# *CHARLOTTE CENTER FOR LEGAL ADVOCACY, INC.*

## *FINANCIAL STATEMENTS*
## *JUNE 30, 2019*

# *CHARLOTTE CENTER FOR LEGAL ADVOCACY, INC.*
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**June 30, 2019**

# *C. DEWITT FOARD & COMPANY, P.A.*

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Charlotte Center for Legal Advocacy, Inc,
Charlotte, North Carolina

We have audited the accompanying financial statements of Charlotte Center for Legal Advocacy, Inc, (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, 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 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 in the first paragraph present fairly, in all material respects, the financial position of Charlotte Center for Legal Advocacy, Inc,, as of June 30, 2019 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 audited the Organization's 2018 financial statements, and our report dated February 9, 2019, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. DeWitt Foard & Company, P.A.
January 22, 2020



***MEMBER: AMERICAN INSTITUTE OF CPAS & NORTH CAROLINA ASSOCIATION OF CPAS***

**Statement of Financial Position**

**June 30, 2019, with prior year comparative totals**

| | June 30, 2019 | June 30, 2018 |
|---|---|---|
| ***ASSETS*** | | |
| Current Assets: | | |
| Cash | $ 655,742 | $ 456,420 |
| Investments - certificates of deposit | 69,586 | 69,195 |
| Accounts Receivable: | | |
| Pledges, net | 261,133 | - |
| Grants | 1,795,875 | 1,437,075 |
| Other | 10,546 | 3,205 |
| Sales tax | 10,930 | 12,954 |
| Prepaid expenses | 30,284 | 48,196 |
| ***Total Current Assets*** | ***2,834,096*** | ***2,027,045*** |
| Non-Current Assets: | | |
| Beneficial interest in quasi-endowment fund | 82,441 | 52,899 |
| Grants receivable, net of current portion | 768,505 | 4,000 |
| Pledges receivable, net | 408,911 | - |
| Property and equipment, net | 358,299 | 385,351 |
| ***Total Non-Current Assets*** | ***1,618,156*** | ***442,250*** |
| ***TOTAL ASSETS*** | ***$ 4,452,252*** | ***$ 2,469,295*** |
| ***LIABILITIES AND NET ASSETS*** | | |
| Current Liabilities: | | |
| Accounts payable | $ 33,565 | $ 33,990 |
| Funds held for others | 90,773 | 54,882 |
| Accrued payroll and withholdings | 252,605 | 224,226 |
| ***Total Current Liabilities*** | ***376,943*** | ***313,098*** |
| Net Assets: | | |
| Without donor restricted: | | |
| Board-designated | 157,441 | 127,899 |
| Property | 358,299 | 385,351 |
| Undesignated | 418,445 | 484,666 |
| ***Total Net Assets Without Donor Restrictions*** | ***934,185*** | ***997,916*** |
| With donor restrictions | 3,141,124 | 1,158,281 |
| ***Total Net Assets*** | ***4,075,309*** | ***2,156,197*** |
| ***TOTAL LIABILITIES AND NET ASSETS*** | ***$ 4,452,252*** | ***$ 2,469,295*** |

