

THE PLACE OF FORSYTH COUNTY, INC.

FINANCIAL STATEMENTS

Years ended December 31, 2021 and 2020

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

Opinion

We have audited the accompanying financial statements of The Place of Forsyth County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Place of Forsyth County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Place of Forsyth County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Place of Forsyth County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Place of Forsyth County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cumming, Georgia
November 14, 2022

LeRay, Cole + Hight, LLC

**THE PLACE OF FORSYTH COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 959,869	\$ 299,292
Investments, at fair value	157,674	-
Unconditional/unrestricted promises to give, net	-	32,425
Inventory	542,563	559,430
Prepaid expenses	4,466	3,160
Other current assets	-	3,000
Total Current Assets	1,664,572	897,307
FIXED ASSETS, at cost		
Land	342,901	301,301
Building	1,881,136	1,437,736
Equipment & Fixtures	302,772	267,232
Vehicles	124,929	96,254
	2,651,738	2,102,523
Less: Accumulated depreciation	(846,287)	(775,049)
Total Fixed Assets	1,805,451	1,327,474
OTHER ASSETS		
Restricted cash	617,345	375,162
Beneficial interest in assets held by others	17,544	15,614
Cash designated for long-term purposes	-	612,518
Investments designated for long-term purposes	2,450,000	1,837,482
Other	5,125	125
Total Other Assets	3,090,014	2,840,901
TOTAL ASSETS	\$ 6,560,037	\$ 5,065,682
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 45,193	\$ 45,902
Refundable advance	-	136,845
Total Current Liabilities	45,193	182,747
TOTAL LIABILITIES	45,193	182,747
NET ASSETS		
Net assets without donor restrictions:		
Designated for:		
Building reserve	1,000,000	1,000,000
Operating reserve	700,000	700,000
Program expansion reserve	750,000	750,000
Undesignated	3,447,499	2,057,773
Net assets without donor restrictions	5,897,499	4,507,773
Time or purpose restrictions:		
Restricted for programs and facilities	617,345	375,162
Restrictions that are perpetual in nature	-	-
Net assets with donor restrictions	617,345	375,162
Total Net Assets	6,514,844	4,882,935
TOTAL LIABILITIES AND NET ASSETS	\$ 6,560,037	\$ 5,065,682

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, 2021 AND 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and gains:		
Contributions	\$ 3,507,848	\$ 4,269,552
Thrift store sales	929,031	518,342
Program fees	5,234	190
Contribution received in donation of Ric-Rack, Inc.	522,699	-
Investment income	98,611	94,927
Change in value of beneficial interest in funds held by others	1,930	2,371
Total Revenues and Gains without Donor Restrictions	5,065,353	4,885,382
Net assets released from restrictions:		
Restrictions satisfied by program expense	419,607	411,780
Total Net Assets Released from Restrictions	419,607	411,780
Total Revenues, Gains and Other Support Without Donor Restrictions	5,484,960	5,297,162
Expenses:		
Program services	3,672,359	3,778,045
Supporting services	422,875	344,918
Total Expenses	4,095,234	4,122,963
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,389,726	1,174,199
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions restricted for programs	311,651	511,744
Contribution received in the donation of Ric-Rack, Inc.	350,139	-
Program contribution lapses	(419,607)	(411,780)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	242,183	99,964
INCREASE IN NET ASSETS	1,631,909	1,272,163
NET ASSETS AT BEGINNING OF YEAR	4,882,935	3,608,772
NET ASSETS AT END OF YEAR	\$ 6,514,844	\$ 4,882,935

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, 2021**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>All Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
Payroll and payroll taxes	\$ 751,443	\$ 74,483	\$ 151,157	\$ 977,083
Advertising	4,013	-	2,859	6,872
Bank charges	15,729	372	7,201	23,302
Conferences and training	374	1,896	10	2,280
Company vehicles	10,479	-	2,371	12,850
Depreciation	64,110	2,676	4,452	71,238
Direct assistance-cash	364,107	-	-	364,107
Direct assistance-noncash	2,102,031	-	-	2,102,031
Dues and subscriptions	5,023	788	406	6,217
Insurance	90,959	9,965	22,737	123,661
Other expenses	5,774	3,237	20,732	29,743
Office and supplies	51,457	2,502	12,764	66,723
Professional fees	48,694	57,551	14,338	120,583
Repairs and maintenance	51,608	2,880	15,306	69,794
Rent	54,584	-	1,722	56,306
Telephone	6,535	400	1,507	8,442
Utilities	45,439	-	8,563	54,002
TOTAL FUNCTIONAL EXPENSES	<u>\$ 3,672,359</u>	<u>\$ 156,750</u>	<u>\$ 266,125</u>	<u>\$ 4,095,234</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, 2020**

