



NFCC
North Fulton
Community Charities

FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023



BRADY WARE
& SCHOENFELD

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INDEPENDENT AUDITORS' REPORT

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

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, 2024 and 2023, 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, 2024 and 2023, 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.

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 - CONTINUED

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.

INDEPENDENT AUDITORS' REPORT - CONTINUED

Other Information Included in the Organization's Annual Report

Management is responsible for the other information included in the Organization's Annual Report for 2024 and 2023. The other information comprises information on the Organization's operations, financial results, and financial position, but it does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Atlanta, Georgia
October 16, 2024

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

June 30, 2024 and 2023

	<u>2024</u>	(As Restated) <u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,490,591	\$ 3,428,155
Certificates of deposit	2,260,585	-
Grants receivable	75,900	117,109
Pledges receivable, net	8,838	24,500
Other receivables	34,134	10,535
Inventories	330,684	354,460
Prepaid and other	<u>70,052</u>	<u>159,601</u>
Total current assets	4,270,784	4,094,360
PROPERTY AND EQUIPMENT, NET	8,343,594	7,870,379
BENEFICIAL INTEREST IN CHARITABLE TRUST	214,801	212,583
LONG-TERM PLEDGES RECEIVABLE, NET	<u>-</u>	<u>7,445</u>
	<u>\$ 12,829,179</u>	<u>\$ 12,184,767</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 240,465	\$ 126,680
Contract liabilities	<u>57,500</u>	<u>32,500</u>
Total current liabilities	<u>297,965</u>	<u>159,180</u>
NET ASSETS		
Net assets without donor restrictions	12,054,846	11,330,889
Net assets with donor restrictions	<u>476,368</u>	<u>694,698</u>
Total net assets	<u>12,531,214</u>	<u>12,025,587</u>
	<u>\$ 12,829,179</u>	<u>\$ 12,184,767</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 2,741,335	\$ 1,080,823	\$ 3,822,158
Contributions of nonfinancial assets	7,792,525	-	7,792,525
Thrift shop	1,427,874	-	1,427,874
Funding from government agencies	151	113,600	113,751
Special events	318,771	-	318,771
Interest income	120,685	629	121,314
Change in beneficial interest in charitable trust	-	2,218	2,218
Net assets released from restrictions	<u>1,415,600</u>	<u>(1,415,600)</u>	<u>-</u>
Total support and revenue and reclassifications	<u>13,816,941</u>	<u>(218,330)</u>	<u>13,598,611</u>
FUNCTIONAL EXPENSES			
Program services			
Financial assistance	2,001,572	-	2,001,572
Thrift shop	2,835,990	-	2,835,990
Food pantry	5,902,576	-	5,902,576
Seasonal programs	721,290	-	721,290
Enrichment programs	349,201	-	349,201
Supporting services			
Fundraising	403,507	-	403,507
General and administrative	<u>885,276</u>	<u>-</u>	<u>885,276</u>
Total functional expenses	<u>13,099,412</u>	<u>-</u>	<u>13,099,412</u>
CHANGE IN NET ASSETS FROM OPERATIONS	717,529	(218,330)	499,199
OTHER CHANGES IN NET ASSETS			
Gain on disposal of property and equipment	<u>6,428</u>	<u>-</u>	<u>6,428</u>
CHANGE IN NET ASSETS	723,957	(218,330)	505,627
NET ASSETS			
Beginning of year, as restated (see Note 14)	<u>11,330,889</u>	<u>694,698</u>	<u>12,025,587</u>
End of year	<u>\$ 12,054,846</u>	<u>\$ 476,368</u>	<u>\$ 12,531,214</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>(As Restated) With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants	\$ 2,500,198	\$ 938,877	\$ 3,439,075