# *CHARLOTTE CENTER FOR LEGAL ADVOCACY, INC.*

**Statement of Activities**

**Year Ended June 30, 2019, with prior year comparative totals**

| | Year Ended June 30, 2019 | | | 2018 |
|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | TOTALS | Comparative Totals |
| ***SUPPORT AND REVENUE*** | | | | |
| Support: | | | | |
| Contributions | $ 54,126 | $ 723,620 | $ 777,746 | $ 445,470 |
| Grants | 447,505 | 3,379,311 | 3,826,816 | 2,158,142 |
| In-kind contributions | 449,248 | - | 449,248 | 596,104 |
| Special events (net of $36,145 direct benefit) | 403,993 | - | 403,993 | 12,340 |
| Revenue: | | | | |
| Rental income | 72,000 | - | 72,000 | 62,800 |
| Fees and attorney awards | 86,732 | - | 86,732 | 56,413 |
| Investment and other | 6,034 | - | 6,034 | 13,873 |
| Net Assets Released from Restrictions | 2,120,088 | (2,120,088) | - | - |
| ***Total Support and Revenue*** | ***3,639,726*** | ***1,982,843*** | ***5,622,569*** | ***3,345,142*** |
| ***EXPENSES*** | | | | |
| Program services | 3,152,102 | - | 3,152,102 | 3,039,143 |
| Management and general | 304,852 | - | 304,852 | 231,631 |
| Fundraising | 246,503 | - | 246,503 | 208,229 |
| ***Total Expenses*** | ***3,703,457*** | ***-*** | ***3,703,457*** | ***3,479,003*** |
| ***CHANGE IN NET ASSETS*** | ***(63,731)*** | ***1,982,843*** | ***1,919,112*** | ***(133,861)*** |
| ***NET ASSETS, BEGINNING*** | ***997,916*** | ***1,158,281*** | ***2,156,197*** | ***2,290,058*** |
| ***NET ASSETS, ENDING*** | ***$ 934,185*** | ***$ 3,141,124*** | ***$ 4,075,309*** | ***$ 2,156,197*** |

# *CHARLOTTE CENTER FOR LEGAL ADVOCACY, INC.*

**Statement of Functional Expenses**

**Year Ended June 30, 2019, with prior year comparative totals**

| | Year Ended June 30, 2019 | | | | 2018 |
|---|---|---|---|---|---|
| | Program Services | Management and General | Fundraising | TOTALS | Comparative Totals |
| Salaries and Benefits: | | | | | |
| Salaries: | | | | | |
| Staff attorneys | $ 1,033,371 | $ 34,158 | $ 34,158 | $ 1,101,687 | $ 1,073,674 |
| Paralegal and program | 418,343 | - | - | 418,343 | 461,797 |
| Administrative | 95,094 | 129,009 | 108,727 | 332,830 | 273,446 |
| Support staff | 115,445 | 34,454 | 13,226 | 163,125 | 62,140 |
| Employee benefits | 416,281 | 42,896 | 36,160 | 495,337 | 379,757 |
| Payroll taxes | 124,420 | 12,821 | 10,807 | 148,048 | 137,031 |
| ***Total*** | ***2,202,954*** | ***253,338*** | ***203,078*** | ***2,659,370*** | ***2,387,845*** |
| Other Expenses: | | | | | |
| Attorneys fees (in-kind) | 449,248 | - | - | 449,248 | 596,104 |
| Occupancy | 56,739 | 5,847 | 4,928 | 67,514 | 92,949 |
| Travel and training | 34,506 | 3,556 | 2,997 | 41,059 | 44,820 |
| Other program costs | 50,472 | 5,201 | 4,384 | 60,057 | 44,774 |
| Information technology | 60,575 | 6,242 | 5,262 | 72,079 | 44,541 |
| Events | - | - | 36,145 | 36,145 | 246,771 |
| Communications | 31,663 | 3,263 | 2,750 | 37,676 | 32,211 |
| Outside services | 105,336 | 10,855 | 9,153 | 125,344 | 25,662 |
| Publications and references | 17,611 | 1,815 | 1,530 | 20,956 | 21,302 |
| Supplies | 21,655 | 2,231 | 1,881 | 25,767 | 20,914 |
| Equipment costs | 35,398 | 3,648 | 3,075 | 42,121 | 41,732 |
| Bad debt | - | - | - | - | 19,928 |
| Postage and delivery | 13,629 | 1,404 | 1,184 | 16,217 | 17,194 |
| Dues | 17,398 | 1,793 | 1,511 | 20,702 | 14,538 |
| Insurance | 11,746 | 1,210 | 1,020 | 13,976 | 14,215 |
| Litigation costs | 8,080 | 833 | 702 | 9,615 | 4,094 |
| ***Total*** | ***914,056*** | ***47,898*** | ***76,522*** | ***1,038,476*** | ***1,281,749*** |
| Total Expenses Before Depreciation | 3,117,010 | 301,236 | 279,600 | 3,697,846 | 3,669,594 |
| Depreciation Expense | 35,092 | 3,616 | 3,048 | 41,756 | 56,180 |
| ***TOTAL EXPENSES*** | ***3,152,102*** | ***304,852*** | ***282,648*** | ***3,739,602*** | ***3,725,774*** |
| Less - Special Events Costs Deducted from Revenue | - | - | (36,145) | (36,145) | (246,771) |
| ***NET EXPENSES*** | ***$ 3,152,102*** | ***$ 304,852*** | ***$ 246,503*** | ***$ 3,703,457*** | ***$ 3,479,003*** |

