

*FAMILIES FORWARD CHARLOTTE, INC.*  
*FINANCIAL STATEMENTS*  
*JUNE 30, 2019*

---

# ***FAMILIES FORWARD CHARLOTTE, INC.***

## **Table of Contents**

**June 30, 2019**

---

	<b>Page</b>
Independent Auditors' Report .....	1
Audited Financial Statements:	
Statement of Financial Position .....	2
Statement of Activities .....	3
Statement of Cash Flows .....	4
Statement of Functional Expenses.....	5
Notes to Financial Statements .....	6-10

# **C. DEWITT FOARD & COMPANY, P.A.**

---

CERTIFIED PUBLIC ACCOUNTANTS  
817 EAST MOREHEAD STREET SUITE 100  
CHARLOTTE, NORTH CAROLINA 28202  
TELEPHONE: 704-372-1515 WWW.CDFCO.COM

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Families Forward Charlotte, Inc.  
Charlotte, North Carolina

We have audited the accompanying financial statements of Families Forward Charlotte, Inc. (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Families Forward Charlotte, Inc., as of June 30, 2019 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.

*C. Dewitt Foard & Company, P.A.*  
February 12, 2020

---

***Families Forward Charlotte, Inc.*****Statement of Financial Position****June 30, 2019**

---

**ASSETS**

## Current Assets:

Cash and cash equivalents	\$	83,476
Unconditional promises to give, net		26,764
Supplies inventory		4,302
Prepaid expenses		11,084
<b><i>Total Current Assets</i></b>		<b><i>125,626</i></b>

## Non-Current Assets:

Unconditional promises to give, net		26,291
<b><i>Total Non-Current Assets</i></b>		<b><i>26,291</i></b>

---

<b><i>TOTAL ASSETS</i></b>	<b>\$</b>	<b><i>151,917</i></b>
----------------------------	-----------	-----------------------

---

**LIABILITIES AND NET ASSETS**

## Net Assets:

Without donor restrictions		97,708
With donor restrictions		54,209
<b><i>Total Net Assets</i></b>		<b><i>151,917</i></b>

---

<b><i>TOTAL LIABILITIES AND NET ASSETS</i></b>	<b>\$</b>	<b><i>151,917</i></b>
--	-----------	-----------------------

---

---

**Families Forward Charlotte, Inc.****Statement of Activities****Year Ended June 30, 2019**

---

	Without Donor Restrictions	With Donor Restrictions	Totals
<b><u>SUPPORT AND REVENUE</u></b>			
Contributions	\$ 167,491	\$ 56,073	\$ 223,564
Special events (net of \$20,061 direct benefits)	54,882	-	54,882
Other income	1,050	-	1,050
Net assets released from restrictions	2,044	(2,044)	-
<i>Total</i>	<i>225,467</i>	<i>54,029</i>	<i>279,496</i>
<b><u>EXPENSES</u></b>			
Program services	142,285	-	142,285
Management and general	21,257	-	21,257
Fundraising	2,785	-	2,785
<i>Total</i>	<i>166,327</i>	<i>-</i>	<i>166,327</i>
<b>CHANGE IN NET ASSETS</b>	<b>59,140</b>	<b>54,029</b>	<b>113,169</b>
<b>NET ASSETS, BEGINNING</b>	<b>38,568</b>	<b>180</b>	<b>38,748</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 97,708</b>	<b>\$ 54,209</b>	<b>\$ 151,917</b>

---

***Families Forward Charlotte, Inc.*****Statement of Cash Flows****Year Ended June 30, 2019**

---

**OPERATING ACTIVITIES**

Change in net assets	\$	113,169
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Contributions for long-term purposes		(26,291)
(Increase) in operating assets:		
Pledges receivable		(53,055)
Supplies inventory		(2,302)
Other assets		(11,084)

---

<i>Cash Flows from Operating Activities</i>		<i>20,437</i>
---	--	---------------

---

**FINANCING ACTIVITIES**

Contributions for long-term purposes		26,291
--------------------------------------	--	--------

