

NourishNC, Inc.

Financial Statements
For the Year Ended June 30, 2016
(with Comparative Totals for 2015)



Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
NourishNC, Inc.

We have reviewed the accompanying financial statements of Nourish NC, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited NourishNC, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eamy & Company, L.L.P.

Wilmington, North Carolina
November 18, 2016

NourishNC, Inc.
Statement of Financial Position
As of June 30, 2016

	2016 (Reviewed)		2015 (Audited)
	Unrestricted Operations	Temporarily Restricted	Comparative Total
ASSETS			
Current Assets			
Cash & cash equivalents	\$ 211,991	\$ -	\$ 142,536
Accounts receivable	<u>1,381</u>	<u>-</u>	<u>801</u>
Total Current Assets	<u>213,372</u>	<u>-</u>	<u>143,337</u>
Property			
Property	33,553	-	33,553
Less: Accumulated depreciation	<u>(13,331)</u>	<u>-</u>	<u>(7,914)</u>
Total Non-Current Assets	<u>20,222</u>	<u>-</u>	<u>25,639</u>
Total Assets	<u>\$ 233,594</u>	<u>\$ -</u>	<u>\$ 168,976</u>
LIABILITIES & NET ASSETS			
Current Liabilities			
Accounts payable	\$ 10,414	\$ -	\$ -
Accrued payroll	955	-	1,650
Current portion of capital lease	<u>3,985</u>	<u>-</u>	<u>3,486</u>
Total Current Liabilities	<u>15,354</u>	<u>-</u>	<u>5,136</u>
Long-term portion of capital lease	<u>10,411</u>	<u>-</u>	<u>14,720</u>
Total Liabilities	<u>25,765</u>	<u>-</u>	<u>19,856</u>
Net Assets			
Unrestricted	207,829	-	149,120
Temporarily restricted	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>207,829</u>	<u>-</u>	<u>149,120</u>
Total Liabilities & Net Assets	<u>\$ 233,594</u>	<u>\$ -</u>	<u>\$ 168,976</u>

See Independent Accountant's Review Report and Notes to Financial Statements

NourishNC, Inc.
Statement of Activities
For the Year Ended June 30, 2016

	2016 (Reviewed)			2015 (Audited)
	Unrestricted Operations	Temporarily Restricted	Total	Comparative Total
SUPPORT & REVENUE				
Grants	\$ 98,577	\$ -	\$ 98,577	\$ 126,255
Contributions	183,510	-	183,510	75,579
In-kind revenue	120,463	-	120,463	235,089
Other revenue	<u>59,944</u>	<u>-</u>	<u>59,944</u>	<u>44,646</u>
Total Support & Revenue	<u>462,494</u>	<u>-</u>	<u>462,494</u>	<u>481,569</u>
EXPENSES				
Program	311,299	-	311,299	363,110
Administrative	44,879	-	44,879	24,653
Fundraising	<u>47,607</u>	<u>-</u>	<u>47,607</u>	<u>23,632</u>
Total Expenses	<u>403,785</u>	<u>-</u>	<u>403,785</u>	<u>411,395</u>
Change in Net Assets	58,709	-	58,709	70,174
Net Assets, Beginning	<u>149,120</u>	<u>-</u>	<u>149,120</u>	<u>78,946</u>
Net Assets, Ending	<u>\$ 207,829</u>	<u>\$ -</u>	<u>\$ 207,829</u>	<u>\$ 149,120</u>

See Independent Accountant's Review Report and Notes to Financial Statements

NourishNC, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2016

	2016 (Reviewed)			2015 (Audited) Comparative
	Program	Administrative	Fundraising	Total
Salaries & payroll taxes	\$ 72,556	\$ 15,499	\$ 10,670	\$ 98,725
Office	-	11,572	-	11,572
Supplies	9,983	-	-	9,983
Utilities	-	1,838	-	1,838
Professional fees	-	10,120	-	10,120
Vehicle	4,110	-	-	4,110
Insurance	-	2,550	-	2,550
Occupancy	16,560	-	-	16,560
Website	-	354	353	707
Food	80,725	-	-	80,725
Licenses & fees	757	-	-	757
Miscellaneous	-	786	15,112	15,898
Rent	-	2,160	-	2,160
Special events	-	-	21,472	21,472
In-kind	120,463	-	-	120,463
Interest	728	-	-	728
Depreciation	5,417	-	-	5,417
Total Expenses	\$ 311,299	\$ 44,879	\$ 47,607	\$ 403,785
				\$ 411,395

