

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

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

June 30, 2020 and 2019



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

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, 2020 and 2019, and the related statements of activities, functional expenses 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 from 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, 2020 and 2019, 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 23, 2020

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

STATEMENTS OF FINANCIAL POSITION June 30, 2020 and 2019

	<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current assets:			
Cash		\$ 416,515	378,824
Pledges receivable		52,233	124,283
Prepaid expenses and other current assets		12,645	9,907
Total current assets		<u>481,393</u>	<u>513,014</u>
Office furniture and equipment		116,370	55,285
Less accumulated depreciation		<u>(38,162)</u>	<u>(31,529)</u>
Net office furniture and equipment		<u>78,208</u>	<u>23,756</u>
Other assets:			
NCCJ Endowment fund (Note 4)		67,161	72,958
Anytown endowment fund (Note 4)		<u>70,496</u>	<u>25,000</u>
Total other assets		<u>137,657</u>	<u>97,958</u>
Total Assets		<u>\$ 697,258</u>	<u>634,728</u>
 <u>Liabilities and Net Assets</u> 			
Current liabilities:			
Accounts payable and accrued expenses		\$ 13,643	63,398
Payroll protection program loan		67,572	-
Current portion of note payable		4,000	8,000
Deferred revenues		<u>53,879</u>	<u>64,715</u>
Total current liabilities		<u>139,094</u>	<u>136,113</u>
Noncurrent liability - note payable		<u>14,397</u>	<u>18,397</u>
Total liabilities		<u>153,491</u>	<u>154,510</u>
Net assets:			
Without donor restrictions		406,108	401,710
With donor restrictions		<u>137,659</u>	<u>78,508</u>
Total net assets		<u>543,767</u>	<u>480,218</u>
Total Liabilities and Net Assets		<u>\$ 697,258</u>	<u>634,728</u>

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

STATEMENTS OF ACTIVITIES For the Years Ended June 30, 2020 and 2019

	-----2020-----		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues (including in-kind):			
Campaigns and contributions:			
Citation Dinner, net of costs of direct benefit to donors of \$43,934 and \$55,428 in 2020 and 2019, respectively	\$ 330,225	-	330,225
Campaigns	65,161	-	65,161
Grants and other contributions	32,528	-	32,528
Endowment contributions	-	48,553	48,553
Other income (loss), net	69,347	(4,401)	64,946
Total campaigns and contributions	<u>497,261</u>	<u>44,152</u>	<u>541,413</u>
Program income:			
Anytown Programming	130,859	-	130,859
Youth Programming	35,501	-	35,501
Adult Programming	4,586	-	4,586
Total program income	<u>170,946</u>	<u>-</u>	<u>170,946</u>
Net assets released from restrictions	<u>(14,999)</u>	<u>14,999</u>	<u>-</u>
Total revenues	<u>653,208</u>	<u>59,151</u>	<u>712,359</u>
Program expenses (including in-kind):			
Anytown Programming	133,199	-	133,199
Youth Programming	121,342	-	121,342
Adult Programming	210,164	-	210,164
Total program expenses	<u>464,705</u>	<u>-</u>	<u>464,705</u>
General and administrative	90,649	-	90,649
Fundraising (including in-kind)	93,456	-	93,456
Total expenses	<u>648,810</u>	<u>-</u>	<u>648,810</u>
Change in net assets	4,398	59,151	63,549
Net assets at beginning of year	<u>401,710</u>	<u>78,508</u>	<u>480,218</u>
Net assets at end of year	<u>\$ 406,108</u>	<u>137,659</u>	<u>543,767</u>

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

STATEMENTS OF ACTIVITIES - CONTINUED For the Years Ended June 30, 2020 and 2019

	-----2019-----		
	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenues (including in-kind):			
Campaigns and contributions:			
Citation Dinner, net of costs of direct benefit to donors of \$43,934 and \$55,428 in 2020 and 2019, respectively	\$ 359,629	-	359,629
Campaigns	48,145	-	48,145
Grants and other contributions	15,441	-	15,441
Endowment contributions	-	5,550	5,550
Other income (loss), net	14,117	(198)	13,919
Total campaigns and contributions	<u>437,332</u>	<u>5,352</u>	<u>442,684</u>
Program income:			
Anytown Programming	161,703	-	161,703
Youth Programming	54,115	-	54,115
Adult Programming	8,650	-	8,650
Total program income	<u>224,468</u>	<u>-</u>	<u>224,468</u>
Net assets released from restrictions	<u>994</u>	<u>(994)</u>	<u>-</u>
Total revenues	<u>662,794</u>	<u>4,358</u>	<u>667,152</u>
Program expenses (including in-kind):			
Anytown Programming	233,283	-	233,283
Youth Programming	77,560	-	77,560
Adult Programming	178,683	-	178,683
Total program expenses	489,526	-	489,526
General and administrative	75,091	-	75,091
Fundraising (including in-kind)	78,943	-	78,943
Total expenses	<u>643,560</u>	<u>-</u>	<u>643,560</u>
Change in net assets	19,234	4,358	23,592
Net assets at beginning of year	<u>382,476</u>	<u>74,150</u>	<u>456,626</u>
Net assets at end of year	<u>\$ 401,710</u>	<u>78,508</u>	<u>480,218</u>