# *CHARLOTTE CENTER FOR LEGAL ADVOCACY, INC.*

**Statement of Cash Flows**

**Year Ended June 30, 2019, with prior year comparative totals**

| | June 30, 2019 | June 30, 2018 |
|---|---|---|
| ***OPERATING ACTIVITIES*** | | |
| Change in net assets | $ 1,919,112 | $ (133,861) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 41,757 | 56,180 |
| Increase in value of beneficial interest | (1,797) | (2,999) |
| Contributions restricted for long-term purposes | (723,620) | - |
| (Increase) decrease in operating assets: | | |
| Grants receivable | (1,123,305) | (107,529) |
| Other receivables | (5,317) | 2,221 |
| Prepaid expenses | 17,912 | 9,005 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | (425) | 15,474 |
| Funds held for others | 35,891 | (33,187) |
| Accrued payroll and withholdings | 28,379 | 24,747 |
| ***Cash Flows from Operating Activities*** | ***188,587*** | ***(169,949)*** |
| ***INVESTING ACTIVITIES*** | | |
| Purchases of fixed assets | (14,705) | (13,264) |
| Purchases of investments | (28,136) | (18,308) |
| ***Cash Flows from Investing Activities*** | ***(42,841)*** | ***(31,572)*** |
| ***FINANCING ACTIVITIES*** | | |
| Contributions restricted for long-term purposes | 723,620 | - |
| Increase in pledges receivable | (670,044) | - |
| Proceeds from line of credit | - | 50,000 |
| Principal paid on line of credit | - | (50,000) |
| ***Cash Flows from Financing Activities*** | ***53,576*** | ***-*** |
| ***NET CHANGE IN CASH*** | ***199,322*** | ***(201,521)*** |
| ***CASH, BEGINNING*** | ***456,420*** | ***657,941*** |
| ***CASH, ENDING*** | ***$ 655,742*** | ***$ 456,420*** |

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Nature of activities*

Charlotte Center for Legal Advocacy, Inc. (the "Organization"), formerly known as Legal Services of Southern Piedmont, Inc. is a North Carolina not-for-profit corporation that began operations in 1967 and has its principal office in Charlotte. The purpose of the Organization is to provide equal access to justice for indigent persons in its service area by providing representation for indigent persons on matters of significant concern to them individually and advocating for the low income community, or groups of indigent persons, on issues of concern to the whole or significant segment of the low income community. The Organization also provides services for the elderly community in the Charlotte area. During the period of this report, the Organization, a United Way agency, primarily served individuals and families living in the Charlotte metropolitan area and west-central North Carolina whose income does not exceed 200 percent of the federal poverty level.

*Funding sources*

The Organization is supported by a combination of federal, state and local government funds, the United Way of Central Carolinas, contributions from individuals and Organizations, grants from state and local bar Organizations, grants from private foundations, client fees, and other sources.

