

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

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

**June 30, 2021 and 2020**



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

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, 2021 and 2020, 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, 2021 and 2020, 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 20, 2021

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

## STATEMENTS OF FINANCIAL POSITION June 30, 2021 and 2020

	<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:			
Cash		\$ 500,067	416,515
Pledges receivable		61,563	52,233
Prepaid expenses and other current assets		9,967	12,645
Total current assets		<u>571,597</u>	<u>481,393</u>
Office furniture and equipment		119,604	116,370
Less accumulated depreciation		<u>(47,488)</u>	<u>(38,162)</u>
Net office furniture and equipment		<u>72,116</u>	<u>78,208</u>
Other assets:			
NCCJ Endowment fund (Note 4)		85,537	67,161
Anytown Endowment fund (Note 4)		<u>89,785</u>	<u>70,496</u>
Total other assets		<u>175,322</u>	<u>137,657</u>
Total Assets		<u>\$ 819,035</u>	<u>697,258</u>
 <b><u>Liabilities and Net Assets</u></b>  			
Current liabilities:			
Accounts payable and accrued expenses		\$ 11,033	13,643
Payroll protection program loan		-	67,572
Current portion of note payable		4,000	4,000
Deferred revenues		<u>37,234</u>	<u>53,879</u>
Total current liabilities		<u>52,267</u>	<u>139,094</u>
Noncurrent liability - note payable		<u>10,397</u>	<u>14,397</u>
Total liabilities		<u>62,664</u>	<u>153,491</u>
Net assets:			
Without donor restrictions		556,049	406,108
With donor restrictions		<u>200,322</u>	<u>137,659</u>
Total net assets		<u>756,371</u>	<u>543,767</u>
Total Liabilities and Net Assets		<u>\$ 819,035</u>	<u>697,258</u>

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

## STATEMENTS OF ACTIVITIES For the Years Ended June 30, 2021 and 2020

	-----2021-----		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues (including in-kind):			
Campaigns and contributions:			
Citation Dinner, net of costs of direct benefit to donors of \$12,162 and \$43,934 in 2021 and 2020, respectively	\$ 309,592	-	309,592
Campaigns	80,274	-	80,274
Grants and other contributions	94,938	-	94,938
Paycheck Protection Program income (Note 8)	67,572	-	67,572
Other income (loss), net	511	39,963	40,474
Total campaigns and contributions	552,887	39,963	592,850
Program income:			
Anytown Programming	63,268	-	63,268
Youth Programming	76,440	25,000	101,440
Adult Programming	28,575	-	28,575
Total program income	168,283	25,000	193,283
Net assets released from restrictions	2,300	(2,300)	-
Total revenues	723,470	62,663	786,133
Program expenses (including in-kind):			
Anytown Programming	41,600	-	41,600
Youth Programming	95,168	-	95,168
Adult Programming	267,853	-	267,853
Total program expenses	404,621	-	404,621
General and administrative	93,500	-	93,500
Fundraising (including in-kind)	75,408	-	75,408
Total expenses	573,529	-	573,529
Change in net assets	149,941	62,663	212,604
Net assets at beginning of year	406,108	137,659	543,767
Net assets at end of year	\$ 556,049	200,322	756,371

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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, 2021 and 2020

	-----2020-----		
	Without Donor Restrictions	With Donor Restrictions	Total
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	497,261	44,152	541,413
Program income:			
Anytown Programming	130,859	-	130,859
Youth Programming	35,501	-	35,501
Adult Programming	4,586	-	4,586
Total program income	170,946	-	170,946
Net assets released from restrictions	(14,999)	14,999	-
Total revenues	653,208	59,151	712,359
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	464,705	-	464,705
General and administrative	90,649	-	90,649
Fundraising (including in-kind)	93,456	-	93,456
Total expenses	648,810	-	648,810
Change in net assets	4,398	59,151	63,549
Net assets at beginning of year	401,710	78,508	480,218
Net assets at end of year	\$ 406,108	137,659	543,767

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

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended June 30, 2021 and 2020**

	-----2021-----					
	<b>Program Expenses</b>					
	<u>Anytown</u>	<u>Youth</u>	<u>Adult</u>	<u>General and</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Programming</u>	<u>Programming</u>	<u>Programming</u>	<u>Administrative</u>		
Direct program costs	\$ 7,291	3,311	13,677	-	-	24,279
Allocated costs:						
Payroll and related costs	28,973	74,999	191,482	80,621	45,362	421,437
Occupancy & equipment	2,669	6,908	17,638	7,426	4,178	38,819
Administrative	1,290	3,339	8,524	3,589	2,019	18,761
Professional fees	618	1,600	4,086	1,720	968	8,992
Communications & development	759	2,486	9,721	144	8,774	21,884
Citation Dinner	-	2,525	22,725	-	14,107	39,357
Total expenses	<u>\$ 41,600</u>	<u>95,168</u>	<u>267,853</u>	<u>93,500</u>	<u>75,408</u>	<u>573,529</u>

