

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE**

for the year ended June 30, 2021

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

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Langdon & Company LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
North Carolina Center for Nonprofit Organizations, Inc.

We have audited the accompanying financial statements of North Carolina Center for Nonprofit Organizations, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2021, 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 North Carolina Center for Nonprofit Organizations, Inc. as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Center adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Center's 2020 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated November 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grants and support on pages 19-20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Langston & Company LLP". The signature is written in a cursive, flowing style.

Garner, North Carolina
December 9, 2021

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

**STATEMENT OF FINANCIAL POSITION
as of June 30, 2021
with comparative totals as of June 30, 2020**

	ASSETS		LIABILITIES AND NET ASSETS	
	2021	2020	2021	2020
Current assets:				
Cash and cash equivalents	\$ 837,987	\$ 504,228	\$ 33,701	\$ 30,068
Certificates of deposit	771,009	675,735	225,156	161,969
Contributions receivable	35,000	-	3,000	3,000
Grants receivable	300,000	355,000	1,929	-
Prepaid expenses	10,101	10,651	4,368	3,933
Other current assets	2,129	1,894	-	69,038
Total current assets	1,956,226	1,547,508	268,154	268,008
Fixed assets:				
Furniture and office equipment	29,725	29,725	10,239	14,607
Computers, software, and website	129,262	129,262	148,100	79,062
	158,987	158,987	158,339	93,669
Less accumulated depreciation	145,869	141,019		
Net property and equipment	13,118	17,968	426,493	361,677
Other assets:				
Grants receivable in one to five years	-	298,027		
Prepaid expense, noncurrent	13,695	13,695		
Other assets, cash equivalents restricted for endowments	-	231,450		
Beneficial interest in assets held by the NC Community Foundation	255,199	-		
Total other assets	268,894	543,172	1,225,195	715,521
Total assets	\$ 2,238,238	\$ 2,108,648		
			Current liabilities:	
			Accounts payable and accrued expenses	\$ 33,701
			Deferred membership revenue	225,156
			Deferred corporate revenue	3,000
			Deferred conference and other revenue	1,929
			Current maturities of obligation under capital lease	4,368
			Current installments of Paycheck Protection Program (PPP) loan	-
			Total current liabilities	268,154
			Noncurrent liabilities:	
			Obligation under capital lease, less current portion	10,239
			Paycheck Protection Program (PPP) loan, less current portion	148,100
			Total noncurrent liabilities	158,339
			Total liabilities	426,493
			Net assets:	
			Without donor restrictions:	
			Undesignated	1,151,776
			Board designated - operating contingency fund	49,770
			Board designated - NC Community Foundation endowment	23,649
			Total without donor restrictions	1,225,195
			With donor restrictions:	
			Purpose restricted	355,000
			Time restricted	-
			Perpetual in nature	231,550
			Total with donor restrictions	586,550
			Total net assets	1,811,745
			Total liabilities and net assets	\$ 2,238,238

*The accompanying notes are an integral
part of the financial statements.*

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

**STATEMENT OF ACTIVITIES
for the year ended June 30, 2021
with comparative totals for 2020**

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenue:				
Foundation grants	\$ 469,400	\$ 63,900	\$ 533,300	\$ 1,189,427
Corporate grants and support	79,650	97,255	176,905	143,415
Contributions:				
Cash	34,591	100	34,691	42,938
In-kind	45,582	-	45,582	45,582
Membership dues	329,092	-	329,092	389,708
Fees for services:				
Registrations and exhibit fees	112,795	-	112,795	126,785
Royalties and job boards advertising	99,297	-	99,297	87,313
Other	9,368	-	9,368	10,897
Gain on extinguishment of debt (Paycheck Protection Program loan - Note 1)	148,100	-	148,100	-
Investment income	12,465	-	12,465	17,474
	<u>1,340,340</u>	<u>161,255</u>	<u>1,501,595</u>	<u>2,053,539</u>
 Net assets released from restrictions	 <u>606,155</u>	 <u>(606,155)</u>	 <u>-</u>	 <u>-</u>
 Total public support and revenue	 <u>1,946,495</u>	 <u>(444,900)</u>	 <u>1,501,595</u>	 <u>2,053,539</u>
 Expenses:				
Program services	1,077,542	-	1,077,542	1,165,021
Support services:				
Administration and board leadership	254,508	-	254,508	318,350
Resource development	104,771	-	104,771	135,372
Total support services	<u>359,279</u>	<u>-</u>	<u>359,279</u>	<u>453,722</u>
 Total expenses	 <u>1,436,821</u>	 <u>-</u>	 <u>1,436,821</u>	 <u>1,618,743</u>
 Change in net assets	 509,674	 (444,900)	 64,774	 434,796
 Net assets at beginning of year	 715,521	 1,031,450	 1,746,971	 1,312,175
Net assets at end of year	<u>\$ 1,225,195</u>	<u>\$ 586,550</u>	<u>\$ 1,811,745</u>	<u>\$ 1,746,971</u>