See Independent Accountant's Review Report and Notes to Financial Statements

NourishNC, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2016

	2016 (Reviewed)			2015 (Audited)
	Unrestricted Operations	Temporarily Restricted	Total	Comparative Total
Cash Flows From Operating Activities				
Grants	\$ 98,577	\$ -	\$ 98,577	\$ 126,255
Contributions	183,510	-	183,510	76,393
Other income	59,364	-	59,364	44,175
Less: Cash Payments for:				
Operating expenses	<u>(268,186)</u>	<u>-</u>	<u>(268,186)</u>	<u>(171,819)</u>
Net Cash Provided (Used) By Operating Activities	<u>73,265</u>	<u>-</u>	<u>73,265</u>	<u>75,004</u>
Cash Flows From Investing Activities				
Proceeds from sale of assets	-	-	-	-
Cash used for property purchase	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) By Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Financing Activities				
Cash used for principal payments	<u>(3,810)</u>	<u>-</u>	<u>(3,810)</u>	<u>(2,187)</u>
Net Cash Provided (Used) By Financing Activities	<u>(3,810)</u>	<u>-</u>	<u>(3,810)</u>	<u>(2,187)</u>
Net Increase (Decrease) in Cash	69,455	-	69,455	72,817
Cash & Cash Equivalents, Beginning	<u>142,536</u>	<u>-</u>	<u>142,536</u>	<u>69,719</u>
Cash & Cash Equivalents, Ending	<u>\$ 211,991</u>	<u>\$ -</u>	<u>\$ 211,991</u>	<u>\$ 142,536</u>
Reconciliation of Change in Net Assets to Cash Provided (Used) By Operating Activities:				
Change in net assets	\$ 58,709	\$ -	\$ 58,709	\$ 70,174
Adjustments to Reconcile to Net Cash Provided (Used) By Operating Activities:				
Non-cash contributions	-	-	-	(399)
Depreciation	5,417	-	5,417	5,419
Change in Current Assets & Liabilities (Use) Source:				
Accounts receivable	(580)	-	(580)	(471)
Other assets	10,414	-	10,414	1,213
Accounts payable	<u>(695)</u>	<u>-</u>	<u>(695)</u>	<u>(932)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 73,265</u>	<u>\$ -</u>	<u>\$ 73,265</u>	<u>\$ 75,004</u>

See Independent Accountant's Review Report and Notes to Financial Statements

NourishNC, Inc.
Notes to Financial Statements
June 30, 2016

1. ORGANIZATION

NourishNC, Inc. (the "Organization"), a nonprofit corporation organized under the laws of North Carolina, was established for the purpose of feeding hungry children in New Hanover County, North Carolina.

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is exempt from income taxes on related income pursuant to Section 501(a) of the Code and contributions may be deductible to donors. The Organization files Form 990 with the Internal Revenue Service (IRS) annually; those forms are generally subject to examination by the IRS for a period of up to three years after they are filed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations. As a result, the financial statements have been prepared on the accrual basis. Income is recognized when earned and expenses are recognized when incurred. The significant accounting policies followed are described below to enhance the usefulness and understandability of the financial statements to the reader.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

NourishNC, Inc.
Notes to Financial Statements
June 30, 2016

Classes of Net Assets

The financial statements report net assets and changes in net assets in classes that are based upon the existence or absence of restrictions on use that are placed by its donors as follows:

- a) **Unrestricted net assets** are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- b) **Temporarily restricted net assets** represent resources where use is limited by donors for the purpose and/or time in which they may be expended. Temporarily restricted net assets are reclassified to unrestricted as the time and/or purpose requirements are met.
- c) **Permanently restricted net assets** represent resources where use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. Generally, donors of these assets permit the recipient to use all or part of the earnings on related investments for donor restricted purposes. There are no permanently restricted assets held.

Revenue Recognition

Unrestricted contributions are recognized when cash or ownership of donated assets is unconditionally promised to the Organization. The Organization recognizes gifts of cash and other assets as temporarily restricted if they are received with donor stipulations of purpose or time and when cash or ownership of donated assets is unconditionally promised to the Organization. Net assets are released from restriction when a donor stipulated restriction expires or purpose restriction is accomplished.

In accordance with accrual accounting, other income is recognized when earned. Accordingly, revenue is recognized when the service is provided or the fundraising event is held.

NourishNC, Inc.
Notes to Financial Statements
June 30, 2016

Gifts of Long-Lived Assets

The Organization reports gifts of land, buildings, equipment, and in-kind contributions as unrestricted, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Gifts-In-Kind Contributions

The Organization periodically receives contributions in a form other than cash or investments. If the Organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Organization's capitalization policy. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

The Organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Organization's program operations. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. No amounts for donated services were recognized in the financial statements as the criteria for recognition have not been met. However, for the fiscal year 2016, volunteers donated 4,200 hours of time to the Organization.

