

FAMILIES FORWARD CHARLOTTE, INC.
FINANCIAL STATEMENTS
JUNE 30, 2021

FAMILIES FORWARD CHARLOTTE, INC.

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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, 2021, 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, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and our report dated September 15, 2020, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. Dewitt Foard & Company, P.A.
November 4, 2021

Families Forward Charlotte, Inc.**Statement of Financial Position****June 30, 2021, with prior year comparative totals**

	June 30,	
	2021	2020
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 286,660	\$ 205,984
Unconditional promises to give, net	5,000	28,050
Sales tax receivable	1,754	-
Supplies inventory	10,600	2,240
Prepaid expenses	5,596	1,368
<i>Total Current Assets</i>	<i>309,610</i>	<i>237,642</i>
Non-Current Assets:		
Unconditional promises to give, net	1,000	4,050
<i>Total Non-Current Assets</i>	<i>1,000</i>	<i>4,050</i>
<i>TOTAL ASSETS</i>	<i>\$ 310,610</i>	<i>\$ 241,692</i>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Payroll liabilities	\$ 8,128	\$ 2,403
<i>Total Liabilities</i>	<i>8,128</i>	<i>2,403</i>
Net Assets:		
Without donor restrictions	284,349	166,309
With donor restrictions	18,133	72,980
<i>Total Net Assets</i>	<i>302,482</i>	<i>239,289</i>
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<i>\$ 310,610</i>	<i>\$ 241,692</i>

Families Forward Charlotte, Inc.**Statement of Activities****Year Ended June 30, 2021, with prior year comparative totals**

	Year Ended June 30, 2021			Prior Year Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
<u>SUPPORT AND REVENUE</u>				
Contributions	\$ 458,403	\$ 26,500	\$ 484,903	\$ 321,612
Special events (net of \$19,227 direct benefits)	23,571	-	23,571	25,251
Other income	1,608	-	1,608	2,392
Net assets released from restrictions	81,347	(81,347)	-	-
<i>Total</i>	<i>564,929</i>	<i>(54,847)</i>	<i>510,082</i>	<i>349,255</i>
<u>EXPENSES</u>				
Program services	360,467	-	360,467	222,494
Management and general	31,909	-	31,909	33,837
Fundraising	54,513	-	54,513	5,552
<i>Total</i>	<i>446,889</i>	<i>-</i>	<i>446,889</i>	<i>261,883</i>
<i>CHANGE IN NET ASSETS</i>	<i>118,040</i>	<i>(54,847)</i>	<i>63,193</i>	<i>87,372</i>
<i>NET ASSETS, BEGINNING</i>	<i>166,309</i>	<i>72,980</i>	<i>239,289</i>	<i>151,917</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 284,349</i>	<i>\$ 18,133</i>	<i>\$ 302,482</i>	<i>\$ 239,289</i>

Families Forward Charlotte, Inc.**Statement of Functional Expenses****Year Ended June 30, 2021, with prior year comparative totals**

	Year Ended June 30, 2021				Prior Year Comparative Totals
	Program	Management and General	Fundraising	Totals	
<i>PERSONNEL</i>					
Salaries	\$ 23,614	\$ 750	\$ 37,637	\$ 62,001	\$ 3,807
Payroll taxes	1,804	-	2,874	4,678	291
Benefits	1,393	-	2,219	3,612	35
<i>Total</i>	<i>26,811</i>	<i>750</i>	<i>42,730</i>	<i>70,291</i>	<i>4,133</i>
Family success program	321,572	-	-	321,572	206,148
Events and fundraising	-	-	24,143	24,143	20,969
Contract services	1,875	20,496	-	22,371	20,982
Weekend food packs	8,122	-	-	8,122	10,131
Operations	-	8,243	4,673	12,916	7,565
Bad debt	-	-	-	-	6,000
Insurance	1,184	1,864	1,888	4,936	2,335
Facilities and equipment	711	79	-	790	1,440
Board expenses	-	3	-	3	806
Miscellaneous	192	-	306	498	550
Other expenses	-	474	-	474	329
<i>TOTAL EXPENSES</i>	<i>360,467</i>	<i>31,909</i>	<i>73,740</i>	<i>466,116</i>	<i>281,388</i>
Less - Amounts deducted directly against revenue	-	-	19,227	19,227	19,505
<i>NET EXPENSES</i>	<i>\$ 360,467</i>	<i>\$ 31,909</i>	<i>\$ 54,513</i>	<i>\$ 446,889</i>	<i>\$ 261,883</i>