*The accompanying notes are an integral
part of the financial statements.*

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES
for the year ended June 30, 2021
with comparative totals for 2020**

	2021						2020				
	Program Services					Total program services	Supporting Services			Grand Total	
	Champion the sector	Cultivate connections	Innovate learning	Strive to model best practices	Value our members		Administration and board leadership	Resource development	Total support services		Grand Total
Salaries and wages	\$ 150,019	\$ 86,581	\$ 208,564	\$ 62,194	\$ 188,145	\$ 695,503	\$ 174,524	\$ 76,619	\$ 251,143	\$ 946,646	\$ 918,541
Payroll taxes and employee benefits	28,100	16,875	41,267	11,958	34,851	133,051	26,585	15,727	42,312	175,363	191,053
Consultants	32,760	8,325	58,255	-	920	100,260	12,383	-	12,383	112,643	158,965
Depreciation	773	446	1,074	320	969	3,582	873	395	1,268	4,850	36,998
Equipment, furniture, and software	1,011	583	1,405	419	1,267	4,685	1,142	435	1,577	6,262	9,992
Insurance, licenses, permits, and bank fees	1,825	2,814	3,900	510	10,116	19,165	12,255	831	13,086	32,251	31,194
Legal and accounting	3,676	2,121	5,110	1,524	4,609	17,040	4,153	1,877	6,030	23,070	22,836
Mailing	-	-	-	-	251	251	2,073	12	2,085	2,336	3,136
Meeting expenses	-	-	9,202	-	-	9,202	246	82	328	9,530	78,155
Nonprofit resources, subscriptions, and dues	4,752	3,619	3,887	1,074	4,617	17,949	2,925	1,328	4,253	22,202	31,952
Office rent and occupancy	4,493	2,593	6,246	1,862	5,634	20,828	5,514	2,295	7,809	28,637	41,047
Printing and production	176	102	245	73	1,594	2,190	198	90	288	2,478	13,523
Supplies and materials	797	520	1,942	330	1,574	5,163	901	406	1,307	6,470	5,485
Telecommunications and technology	9,150	5,284	16,328	3,791	11,475	46,028	10,339	4,674	15,013	61,041	50,802
Travel and lodging	198	-	-	-	-	198	265	-	265	463	16,953
Staff and board development	95	1,309	893	-	150	2,447	132	-	132	2,579	8,111
	<u>\$ 237,825</u>	<u>\$ 131,172</u>	<u>\$ 358,318</u>	<u>\$ 84,055</u>	<u>\$ 266,172</u>	<u>\$ 1,077,542</u>	<u>\$ 254,508</u>	<u>\$ 104,771</u>	<u>\$ 359,279</u>	<u>\$ 1,436,821</u>	<u>\$ 1,618,743</u>

*The accompanying notes are an integral
part of the financial statements.*

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

**STATEMENT OF CASH FLOWS
for the year ended June 30, 2021
with comparative totals for 2020**

	2021	2020
Cash flows from operating activities:		
Cash received from contributors and grantors	\$ 1,062,823	\$ 882,753
Cash received from program services	615,668	568,661
Cash paid to employees and suppliers	(1,380,664)	(1,543,124)
Interest and dividends received	7,102	17,474
Interest paid	(1,777)	-
Net cash provided by (used in) operating activities	303,152	(74,236)
Cash flows from investing activities:		
Purchases of certificates of deposit	(95,274)	(235,084)
Transfer to NC Community Foundation	(249,836)	-
Cash equivalents restricted for endowment	231,450	-
Net cash used in investing activities	(113,660)	(235,084)
Cash flows from financing activities:		
Long-term contribution restricted for endowment	100	-
Repayment of obligations under capital lease	(3,933)	(3,542)
PPP loan proceeds	148,100	148,100
Net cash provided by financing activities	144,267	144,558
Net increase (decrease) in cash and cash equivalents	333,759	(164,762)
Cash and cash equivalents at beginning of year	504,228	668,990
Cash and cash equivalents at end of year	\$ 837,987	\$ 504,228

