



**NFCC**  
**North Fulton**  
**Community Charities**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2022 and 2021**



**BRADY WARE**  
**& SCHOENFELD**

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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **North Fulton Community Charities, Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **North Fulton Community Charities, Inc.'s** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITORS' REPORT

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### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 **North Fulton Community Charities, Inc.'s** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **North Fulton Community Charities, Inc.'s** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Atlanta, Georgia  
October 26, 2022

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

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,446,381	\$ 2,686,472
Grants receivable	139,533	213,394
Pledges receivable	50,897	186,883
Inventories	332,915	272,416
Prepaid and other	<u>150,468</u>	<u>106,207</u>
Total current assets	4,120,194	3,465,372
PROPERTY AND EQUIPMENT, NET	7,773,911	7,985,042
LONG-TERM PLEDGES RECEIVABLE, NET	<u>-</u>	<u>56,218</u>
	<b><u>\$ 11,894,105</u></b>	<b><u>\$ 11,506,632</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 130,950	\$ 116,457
Contract liabilities	<u>64,500</u>	<u>39,840</u>
Total current liabilities	<u>195,450</u>	<u>156,297</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	11,133,268	10,624,643
With donor restrictions	<u>565,387</u>	<u>725,692</u>
Total net assets	<u>11,698,655</u>	<u>11,350,335</u>
	<b><u>\$ 11,894,105</u></b>	<b><u>\$ 11,506,632</u></b>

**NORTH FULTON COMMUNITY CHARITIES, INC.**

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 2,426,493	\$ 597,146	\$ 3,023,639
Contributions of nonfinancial assets	4,921,884	-	4,921,884
Thrift shop	1,254,956	-	1,254,956
Funding from government agencies	1,222	550,016	551,238
Special events	104,921	-	104,921
Interest income	6,884	101	6,985
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>1,307,568</u>	<u>(1,307,568)</u>	<u>-</u>
Total support and revenue and reclassifications	<u>10,023,928</u>	<u>(160,305)</u>	<u>9,863,623</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services			
Financial assistance	1,883,914	-	1,883,914
Thrift shop	2,646,175	-	2,646,175
Food pantry	3,030,832	-	3,030,832
Seasonal programs	643,296	-	643,296
Enrichment programs	308,637	-	308,637
Supporting services			
Fundraising	292,400	-	292,400
General and administrative	<u>707,225</u>	<u>-</u>	<u>707,225</u>
Total functional expenses	<u>9,512,479</u>	<u>-</u>	<u>9,512,479</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	511,449	(160,305)	351,144
<b>OTHER CHANGES IN NET ASSETS</b>			
Loss on disposal of property and equipment	<u>(2,824)</u>	<u>-</u>	<u>(2,824)</u>
<b>CHANGE IN NET ASSETS</b>	508,625	(160,305)	348,320
<b>NET ASSETS</b>			
Beginning of year	<u>10,624,643</u>	<u>725,692</u>	<u>11,350,335</u>
End of year	<u>\$ 11,133,268</u>	<u>\$ 565,387</u>	<u>\$ 11,698,655</u>

**NORTH FULTON COMMUNITY CHARITIES, INC.**

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 2,568,489	\$ 2,836,724	\$ 5,405,213
Contributions of nonfinancial assets	3,549,801	50,170	3,599,971
Thrift shop	908,554	-	908,554
Funding from government agencies	333,562	832,483	1,166,045
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>12,277,252</u>	<u>(1,101,206)</u>	<u>11,176,046</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services			
Financial assistance	2,202,920	-	2,202,920
Thrift shop	1,828,367	-	1,828,367
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>8,013,728</u>	<u>-</u>	<u>8,013,728</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	4,263,524	(1,101,206)	3,162,318
<b>OTHER CHANGES IN NET ASSETS</b>			
Loss on disposal of property and equipment	<u>(1,986)</u>	<u>-</u>	<u>(1,986)</u>
<b>CHANGE IN NET ASSETS</b>	4,261,538	(1,101,206)	3,160,332
<b>NET ASSETS</b>			
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 FUNCTIONAL EXPENSES**