Contributions of nonfinancial assets	7,044,334	-	7,044,334
Thrift shop	1,380,039	-	1,380,039
Funding from government agencies	1,159	197,406	198,565
Special events	94,339	-	94,339
Interest income	32,845	704	33,549
Bad debt recoveries	17,500	-	17,500
Change in beneficial interest in charitable trust	-	(8,455)	(8,455)
Net assets released from restrictions	<u>1,220,259</u>	<u>(1,220,259)</u>	<u>-</u>
Total support and revenue and reclassifications	<u>12,290,673</u>	<u>(91,727)</u>	<u>12,198,946</u>
FUNCTIONAL EXPENSES			
Program services			
Financial assistance	2,036,000	-	2,036,000
Thrift shop	2,752,247	-	2,752,247
Food pantry	5,171,959	-	5,171,959
Seasonal programs	552,464	-	552,464
Enrichment programs	400,673	-	400,673
Supporting services			
Fundraising	357,367	-	357,367
General and administrative	<u>823,517</u>	<u>-</u>	<u>823,517</u>
Total functional expenses	<u>12,094,227</u>	<u>-</u>	<u>12,094,227</u>
CHANGE IN NET ASSETS FROM OPERATIONS	196,446	(91,727)	104,719
OTHER CHANGES IN NET ASSETS			
Gain on disposal of property and equipment	<u>1,175</u>	<u>-</u>	<u>1,175</u>
CHANGE IN NET ASSETS	197,621	(91,727)	105,894
NET ASSETS			
Beginning of year, as previously reported	11,133,268	565,387	11,698,655
Prior period adjustment (see Note 14)	<u>-</u>	<u>221,038</u>	<u>221,038</u>
End of year	<u>\$ 11,330,889</u>	<u>\$ 694,698</u>	<u>\$ 12,025,587</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services					Supporting Services		Total Expenses
	Financial Assistance	Thrift Shop	Food Pantry	Seasonal Programs	Enrichment Programs	Fundraising	General and Administrative	
In-kind:								
Food	\$ -	\$ -	\$ 5,145,328	\$ 16,660	\$ -	\$ -	\$ -	\$ 5,161,988
Clothing and household items	-	1,930,011	-	268,238	-	-	-	2,198,249
Other	24,145	23,452	23,572	307,989	23,281	37,721	9,235	449,395
Total In-kind	24,145	1,953,463	5,168,900	592,887	23,281	37,721	9,235	7,809,632
Direct assistance:								
Rent	1,030,988	-	-	-	-	-	-	1,030,988
Utilities	83,204	-	-	-	-	-	-	83,204
Transportation	10,535	-	5	-	11	-	-	10,551
Food & Nutritional Supplements	-	-	61,346	-	-	-	-	61,346
Miscellaneous assistance	-	-	-	16,591	-	-	-	16,591
Total direct assistance	1,124,727	-	61,351	16,591	11	-	-	1,202,680
Other:								
Payroll and payroll taxes	525,223	528,298	345,291	87,015	98,894	195,912	576,855	2,357,488
Benefits	69,714	63,871	30,249	6,632	6,718	43,612	71,737	292,533
Utilities	10,155	56,322	25,300	607	13,207	901	12,670	119,162
Repairs and maintenance	17,515	38,603	28,889	1,019	17,847	627	19,089	123,589
Security	4,003	9,483	6,322	1,560	4,003	-	-	25,371
Professional fees and services	116,070	11,358	112,399	2,495	71,465	12,108	99,417	425,312
Supplies and postage	526	13,230	19,751	1,964	875	3,266	4,762	44,374
Special events	-	-	-	-	-	83,780	-	83,780
Transaction fees	38,570	29,522	1,077	2,386	-	6,219	734	78,508
Insurance	17,606	29,204	10,784	2,161	18,665	9,072	16,694	104,186
Rent	-	-	-	1,710	-	-	-	1,710
Vehicle expense	-	6,818	4,545	-	-	-	-	11,363
Printing	-	223	-	-	-	566	12,037	12,826
Equipment	673	4,910	12,325	2,676	1,869	-	4,815	27,268
Marketing	-	3,086	854	-	-	3,421	399	7,760
Student expenses	681	-	-	-	35,893	-	-	36,574
Miscellaneous	5,110	5,075	4,662	1,285	3,776	5,133	13,582	38,623
Depreciation	46,854	82,524	69,877	302	52,697	1,169	43,250	296,673
Total other	852,700	882,527	672,325	111,812	325,909	365,786	876,041	4,087,100
Total functional expenses	\$ 2,001,572	\$ 2,835,990	\$ 5,902,576	\$ 721,290	\$ 349,201	\$ 403,507	\$ 885,276	\$ 13,099,412
Percent of total	15%	22%	45%	5%	3%	3%	7%	100%

See notes to financial statements.