*The accompanying notes are an integral
part of the financial statements.*

NORTH CAROLINA CENTER FOR NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

North Carolina Center for Nonprofit Organizations, Inc. (the “Center”), incorporated in 1990, is a 501(c)(3), nonprofit, nonstock corporation. The purpose of the Center is to improve charitable services to the citizens of North Carolina by strengthening the leadership and management capacities of charitable, tax-exempt organization in the state. The Center is directed by a seventeen-member Board of Directors, which includes the President of the Center as a non-voting member. The Center is primarily supported by contributions and private grants, member dues, and fees for conferences, workshops, and seminars. The Center focuses its work on the following programs and initiatives:

Champion the sector – Advocate with state and federal legislators and executive branch officials on public policy issues that affect all or most 501(c)(3) nonprofits in North Carolina; provide tools for charitable nonprofits to be strong and effective advocates for their own missions; conduct research on North Carolina’s nonprofit sector; and work with government officials to help nonprofits build stronger communities throughout North Carolina.

Cultivate connections – Increase the brand of North Carolina’s nonprofit sector and encourage the growth of and collaboration with regional nonprofit capacity builders; deepen partnerships with statewide organizations; engage, support, and encourage leadership development for the next generation of leaders and for those in communities of color; cultivate relationships with stakeholders; and grow earned revenue in the areas of advertising, NC Nonprofit Careers, publications, and business affinity partnerships.

Innovate learning – Provide professional development opportunities for the nonprofit sector; identify and expand relevant programming initiatives; and deliver best practices information and on-demand training through the annual conference, webinars, workshops, and other resources.

Strive to model best practices – Utilize various technology platforms to deliver and expand programs and services; improve communications and marketing to connect and educate all stakeholders; and improve operational efficiency by evaluating organizational development and the business model.

Value our members – Promote a more inclusive and responsive organizational culture for nonprofits; develop mutually beneficial relationships with member nonprofits; create in-demand back-office partnerships that save members money; engage retired nonprofit executives to mentor and give back to the sector; and develop a consultant referral program for nonprofit members.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenue is recognized when earned and expenses are recognized when incurred.

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers cash in the bank, all cash held on hand, and all highly liquid short-term investments with an original maturity of three months or less to be cash and cash equivalents. The Center maintains its cash accounts with financial institutions, which at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts.

Certificates of Deposit

Certificates of deposit are recorded at cost plus accrued interest. At June 30, 2021 and 2020 certificates of deposit of \$771,009 and \$675,735, respectively, consist of amounts on deposit at various financial institutions. Interest rates at June 30, 2021 and 2020, range from 0.40% to 0.60% and 0.89% to 2.15%, respectively, and maturity dates range from December 2021 to May 2022 and December 2020 to September 2021, respectively.

Paycheck Protection Program (“PPP”)

Funds received pursuant to PPP under Division A, Title I of the CARES Act, enacted March 27, 2020, have been initially recorded as debt. Interest will be recorded at the stated interest rate of 1%. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The first PPP loan was forgiven, and the Center was legally released in May 2021 as the primary obligor and the Center has recognized a gain on extinguishment of debt in the accompanying statement of activities. The Center applied for and received a second PPP loan in March 2021 (see Note 3). Once the Center has been “legally released” as the primary obligor in relation to this second PPP loan, the debt will be considered extinguished, and a gain will be recorded. The Center received notice of forgiveness in relation to the second PPP loan subsequent to year-end (see Note 12).

Fixed Assets

Fixed assets are recorded at cost at the date of acquisition or at the approximate fair market value at date of donation in the case of gifts. Fixed assets with an expected useful life greater than one year and an initial cost of \$1,000 or more are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Fixed assets are depreciated using the straight-line method, over the following useful lives:

Furniture and office equipment	3-5 years
Computers, software, and website	3 years

NORTH CAROLINA CENTER FOR NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. As discussed in Note 6 and Note 11, the governing board has designated, from net assets without donor restrictions, certain amounts for the endowment and operating contingency fund.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition and Receivables

During 2021, the Center adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Accounting Standards Codification (ASC) Topic 606 outlines a single model to account for revenue arising from contracts with customers and supersedes most current revenue recognition guidance on the same topic. The core principle is the recognition of contract revenue from customers when an entity transfers promised good or services in an amount that reflects the consideration an entity expects to receive in exchange for those good or services. Additionally, ASC Topic 606 requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of this standard mainly relates to the Center's membership dues and fee for services revenue. Analysis of various provisions of this standard resulted in no significant changes in the way the Center recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and revenue disclosures have been enhanced in accordance with this standard.