*Basis of presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, 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 without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in the day-to-day operation of the Organization and those resources invested in fixed assets. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position.
>
> *Net assets with donor restrictions* – Net assets with donor restrictions consist of temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets are subject to donor imposed stipulations that they be maintained permanently by the Organization. At June 30, 2019, the Organization did not have any permanently restricted net assets.

*Presentation*
Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. The Organization recognizes unconditional promises to give as support in the period the promise is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expenses are recorded as decreases in net assets without donor restrictions.

*Donated professional services*
Certain services are donated by various attorneys, law students and paralegals in the Organization service area at no charge in connection with the Access to Justice Pro Bono Program. Such donated services have been reflected in the accompanying financial statements, based on estimated salary rates, payroll taxes, and employee benefits. If the Organization employed these individuals to perform these services, the estimated cost is $105 per hour.

*Other donated goods and services*
No other amounts have been reflected in the financial statements for donated goods and services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services, management, and fundraising efforts. The Organization does not record the value of other donated services in its financial statements since the value of the services generally does not meet the requirements for recognition in the financial statements.

*Functional allocation of expenses*
Expenses that are inherently program, management and general, or fundraising, are charged directly to those functions. Personnel related expenses are allocated based on management's estimates of time spent. Due to the Organization being a service driven not-for-profit the majority of their expenses are allocated similar to personnel expenses.

*Accrued compensated absences*
The Organization allows employees to carry over up to 150 hours of compensated absences at the end of the calendar year. During the year, employees are allowed to accrue more than 150 hours, and are paid for the entire amount upon leaving the Organization. This amount is shown as an expense when earned and the unpaid balance at year-end is included as a liability in the accompanying financial statements.

*Federal income tax status*
The Organization is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) with respect to its exempt function income. The Organization is classified as other than a private foundation as defined by Section 509(a) of the Internal Revenue Code.

*Prior-year comparative totals*
The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's 2018 financial statements, from which the summarized information was derived. Certain amounts shown as prior-year comparative totals have been reclassified to conform to the current-year presentation.

*Use of estimates*
The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 2 – INVESTMENTS

*Certificates of deposit*
Certificates of deposit are reported at cost plus accrued interest, which approximates fair value. The balance as of June 30, 2019, consists of two certificates of deposit, with maturities of three and six months.

*Beneficial interest*
The Organization's quasi-endowment fund is managed by Foundation for the Carolinas and is carried on the books at its fair value, which is estimated by Foundation for the Carolinas.

*Fair value*
Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

> Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.
>
> Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
>
> Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's certificates of deposit are classified as Level 2 assets and fair value is determined based on cost plus accrued interest. The Organization's investments at Foundation for the Carolinas are classified as Level 3 assets and fair value is determined based on the value of the underlying assets, which consist of investments some of which are publicly-traded and some of which are not.

The following table sets forth a summary of changes in the fair value of the Organization Level 3 assets for the year ended June 30, 2019:

| | |
|---|---|
| Balance, beginning of year | $ 52,899 |
| Purchases | 27,745 |
| Net increase in value | 1,797 |
| Balance, end of year | $ 82,441 |

*Quasi-endowment policies*
Quasi-endowment investments are managed by Foundation for the Carolinas, which has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions while growing the funds. Actual returns in any given year will vary.

**NOTE 3 – RECEIVABLES**

*Grants receivable*
Grants receivable are presented at net realizable value with no allowance for bad debt or present value discount. Management's assessment of the collectability of the grants are based on a review of individual accounts, historical experience, and current economic conditions. Grants receivable had a balance of $2,564,380 at June 30, 2019. The Organization expects to collect $1,795,875 in the year ending June 30, 2020 and $768,505 is expected to be collected during the year ending June 30, 2021.

