

THE PLACE OF FORSYTH COUNTY, INC.

FINANCIAL STATEMENTS

Years ended December 31, 2019 and 2018

with Independent Auditor's Report

THE PLACE OF FORSYTH COUNTY, INC.

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Place of Forsyth County, Inc.
Cumming, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of The Place of Forsyth County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Place of Forsyth County, Inc. as of December 31, 2019 and 2018, 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.

Cumming, Georgia
November 13, 2020

Le Roy, Cole & Stephens, LLC

**THE PLACE OF FORSYTH COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 922,756	\$ 912,175
Investments, at fair value	473,566	106,074
Unconditional/unrestricted promises to give, net	33,091	38,525
Inventory	348,780	326,364
Prepaid expenses	2,194	2,014
Total Current Assets	1,780,387	1,385,152
FIXED ASSETS, at cost		
Land	216,537	216,537
Building	1,117,845	1,117,845
Equipment & Fixtures	248,893	236,369
Vehicles	89,254	86,254
	1,672,529	1,657,005
Less: Accumulated depreciation	(715,365)	(661,706)
Total Fixed Assets	957,164	995,299
OTHER ASSETS		
Restricted cash	275,198	205,559
Beneficial interest in assets held by others	13,243	11,122
Cash designated for long-term purposes	-	141,174
Investments designated for long-term purposes	620,000	478,826
Total Other Assets	908,441	836,681
TOTAL ASSETS	\$ 3,645,992	\$ 3,217,132
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 37,220	\$ 17,848
Total Current Liabilities	37,220	17,848
NET ASSETS		
Net assets without donor restrictions:		
Designated for:		
Operating reserve	520,000	520,000
Program expansion reserve	100,000	100,000
Undesignated	2,713,574	2,373,725
Net assets without donor restrictions	3,333,574	2,993,725
Time or purpose restrictions:		
Restricted for programs	275,198	205,559
Restrictions that are perpetual in nature	-	-
Net assets with donor restrictions	275,198	205,559
Total Net Assets	3,608,772	3,199,284
TOTAL LIABILITIES AND NET ASSETS	\$ 3,645,992	\$ 3,217,132

The accompanying notes are an integral part of these financial statements.

THE PLACE OF FORSYTH COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and gains:		
Contributions	\$ 2,627,453	\$ 2,526,937
Thrift store sales	749,964	575,064
Program fees	170	13,705
Investment income	92,382	21,281
Change in value of beneficial interest in funds held by others	<u>2,121</u>	<u>(389)</u>
Total Revenues and Gains without Donor Restrictions	<u>3,472,090</u>	<u>3,136,598</u>
Net assets released from restrictions:		
Restrictions satisfied by program expense	<u>92,161</u>	<u>98,544</u>
Total Net Assets Released from Restrictions	<u>92,161</u>	<u>98,544</u>
Total Revenues, Gains and Other Support Without Donor Restrictions	<u>3,564,251</u>	<u>3,235,142</u>
Expenses:		
Program services	2,938,049	2,817,401
Supporting services	<u>286,353</u>	<u>257,751</u>
Total Expenses	<u>3,224,402</u>	<u>3,075,152</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>339,849</u>	<u>159,990</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions restricted for programs	161,800	168,750
Program contribution lapses	<u>(92,161)</u>	<u>(98,544)</u>
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>69,639</u>	<u>70,206</u>
INCREASE IN NET ASSETS	409,488	230,196
NET ASSETS AT BEGINNING OF YEAR	<u>3,199,284</u>	<u>2,969,088</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,608,772</u>	<u>\$ 3,199,284</u>

The accompanying notes are an integral part of these financial statements.