Contributions and Grants

Contributions and grants are recorded as revenue without donor restrictions or revenue with donor restrictions depending on the existence and/or nature of any donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value using a risk adjusted discount rate. When a restriction expires, that is, when a stipulated time restrictions ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Receivables (Continued)

Contributions and Grants (Continued)

Contributions and grants receivable consists of unconditional promises to give and are stated at unpaid balances, less an allowance for doubtful accounts. All are expected to be collected; thus, management has determined that no allowance for doubtful accounts is necessary at June 30, 2021 or 2020.

As of June 30, 2021, all of contributions receivable was due from one contributor and all of grants receivable was due from one grantor. As of June 30, 2020, ninety-nine percent of grants receivable was due from one grantor, and fifty-two percent of total revenue reflected in the statement of activities was from that same grantor.

Donated Goods and Services

Donated goods and services are recorded at their estimated fair market value at the date of donation and are reflected as in-kind contributions in the accompanying financial statements. The Center reports the donations as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used.

The Center recognizes the fair value of contributed services received if such services a) create or enhance a nonfinancial asset or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Center benefited from donated IT services valued at \$45,582 for both 2021 and 2020.

A substantial number of volunteers have donated significant amounts of their time to the Center, but these services do not meet the criteria for recognition as contributed services.

Fees for Services

Fees for services revenue includes revenue for royalties, advertising, and registration and exhibit fees for conferences, seminars and workshops.

The Center recognizes revenue from seminars and workshops when the performance obligations of providing the services are met (i.e., the seminars and workshops are presented). Additionally, revenue from registration and exhibit fees for conferences is recognized when the conferences are held. Revenue from royalties and job boards advertising is recognized during the service year to which they relate.

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Receivables (Continued)

Membership Dues

Membership dues are considered an exchange transaction based on the value of benefits provided. The Center recognizes membership due revenue over the membership period when performance obligations are met for related benefits.

Deferred Revenue

Deferred membership revenue consists of fees collected for annual membership dues, which will be recognized as revenue during the membership year. Deferred corporate revenue reflects the value of benefits, such as exhibit booths, advertisements, and conference registrations available to corporate sustainers, which will be recognized as revenue during the service year. Deferred conference and other revenue consists of fees collected in advance of the annual conference.

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, the 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. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expense by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenditures not directly attributable to specific programs or support services are allocated to program or supporting services by the Center's management based on what it considers to be the best available objective criteria, such as hours worked or relative benefit. Expenses other than consultants, mailing, meeting expenses, travel and lodging, and staff and board development, are allocated based on percentage of staff time.

NORTH CAROLINA CENTER FOR NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Reclassifications

Certain items in the 2020 financial statements have been reclassified to conform with the 2021 presentation. Changes in net assets of the Center previously reported for 2020 was not affected by these reclassifications.

Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization. However, income from certain activities not directly related to the Center's tax-exempt purpose is subject to taxation as unrelated business income. Income derived from advertising in the Nonprofit Connections publication, exhibits at conference, and business finder advertising on the Center's website are considered unrelated business income activities. Income taxes for such unrelated business income totaled \$584 and \$5,604 for 2021 and 2020, respectively.

The Center evaluates any uncertain tax positions. Accordingly, the Center's policy is to record a liability for any tax position taken that is beneficial to the Center, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2021 and 2020.

Comparative Totals

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 Center's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

2. LIQUIDITY AND AVAILABILITY

The Center is substantially supported by restricted contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due and to be good stewards of funds available for investment. The Center invests cash in excess of daily requirements in money market accounts and certificates of deposit. In accordance with the Center's internal policies, the board designates a portion of earnings to an operating contingency fund, which was \$49,770 and \$49,467 as of June 30, 2021 and 2020, respectively. This fund may be drawn upon in the event of an immediate liquidity need if the governing board approves the action.