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

**STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2020 and 2019**

	-----2020-----					
	Program Expenses					
	<u>Anytown Programming</u>	<u>Youth Programming</u>	<u>Adult Programming</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Direct program costs	\$ 52,505	9,374	1,970	-	-	63,849
Allocated costs:						
Payroll and related costs	68,627	89,894	129,062	78,179	45,598	411,360
Occupancy & equipment	5,922	7,757	11,137	6,746	3,935	35,497
Administrative	3,200	4,192	6,019	3,646	2,126	19,183
Professional fees	1,757	2,302	3,305	2,002	1,168	10,534
Communications & development	1,188	2,150	7,618	76	9,615	20,647
Citation Dinner	-	5,673	51,053	-	31,014	87,740
Total expenses	<u>\$ 133,199</u>	<u>121,342</u>	<u>210,164</u>	<u>90,649</u>	<u>93,456</u>	<u>648,810</u>

	-----2019-----					
	Program Expenses					
	<u>Anytown Programming</u>	<u>Youth Programming</u>	<u>Adult Programming</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Direct program costs	\$ 108,046	12,269	13,477	-	-	133,792
Allocated costs:						
Payroll and related costs	102,429	48,457	90,629	62,488	41,827	345,830
Occupancy & equipment	11,194	5,296	9,905	6,829	4,571	37,795
Administrative	6,280	2,971	5,557	3,831	2,564	21,203
Professional fees	3,162	1,496	2,798	1,929	1,291	10,676
Communications & development	2,172	1,276	4,158	14	4,487	12,107
Citation Dinner	-	5,795	52,159	-	24,203	82,157
Total expenses	<u>\$ 233,283</u>	<u>77,560</u>	<u>178,683</u>	<u>75,091</u>	<u>78,943</u>	<u>643,560</u>

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

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2020 and 2019

	<u>Increase (Decrease) in Cash</u>		
		<u>2020</u>	<u>2019</u>
Operating activities:			
Change in net assets	\$	63,549	23,592
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		6,633	1,526
Net unrealized losses on endowment fund		8,854	1,192
Noncash donation of rugs		(61,085)	-
(Increase) decrease in related assets:			
Pledges receivable		72,050	(57,405)
Prepaid expenses and other current assets		(2,738)	(1,285)
Increase (decrease) in related liabilities:			
Accounts payable and accrued expenses		(49,755)	(4,754)
Deferred revenues		(10,836)	25,690
Net cash provided by (used in) operating activities		26,672	(11,444)
Investing activities:			
Purchases of office furniture and equipment		-	(19,646)
Contributions to endowment fund		(48,553)	(5,550)
Net cash used in investing activities		(48,553)	(25,196)
Financing activities:			
Payment on note payable		(8,000)	-
Proceeds from payroll protection loan		67,572	26,397
Net cash provided by financing activities		59,572	26,397
Net increase (decrease) in cash		37,691	(10,243)
Cash at beginning of year		378,824	389,067
Cash at end of year	\$	416,515	378,824

Other Disclosure

Rugs donated to NCCJ at the fair market value of \$61,085, are a noncash investing activity.

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

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2020 and 2019

(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, dialogue 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.

(b) **Financial Statement Presentation** - In August 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities. NCCJ has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. This ASU eliminated the distinction between resources with permanent and temporary restrictions from the face of financial statements. The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions. The unrestricted net asset class has been renamed net assets without donor restrictions. The financial statements include a disclosure about liquidity and availability of resources (Note 7).

NCCJ reports information regarding its financial position and activities according to the two classes of net assets: net assets with donor restrictions and net assets without donor restrictions – depending on the existence and/or nature of any donor restrictions.

(c) **Revenues** - Campaigns, grants and contributions of cash and other assets are reported as net assets with donor restrictions 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, 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. Contributions received with donor restrictions that are satisfied in the same year as received are classified as net assets without donor restrictions 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 net assets with donor restrictions depending on the nature of the restrictions.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance, which is effective for non-public companies beginning in 2019, outlines a single, comprehensive model for accounting for revenue from contracts with customers. NCCJ analyzed the provisions and concluded that no material changes were necessary to conform to the new standard.

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

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2020 and 2019

- (d) **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.
- (e) **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, 2020 and 2019.
- (f) **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.
- (g) **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.
- (h) **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 \$123,242 and \$78,122 for the years ended June 30, 2020 and 2019, respectively.

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

	<u>2020</u>	<u>2019</u>
Citation Dinner	\$ 47,500	46,425
Anytown	11,307	29,239
Youth Programming	3,350	550
General and administrative	<u>61,085</u>	<u>1,908</u>
Total	<u>\$ 123,242</u>	<u>78,122</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.