	-----2020-----					
	<b>Program Expenses</b>					
	<u>Anytown</u>	<u>Youth</u>	<u>Adult</u>	<u>General and</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Programming</u>	<u>Programming</u>	<u>Programming</u>	<u>Administrative</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>

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

## STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2021 and 2020

	<u>Increase (Decrease) in Cash</u>	
	<u>2021</u>	<u>2020</u>
Operating activities:		
Change in net assets	\$ 212,604	63,549
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,326	6,633
Net unrealized (gains) losses on endowment fund	(37,665)	8,854
Noncash donation of rugs	-	(61,085)
Noncash forgiveness of payroll protection program loan	(67,572)	-
(Increase) decrease in related assets:		
Pledges receivable	(9,330)	72,050
Prepaid expenses and other current assets	2,678	(2,738)
Decrease in related liabilities:		
Accounts payable and accrued expenses	(2,610)	(49,755)
Deferred revenues	(16,645)	(10,836)
Net cash provided by operating activities	<u>91,786</u>	<u>26,672</u>
Investing activities:		
Purchases of office furniture and equipment	(4,234)	-
Contributions to endowment fund	-	(48,553)
Net cash used in investing activities	<u>(4,234)</u>	<u>(48,553)</u>
Financing activities:		
Payment on note payable	(4,000)	(8,000)
Proceeds from payroll protection loan	-	67,572
Net cash provided by (used in) financing activities	<u>(4,000)</u>	<u>59,572</u>
Net increase in cash	83,552	37,691
Cash at beginning of year	<u>416,515</u>	<u>378,824</u>
Cash at end of year	<u>\$ 500,067</u>	<u>416,515</u>

### Other Disclosures

Rugs donated to NCCJ at the fair market value of \$61,085 as of June 30, 2020, 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, 2021 and 2020**

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### **(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** - 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.

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.

(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, 2021 and 2020.

(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, 2021 and 2020**

- (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 \$33,098 and \$123,242 for the years ended June 30, 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Citation Dinner	\$ 20,000	47,500
Adult Programming	12,500	-
Anytown	598	11,307
Youth Programming	-	3,350
Office furniture & equipment	<u>-</u>	<u>61,085</u>
Total	<u>\$ 33,098</u>	<u>123,242</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. The majority of the expenses are allocated based on employee time and space allocations.
- (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.

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

## **NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2021 and 2020**

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- (j) **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, 2021 and 2020, 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, 2017 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.

### **(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 accumulations are added to the funds.

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

## NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2021 and 2020

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Under the terms of the agreements, CFGG manages the funds to protect the value of the principal. The principal value on June 30, 2021 and 2020 was \$53,263. 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, 2021 and 2020 were as follows:

	<u>Total</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	67,161
Investment returns:	
Interest and dividends	1,196
Net realized and unrealized gains	<u>18,302</u>
Total investment returns	19,498
Investment fees	<u>(1,122)</u>
NCCJ Endowment fund net assets, June 30, 2021	<u>\$ 85,537</u>

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

## **NOTES TO FINANCIAL STATEMENTS** **For the Years Ended June 30, 2021 and 2020**

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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. The principal value on June 30, 2021 and 2020 was \$73,553.

Changes in the Anytown Endowment fund net assets with restrictions for the years ended June 30, 2021 and 2020 were as follows:

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>
Investment returns:	
Interest and dividends	1,256
Net realized and unrealized gains	<u>19,211</u>
Total investment returns	20,467
Investment fees	<u>(1,178)</u>
Anytown Endowment fund net assets, June 30, 2021	<u>\$ 89,785</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 \$11,789 and \$7,196 to the plan for the years ended June 30, 2021 and 2020, respectively.

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

## **NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2021 and 2020**

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### **(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, 2021 and 2020 was \$22,482 and \$22,795, respectively. Future minimum lease payments are as follows:

For the year ending June 30, 2022	\$ 3,156
2023	3,156
2024	3,156
2025	<u>2,367</u>
Total future minimum lease payments	<u>\$ 11,835</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 August 31, 2024. As of June 30, 2021, payments totaling \$12,000 have been made.

In April 2020, 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 applied for and received full loan forgiveness in December 2020.

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

## **NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2021 and 2020**

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### **(9) COVID Risks and Uncertainties**

The COVID-19 pandemic is having a significant impact on the overall economy of the United States of America. Management continues to assess the potential impact of the pandemic to NCCJ and its continuing operations, including how donor contributions and grants will be affected. It is at least reasonably possible the pandemic may have an impact on estimates contained in the financials.

### **(10) Subsequent Events**

NCCJ has evaluated subsequent events through October 20, 2021, the date which the financial statements were available to be issued.