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

NOTES TO FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY (Continued)

The following reflects the Center’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or board-designations within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 837,987	\$ 504,228
Certificates of deposit	771,009	675,735
Contributions receivable	35,000	-
Grants receivable	300,000	355,000
	<u>1,943,996</u>	<u>1,534,963</u>
Less amounts not available to be used within one year, due to:		
Donor-restricted for purpose	355,000	650,000
Board-designated operating reserve	49,770	49,467
Board designated - NC Community Foundation endowment	23,649	-
	<u>428,419</u>	<u>699,467</u>
Financial assets available to meet general obligations within one year	<u>\$ 1,515,577</u>	<u>\$ 835,496</u>

3. PAYCHECK PROTECTION PROGRAM (“PPP”)

In March 2021, the Center received a second loan under the Paycheck Protection Program created as a part of the relief efforts related to COVID-19 and administered by the Small Business Administration in the amount of \$148,100. The loan accrues interest at 1% with payments commencing the earlier of one month after the bank receives notice that the Center is ineligible for forgiveness of the loan or ten months after the end of the Forgiveness Covered Period, if forgiveness has not been applied for. The Center is eligible for forgiveness up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government. The Center used the entire loan for qualifying expenses and the loan was forgiven subsequent to year-end (see Note 12).

Future maturities of the PPP loan at June 30, 2021, are as follows:

<u>Year ending June 30,</u>	
2023	\$ 37,580
2024	39,838
2025	40,238
2026	30,444
	<u>\$ 148,100</u>

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

NOTES TO FINANCIAL STATEMENTS

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods as of June 30:

	<u>2021</u>	<u>2020</u>
Restricted in perpetuity, Endowment:	\$ 231,550	\$ 231,450
Restricted for time	-	150,000
Restricted for purpose:		
Capacity Building	300,000	650,000
Nonprofit Management Institute and Resource Hub	20,000	-
Conference	35,000	-
Total restricted for purpose	<u>355,000</u>	<u>650,000</u>
Total net assets with donor restrictions	<u>\$ 586,550</u>	<u>\$ 1,031,450</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Subject to passage of time	\$ 150,000	\$ 100,000
Subject to expenditure for specified purpose:		
Capacity Building	350,000	383,750
Conference	76,155	79,010
Nonprofit Management Institute and Resource Hub	30,000	-
Medicaid Transformation	-	152,888
Ribbon of Hope nonprofits	-	10,000
Storm Preparedness	-	40,000
Executive Succession Video	-	9,655
Capacity to Lead Workshops	-	6,359
General Operations	-	164,162
	<u>\$ 606,155</u>	<u>\$ 945,824</u>

5. FAIR VALUE MEASUREMENTS

All assets have been valued using a market approach. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Level 2 inputs are those inputs that are observable, either directly or indirectly, for the assets and liabilities other than quoted prices included in level 1. The Center considers its investments held at North Carolina Community Foundation to be level 2 because they are invested in various portfolios managed by the Foundation and not individually held by the Center. Level 3 inputs are unobservable, and apply only when there is little or no market activity for the asset or liability. There have been no changes in valuation techniques and related inputs during the current year.

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

NOTES TO FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS (Continued)

The Center recognizes transfers of assets into and out of levels as of the date an event or changes in circumstance causes the transfer. There were no significant transfers between levels in the year ended June 30, 2021.

Fair values for assets measured on a recurring basis at June 30, 2021 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial Interest in endowment held by NC Community Foundation	\$ 255,199	\$ -	\$ 255,199	\$ -

6. ENDOWMENT

The Center’s endowment is one fund with related earnings considered net assets without donor restriction to be used for general operations. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2021, the Center transferred the endowment to North Carolina Community Foundation (the “Foundation”). The Center entered an agency fund agreement with the Foundation, and the endowment, including all investment income, capital gains and subsequent contributions, are the Foundation’s property. The fund is held and invested by the Foundation for the Center’s benefit and is reported at fair value in the statement of financial position as a beneficial interest in assets held by the Foundation, with distributions and changes in fair value recognized in the statement of activities. Accumulated unrestricted earnings from the endowment were included in the transfer and are reflected as board-designated net assets.

