligations satisfied at a point in time consist of thrift shop sales and registration fees for special events.

NORTH FULTON COMMUNITY CHARITIES, INC.**NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - 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	\$ 2,686,472
Grants receivable	213,394
Pledges receivable, net	<u>243,101</u>

3,142,967

Less those unavailable for general expenditure within one year:

Net assets with purpose restrictions	<u>725,692</u>
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Financial assets available within one year of the statement of financial position date for general expenditure.

\$ 2,417,275

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 4 - PLEDGES RECEIVABLE, NET

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 186,883	\$ 529,016
Receivable in one to five years	<u>90,350</u>	<u>289,314</u>
	277,233	818,330
Less:		
Discount to net present value	8,124	38,136
Allowance for uncollectible pledges	<u>26,008</u>	<u>4,604</u>
Total	<u>\$ 243,101</u>	<u>\$ 775,590</u>

Discount rates ranging from 1.35% to 2.88% were applied to contributions due in more than one year for the year ended June 30, 2021.

Approximately 22% of total undiscounted pledges receivable, or \$59,933, represents pledges from board members or other related parties.

NOTE 5 - INVENTORIES

Inventories at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Thrift shop	\$ 104,069	\$ 116,995
Food pantry	167,245	194,311
Other	<u>1,102</u>	<u>4,935</u>
	<u>\$ 272,416</u>	<u>\$ 316,241</u>

NORTH FULTON COMMUNITY CHARITIES, INC.**NOTES TO FINANCIAL STATEMENTS****NOTE 6 - PROPERTY AND EQUIPMENT**

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 2,068,375	\$ 2,068,375
Building and building improvements	6,582,153	2,197,997
Construction in progress	23,633	527,194
Furniture, fixtures and equipment	387,940	210,419
Vehicles	120,378	77,530
Software	<u>33,901</u>	<u>33,901</u>
Total cost	9,216,380	5,115,416
Less accumulated depreciation	<u>1,231,338</u>	<u>1,120,179</u>
	<u>\$ 7,985,042</u>	<u>\$ 3,995,237</u>

Depreciation expense was \$155,895 and \$108,910 for the years 2020 and 2020.

NOTE 7 - LINE OF CREDIT

At June 30, 2020, NFCC had in place a \$1,600,000 line of credit with a bank. The line of credit was renewed in April 2020 under substantially the same terms through October 2021. Interest is payable at the bank's Prime rate plus 0.5% (3.75% at June 30, 2021 and 2020). The line of credit is secured by land and building. Net borrowings on the line of credit were \$0 at June 30, 2021 and \$2,000 at June 30 2020.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes:		
Capital	\$ 618,087	\$ 1,419,802
Financial assistance	44,088	351,477
Family enrichment	53,545	35,634
Food pantry	-	3,173
Other	<u>9,972</u>	<u>16,812</u>
	<u>\$ 725,692</u>	<u>\$ 1,826,898</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Capital	\$ 3,220,301	\$ 726,712
Financial assistance	1,514,448	1,081,216
Family enrichment	60,590	210,594
Food pantry	47,173	209,826
Other	<u>66,840</u>	<u>45,519</u>
	<u>\$ 4,909,352</u>	<u>\$ 2,273,867</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - APPROPRIATIONS OF NET ASSETS WITHOUT DONOR RESTRICTION

During the fiscal year 2020, the Board of Directors voted to designate \$299,500 of net assets without donor restrictions for capital expenditure. During the fiscal year 2021, these funds were transferred to undesignated upon completion of various capital projects.

NOTE 10 - OPERATING LEASE

NFCC leases equipment under a non-cancelable operating lease expiring in September 2024. Rental expense was \$23,400 in 2021 and \$28,669 in 2020.

Future minimum rental payments for the equipment lease for the next four fiscal years ended June 30 are as follows:

2022	\$	2,208
2023		2,208
2024		2,208
2025		<u>552</u>
	\$	<u>7,176</u>

NOTE 11 - CONTRIBUTED SERVICES (UNAUDITED)

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

The services by capacity are as follows for the year ended June 30, 2021:

	<u>Number of Hours</u>	<u>Estimated Value</u>
Thrift shop	12,646	\$ 91,684
Office and food pantry	32,206	233,494
General volunteer work	395	2,864
Food pick-up and delivery	4,742	34,380
Special projects	<u>3,720</u>	<u>26,970</u>
	<u>53,709</u>	<u>\$ 389,392</u>

NOTE 12 - 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 \$16,205 and \$21,438 for the years 2021 and 2020.