**Year Ended June 30, 2022**

	Program Services					Supporting Services		Total Expenses
	Financial Assistance	Thrift Shop	Food Pantry	Seasonal Programs	Enrichment Programs	Fundraising	General and Administrative	
In-kind:								
Food	\$ -	\$ -	\$ 2,509,501	\$ 79,365	\$ -	\$ -	\$ -	\$ 2,588,866
Clothing and household items	-	1,791,961	-	57,375	-	-	-	1,849,336
Other	16,087	-	-	392,368	225	7,827	1,219	417,726
Total In-kind	16,087	1,791,961	2,509,501	529,108	225	7,827	1,219	4,855,928
Direct assistance:								
Rent	1,050,206	-	-	-	-	-	-	1,050,206
Utilities	85,078	-	-	-	-	-	-	85,078
Transportation	1,614	-	-	-	-	-	-	1,614
Medical	657	-	-	-	-	-	-	657
Other	10	-	70,702	41,162	-	-	-	111,874
Total direct assistance	1,137,565	-	70,702	41,162	-	-	-	1,249,429
Other:								
Payroll and payroll taxes	448,041	503,475	224,305	41,276	107,422	169,806	388,708	1,883,033
Benefits	84,838	66,522	20,761	2,883	7,672	29,712	32,697	245,085
Utilities	11,163	49,204	21,783	895	9,385	-	12,455	104,885
Repairs and maintenance	16,020	37,831	32,565	2,671	13,469	482	20,668	123,706
Security	19,775	21,640	14,426	4,296	17,291	-	11,716	89,144
Professional fees and services	35,343	28,138	41,562	5,657	41,166	15,210	109,107	276,183
Supplies and postage	2,437	8,682	17,426	672	33,036	2,602	11,433	76,288
Special events	-	-	-	-	-	38,042	-	38,042
Transaction fees	24,145	26,574	277	512	-	15	3,067	54,590
Insurance	28,707	32,884	13,163	2,456	8,135	16,259	20,329	121,933
Rent	-	-	-	2,349	-	-	-	2,349
Vehicle expense	-	9,449	6,316	-	-	-	-	15,765
Printing	216	-	53	-	166	2,278	19,541	22,254
Equipment	890	267	376	3,198	13,631	304	668	19,334
Marketing	-	-	-	50	-	661	1,826	2,537
Miscellaneous	6,560	9,707	3,680	5,558	4,617	6,581	17,157	53,860
Bad debt	-	-	-	-	-	-	12,250	12,250
Depreciation	52,127	59,841	53,936	553	52,422	2,621	44,384	265,884
Total other	730,262	854,214	450,629	73,026	308,412	284,573	706,006	3,407,122
Total functional expenses	\$ 1,883,914	\$ 2,646,175	\$ 3,030,832	\$ 643,296	\$ 308,637	\$ 292,400	\$ 707,225	\$ 9,512,479
Percent of total	20%	28%	32%	7%	3%	3%	7%	100%

See notes to financial statements.



**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	\$ -	\$ -	\$ 1,792,506	\$ 54,616	\$ -	\$ -	\$ -	\$ 1,847,122
Clothing and household items	-	1,086,583	-	30,508	-	-	-	1,117,091
Other	62,724	3,724	8,499	501,004	15,843	26,400	1,057	619,251
Total In-kind	62,724	1,090,307	1,801,005	586,128	15,843	26,400	1,057	3,583,464
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	\$ 1,828,367	\$ 2,240,803	\$ 653,722	\$ 148,468	\$ 251,806	\$ 687,642	\$ 8,013,728
Percent of total	27%	23%	28%	8%	2%	3%	9%	100%

See notes to financial statements.