Interpretation of Relevant Law: The Board of Directors of the Center has interpreted the North Carolina Uniform Management of Institutional Funds Act (the Act) 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, the Center classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, unless the donor explicitly states that these gifts are not to be restricted in perpetuity, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

**NORTH CAROLINA CENTER FOR
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NOTES TO FINANCIAL STATEMENTS

6. ENDOWMENT (Continued)

In accordance with the Act, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation or deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Center, and (7) the Center's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The overall, long-term investment goal of the Foundation is to achieve an annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation plus any spending and administrative fee, thus protecting the purchasing power of the assets. The Foundation recognizes that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities, including real assets (real estate and natural resources). Real assets also provide the added benefit of inflation protection. Fixed income and diversifying strategies will be used to lower short-term volatility and provide stability, especially during periods of deflation and negative equity markets. Cash is not a strategic asset of the portfolio but is a residual to the investment process and used to meet short-term liquidity needs.

Spending Policy. Under North Carolina Community Foundation's spending policy, a percentage of the fund is available for distribution to the Center. Funds available to distribute are currently calculated on a calendar year basis based on 5% times the average of the previous 12 quarter-ending balances by fund. However, no part of any distribution may disturb the endowment principal.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required by donors or the Act (underwater endowments). While the Center has interpreted the Act to permit spending from underwater endowments in accordance with prudent measures required by law, the Center's internal policy has been to preserve the corpus of their endowments. There were no such deficiencies of this nature reported in net assets with donor restrictions at June 30, 2021 and 2020.

Endowment net asset composition as of June 30, 2021 and 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
June 30, 2021			
NC Community Foundation endowment fund	\$ -	\$ 231,550	\$ 231,550
Board Designated - NC Community Foundation endowment fund	23,649	-	23,649
	<u>\$ 23,649</u>	<u>\$ 231,550</u>	<u>\$ 255,199</u>
June 30, 2020			
Endowment fund	<u>\$ 17,165</u>	<u>\$ 231,450</u>	<u>\$ 248,615</u>

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

NOTES TO FINANCIAL STATEMENTS

6. ENDOWMENT (Continued)

Changes in endowment net assets as of June 30, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, June 30, 2019	\$ -	\$ 231,450	\$ 231,450
Contributions	-	-	-
Investment return, net	17,165	-	17,165
Amounts appropriated for expenditure	-	-	-
Endowment net assets, June 30, 2020	<u>\$ 17,165</u>	<u>\$ 231,450</u>	<u>\$ 248,615</u>
Contributions	-	100	100
Change in fair of beneficial interest assets	6,484	-	6,484
Amounts appropriated for expenditure	-	-	-
Endowment net assets, June 30, 2021	<u><u>\$ 23,649</u></u>	<u><u>\$ 231,550</u></u>	<u><u>\$ 255,199</u></u>

7. RETIREMENT PLAN

The Center maintains a 401(k) plan for employees. Eligible employees may elect to defer a percentage of their gross salary to the plan with the Center contributing 4% of compensation after one year of employment. Additionally, the Center can make discretionary matching contributions of up to 4% of each employee's compensation. Center contributions vest 20% per year after two years of service. Total employer contributions for the years ended June 30, 2021 and 2020 were \$53,393 and \$69,061, respectively.

8. LEASES

The Center leases office space on a month-to-month basis. In addition, the Center leases equipment under an operating lease agreement that expires in fiscal year 2022. Lease expense relating to these leases was \$31,188 and \$43,491 for the years ended June 30, 2021 and 2020, respectively.

The Center also leases equipment under a capital lease agreement expiring in 2024. The asset and liability under the capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over the related lease term or the estimated productive life. Amortization of the equipment under capital lease was \$4,160 for both 2021 and 2020.

The equipment and related accumulated amortization as of June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 22,082	\$ 22,082
Less accumulated amortization	(8,320)	(4,160)
	<u><u>\$ 13,762</u></u>	<u><u>\$ 17,922</u></u>

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

NOTES TO FINANCIAL STATEMENTS

8. LEASES (Continued)

Future minimum lease payments under the operating leases and the present value of future minimum lease payments under the capital lease are as follows:

<u>Year ending June 30,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2022	\$ 1,992	\$ 5,700
2023	-	5,700
2024	-	5,700
Total minimum lease payments	<u>\$ 1,992</u>	<u>\$ 17,100</u>
Less amount representing interest		(2,493)
Present value of net minimum capital lease payments		\$ 14,607
Less current maturities		(4,368)
Obligations under capital lease, less current maturities		<u>\$ 10,239</u>

9. CONTINGENCIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Center is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Center's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the Center's employees and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Center's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

10. RELATED PARTY TRANSACTIONS

The Center leases office space from an organization that employs a board member of the Center. The Center's Executive Director also serves as a board member for this same organization.

