

NourishNC, Inc.

Financial Statements
For the Year Ended June 30, 2015
(with Comparative Totals for 2014)



Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors of
NourishNC, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of NourishNC, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 NourishNC, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously reviewed NourishNC, Inc.'s 2014 financial statements, and our report dated November 3, 2014, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression on an opinion on the financial statements as a whole.

Eany & Company, L.L.P.

Wilmington, North Carolina
October 21, 2015

NourishNC, Inc.
Statement of Financial Position
As of June 30, 2015

	2015 (Audited)			2014 (Unaudited)
	Unrestricted Operations	Temporarily Restricted	Total	Comparative Totals
Assets				
Current Assets				
Cash & cash equivalents	\$ 142,536	\$ -	\$ 142,536	\$ 69,719
Food Bank	-	-	-	1,213
Accounts receivable	801	-	801	330
Total Current Assets	<u>143,337</u>	<u>-</u>	<u>143,337</u>	<u>71,262</u>
Property	33,553	-	33,553	12,761
Less: Accumulated depreciation	<u>(7,914)</u>	<u>-</u>	<u>(7,914)</u>	<u>(2,495)</u>
Total Non-Current Assets	<u>25,639</u>	<u>-</u>	<u>25,639</u>	<u>10,266</u>
Total Assets	<u>\$ 168,976</u>	<u>\$ -</u>	<u>\$ 168,976</u>	<u>\$ 81,528</u>
Liabilities & Net Assets				
Current Liabilities				
Accrued payroll	\$ 1,650	\$ -	\$ 1,650	\$ 2,582
Current portion of capital lease	<u>3,486</u>	<u>-</u>	<u>3,486</u>	<u>-</u>
Total Current Liabilities	<u>5,136</u>	<u>-</u>	<u>5,136</u>	<u>2,582</u>
Long-term portion of capital lease	<u>14,720</u>	<u>-</u>	<u>14,720</u>	<u>-</u>
Net Assets				
Unrestricted	149,120	-	149,120	78,946
Temporarily restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>149,120</u>	<u>-</u>	<u>149,120</u>	<u>78,946</u>
Total Liabilities & Net Assets	<u>\$ 168,976</u>	<u>\$ -</u>	<u>\$ 168,976</u>	<u>\$ 81,528</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NourishNC, Inc.
Statement of Activities
For the Year Ended June 30, 2015

	2015 (Audited)			2014 (Unaudited)
	Unrestricted Operations	Temporarily Restricted	Total	Comparative Totals
Support & Revenue				
Grants	\$ 126,255	\$ -	\$ 126,255	\$ 71,533
Contributions	75,579	-	75,579	52,490
In-kind revenue	235,089	-	235,089	157,299
Other revenue	44,646	-	44,646	14,475
Total Support & Revenue	<u>481,569</u>	<u>-</u>	<u>481,569</u>	<u>295,797</u>
Expenses				
Program	363,110	-	363,110	234,131
Administrative	24,653	-	24,653	21,546
Fundraising	23,632	-	23,632	6,684
Total Expenses	<u>411,395</u>	<u>-</u>	<u>411,395</u>	<u>262,361</u>
Change in Net Assets	70,174	-	70,174	33,436
Net Assets				
Beginning of year	78,946	-	78,946	45,510
End of year	<u>\$ 149,120</u>	<u>\$ -</u>	<u>\$ 149,120</u>	<u>\$ 78,946</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NourishNC, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2015

	2015 (Audited)			2014 (Unaudited)
	Program	Administrative	Fundraising	Comparative Totals
Salaries & payroll taxes	\$ 55,618	\$ 4,187	\$ 6,148	\$ 65,953
Office	-	7,065	-	7,065
Supplies	5,017	-	-	5,017
Utilities	-	2,281	-	2,281
Professional fees	-	7,168	-	7,168
Vehicle	5,314	-	-	5,314
Insurance	-	689	-	689
Storage	16,857	-	-	16,857
Website	-	560	560	1,120
Food	38,681	-	-	38,681
Licenses & fees	649	-	-	649
Miscellaneous	-	363	2,271	2,634
Rent	-	2,340	-	2,340
Special events	-	-	14,653	14,653
In-kind	235,089	-	-	235,089
Interest	466	-	-	466
Depreciation	5,419	-	-	5,419
Total Expenses	\$ 363,110	\$ 24,653	\$ 23,632	\$ 411,395
				\$ 262,361