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services					Supporting Services		Total Expenses
	Financial Assistance	Thrift Shop	Food Pantry	Seasonal Programs	Enrichment Programs	Fundraising	General and Administrative	
In-kind:								
Food	\$ -	\$ -	\$ 4,561,788	\$ 15,475	\$ -	\$ -	\$ -	\$ 4,577,263
Clothing and household items	-	1,884,308	-	202,450	-	-	-	2,086,758
Other	24,364	-	-	250,171	18,875	6,191	69,472	369,073
Total In-kind	24,364	1,884,308	4,561,788	468,096	18,875	6,191	69,472	7,033,094
Direct assistance:								
Rent	1,176,960	-	-	-	-	-	-	1,176,960
Utilities	78,089	-	-	-	-	-	-	78,089
Transportation	54	-	-	-	207	-	-	261
Medical	38	-	-	-	-	-	-	38
Other	360	-	75,398	10,432	-	-	-	86,190
Total direct assistance	1,255,501	-	75,398	10,432	207	-	-	1,341,538
Other:								
Payroll and payroll taxes	427,140	495,941	268,630	43,068	131,134	209,393	463,373	2,038,679
Benefits	78,465	79,820	34,475	6,149	15,799	41,408	57,840	313,956
Utilities	11,914	58,337	21,191	1,410	10,017	-	8,533	111,402
Repairs and maintenance	23,958	49,565	36,645	1,829	17,554	-	15,824	145,375
Security	30,044	10,057	6,705	967	30,043	180	-	77,996
Professional fees and services	64,876	20,985	50,561	6,367	67,665	18,633	97,778	326,865
Supplies and postage	347	13,289	15,649	3,638	21,327	4,019	6,022	64,291
Special events	-	-	-	-	-	38,778	-	38,778
Transaction fees	26,342	29,875	319	314	148	239	1,019	58,256
Insurance	20,614	20,953	10,112	1,194	4,785	22,618	14,655	94,931
Rent	-	-	349	3,732	-	1,674	1,110	6,865
Vehicle expense	-	6,995	4,696	-	-	-	-	11,691
Printing	163	120	181	7	-	649	11,412	12,532
Equipment	9,097	6,144	7,951	2,897	3,649	-	4,772	34,510
Marketing	-	1,341	-	-	-	5,892	6,957	14,190
Student expenses	362	-	-	-	19,096	-	-	19,458
Miscellaneous	15,384	6,900	19,202	2,062	8,776	6,495	22,632	81,451
Depreciation	47,429	67,617	58,107	302	51,598	1,198	42,118	268,369
Total other	756,135	867,939	534,773	73,936	381,591	351,176	754,045	3,719,595
Total functional expenses	\$ 2,036,000	\$ 2,752,247	\$ 5,171,959	\$ 552,464	\$ 400,673	\$ 357,367	\$ 823,517	\$ 12,094,227
Percent of total	17%	23%	43%	5%	3%	2%	7%	100%

See notes to financial statements.

NORTH FULTON COMMUNITY CHARITIES, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 505,627	\$ 105,894
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	296,673	268,369
Gain on disposal of property and equipment	(6,428)	(1,175)
Change in donated inventories	23,776	(21,545)
Allowance for uncollectible pledges receivable	-	(17,500)
Change in value of beneficial interest in charitable trust	<u>(2,218)</u>	<u>8,455</u>
	817,430	342,498
Changes in operating assets and liabilities:		
Grants receivable	41,209	22,424
Other receivables	(23,599)	(10,535)
Prepaid and other	89,549	(9,133)
Accounts payable and accrued expenses	113,785	(4,270)
Contract liabilities	<u>25,000</u>	<u>(32,000)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>1,063,374</u>	<u>308,984</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(769,959)	(366,162)
Purchase of certificates of deposit	(2,260,585)	-
Proceeds from sale of property and equipment	<u>6,499</u>	<u>2,500</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>(3,024,045)</u>	<u>(363,662)</u>
FINANCING ACTIVITIES		
Collection of pledges receivable, net	<u>23,107</u>	<u>36,452</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,937,564)	(18,226)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,428,155</u>	<u>3,446,381</u>
End of year	<u>\$ 1,490,591</u>	<u>\$ 3,428,155</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. 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. NFCC had no net assets with donor restrictions in perpetuity as of June 30, 2024 and 2023.

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 - Directly identifiable expenses are charged to programs and supporting services and summarized on a functional basis in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis and consistently applied. 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 statements 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. Donations of nonfinancial assets are recorded as contributions when received (See Note 10).

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 13).

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 two financial institutions. At various times during 2024 and 2023, 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".

Adoption of New Accounting Standards - In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by NFCC that are subject to the guidance in FASB ASC 326 were reported in the statements of financial position as other receivables. NFCC adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only. Management has determined that no allowance is necessary at June 30, 2024 and 2023. There were no write-offs in fiscal years 2024 or 2023.

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. Management estimates an allowance for uncollectible pledges receivable based on current economic conditions, historical trends, and current and past experience with their donor base.