**THE PLACE OF FORSYTH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>All Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 448,575	\$ 64,984	\$ 81,061	\$ 594,620
Payroll taxes	35,370	5,756	5,931	47,057
Advertising	5,514	353	4,575	10,442
Bank charges	10,019	382	5,253	15,654
Conferences and training	1,335	2,684	329	4,348
Company vehicles	6,152	43	1,949	8,144
Depreciation	48,293	2,683	2,683	53,659
Direct assistance-cash	382,616	-	-	382,616
Direct assistance-noncash	1,795,538	-	-	1,795,538
Dues and subscriptions	2,988	1,406	747	5,141
Insurance	70,901	19,865	12,719	103,485
Other expenses	9,164	3,965	1,009	14,138
Supplies	20,266	5,770	8,067	34,103
Postage	440	497	1,045	1,982
Printing and reproduction	5,240	807	401	6,448
Professional fees	34,171	34,391	3,389	71,951
Repairs and maintenance	29,773	275	6,048	36,096
Telephone	4,806	-	1,114	5,920
Utilities	26,888	-	6,172	33,060
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,938,049</u>	<u>\$ 143,861</u>	<u>\$ 142,492</u>	<u>\$ 3,224,402</u>

The accompanying notes are an integral part of these financial statements.

**THE PLACE OF FORSYTH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>All Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 463,112	\$ 43,653	\$ 90,965	\$ 597,730
Payroll taxes	35,484	3,516	7,263	46,263
Advertising	3,895	145	342	4,382
Bank charges	7,233	459	3,789	11,481
Conferences and training	1,792	512	256	2,560
Company vehicles	8,773	-	2,621	11,394
Depreciation	46,429	2,580	2,579	51,588
Direct assistance-cash	343,458	-	-	343,458
Direct assistance-noncash	1,654,119	-	-	1,654,119
Dues and subscriptions	2,916	583	146	3,645
Insurance	79,130	7,787	11,093	98,010
Other expenses	2,887	2,107	25,219	30,213
Supplies	29,486	774	7,598	37,858
Postage	771	-	-	771
Printing and reproduction	4,454	237	47	4,738
Professional fees	33,377	12,056	4,865	50,298
Repairs and maintenance	72,441	916	14,555	87,912
Telephone	5,251	719	1,223	7,193
Utilities	<u>22,393</u>	<u>3,154</u>	<u>5,992</u>	<u>31,539</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,817,401</u>	<u>\$ 79,198</u>	<u>\$ 178,553</u>	<u>\$ 3,075,152</u>

The accompanying notes are an integral part of these financial statements.

THE PLACE OF FORSYTH COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Increase in net assets	\$ 409,488	\$ 230,196
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation expense	53,659	51,588
Net in-kind contributions/allocations	11,530	(83,194)
Changes in operating assets and liabilities:		
Promises to give	5,434	(1,025)
Inventory	(33,946)	11,778
Prepaid expenses	(180)	1,604
Accounts payable and accrued expenses	19,372	(10,880)
Net realized/unrealized (gains)/losses on investments	(73,348)	650
Change in value of beneficial interest in assets held by others	(2,121)	389
Net cash provided by operating activities	<u>389,888</u>	<u>201,106</u>
Cash flows from investing activities		
Capital expenditures	(15,524)	(20,113)
Purchases of investments	(688,318)	-
Proceeds from matured investments	253,000	321,000
Net cash (used)/provided by investing activities	<u>(450,842)</u>	<u>300,887</u>
Cash flows from financing activities		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
(Decrease)/Increase in cash and cash equivalents	(60,954)	501,993
Cash and cash equivalents, beginning of year	<u>1,258,908</u>	<u>756,915</u>
Cash and cash equivalents, end of year	<u>\$ 1,197,954</u>	<u>\$ 1,258,908</u>
Shown as:		
Cash and cash equivalents	\$ 922,756	\$ 912,175
Restricted cash	275,198	205,559
Cash designated for long-term purposes	-	141,174
	<u>\$ 1,197,954</u>	<u>\$ 1,258,908</u>
Supplemental cash flow information		
Donated property and equipment	<u>\$ -</u>	<u>\$ 10,089</u>

The accompanying notes are an integral part of these financial statements.