NourishNC, Inc.
Notes to Financial Statements
June 30, 2016

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. The Organization maintains demand noninterest-bearing deposits with a financial institution, the balances of which fluctuate throughout the year.

The cash and cash equivalents balance consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Checking accounts	\$ 31,956	\$ 62,528
Savings account	180,035	80,008
Petty cash	<u>-</u>	<u>-</u>
Total Cash & Cash Equivalents	<u>\$ 211,991</u>	<u>\$ 142,536</u>

Accounts Receivable

Receivables are stated at the amount that management expects to collect. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. Allowances for uncollectible receivables are based on analysis and aging of receivables.

Property

Vehicles, equipment, furniture, and fixtures are recorded on the statement of financial position at cost if purchased and at estimated market value at date of gift if donated. Equipment is capitalized if it has a cost of \$500 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets from five to seven years. Property is stated at cost and consisted of the following as of June 30, 2016:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Property</u>
Furniture & equipment	\$ 21,792	\$ (4,957)	\$ 16,835
Vehicles	<u>11,761</u>	<u>(8,374)</u>	<u>3,387</u>
Total Property	<u>\$ 33,553</u>	<u>\$ (13,331)</u>	<u>\$ 20,222</u>

Land, buildings, and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

NourishNC, Inc.
Notes to Financial Statements
June 30, 2016

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

Administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising and advertising costs are expensed as incurred, even though they may result in contributions received in future years. Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Prior Year Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year then ended, from which the summarized information was derived. Certain reclassifications of prior year comparative amounts have been made in order to conform to the current year presentation.

Subsequent Events

Subsequent events have been evaluated through November 18, 2016, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

NourishNC, Inc.
Notes to Financial Statements
June 30, 2016

3. LEASES

The Organization leases a forklift from Atlantic Coast Toyotalift under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease, and accordingly, it is recorded in the Organization's assets and liabilities.

The following is an analysis of the leased assets included in property:

	<u>2016</u>	<u>2015</u>
Property	\$ 20,393	\$ 20,393
Less: Accumulated depreciation	<u>(4,469)</u>	<u>(1,699)</u>
	<u>\$ 15,924</u>	<u>\$ 18,694</u>

The lease agreement contains a bargain purchase option at the end of the lease term.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2016:

Year Ending June 30	
2017	\$ 4,556
2018	4,556
2019	4,556
2020	<u>2,279</u>
Total Minimum Lease Payments	15,947
Less: Amount representing interest	<u>(1,551)</u>
Present Value of Minimum Lease Payments	<u>\$ 14,396</u>

Amortization of assets held under capital leases is included with depreciation expense.

NourishNC, Inc.
Notes to Financial Statements
June 30, 2016

4. GRANTS

The Organization receives grants from various grantors to fund operations and program initiative projects. Grant funding is deferred and reported as unearned revenue until the purpose of the grant has been met, at which time the funds become grant revenue.

Grant activity consists of the following for the years ended June 30:

NourishNC, Inc. Grants	During 2016		During 2015	
	Grant Revenue	Total Collections	Grant Revenue	Total Collections
	\$ -	\$ -	\$ 20,180	\$ (20,180)
	47,500	(47,500)	28,750	(28,750)
	-	-	-	-
	7,500	(7,500)	7,000	(7,000)
	3,000	(3,000)	-	-
	16,400	(16,400)	46,674	(46,674)
	2,000	(2,000)	2,130	(2,130)
	22,177	(22,177)	3,750	(3,750)
	-	-	10,000	(10,000)
	-	-	<u>7,771</u>	<u>(7,771)</u>
	<u>\$ 98,577</u>	<u>\$ (98,577)</u>	<u>\$ 126,255</u>	<u>\$ (126,255)</u>

5. CONTINGENCIES AND CONCENTRATION OF RISK

The majority of the Organization's contributions and grants are received from corporations, foundations, and individuals located in the Southeastern North Carolina area. As such, the Organization's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of North Carolina. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Organization's services.

6. RISK MANAGEMENT

The Organization is exposed to various risks of loss in the ordinary course of business as a result of torts, theft of, damage to, or destruction of assets, business interruption, natural disasters, employee and officer errors and omissions, and employee workers' compensation and medical claims.

The Organization purchases commercial insurance coverage against risk of loss due to errors and omissions, fiduciary liability, property damage and theft, pollution liability, and various other insurable risks.