*Pledges receivable*
The Organization accepts pledges for a capital campaign, the proceeds of which are used to construct a new office building. Unconditional promises to give are presented net of the allowance for doubtful accounts as calculated by management. Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, and current economic conditions. Management has determined that no allowance is needed for promises to give. The $21,177 discount for present value is computed using an interest rate of 1.76 percent based on the weighted average of the U.S. Treasury rates at June 30, 2019. At June 30, 2019 there was one pledge totaling $500,000 which represented 72% of the gross pledges receivable, which represents a substantial concentration risk. The Organization's pledges are expected to be collected during the year ending June 30:

| | | |
|---|---|---|
| 2020 | $ | 263,450 |
| 2021 | | 146,700 |
| 2022 | | 145,200 |
| 2023 | | 122,871 |
| 2024 | | 13,000 |
| Total Pledges Receivable | | 691,221 |
| Deduct: | | |
| Discount for present value | | 21,177 |
| NET PLEDGES RECEIVABLE | $ | 670,044 |

**NOTE 4 – PROPERTY AND EQUIPMENT**

*Basis of presentation*
Fixed assets are capitalized at cost if purchased or fair value if donated, subject to a $2,500 capitalization policy. Major repairs and improvements to existing assets that are expected to significantly extend the useful life of such assets are also capitalized. Repair costs not expected to significantly extend the asset's useful life are expensed in the year such costs are incurred. The Organization uses the straight-line method of depreciation over the estimated useful lives of the assets, which vary from three to ten years for computers, furniture and equipment, to 30 years for the building and building improvements. Salvage values are not utilized.

*Balance at June 30, 2019*
Fixed assets at June 30, 2019 consisted of the following:

| | | |
|---|---|---|
| Land | $ | 206,367 |
| Building | | 359,791 |
| Building improvements | | 214,268 |
| Furniture and equipment | | 162,860 |
| TOTAL COST | | 943,286 |
| Less - accumulated depreciation | | (583,394) |
| PROPERTY AND EQUIPMENT – NET | $ | 359,892 |

**NOTE 5 – NET ASSETS**

*Board-designated*
The Organization Board of Directors has resolved that the following designated funds be established:

*Designated Impact Advocacy Fund* – The Board established an impact advocacy fund with an initial funding of $50,000 for representation of groups, for community economic development, for legislative and administrative advocacy, and for impact legislation. The Executive Director is authorized to use funds for each activity or incident up to $25,000 without Board approval and shall maintain separate accounting for such expenditures.

*Quasi-Endowment Fund* – The Board has established a quasi-endowment fund at the Foundation of the Carolinas with a fair value at year-end of $82,441.

*Designated Building Repair and Improvement Fund* – The Board established a building repair and improvement fund with an initial funding of $25,000. The fund is to be used for repair and improvement of real estate owned and operated by the Organization beyond normal costs that are provided for in the budget. The Executive Director is authorized to use funds up to $25,000 without Board approval.

*Temporarily restricted*

Temporarily restricted activity for the year was as follows:

| | Beginning | Received | Released | Ending |
|---|---|---|---|---|
| Mecklenburg County | $ 238,000 | $ 408,000 | $ 238,000 | $ 408,000 |
| Kate B. Reynolds | 11,377 | 1,011,319 | 264,466 | 758,231 |
| United Way | 195,000 | 219,375 | 195,000 | 219,375 |
| IOLTA | 46,875 | 105,000 | 99,375 | 52,500 |
| Internal Revenue Service | 50,000 | 100,000 | 100,000 | 50,000 |
| Legal Orientation Program | 16,357 | 96,478 | 95,615 | 17,220 |
| Sisters of Mercy | - | 50,000 | 29,167 | 20,833 |
| Z. Smith Reynolds | 100,625 | 250,000 | 150,625 | 200,000 |
| Equal Justice Works | 12,250 | 152,400 | 49,969 | 114,681 |
| Leon Levine Foundation | 40,000 | 70,000 | 75,000 | 35,000 |
| National Health Law Program | 29,167 | 100,000 | 70,833 | 58,333 |
| RWJ Justice Center | 46,667 | - | 40,000 | 6,667 |
| CPCC Single Stop | 20,000 | - | 20,000 | - |
| NC Child | 4,000 | - | 4,000 | - |
| North Carolina Bar Foundation | 10,000 | 12,081 | 12,081 | 10,000 |
| Bank of America Foreclosure | 54,000 | 86,000 | 97,000 | 43,000 |
| Bank of America Redevelopment | 232,219 | 360,000 | 185,502 | 406,716 |
| CHS Medical Legal Partnership | 40,000 | 80,000 | 80,000 | 40,000 |
| Wells Fargo | - | 10,000 | 6,667 | 3,333 |
| VOCA | - | 113,558 | 113,558 | - |
| Charlotte Mecklenburg Housing | 11,250 | 8,000 | 15,250 | 4,000 |
| CACH | - | 5,000 | 4,583 | 418 |
| Rapid Response | - | 37,011 | 9,250 | 27,761 |
| Immigration Litigation | - | 75,000 | 56,250 | 18,750 |
| NC Justice Public Charge | - | 20,090 | 10,090 | 10,000 |
| Brighthouse Financial | - | 10,000 | 7,500 | 2,500 |
| Community Link Veterans | 494 | - | 494 | - |
| Capital Campaign | - | 723,620 | 89,813 | 633,807 |
| TOTAL | $ 1,158,281 | $ 4,102,932 | $ 2,120,088 | $ 3,141,124 |

*Net assets released*
During the year, $1,916,717 of restricted net assets were released by expiration of time restrictions and $203,371 of restricted net assets were released by payment for restricted purposes.

**NOTE 6 – LINE OF CREDIT**

The Organization has available a line of credit of up to $150,000 from a local financial institution which matures in June 2019. Payments of interest only at the Bank's prime rate are required. At June 30, 2019, there was no balance due. No interest expense was paid during the year.

**NOTE 7 – LEASES**

*Operating leases*
The Organization has entered into non-cancelable operating lease agreements for office space and a mail machine. Lease payments made during the year ended June 30, 2019 were $49,748. Future minimum payments under operating leases are due during the years ending June 30:

| | |
|---|---|
| 2020 | $ 52,800 |
| 2021 | 56,028 |
| 2022 | 28,824 |
| TOTAL | $ 137,652 |

**NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization has $2,695,924 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $655,742, short-term investments of $69,586, and current grants receivable, other receivables, and sales tax receivable of $1,970,596. Of the financial assets available, $1,776,665 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management the Organization invests cash in excess of daily requirements in short-term investments, primarily money market funds and certificate of deposits.

**NOTE 9 – CONCENTRATIONS OF RISK**

*Geographic area*
The Organization operates in a small geographic area, and is therefore sensitive to changes in the local economy.

*Cash*
Cash held in bank accounts is insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash held by the Organization at June 30, 2019, included $295,036 of cash in excess of insured limits.

*Funding*
During the year ended June 30, 2019, the Organization received the majority of its funding from a limited number of funding sources, a large amount of which is renewable annually. This represents a significant concentration of risk that operations could be affected if any of these agencies unexpectedly discontinued their funding of the Organization.

**NOTE 10 – RETIREMENT PLAN**

The Organization provides a 401(k) plan for the benefit of its employees. Contributions to the Plan are made at the discretion of the Organization Board of Directors and employee contributions are also permitted. Contributions are allocated to employees based on compensation and employees are fully vested in employer contributions after four years. A more detailed description of the Plan is available in the Summary Plan Description. For the year ended June 30, 2019, the Organization accrued a contribution to the Plan of $112,401.

**NOTE 11 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, the Organization signed a letter of intent to purchase eight acres of land on Latrobe Drive for $1,000,000. The Organization plans to use funds received from capital campaign donations and debt financing to pay for the commitment. No other material recognizable subsequent events were identified.