---

<i>Cash Flows from Financing Activities</i>		<i>26,291</i>
---	--	---------------

---

<b><i>NET CHANGE IN CASH AND CASH EQUIVALENTS</i></b>		<b><i>46,728</i></b>
---	--	----------------------

<b><i>CASH AND CASH EQUIVALENTS, BEGINNING</i></b>		<b><i>36,748</i></b>
--	--	----------------------

---

<b><i>CASH AND CASH EQUIVALENTS, ENDING</i></b>	<b>\$</b>	<b><i>83,476</i></b>
---	-----------	----------------------

---

---

***Families Forward Charlotte, Inc.*****Statement of Functional Expenses****Year Ended June 30, 2019**

---

	Program	Management and General	Fundraising	Totals
Family assistance	\$ 127,422	\$ -	\$ -	\$ 127,422
Events and fundraising	104	-	20,733	20,837
Contract services	1,500	13,934	-	15,434
Weekend food packs	11,394	-	-	11,394
Operations	375	4,434	2,113	6,922
Facilities and equipment	1,490	166	-	1,656
Insurance	-	1,250	-	1,250
Board expenses	-	459	-	459
Other expenses	-	1,014	-	1,014
<b><i>TOTAL EXPENSES</i></b>	<b>\$ 142,285</b>	<b>\$ 21,257</b>	<b>\$ 22,846</b>	<b>\$ 186,388</b>
Less - Amounts deducted directly against revenue	-	-	20,061	20,061
<b><i>NET EXPENSES</i></b>	<b>\$ 142,285</b>	<b>\$ 21,257</b>	<b>\$ 2,785</b>	<b>\$ 166,327</b>

---

## ***FAMILIES FORWARD CHARLOTTE, INC.***

Notes to Financial Statements

June 30, 2019

---

### **NOTE A – NATURE OF OPERATIONS**

#### **Organization**

Families Forward Charlotte, Inc. ("the Organization"), was organized in February 2017 under the laws of North Carolina as a not-for-profit corporation to be operated exclusively for charitable and educational purposes.

#### **Funding Sources**

The Organization's funding is provided primarily by organizations and individuals within Mecklenburg County and surrounding areas.

### **NOTE B – PROGRAMS**

#### **Mission**

The Organization partners with families living in poverty in Mecklenburg County, North Carolina. The Organization provides individualized mentoring, educational opportunities and essential support as they walk alongside each family on their journey toward long-term stability and economic mobility.

#### **Family Assistance**

Local area schools refer families in need of additional basic care items and aide in identifying community resources to the Organization. Throughout the year, the Organization provides customized Essentials Baskets filled with toiletries and household goods. Financial assistance is provided to families based on their individual needs. Each family within the program is provided a Family Liaison (a volunteer mentor) who works with the families, one-on-one, during the year to guide them to life-long stability. The mentoring process includes assisting the family in setting personal goals and then connecting them to existing community resources to aide them in achieving those goals. In addition to working with families 4-6 hours per month, participating families are required to attend monthly workshops hosted by the Organization on topics to boost their life-skills and knowledge of community resources including, but not limited to, financial literacy, and job-related skills.

#### **Weekend Food Packs**

The Organization provides weekend food packs to children living in food-insecure households. The packs provide weekend and holiday meals when the children lack access to meals provided through their local school.

### **NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:



---

## **FAMILIES FORWARD CHARLOTTE, INC.**

### **Notes to Financial Statements**

**June 30, 2019**

---

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in day-to-day operations of the Organization and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position. However, these funds are not restricted and may be used at the discretion of the Organization's Board of Directors.

*Net Assets With Donor Restrictions* - Net assets with donor restrictions consist of temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the donor stipulation is met in the year of the gift, the contribution is reflected in unrestricted net assets. Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. The donors of these assets generally permit the Organization to use the income earned on any related investments for general or specific purposes.

#### *Presentation*

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expenses are recorded as decreases in net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. Promises to give subject to donor-imposed restrictions that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

#### *Donated Services and Goods*

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, equipment or materials, if significant, are included in support at fair value.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. However, this amount has not been reflected in the accompanying financial statements as the value of these contributed services does not meet the criteria for recognition.

