

**The National Conference for
Community and Justice of the
Piedmont Triad, Inc.**

**FINANCIAL STATEMENTS
and Independent Auditor's Report**

June 30, 2015 and 2014



Leeper, Kean & Rumley, L.L.P.
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The National Conference for Community and Justice of the Piedmont Triad, Inc.
Greensboro, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of The National Conference for Community and Justice of the Piedmont Triad, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 above present fairly, in all material respects, the financial position of The National Conference for Community and Justice of the Piedmont Triad, Inc. as of June 30, 2015 and 2014, 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.

Leeper, Kean & Rumley, L.L.P.

Greensboro, NC
October 7, 2015

The National Conference for Community and Justice of the Piedmont Triad, Inc.

STATEMENTS OF FINANCIAL POSITION June 30, 2015 and 2014

	<u>Assets</u>	
	<u>2015</u>	<u>2014</u>
Cash	\$ 266,211	209,831
Pledges receivable	11,802	21,040
Prepaid expenses and other current assets	<u>8,542</u>	<u>4,150</u>
Total current assets	<u>286,555</u>	<u>235,021</u>
Office furniture and equipment	46,440	46,590
Less accumulated depreciation	<u>(40,088)</u>	<u>(35,803)</u>
Net office furniture and equipment	<u>6,352</u>	<u>10,787</u>
Endowment fund (Note 4)	<u>65,897</u>	<u>67,702</u>
Total Assets	<u>\$ 358,804</u>	<u>313,510</u>
	<u>Liabilities and Net Assets</u>	
Accounts payable and accrued expenses	\$ 26,752	27,407
Deferred revenues	<u>24,850</u>	<u>5,150</u>
Total current liabilities	<u>51,602</u>	<u>32,557</u>
Net assets:		
Unrestricted	241,305	213,251
Temporarily restricted	14,454	16,734
Permanently restricted	<u>51,443</u>	<u>50,968</u>
Total net assets	<u>307,202</u>	<u>280,953</u>
Total Liabilities and Net Assets	<u>\$ 358,804</u>	<u>313,510</u>

The National Conference for Community and Justice of the Piedmont Triad, Inc.

STATEMENTS OF ACTIVITIES For the Years Ended June 30, 2015 and 2014

	-----2015-----			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues (including in-kind):				
Campaigns and contributions:				
Citation Dinner, net of direct costs of \$36,890	\$ 324,680	-	-	324,680
Campaigns	50,313	-	-	50,313
Grants and other contributions	38,898	-	-	38,898
Endowment contributions	-	-	475	475
Other income, net	4,739	910	-	5,649
Total campaigns and contributions	<u>418,630</u>	<u>910</u>	<u>475</u>	<u>420,015</u>
Program income:				
Anytown Programming	105,667	-	-	105,667
Youth Programming	53,750	-	-	53,750
Adult Programming	8,152	-	-	8,152
Total program income	<u>167,569</u>	<u>-</u>	<u>-</u>	<u>167,569</u>
Net assets released from restrictions	<u>3,190</u>	<u>(3,190)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>589,389</u>	<u>(2,280)</u>	<u>475</u>	<u>587,584</u>
Program expenses (including in-kind):				
Anytown Programming	195,070	-	-	195,070
Youth Programming	110,219	-	-	110,219
Adult Programming	129,548	-	-	129,548
Total program expenses	<u>434,837</u>	<u>-</u>	<u>-</u>	<u>434,837</u>
General and administrative	77,906	-	-	77,906
Fundraising (including in-kind)	48,592	-	-	48,592
Total expenses	<u>561,335</u>	<u>-</u>	<u>-</u>	<u>561,335</u>
Change in net assets	28,054	(2,280)	475	26,249
Net assets at beginning of year	<u>213,251</u>	<u>16,734</u>	<u>50,968</u>	<u>280,953</u>
Net assets at end of year	<u>\$ 241,305</u>	<u>14,454</u>	<u>51,443</u>	<u>307,202</u>

- Continued -

The National Conference for Community and Justice of the Piedmont Triad, Inc.

STATEMENTS OF ACTIVITIES - CONTINUED For the Years Ended June 30, 2015 and 2014

	-----2014-----			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues (including in-kind):				
Campaigns and contributions:				
Citation Dinner, net of direct costs of \$35,350	\$ 262,664	-	-	262,664
Campaigns	47,709	-	-	47,709
Grants and other contributions	16,098	-	-	16,098
Endowment contributions	-	-	1,525	1,525
Other income, net	5,694	11,440	-	17,134
Total campaigns and contributions	<u>332,165</u>	<u>11,440</u>	<u>1,525</u>	<u>345,130</u>
Program income:				
Anytown Programming	106,212	-	-	106,212
Youth Programming	74,358	-	-	74,358
Adult Programming	10,907	-	-	10,907
Total program income	<u>191,477</u>	<u>-</u>	<u>-</u>	<u>191,477</u>
Net assets released from restrictions	<u>3,076</u>	<u>(3,076)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>526,718</u>	<u>8,364</u>	<u>1,525</u>	<u>536,607</u>
Program expenses (including in-kind):				
Anytown Programming	185,912	-	-	185,912
Youth Programming	126,532	-	-	126,532
Adult Programming	106,896	-	-	106,896
Total program expenses	<u>419,340</u>	<u>-</u>	<u>-</u>	<u>419,340</u>
General and administrative	92,248	-	-	92,248
Fundraising (including in-kind)	51,182	-	-	51,182
Total expenses	<u>562,770</u>	<u>-</u>	<u>-</u>	<u>562,770</u>
Change in net assets	(36,052)	8,364	1,525	(26,163)
Net assets at beginning of year	<u>249,303</u>	<u>8,370</u>	<u>49,443</u>	<u>307,116</u>
Net assets at end of year	<u>\$ 213,251</u>	<u>16,734</u>	<u>50,968</u>	<u>280,953</u>