The Accompanying Notes are an Integral Part of these Financial Statements

NourishNC, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2015

	2015 (Audited)		2014 (Unaudited)
	Unrestricted Operations	Temporarily Restricted	Comparative Totals
Cash Flows From Operating Activities			
Grants	\$ 126,255	\$ -	\$ 126,255
Contributions	76,393	-	76,393
Other income	44,175	-	44,175
Cash Payments for:			
Operating expenses	<u>(171,819)</u>	<u>-</u>	<u>(171,819)</u>
Net Cash Provided by (Used in) Operating Activities	<u>75,004</u>	<u>-</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>(1,000)</u>
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>-</u>	<u>(1,000)</u>
Cash Flows From Financing Activities			
Cash used for principal payments	<u>(2,187)</u>	<u>-</u>	<u>(2,187)</u>
Net Cash Provided (Used in) Financing Activities			
Net Increase (Decrease) in Cash	72,817	-	72,817
Cash & Cash Equivalents			
Beginning of year	<u>69,719</u>	<u>-</u>	<u>69,719</u>
End of year	<u>\$ 142,536</u>	<u>\$ -</u>	<u>\$ 142,536</u>
Reconciliation of Change in Net Assets to Cash Provided by (Used in) Operating Activities:			
Change in net assets	\$ 70,174	\$ -	\$ 70,174
Adjustments to Reconcile to Net Cash Provided by (Used in) Operating Activities:			
Non-cash contributions	(399)	-	(399)
Depreciation	5,419	-	5,419
Change in Current Assets & Liabilities (Use) Source:			
Accounts receivable	(471)	-	(471)
Other assets	1,213	-	1,213
Accounts payable	<u>(932)</u>	<u>-</u>	<u>(932)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 75,004</u>	<u>\$ -</u>	<u>\$ 75,004</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NourishNC, Inc.
Notes to Financial Statements
June 30, 2015

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 NourishNC, Inc. have been prepared in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profits. 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 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, 2015

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. Allowance for uncollectible receivables is based on management's experience, analysis, and aging of accounts.

NourishNC, Inc.
Notes to Financial Statements
June 30, 2015

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 allows 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, required 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 2015, volunteers donated 3,988 hours of time to the Organization.

NourishNC, Inc.
Notes to Financial Statements
June 30, 2015

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>2015</u>	<u>2014</u>
Checking accounts	\$ 62,528	\$ 69,471
Savings account	80,008	-
Petty cash	-	248
Total	<u>\$ 142,536</u>	<u>\$ 69,719</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 is 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, 2015:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Property</u>
Furniture & equipment	\$ 21,792	\$ (1,798)	\$ 19,994
Vehicles	<u>11,761</u>	<u>(6,116)</u>	<u>5,645</u>
Total Property	<u>\$ 33,553</u>	<u>\$ (7,914)</u>	<u>\$ 25,639</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, 2015

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 October 21, 2015, 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, 2015

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>2015</u>	<u>2014</u>
Property	\$ 20,393	\$ -
Less: Accumulated depreciation	<u>(1,699)</u>	<u>-</u>
	<u>\$ 18,694</u>	<u>\$ -</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, 2015:

Year Ending June 30:	
2016	\$ 4,176
2017	4,556
2018	4,556
2019	4,556
2020	<u>2,279</u>
Total Minimum Lease Payments	20,123
Less: Amount representing interest	<u>(1,917)</u>
Present Value of Minimum Lease Payments	<u>\$ 18,206</u>

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

NourishNC, Inc.
Notes to Financial Statements
June 30, 2015

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:

	During 2015		During 2014	
	Grant Revenue	Total Collections	Grant Revenue	Total Collections
<u>NourishNC, Inc. Grants</u>				
PPD/Junior League	\$ 20,180	\$ (20,180)	\$ 21,000	\$ (21,000)
United Way of the Cape Fear Area	28,750	(28,750)	28,750	(28,750)
Rotary Club	-	-	10,000	(10,000)
Landfall Foundation	7,000	(7,000)	6,000	(6,000)
Louisiana-Pacific Foundation	-	-	3,000	(3,000)
The Eshelman Foundation	46,674	(46,674)	2,783	(2,783)
North Carolina Community Foundation	2,130	(2,130)	-	-
Vertex	3,750	(3,750)	-	-
NAILBA	10,000	(10,000)	-	-
Miscellaneous	7,771	(7,771)	-	-
	<u>\$ 126,255</u>	<u>\$ (126,255)</u>	<u>\$ 71,533</u>	<u>\$ (71,533)</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.