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. Description of Organization

The Place of Forsyth County, Inc. is a Georgia non-profit corporation. The mission of The Place is to assist people of the Forsyth County area with essential needs and to be self-sustaining by providing food, housing, utilities, medical and workforce development/training.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of The Place of Forsyth County, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Activities

The Organization is a nonprofit corporation exempt from income tax under IRC Section 501(c)(3). The IRS does not consider the organization to be a private foundation. The Organization is a "Voluntary Health and Welfare Organization" primarily supported by donor contributions. The Organization operates primarily in Forsyth County Georgia. The Organization's major programs include operating one thrift store, food pantry, workforce development and direct client assistance.

Basis of Presentation

The financial statements of The Place of Forsyth County, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing programs and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Investments

Investments are recorded at cost if purchased and at fair value on the date of donation if donated. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consist of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investments expenses. Investment income is credited to unrestricted net assets unless otherwise designated by the donor.

Promises to Give/Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on management's analysis of specific promises made. Promises to give are written off when deemed uncollectible. At December 31, 2019 and 2018, the allowance was \$1,535 and \$1,535, respectively.

Fixed Assets and Depreciation

Purchased fixed assets are carried at cost. Major additions (exceeding \$1,000) are charged to the fixed asset accounts, while replacements, maintenance and repairs, which do not improve or extend the life of the respective assets are expensed currently. When assets are disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. Fixed assets are depreciated utilizing the straight-line method over the estimated useful lives (3-40 years) of the respective assets.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value on the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. During the years ended December 31, 2019 and 2018, \$0 and \$10,089 of capital assets were donated to the Organization.

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Gifts In-Kind

The Organization receives gifts in-kind, such as food and household items for use in its food pantry and other programs. Gifts in-kind revenue is recognized in circumstances in which the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with FASB ASC 958-605-25. Accordingly, the recognition of gifts in-kind revenue is limited to circumstances in which the Organization takes constructive possession of the gift in-kind and the Organization is the recipient of the contribution, rather than an agent or intermediary (as defined by accounting standards). Gifts in-kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received.

In circumstances in which the Organization is functioning as an agent or intermediary with respect to the gifts in kind, the Organization reports an asset and corresponding liability measured at the fair value at the earlier of the time the goods are promised or received from the resource provider, and until the Organization remits the gifts in kind to the ultimate beneficiary.

In circumstances in which the Organization distributes gifts in kind as part of its own programs, it reports an expense, which is reported in the functional classification for the program in which the gifts in kind were used. Although it is the Organizations policy to distribute gifts in kind as promptly as possible, the Organization may hold some gifts in kind at year-end. Undistributed gifts in kind at year-end are reported as inventory. Inventory is valued at the lower of cost or net realizable value (cost is determined as fair value at the date of gift plus any costs incurred).

Inventory

Inventory consists of donated goods held for sale in the thrift store and donated goods held for use in the Organization's programs and is valued at the lower of cost or net realizable value (cost is determined as fair value at the date of gift plus any costs incurred).

Accounting for the Impairment of Long-Lived Assets

The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the years ended December 31, 2019 and 2018, there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends 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.

**THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed the first time the advertising takes place. Advertising expense was \$10,442 and \$4,382 for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll and benefits	Time and effort
Advertising	Time and effort
Bank charges	Time and effort
Company vehicles	Time and effort
Conferences and training	Time and effort
Depreciation	Time and effort
Dues and subscriptions	Time and effort
Insurance	Time and effort
Interest	Time and effort
Other expenses	Time and effort
Outside services	Time and effort
Postage	Time and effort
Printing and reproduction	Time and effort
Professional fees	Time and effort
Repairs and maintenance	Time and effort
Supplies	Time and effort
Telephone	Time and effort
Utilities	Time and effort

Contributed Services and Facilities

The Organization recorded the value of contributed services received for the years ended December 31, 2019 and 2018, of \$28,765 and \$22,521. Although, the Organization generally pays for services requiring specific expertise, many individuals volunteer their time and perform a variety of tasks that assist the organization. It is impractical to determine the fair value of services received but not recorded because there is no objective basis available to measure the value of such services.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 amounts could differ from those estimates.