The National Conference for Community and Justice of the Piedmont Triad, Inc.

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2015 and 2014

	<u>Increase (Decrease) in Cash</u>	
	<u>2015</u>	<u>2014</u>
Operating activities:		
Change in net assets	\$ 26,249	(26,163)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,435	4,465
Net realized and unrealized (gains) losses on endowment fund investments	5	(10,478)
(Increase) decrease in related assets:		
Pledges receivable	9,238	103
Prepaid expenses and other current assets	(4,392)	2,800
Increase (decrease) in related liabilities:		
Accounts payable and accrued expenses	(655)	23,848
Deferred revenues	19,700	(950)
Net cash provided by (used in) operating activities	<u>54,580</u>	<u>(6,375)</u>
Investing activities:		
Distribution from endowment fund	2,275	2,114
Contributions to endowment fund	(475)	(1,525)
Net cash provided by investing activities	<u>1,800</u>	<u>589</u>
Net increase (decrease) in cash	56,380	(5,786)
Cash at beginning of year	<u>209,831</u>	<u>215,617</u>
Cash at end of year	<u>\$ 266,211</u>	<u>209,831</u>

The National Conference for Community and Justice of the Piedmont Triad, Inc.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2015 and 2014

(1) Nature of Operations

The National Conference for Community and Justice of the Piedmont Triad, Inc. ("NCCJ") was incorporated on August 3, 2005 as a nonprofit human relations organization dedicated to fighting bias, bigotry and racism. NCCJ promotes understanding and respect among all races, religions and cultures through advocacy, dialog and education in North Carolina.

(2) Summary of Significant Accounting Policies

(a) **Method of Accounting** - NCCJ uses the accrual method of accounting whereby revenues are recorded when earned or awarded, and expenses are recorded as incurred. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted based on donor imposed restrictions, if any.

(b) **Revenues** - Campaigns, grants and contributions of cash and other assets are reported as temporarily or permanently restricted net assets if they are received with donor restrictions that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor restrictions that are satisfied in the same year as received are classified as unrestricted assets in the statements of activities.

Unconditional promises, or pledges, to give (contributions) are recognized as revenues in the year received and as assets or decreases of liabilities, depending on the form of the benefits received. Donor-restricted pledges are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

(c) **Cash** - NCCJ maintains its cash at two financial institutions. The accounts at these institutions are insured by the Federal Deposit Corporation up to \$250,000. Whenever cash balances exceed the amount insured, there is a risk of monetary loss.

(d) **Pledges Receivable** - Pledges receivable represent valid pledges and are reported at their estimated net realizable value. The majority of pledges receivable are due from corporations, foundations and individuals who, historically, have reliable giving histories with NCCJ. Due to the uncertainties in the current economy, it is at least reasonably possible that all pledges will not be collected and if certain amounts are deemed uncollectible by management, they would be charged to expense when that determination is made. No allowance for uncollectible pledges has been provided based on management's evaluation of potential uncollectible pledges receivable at June 30, 2015 and 2014.

(e) **Deferred Revenues** - Deferred revenues are income for the annual Citation Dinner, Anytown camp fees and other school fees and are recognized in the period to which the expenses relate.

The National Conference for Community and Justice of the Piedmont Triad, Inc.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2015 and 2014

- (f) **Office Furniture and Equipment** - Office furniture and equipment are stated at cost unless contributed in-kind, then an estimate of fair value is determined. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, generally five to ten years. All replacements, maintenance and repairs and minor renewals and betterments less than \$500 are expensed. Major renewals and betterments are charged to office furniture and equipment. Upon disposition or retirement of an asset, the cost and accumulated depreciation is removed from the accounts and any gain or loss is reflected in the statements of activities.
- (g) **Donations In-Kind** - If services, supplies and other assets are donated they are recognized at their estimated fair market value and are capitalized if necessary or expensed as utilized. Such amounts, which are included in the accompanying statements of activities, totaled \$44,469 and \$50,117 for the years ended June 30, 2015 and 2014, respectively.

The donated services, supplies and other assets were allocated among the following categories:

	<u>2015</u>	<u>2014</u>
Anytown	\$ 28,849	21,181
Citation Dinner	12,393	13,566
Youth Programming	2,425	12,983
Adult Programming	802	307
General and administrative	<u>-</u>	<u>2,080</u>
Total	<u>\$ 44,469</u>	<u>50,117</u>

A substantial number of unpaid volunteers have made significant contributions of their time to NCCJ's programs and supporting services. The value of this donated time is not reflected in the financial statements since it is not susceptible to objective valuation.