Families Forward Charlotte, Inc.**Statement of Cash Flows****Year Ended June 30, 2021, with prior year comparative totals**

	Year Ended June 30,	
	2021	2020
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 63,193	\$ 87,372
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Contributions for long-term purposes	(3,000)	(12,150)
(Increase) in operating assets:		
Pledges receivable	26,100	20,955
Sales tax receivable	(1,754)	-
Supplies inventory	(8,360)	2,062
Prepaid expenses	(4,228)	9,716
Increase in operating liabilities:		
Payroll liabilities	5,725	2,403
<i>Cash Flows from Operating Activities</i>	<i>77,676</i>	<i>110,358</i>
<u>FINANCING ACTIVITIES</u>		
Contributions for long-term purposes	3,000	12,150
<i>Cash Flows from Financing Activities</i>	<i>3,000</i>	<i>12,150</i>
<i>NET CHANGE IN CASH AND CASH EQUIVALENTS</i>	<i>80,676</i>	<i>122,508</i>
<i>CASH AND CASH EQUIVALENTS, BEGINNING</i>	<i>205,984</i>	<i>83,476</i>
<i>CASH AND CASH EQUIVALENTS, ENDING</i>	<i>\$ 286,660</i>	<i>\$ 205,984</i>

Families Forward Charlotte, Inc.

Notes to Financial Statements

June 30, 2021

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 Success

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, 2021

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 net assets with restrictions that are temporary in nature or require the amount to be held in perpetuity. Net assets with restrictions that are temporary in nature 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, net assets are reclassified to net assets without donor restrictions 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 net assets without donor restrictions. Net assets that are required to be held in perpetuity are net assets 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. As of June 30, 2021, the Organization had no net assets to be held in perpetuity.

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.

New Accounting Pronouncement

The Organization adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2014-09, “*Revenue from Contracts with Customers*” (ASU 2014-09), in 2020. The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The implementation of this standard did not have an impact on its financial statements.

Families Forward Charlotte, Inc.

Notes to Financial Statements

June 30, 2021

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.

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, 2021.

Supplies Inventory

Supplies inventory of \$10,600 represents backpacks and related supplies that have been donated to the Organization, but not yet distributed to families as of June 30, 2021. 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

Families Forward Charlotte, Inc.**Notes to Financial Statements****June 30, 2021**

financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Prior-Year Comparative Totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's 2020 financial statements, from which the summarized information was derived. Certain prior-year amounts have been reclassified to conform to the current-year presentation.

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. No discount for present value was recorded on the financial statements because the amount would be immaterial to the financial statements. These pledges are expected to be collected during the years ending June 30:

2022	\$	5,000
2023		<u>1,000</u>
Total Promises to Give	\$	<u><u>6,000</u></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	\$	121,063
Professional services		9,525
Website design		<u>7,500</u>
TOTAL	\$	<u><u>138,088</u></u>

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS***Balance at Year-End***

Pledges receivable	\$	6,000
Workshop		3,500
Housing program		5,000
Other		<u>3,633</u>
TOTAL	\$	<u><u>18,133</u></u>

Families Forward Charlotte, Inc.**Notes to Financial Statements****June 30, 2021**

Net Assets Released from Restrictions

During the year ended June 30, 2021, net assets of \$52,247 were released from donor restrictions by incurring expenses satisfying the restricted purposes and \$29,100 were released by the passage of time.

NOTE G – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$293,414 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$286,660, promises to give of \$6,000, and sales tax receivable of \$1,754, which are expected to be collected during the year. Of the available assets, \$18,133 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, twenty-nine percent of its contributions were 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 – UNCERTAINTIES

The COVID-19 pandemic has resulted in major changes in the local economy. At this point, the full impact of this pandemic on the Organization is unknown, but management believes that it could negatively impact its operations for the foreseeable future.

NOTE J – 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.