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals and organizations supportive of the Organizations' mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Fair Value of Financial Instruments

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Fair Value of Financial Instruments, continued

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the Organizations' investment assets are classified within Level 1 because they comprise publicly traded equities and open-end mutual funds with readily determinable fair values based on daily redemption values. The Organization also invests in CDs traded in the financial markets. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2. The fair value of the Organization's beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

Change in Accounting Principle

In 2019, the Organization adopted the following accounting standard updates. The adoption of these standards did not have a material effect on net assets.

ASU 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities

ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments

ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash

ASU 2018-03, Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities

ASU 2018-08, Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)

ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

3. Availability and Liquidity

The following represents the Organization's financial assets at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,197,954	\$ 1,258,908
Investments at fair value	1,093,566	584,900
Contributions receivable	33,091	38,525
Beneficial interest in assets held by others	<u>13,243</u>	<u>11,122</u>
Total financial assets	2,337,854	1,893,455
Less amounts not available to be used within one year		
Net assets with donor restrictions	275,198	205,559
Less net assets with purpose restrictions to be met in less than a year	(275,198)	(205,559)
Board-designated funds for future use	<u>620,000</u>	<u>620,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,717,854</u>	<u>\$ 1,273,455</u>

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure in one year. It is the Organization's policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's goal is generally to maintain financial assets to meet 180 days of operating expenses (approximately \$700,000). Excess cash, if any, in excess of daily requirements is invested in interest bearing savings accounts and other short-term investments. Unforeseen immediate liquidity needs resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities is funded by utilizing cash reserves, if any, or other general financial assets held without donor restrictions.

4. Promises to Give

Promises to give at December 31, 2019 and 2018 consist principally of United Way allocations. All promises to give of are due within 1 year.

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THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

5. Net Assets

Net assets with donor restrictions were as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Specific Purpose		
Client assistance program	\$ 275,198	\$ 205,559
Passage of Time	-	-
Total	\$ 275,198	\$ 205,559

Net assets without donor restrictions for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Designated for:		
Operating reserve	\$ 520,000	\$ 520,000
Program expansion reserve	100,000	100,000
Undesignated	2,713,574	2,373,725
Total	\$ 3,333,574	\$ 2,993,725

Net assets released from net assets with donor restrictions are as follows:

	2019	2018
Satisfaction of Purpose Restrictions		
Family assistance programs	\$ 117,161	\$ 98,544

6. Fair Value Measurements

The following table summarizes the valuation of the Organization's financial assets and liabilities measured at fair value on a recurring basis at December 31, 2019 and 2018, respectively. Based on the level of input utilized to measure fair value:

	Fair Value Measurements at December 31, 2019 using:		
	Level 1	Level 2	Level 3
Description			
Investments:			
Equities	\$ 756,914	\$ -	\$ -
Certificates of deposit	-	336,652	-
Beneficial interest in assets held by others	-	-	13,243
Total investments	\$ 756,914	\$ 336,652	\$ 13,243
	Fair Value Measurements at December 31, 2018 using:		
	Level 1	Level 2	Level 3
Description			
Investments:			
Equities	\$ 2,336	\$ -	\$ -
Certificates of deposit	-	582,564	-
Beneficial interest in assets held by others	-	-	11,122
Total investments	\$ 2,336	\$ 582,564	\$ 11,122

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6. Fair Value Measurements, continued

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ended December 31, 2019:

Assets		
Beneficial interest in assets held by others at December 31, 2018	\$	11,122
Additions		-
Investment income		2,121
Realized and unrealized gains(losses)		-
Distributions		-
Beneficial interest in assets held by others at December 31, 2019	\$	13,243

At December 31, 2019 and 2018, the total estimated fair value of the Organization's investments was as follows:

	2019	2018
Investment fair value (see above)		
Equities	\$ 756,914	\$ 2,336
Beneficial interest in assets held by others	13,243	11,122
Certificates of deposit	336,652	582,564
	\$ 1,106,809	\$ 596,022
Shown on Statement of Financial Position as:		
Investments	\$ 473,566	\$ 106,074
Beneficial interest in assets held by others	13,243	11,122
Investments designated for long-term purposes	620,000	478,826
	\$ 1,106,809	\$ 596,022

Investment income reflected on the statement of activities includes interest and dividends of \$22,919, net realized/unrealized gains on investments of \$73,348, and brokerage fees of \$5,286 for the year ended December 31, 2019 and interest and dividends of \$16,534, net realized/unrealized losses on investments of \$237, and brokerage fees of \$0 for the year ended December 31, 2018.

7. Inventory

Inventory consists of the following at December 31, 2019 and 2018:

	2019	2018
Thrift store	\$ 147,908	\$ 113,962
Programs	200,872	212,402
	\$ 348,780	\$ 326,364

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8. Non-cancelable Operating Lease

The Organization leases certain office equipment under a non-cancelable operating lease agreement expiring in 2023. Rent expense amounted to approximately \$1,587 and \$1,587 for the years ended December 31, 2019 and 2018, respectively. Future minimum payments under non-cancelable operating leases as of December 31, 2019 are as follows:

2020	\$	1,368
2021		1,368
2022		1,368
2023		342
2024		-
Thereafter		-
	\$	4,446

9. Significant Concentrations

The Organization operates almost exclusively in Forsyth County, Georgia and depends on the local individuals, businesses and other agencies for funding. In the event of a significant economic downturn in the area, the organization could be significantly impacted.

10. Effect of Current Economic Conditions on Contributions

The Organization depends heavily on contributions for its revenue. The ability of contributors to continue giving consistent amounts may be dependent upon current and future overall economic conditions and the continued deductibility of contributions to the Organization. While the Organization's board of directors believes the resources to continue its programs are available, it may be dependent on the above factors.

11. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposited with financial institutions. The Organization maintained its cash balances in several financial institutions during 2019 and 2018. The Federal Deposit Insurance Corporation insures the balances up to \$250,000. The Organization typically does not require collateral or other security to support financial instruments subject to credit risk. The Organization had concentrations of credit risk related to cash on deposit of \$256,921 and \$65,475 at December 31, 2019 and 2018, respectively.

12. Tax-deferred Annuity Plan

The Organization offers a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code to all employees that have completed their 90-day probationary period. The Plan covers all regular employees of the Organization. The Organization does not contribute to the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Plan expenses were \$0 and \$0 for the years ended December 31, 2019 and 2018, respectively.

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13. Beneficial Interest in Assets Held by Others

The Organization has transferred assets to the North Georgia Community Foundation which holds funds for its benefit. When a nonprofit transfers assets to a charitable trust or community foundation in which the resource provider names itself as beneficiary, the economic benefit of the transferred asset remains with the resource provider. The asset received in exchange is a beneficial interest in assets held by others, measured at the fair value of the asset contributed. Changes in the value are recognized in the Statement of Activities and Changes in Net Assets as "change in value of beneficial interest in funds held by others."

The agency agreement with the foundation does not grant a variance power. Distributions of income are to be provided at least annually and distributions of corpus may be provided upon majority vote of the Organization's Board of Directors. As of December 31, 2019 and 2018, \$13,243 and \$11,122 respectively was reported as beneficial interest in assets held by others in the Statement of Financial Position. Distributions are reported as investment income in the Statement of Activities. Distributions of \$0 and \$0 were received for the years ended December 31, 2019 and 2018, respectively.

14. Subsequent Events

Management has evaluated subsequent events through November 13, 2020, the date on which the Organization issued these financial statements.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the United States has resulted in reduced customer traffic and the temporary reduction of operating hours. At the current time, we are unable to quantify the potential effects of this pandemic on our future financial statements.

On April 29, 2020, the Organization obtained a \$136,845 loan under the Small Business Administration's Paycheck Protection Program.