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.

Certificates of Deposit - Certificates of deposit are reported at fair values in the statements of financial position. Interest income is reinvested and realized and unrealized gains and losses are included in the change in net assets.

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. NFCC's policy is to capitalize expenditures in excess of \$2,500 for property and equipment. 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, 2024 and 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Beneficial Interest in Charitable Trust - NFCC has been named as an irrevocable beneficiary of a charitable trust held and administered by an independent trustee. The trust was created independently by the donor. NFCC has neither possession nor control over the assets of the trust. At the date NFCC receives notice of a beneficial interest, a contribution with a donor-imposed time restriction is recognized in the statements of activities and a beneficial interest in the trust is recognized in the statements of financial position at fair value using present value techniques and a risk-adjusted discount rate designed to reflect the assumptions market participants would use in valuing the expected distribution to be received upon the death of the donor. Thereafter, the beneficial interest in the trust is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

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, 2024 and 2023.

Reclassifications - Certain prior year amounts have been reclassified to conform with current year presentation.

Subsequent Events - NFCC has evaluated subsequent events through October 16, 2024, 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.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - REVENUE RECOGNITION - CONTINUED

Contract liabilities consisting of unearned sponsorship revenue and contract assets consisting of other receivables in connection with sponsorship payments receivable at June 30, 2024 and 2023 are presented on the statements of financial position. At July 1, 2022, contract liabilities totaled \$64,500.

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

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.

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash and cash equivalents	\$ 1,490,591	\$ 3,428,155
Certificates of deposit	2,260,585	-
Grants receivable	75,900	117,109
Pledges receivable, net	8,838	24,500
Other receivables	34,134	10,535
Beneficial interest in charitable trust	<u>214,801</u>	<u>212,583</u>
	4,084,849	3,792,882
Less those unavailable for general expenditure within one year:		
Net assets with purpose restrictions	261,567	482,115
Net assets with time-imposed restrictions	<u>214,801</u>	<u>212,583</u>
Financial assets available within one year of the statement of financial position date for general expenditure.	<u>\$ 3,608,481</u>	<u>\$ 3,098,184</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>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 14,816	\$ 24,500
Receivable in one to five years	<u>-</u>	<u>15,550</u>
	14,816	40,050
Less:		
Discount to net present value	978	3,105
Allowance for uncollectible pledges	<u>5,000</u>	<u>5,000</u>
Total	<u>\$ 8,838</u>	<u>\$ 31,945</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, 2023.

Approximately 54% and 20% of total undiscounted pledges receivable, or \$8,000 at June 30, 2024 and 2023, represents pledges from board members or other related parties.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CERTIFICATES OF DEPOSIT

Certificates of deposit at June 30, 2024 consist of the following:

2024					
Bank	Term	Maturity	Principal Amount	Rate	Current Value
Synovus	5 Months	10/24/2024	\$ 200,000	4.88%	\$ 200,990
Synovus	5 Months	10/24/2024	200,000	4.88%	200,990
Synovus	5 Months	10/24/2024	200,000	4.88%	200,990
Synovus	270 Days	2/18/2025	325,000	4.40%	326,452
Synovus	270 Days	2/18/2025	325,000	4.40%	326,452
Synovus	13 Months	6/24/2025	<u>1,000,000</u>	4.64%	<u>1,004,711</u>
			<u>\$ 2,250,000</u>		<u>\$ 2,260,585</u>

NOTE 6 - INVENTORIES

Inventories at June 30, 2024 and 2023 consist of the following:

	2024	2023
Thrift shop	\$ 159,165	\$ 174,587
Food pantry	162,430	176,759
Other	<u>9,089</u>	<u>3,114</u>
	<u>\$ 330,684</u>	<u>\$ 354,460</u>

NOTE 7 - PROPERTY AND EQUIPMENT

	2024	2023
Land and land improvements	\$ 2,198,767	\$ 2,134,626
Building and building improvements	7,384,949	6,834,866
Furniture, fixtures and equipment	490,765	414,882
Vehicles	153,804	107,488
Software	<u>33,901</u>	<u>33,901</u>
Total cost	10,262,186	9,525,763
Less accumulated depreciation	<u>1,918,592</u>	<u>1,655,384</u>
	<u>\$ 8,343,594</u>	<u>\$ 7,870,379</u>

Depreciation expense was \$296,673 and \$268,369 for the years 2024 and 2023.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - FAIR VALUE MEASUREMENTS