---

## ***FAMILIES FORWARD CHARLOTTE, INC.***

### **Notes to Financial Statements**

**June 30, 2019**

---

#### **Cash and Cash Equivalents**

The Organization considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

#### **Property and Equipment**

Fixed assets are capitalized at cost if purchased or fair value if donated, subject to a \$2,500 capitalization policy. Major repairs and improvements to existing assets that are expected to significantly extend the useful life of such assets are also capitalized. Repair costs not expected to significantly extend the asset's useful life are expensed in the year such costs are incurred. The Organization uses the straight-line method of depreciation over the estimated useful lives of the assets. The Organization had no property and equipment as of June 30, 2019.

#### **Supplies Inventory**

Supplies inventory of \$4,302 represents backpacks and related supplies that have been donated to the Organization, but not yet distributed to families as of June 30, 2019. The supplies are recorded at their estimated fair value on the date of the donation. Such donations are reported as unrestricted support unless the donor has restricted the use of the donated asset to a specific purpose.

#### **Functional Allocation of Expenses**

The Organization's activities are focused in three functional areas. Program services represent the primary focus of the Organization's activities. Supporting services are fundraising activities and general and administrative activities. All expenses have been allocated based on an analysis by management of the various expenses that comprise those costs.

#### **Federal Income Tax Status**

The Organization is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) with respect to its exempt function income. The Organization is classified as other than a private foundation as defined by Section 509(a) of the Internal Revenue Code.

#### **Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

---

## **FAMILIES FORWARD CHARLOTTE, INC.**

### **Notes to Financial Statements**

**June 30, 2019**

---

#### **NOTE D – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give are presented at net realizable value with no estimated allowance for doubtful accounts, as determined by management. Based on management's assessment of the donors, no allowance for doubtful accounts has been recorded. A discount for present value, computed utilizing an interest rate of 1.75%, based on the five-year daily *U.S. Treasury* rate at June 30, 2019, was recorded on the financial statements. Seventy-four percent of the balance at June 30, 2019, was receivable from one donor, which represents a significant concentration of risk. These pledges are expected to be collected during the years ending June 30:

2020	\$	27,000
2021		<u>27,000</u>
Total Promises to Give		54,000
Deduct:		
Present value discount		<u>945</u>
NET PROMISES TO GIVE	\$	<u>53,055</u>

#### **NOTE E - IN-KIND CONTRIBUTIONS**

The Organization received non-cash contributions during the year in the form of goods and services that are required to be recognized in the accompanying statement of activities. In-kind contributions are detailed as follows:

Essential support supplies	\$	56,713
Special event supplies		11,013
Professional services		9,434
Website design		<u>6,000</u>
TOTAL	\$	<u>83,160</u>

#### **NOTE F – NET ASSETS WITH DONOR RESTICTIONS**

##### Balance at year-end

Net assets with donor restrictions of \$54,209 as of June 30, 2019 consist of \$53,055 of time-restricted promises to give and \$1,154 of purpose restricted net assets to be utilized for the Fulfilled Needs Fund.

##### Net assets released from restrictions

During the year ended June 30, 2019, net assets of \$2,044 were released from donor restrictions by incurring expenses satisfying the restricted purpose.

---

## ***FAMILIES FORWARD CHARLOTTE, INC.***

Notes to Financial Statements

June 30, 2019

---

### **NOTE G – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has \$110,240 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$83,476 and promises to give of \$26,764, which are expected to be collected during the year. \$1,154 of these assets are subject to donor restrictions that they be utilized for a specific purpose. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### **NOTE H – CONCENTRATIONS OF RISK**

#### **Geographic Location**

The Organization's operations are conducted in a small geographical area. Any changes in the local economy could have an impact on the Organization's operations.

#### **Support**

The Organization relies on contributions from individuals, foundations, and corporations. During the year, thirty-four percent of its contributions was received from five donors. This concentration of revenue represents a significant risk that operations could be impacted should a major funding source reduce or discontinue funding of the Organization.

### **NOTE I – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.