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

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2020 and 2019

- (i) **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. The majority of the expenses are allocated based on employee time and space allocations.
- (j) **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.
- (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.

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, 2020 and 2019, 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 June 30, 2016 or earlier.

(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 funds are invested in marketable securities and their value is determined based on quoted market prices in active markets. However, the endowment funds are held by a third party, the Community Foundation of Greater Greensboro ("CFGG"), and are included in investment pools with other funds held by CFGG. Since the value of the underlying investments are not readily available to NCCJ, which is the trustee, the endowment funds have been classified as Level 2 assets.

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

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2020 and 2019

(4) Endowment Funds

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 funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, NCCJ classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowments, (b) the original value of subsequent gifts to the endowments, and (c) accumulations to the endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation are added to the funds.

Under the terms of the agreements, CFGG manages the funds to protect the value of the principal. The NCCJ endowment was established with 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 endowments 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. NCCJ can withdraw all or a portion of the endowments provided that a majority of the governing boards of NCCJ and CFGG approve of the withdrawal.

Changes in the NCCJ endowment fund net assets with restrictions for the years ended June 30, 2020 and 2019 were as follows:

	<u>Total</u>
NCCJ Endowment fund net assets, June 30, 2018	\$ 74,150
Investment returns:	
Interest and dividends	1,965
Net realized and unrealized losses	<u>(2,163)</u>
Total investment returns	(198)
Investment fees	<u>(994)</u>
NCCJ Endowment fund net assets, June 30, 2019	72,958
Investment returns:	
Interest and dividends	1,811
Net realized and unrealized losses	<u>(3,883)</u>
Total investment returns	(2,071)
Distributions (Grants)	(2,741)
Investment fees	<u>(984)</u>
NCCJ Endowment fund net assets, June 30, 2020	<u>\$ 67,161</u>

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

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2020 and 2019

On June 5, 2019, NCCJ established the Anytown endowment fund with an initial balance of \$25,000 which is also managed by CFGG. The purpose of the board established fund is to cover expenses related to Anytown branded programming. The terms of the Anytown endowment fund are essentially the same as the NCCJ endowment.

Anytown Endowment fund net assets, June 30, 2019	\$ 25,000
Contributions Received	48,553
Investment returns:	
Interest and dividends	1,192
Net realized and unrealized losses	<u>(3,522)</u>
Total investment returns	(2,071)
Investment fees	<u>(727)</u>
Anytown Endowment fund net assets, June 30, 2020	<u>\$ 70,496</u>

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 funds 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 funds are 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.

(5) Retirement Plan

NCCJ has a Simple IRA plan which covers all employees meeting certain eligibility requirements. 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 \$7,196 and \$7,011 to the plan for the years ended June 30, 2020 and 2019, respectively.

(6) Lease Commitments

NCCJ had a non-cancelable lease for office space which expired May 2018. The lease is in the renegotiation process and NCCJ is making payments of \$1,578 on a month-to-month basis. NCCJ also replaced an operating lease for office equipment and services for \$318 per month through April 1, 2020 with a new operating lease for office equipment and services for \$263 per month through April 1, 2025. Total rent expense for the years ended June 30, 2020 and 2019 was \$22,795 and \$22,812, respectively.

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

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2020 and 2019

Future minimum lease payments are as follows:

For the year ending June 30, 2021	\$ 3,156
2022	3,156
2023	3,156
2024	3,156
2025	<u>2,367</u>
Total future minimum lease payments	<u>\$ 14,991</u>

(7) Liquidity and Availability of Financial Assets

Financial assets are considered unavailable when illiquid or not convertible to cash within one year, are perpetual endowments, or because the governing board have set aside the funds for a specific contingency reserve. Board designations can be drawn upon with Board approval. The statements of financial position reflect assets without donor restrictions and those with donor restrictions. The only funds not available in the next twelve months for unrestricted operations or restricted purpose expenses are the NCCJ endowment fund and Anytown endowment fund. (Note 4)

(8) Notes Payable

At June 30, 2019, approximately \$53,000 in renovations were completed and paid for by the landlord. NCCJ has agreed to make interest free reimbursement payments totaling approximately \$26,400 by June 30, 2021. As of June 30, 2020, payments totaling \$8,000 have been made.

In April 2020, the NCCJ applied for and received a Paycheck Protection Program (“PPP”) loan of \$67,572. The proceeds were utilized fully on payroll and other allowable costs. NCCJ expects to apply and receive full loan forgiveness once the forgiveness application has been processed.

(9) Subsequent Events

The COVID-19 pandemic is having a significant impact on the overall economy of the United States of America. Potential negative impacts include reduction in economic activity across many for profit and nonprofit industries, business closures, productivity declines, significant increases in unemployment, revenue reduction, inability for customers to fulfill payment obligations, etc. Management is assessing the situation, including how donor contributions and grants will be affected. It is at least reasonably possible that the impact of the pandemic could have a negative impact on NCCJ.

NCCJ has evaluated subsequent events through October 23, 2020, the date which the financial statements were available to be issued.