11. GOVERNING BOARD DESIGNATIONS

The Center's governing board has designated, from net assets without donor restrictions, \$49,770 and \$49,467 for a contingency fund to cover short-term or unanticipated funding needs, as of June 30, 2021 and 2020, respectively.

12. SUBSEQUENT EVENTS

Effective September 2, 2021, the Center received notice that their second PPP loan, issued March 2021, was forgiven in full. On November 20, 2021, the Center received notice of a grant in the amount of \$300,000 over 36 months.

Management has evaluated subsequent events through December 9, 2021, the date which the financial statements are available for issue.

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

SCHEDULE OF GRANTS AND SUPPORT

for the year ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Foundations:						
Blue Cross and Blue Shield of North Carolina Foundation	\$ 5,000	\$ 2,500	\$ 7,500	\$ 13,000	\$ 1,052,500	\$ 1,065,500
The Duke Endowment	25,000	-	25,000	25,000	-	25,000
Foundation For The Carolinas	15,000	-	15,000	15,000	-	15,000
The Winston-Salem Foundation	10,000	-	10,000	10,000	-	10,000
Sisters of Mercy of North Carolina Foundation	10,000	-	10,000	10,000	-	10,000
The Warner Foundation	10,000	-	10,000	10,000	-	10,000
The Joseph M. Bryan Foundation of Greater Greensboro	7,500	-	7,500	7,500	-	7,500
Mary Duke Biddle Foundation	5,000	-	5,000	5,000	-	5,000
Community Foundation of Greater Greensboro	5,000	-	5,000	5,000	-	5,000
SJ Edwards Foundation	5,000	-	5,000	-	-	-
John Red Foundation	-	2,500	2,500	-	-	-
Fidelity Investments	250,000	-	250,000	-	-	-
Blumenthal Foundation	-	2,500	2,500	-	2,500	2,500
Foundation for a Healthy High Point	-	2,400	2,400	-	2,400	2,400
Cemala Foundation	-	1,500	1,500	-	1,500	1,500
Z. Smith Reynolds Foundation	100,000	-	100,000	-	-	-
Triangle Community Foundation	-	52,500	52,500	-	-	-
The Park Foundation	-	-	-	10,000	-	10,000
Hanes Foundation	-	-	-	5,000	-	5,000
Other Foundations	21,900	-	21,900	15,027	-	15,027
Total foundations	<u>\$ 469,400</u>	<u>\$ 63,900</u>	<u>\$ 533,300</u>	<u>\$ 130,527</u>	<u>\$ 1,058,900</u>	<u>\$ 1,189,427</u>

**NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.**

SCHEDULE OF GRANTS AND SUPPORT

for the year ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Corporations:						
Wells Fargo	15,000	-	15,000	25,000	-	25,000
Truist	25,000	1,901	26,901	-	-	-
Bank of America Charitable Foundation	17,500	-	17,500	-	-	-
Google	-	10,000	10,000	-	10,000	10,000
Mutual of America	-	6,052	6,052	-	6,250	6,250
Towne Bank	-	1,901	1,901	-	2,500	2,500
Langdon and Company, LLP	-	1,901	1,901	-	2,200	2,200
First Nonprofit Companies	-	2,000	2,000	-	2,200	2,200
N.C. Electric Membership Corporation	-	2,000	2,000	-	2,200	2,200
Schell Bray	-	1,500	1,500	-	1,320	1,320
Duke Energy	-	70,000	70,000	-	-	-
Capital Development Services	-	-	-	-	1,320	1,320
The Duke Energy Foundation	-	-	-	-	40,000	40,000
BB&T Charitable Foundation	-	-	-	25,000	3,700	28,700
Other corporate grants and support	22,150	-	22,150	21,725	-	21,725
Total corporations	<u>79,650</u>	<u>97,255</u>	<u>176,905</u>	<u>71,725</u>	<u>71,690</u>	<u>143,415</u>
Individual and other	34,591	100	34,691	30,283	12,655	42,938
	<u>\$ 583,641</u>	<u>\$ 161,255</u>	<u>\$ 744,896</u>	<u>\$ 232,535</u>	<u>\$ 1,143,245</u>	<u>\$ 1,375,780</u>