Fair values of the NFCC's financial assets measured on a recurring basis at June 30, 2024 and 2023 are as follows:

	2024			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Beneficial interest in funds held by others	\$ 214,801	\$ -	\$ -	\$ 214,801
Certificates of deposit	<u>2,260,585</u>	<u>-</u>	<u>2,260,585</u>	<u>-</u>
	<u>\$ 2,475,386</u>	<u>\$ -</u>	<u>\$ 2,260,585</u>	<u>\$ -</u>
	2023			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Beneficial interest in funds held by others	<u>\$ 212,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,583</u>

Assets carried at fair value are classified and disclosed in one of the following categories:

Level 1 - Valuations are based on quoted market prices in active markets for identical assets.

Level 2 - Valuations are based on observable market information, including quoted prices from actual market transactions for similar assets in markets that are not active.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. *Beneficial interest in funds held by others:* Valued and held by an independent financial institution. There were no transfers in or out of level 3 during 2024 or 2023.

NOTE 9 - LINE OF CREDIT

At June 30, 2024 and 2023, NFCC had in place a \$500,000 line of credit with a bank. Interest is payable at the bank's Prime rate plus 0.5% (9.00% and 8.75% at June 30, 2024 and 2023) through maturity in December 2024. The line of credit is secured by land and building. There were no borrowings on the line of credit at June 30, 2024 and 2023.

NOTE 10 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

	<u>2024</u>	<u>2023</u>
Gift cards and vouchers	\$ 46,500	\$ 31,330
Thrift shop merchandise	1,914,589	1,849,055
Food	5,136,540	4,559,167
New clothing, school supplies, and toys	555,404	422,399
Professional services	-	58,664
Contributed vehicles	18,888	3,759
Temporary office and event space	<u>120,604</u>	<u>119,960</u>
	<u>\$ 7,792,525</u>	<u>\$ 7,044,334</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - 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 contributed vehicles. 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 \$502,528 and \$481,256 in 2024 and 2023. 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.

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 current market prices at the date of the donation.

New clothing, school supplies, and toys relate to 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 legal services received pro-bono during the year related primarily to drafting and review of NFCC policies and procedures. Professional services provided are valued based on market rates for similar professional services.

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 and event space represents donated parking space used by the Barbara Duffy Center along with space donated by various organizations in the area for programs and events.

NOTE 11 - 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 \$29,271 and \$22,372 for the years 2024 and 2023.

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or time restrictions at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purposes:		
Capital	\$ 27,446	\$ 282,794
Financial assistance	25,503	49,635
Family enrichment	9,071	21,353
Food pantry	38,119	80,406
Other	<u>161,428</u>	<u>47,927</u>
	261,567	482,115
Subject to time imposed restrictions:		
Beneficial interest in funds held by others	<u>214,801</u>	<u>212,583</u>
	<u>\$ 476,368</u>	<u>\$ 694,698</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions:		
Capital	\$ 603,104	\$ 83,222
Financial assistance	373,983	516,898
Family enrichment	98,781	77,196
Food pantry	134,425	166,570
Other	<u>205,307</u>	<u>376,373</u>
	<u>\$ 1,415,600</u>	<u>\$ 1,220,259</u>

NOTE 13 - 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, 2024:

	<u>Number of Hours</u>	<u>Estimated Value</u>
Thrift shop	30,843	\$ 223,615
Office and food pantry	34,379	249,247
General volunteer work	3,920	28,420
Food pick-up and delivery	5,780	41,905
Special projects	<u>2,887</u>	<u>20,931</u>
	<u>77,809</u>	<u>\$ 564,118</u>

NORTH FULTON COMMUNITY CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 14 - PRIOR PERIOD ADJUSTMENT

In November 2019, NFCC was notified that they were one of three non-profit organizations that were named as a beneficiary in a charitable remainder trust. NFCC did not receive a copy of the trust agreement until March 2024, at which time NFCC determined their beneficial interest in the trust met the accounting requirements for recognition. As a result, the beneficial interest in charitable trust and net assets with donor restrictions for the fiscal year ended June 30, 2022 were understated by \$221,038.

The effect of the restatement on the statements of financial position and statement of activities as of June 30, 2023 is as follows:

	<u>As Previously Reported</u>	<u>As Restated</u>
Selected Statement of Financial Position:		
Beneficial interest in charitable trust	\$ -	\$ 212,583
Net assets with donor restrictions	482,115	694,698
Selected Statement of Activities:		
Change in beneficial interest in charitable trust	\$ -	\$ (8,455)