**NORTH FULTON COMMUNITY CHARITIES, INC.**

**STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 348,320	\$ 3,160,332
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	265,883	155,895
Loss on disposal of property and equipment	2,824	1,986
Change in donated inventories	(60,499)	43,825
Paycheck Protection Program loan forgiveness	<u>-</u>	<u>(329,362)</u>
	556,528	3,032,676
Changes in operating assets and liabilities:		
Grants receivable	73,862	128,256
Prepaid and other	(44,261)	(37,862)
Accounts payable and accrued expenses	14,492	(448,296)
Deferred revenue	<u>24,660</u>	<u>(8,910)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>625,281</u>	<u>2,665,864</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(58,576)	(4,147,686)
Proceeds from sale of property and equipment	<u>1,000</u>	<u>-</u>
Net Cash and Cash Equivalents Used by Investing Activities	(57,576)	(4,147,686)
<b>FINANCING ACTIVITIES</b>		
Net payments on line of credit	-	(2,000)
Collection of pledges receivable, net	<u>192,204</u>	<u>532,489</u>
Net Cash and Cash Equivalents Provided by Financing Activities	<u>192,204</u>	<u>530,489</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>759,909</b>	<b>(951,333)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>2,686,472</u>	<u>3,637,805</u>
End of year	<u>\$ 3,446,381</u>	<u>\$ 2,686,472</u>

# NORTH FULTON COMMUNITY CHARITIES, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$0 and \$21,526 for the years 2022 and 2021.

NOTES TO FINANCIAL STATEMENTS

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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 nonfinancial assets 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.

**Concentration of Credit Risk** - NFCC maintains cash balances at various financial institutions. At various times during 2022 and 2021, 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, 2022 and 2021.

**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, 2022 and 2021.

## NORTH FULTON COMMUNITY CHARITIES, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**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, 2022.

**Subsequent Events** - NFCC has evaluated subsequent events through October 26, 2022, the date the financial statements were available to be issued.

#### NOTE 2 - REVENUE RECOGNITION

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.

Contract liabilities consisting of unearned sponsorship revenue at June 30, 2022 and 2021 are presented on the statements of financial position. At July 1, 2020, unearned revenue totaled \$48,750.

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

**NORTH FULTON COMMUNITY CHARITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**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 from the date of the financial statements.

Financial Assets	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,446,381	\$ 2,686,472
Grants receivable	139,533	213,394
Pledges receivable, net	<u>50,897</u>	<u>243,101</u>
	3,636,811	3,142,967
Less those unavailable for general expenditure within one year:		
Net assets with purpose restrictions	<u>565,387</u>	<u>725,692</u>
Financial assets available within one year of the statement of financial position date for general expenditure.	<u>\$ 3,071,424</u>	<u>\$ 2,417,275</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 4 - PLEDGES RECEIVABLE, NET**

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 50,897	\$ 186,883
Receivable in one to five years	<u>41,473</u>	<u>90,350</u>
	92,370	277,233
Less:		
Discount to net present value	5,223	8,124
Allowance for uncollectible pledges	<u>36,250</u>	<u>26,008</u>
Total	<u>\$ 50,897</u>	<u>\$ 243,101</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, 2022.

Approximately 33% of total undiscounted pledges receivable, or \$30,670, represents pledges from board members or other related parties.

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

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**NOTE 5 - INVENTORIES**

Inventories at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Thrift shop	\$ 186,827	\$ 104,069
Food pantry	144,627	167,245
Other	<u>1,461</u>	<u>1,102</u>
	<u>\$ 332,915</u>	<u>\$ 272,416</u>

**NOTE 6 - PROPERTY AND EQUIPMENT**

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 2,068,375	\$ 2,068,375
Building and building improvements	6,589,196	6,582,153
Construction in progress	2,068	23,633
Furniture, fixtures and equipment	397,378	387,940
Vehicles	107,488	120,378
Software	<u>33,901</u>	<u>33,901</u>
Total cost	9,198,406	9,216,380
Less accumulated depreciation	<u>1,424,495</u>	<u>1,231,338</u>
	<u>\$ 7,773,911</u>	<u>\$ 7,985,042</u>

Depreciation expense was \$265,883 and \$155,895 for the years 2022 and 2021.

**NOTE 7 - LINE OF CREDIT**

At June 30, 2021, NFCC had in place a \$500,000 line of credit with a bank. The line of credit was renewed in December 2021 under substantially the same terms through December 2024. Interest is payable at the bank's Prime rate plus 0.5% (5.25% and 3.75% at June 30, 2022 and 2021). The line of credit is secured by land and building. There were no borrowings on the line of credit at June 30, 2022 and 2021.