- (h) **Functional Allocation of Expenses** - The costs of programs and supporting services are reported on a functional basis in the statements of activities. This requires the allocation of indirect costs among the various programs and supporting services based on estimates made by management.
- (i) **Use of 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (j) **Reclassifications** - Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year's format. Net assets and accumulated net assets are unchanged due to these reclassifications.
- (k) **Income Taxes** - NCCJ is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The National Conference for Community and Justice of the Piedmont Triad, Inc.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2015 and 2014

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by NCCJ and recognize a tax liability or asset if NCCJ has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements. NCCJ is not currently under examination for any tax periods. NCCJ, by expiration of the statute of limitations, is generally no longer subject to examination by taxing authorities for the fiscal years ending August 31, 2011.

(3) Fair Value Measurements

NCCJ utilizes fair value measurements to record certain assets and liabilities and to determine fair value disclosures. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date. Professional standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable and Level 3 inputs have the lowest priority and are unobservable inputs of market activity.

The endowment fund is invested in marketable securities and its value is determined based on quoted market prices in active markets. However, the endowment fund is held by a third party, the Community Foundation of Greater Greensboro ("CFGG"), and the value of the underlying investments is not readily available to NCCJ, the trustee. Therefore, the endowment fund ("Endowment") held at the Foundation is classified as a Level 2 asset.

(4) Endowment Fund

NCCJ follows the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") as enacted by the State of North Carolina on March 19, 2009 ("SPMIFA") and its own governing documents.

The Board of Directors of NCCJ has interpreted the enacted versions of SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, NCCJ classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Under the terms of the agreement, CFGG manages the fund to protect the value of the principal. The endowment was established with permanent restrictions to ensure that resources would be available to provide for the purposes of NCCJ in perpetuity. On an annual basis, CFGG makes a distribution calculated by multiplying the target payout percentage, as determined by CFGG, times the average of the fair market value of the endowment on the following five dates: the first business day of the year and the last business day of each quarter. The distributions are unrestricted and available for NCCJ's discretion.

The National Conference for Community and Justice of the Piedmont Triad, Inc.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2015 and 2014

NCCJ can withdraw all or a portion of the endowment provided that a majority of the governing boards of NCCJ and CFGG approve of the withdrawal.

Changes in endowment fund net assets for the years ended June 30, 2015 and 2014 were as follows:

	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment fund net assets, June 30, 2013	\$ 8,370	49,443	57,813
Investment returns:			
Interest and dividends	2,429	-	2,429
Net realized and unrealized gains (losses)	9,011	-	9,011
Total investment returns	11,440	-	11,440
Contributions	-	1,525	1,525
Distributions	(2,114)	-	(2,114)
Investment fees	(962)	-	(962)
Endowment fund net assets, June 30, 2014	16,734	50,968	67,702
Investment returns:			
Interest and dividends	1,595	-	1,595
Net realized and unrealized gains (losses)	(685)	-	(685)
Total investment returns	910	-	910
Contributions	-	475	475
Distributions	(2,275)	-	(2,275)
Investment fees	(915)	-	(915)
Endowment fund net assets, June 30, 2015	\$ 14,454	51,443	65,897

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires NCCJ to retain as a fund of perpetual duration. These deficiencies result primarily from unfavorable market fluctuations that occur during the year.

The value, liquidity and related income of the securities held by the endowment fund is sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

The National Conference for Community and Justice of the Piedmont Triad, Inc.

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2015 and 2014

(5) Retirement Plan

NCCJ has a Simple IRA plan which covers eligible employees after they have earned \$5,000. The plan provides that NCCJ will match dollar for dollar an employee's contribution to the plan at the rate of up to 3% of an employee's compensation. NCCJ contributed \$6,314 and \$5,025 to the plan for the years ended June 30, 2015 and 2014, respectively.

(6) Lease Commitments

NCCJ has a non-cancelable lease for office space through May 2018 with current monthly payments of \$1,578. NCCJ has an operating lease for office equipment and services for \$318 per month through April 1, 2020.

Estimated future minimum lease payments as of June 30, 2015 are as follows:

	<u>Building</u>	<u>Office Equipment</u>
For the fiscal year ending June 30, 2016	\$ 18,936	3,816
2017	18,936	3,816
2018	17,358	3,816
2019	-	3,816
2020	<u>-</u>	<u>2,862</u>
Total estimated future minimum lease payments	<u>\$ 55,230</u>	<u>18,126</u>

Total rent expense for the years ended June 30, 2015 and 2014 was \$23,669 and \$24,572, respectively.

(7) Board Designated Funds

NCCJ's Board has designated Claudette Burroughs-White memoriams to be used in specified NCCJ programs. The designated funds as of June 30, 2015 and 2014 were \$3,300 and \$3,460, respectively.

(8) Subsequent Events

NCCJ has evaluated subsequent events through October 7, 2015, the date which the financial statements were available to be issued.