**NOTE 8 - CONTRIBUTIONS OF NONFINANCIAL ASSETS**

	<u>2022</u>	<u>2021</u>
Gift card and vouchers	\$ 86,604	\$ 64,375
Thrift shop merchandise	1,874,739	1,073,657
Food	2,485,579	1,774,203
New clothing, school supplies, and toys	467,481	573,021
Professional services	-	21,526
Furniture and fixtures	-	28,644
Vehicle	7,481	12,300
Temporary office space	<u>-</u>	<u>52,245</u>
	<u>\$ 4,921,884</u>	<u>\$ 3,599,971</u>

**NORTH FULTON COMMUNITY CHARITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 - CONTRIBUTIONS OF NONFINANCIAL ASSETS - CONTINUED**

NFCC recognized contributed services and materials within revenue and support, including gift cards and vouchers, thrift shop merchandise, food, new clothing, school supplies and toys, professional services, furniture and fixtures, and vehicle. Unless otherwise noted, contributed services and materials did not have donor-imposed restrictions.

Gift cards and vouchers are provided as aid to individuals and families that are experiencing hardship. Gift cards and vouchers are valued based on the face value of the gift card or voucher.

Thrift shop merchandise consists of goods donated by community members to be distributed to clients at no charge through the Preferred Patron program or sold in the thrift shop. Donated goods distributed to clients totaled \$537,025 and \$178,029 in 2022 and 2021. Revenue derived from the sale of the donated items is reported in thrift shop revenue in the accompanying statements of activities and helps fund the operations and services NFCC provides. Thrift shop merchandise items are valued based on the thrift shop selling price.

In 2022, management determined it had not reported the nonfinancial contribution of thrift store items that were sold in 2021. Nonfinancial contributions and thrift store expense have been restated to include \$895,628 for contributed items in 2021. There is no change in net assets as a result of this restatement.

Food items consist of donations to NFCC for use in their food assistance program. Individuals and families struggling to make ends meet can significantly reduce their food expenses by utilizing this service. Food donated is valued based on noncurrent market prices at the date of the donation.

New clothing, school supplies, and toys relate to various seasonal assistance programs that occur at various times during the year. Items collected are valued based on the current market price at the date of donation.

Professional services consisted of architectural services in connection with the construction of the Barbara Duffy Center in 2021. Professional services provided are valued based on market rates for similar professional services.

Furniture and fixtures were contributed for the education rooms in the new Barbara Duffy Center in 2021. Furniture and fixtures provided are valued based on the current new or used market prices at the date of donation.

In accordance with NFCC policy, contributed vehicles are distributed to an individual or family based on certain criteria. Contributed vehicles are valued based on used car pricing models.

Temporary office space represents donated office space during the Thrift Shop renovation and construction of the Barbara Duffy Center in 2021.



**NORTH FULTON COMMUNITY CHARITIES, INC.****NOTES TO FINANCIAL STATEMENTS****NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purposes:		
Capital	\$ 345,995	\$ 618,087
Financial assistance	9,990	44,088
Family enrichment	34,371	53,545
Food pantry	45,320	-
Other	<u>129,711</u>	<u>9,972</u>
	<u>\$ 565,387</u>	<u>\$ 725,692</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Capital	\$ 294,078	\$ 3,220,301
Financial assistance	755,382	1,514,448
Family enrichment	63,095	60,590
Food pantry	97,524	47,173
Other	<u>97,489</u>	<u>66,840</u>
	<u>\$ 1,307,568</u>	<u>\$ 4,909,352</u>

**NOTE 10 - APPROPRIATIONS OF NET ASSETS WITHOUT DONOR RESTRICTIONS**

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 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, 2022:

	<u>Number of Hours</u>	<u>Estimated Value</u>
Thrift shop	26,353	\$ 191,059
Office and food pantry	25,524	185,049
General volunteer work	1,945	14,101
Food pick-up and delivery	4,752	34,452
Special projects	<u>2,997</u>	<u>21,728</u>
	<u>61,571</u>	<u>\$ 446,389</u>

**NORTH FULTON COMMUNITY CHARITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**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 \$20,299 and \$16,205 for the years 2022 and 2021.