	Program Services	Supporting Services		Total
	All Programs	Management and General	Fundraising	
Payroll and payroll taxes	\$ 532,412	\$ 94,412	\$ 103,829	\$ 730,653
Advertising	4,079	373	5,247	9,699
Bank charges	11,773	4,181	443	16,397
Conferences and training	1,169	-	-	1,169
Company vehicles	8,475	2,912	-	11,387
Depreciation	53,453	3,861	2,970	60,284
Direct assistance-cash	537,642	-	-	537,642
Direct assistance-noncash	2,297,067	-	-	2,297,067
Dues and subscriptions	3,050	854	427	4,331
Insurance	80,802	8,841	16,524	106,167
Other expenses	5,827	2,751	5,474	14,052
Supplies	61,439	3,677	7,915	73,031
Professional fees	38,969	40,284	11,547	90,800
Repairs and maintenance	89,989	863	10,839	101,691
Retail store	14,731	-	9,274	24,005
Taxes	1,704	-	-	1,704
Telephone	4,243	-	1,045	5,288
Utilities	31,221	-	6,375	37,596
TOTAL FUNCTIONAL EXPENSES	\$ 3,778,045	\$ 163,009	\$ 181,909	\$ 4,122,963

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, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Increase in net assets	\$ 1,631,909	\$ 1,274,163
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation expense	71,238	60,284
Net in-kind contributions/allocations	(446,135)	(59,959)
Loss on disposition of asset	-	1,400
Changes in operating assets and liabilities:		
Promises to give	32,425	666
Inventory	53,867	(210,650)
Prepaid expenses	(1,306)	(966)
Other assets	(2,000)	(3,125)
Accounts payable and accrued expenses	(709)	8,682
Refundable advances	(136,845)	136,845
Net realized/unrealized (gains)/losses on investments	(68,342)	(78,596)
Change in value of beneficial interest in assets held by others	(1,930)	(2,371)
Net cash provided by operating activities	1,132,172	1,126,373
Cash flows from investing activities		
Capital expenditures	(140,081)	(373,035)
Proceeds from disposition of asset	-	1,000
Proceeds from donation of Ric-Rack, Inc.	426,703	-
Purchases of investments	(3,237,984)	(1,282,861)
Proceeds from matured investments	2,109,432	617,541
Net cash (used)/provided by investing activities	(841,930)	(1,037,355)
Cash flows from financing activities		
	-	-
Net cash provided by financing activities	-	-
(Decrease)/Increase in cash and cash equivalents	290,242	89,018
Cash and cash equivalents, beginning of year	1,286,972	1,197,954
Cash and cash equivalents, end of year	\$ 1,577,214	\$ 1,286,972
Shown as:		
Cash and cash equivalents	\$ 959,869	\$ 299,292
Restricted cash	617,345	375,162
Cash designated for long-term purposes	-	612,518
	\$ 1,577,214	\$ 1,286,972
Supplemental cash flow information		
Donated inventory, property, equipment	\$ 446,135	\$ 59,959

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

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 AND 2020

2. Summary of Significant Accounting Policies, continued

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, 2021 and 2020, the allowance was \$0 and \$0, 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, 2021 and 2020, \$446,135 (see Note 15) and \$59,959 of capital assets were donated to the Organization.

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

2. Summary of Significant Accounting Policies, continued

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, 2021 and 2020, there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

Revenue and Revenue Recognition

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, 2021 AND 2020

2. Summary of Significant Accounting Policies, continued

The Organization recognizes revenue from fee-based services when the performance obligations of providing the services are met. Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place. All goods and services provided are transferred at a point in time.

Thrift store sales consist of donated items, which are recorded at the point of sale. The price is fixed and determinable as each item is labeled with a selling price. The performance obligation is met at a point in time when the customer takes possession of the items after payment has been received. The Organization offers upfront discounts, which are recognized at the point of sale. Sales discounts are netted with thrift store sales on the Statement of Activities.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Consequently, at December 31, 2021 and 2020 contributions of \$0 and \$136,845, respectively, have not been recognized in the accompanying statement of activities because the conditions on which they depend has not yet been met. See Note 5.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Contributed Services and Facilities

The Organization recorded the value of contributed services received for the years ended December 31, 2021 and 2020, of \$51,469 and \$98,498. 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.

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 \$6,872 and \$11,083 for the years ended December 31, 2021 and 2020, respectively.

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, 2021 AND 2020**

2. Summary of Significant Accounting Policies, continued

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

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.

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

2. Summary of Significant Accounting Policies, continued

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.

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.

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.

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

2. Summary of Significant Accounting Policies, continued

Taxes Collected from Customers and Remitted to Governmental Authorities

The Organization records taxes collected from customers, which are directly imposed on a transaction with that customer, on a net basis. That is, in instances in which the Organization acts as a collection agent for a taxing authority by collecting taxes that are the responsibility of the customer, the Organization records the amount collected as a liability and relieves such liability upon remittance to the taxing authority without impacting revenues or expenses.

3. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following at December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 1,577,214	\$ 1,286,972
Investments at fair value	2,607,674	1,837,482
Contributions receivable	-	32,425
Beneficial interest in assets held by others	17,544	15,614
Total financial assets	4,202,432	3,172,493
Less amounts not available to be used within one year		
Net assets with donor restrictions	617,345	375,162
Less net assets with purpose restrictions to be met in less than a year	(267,206)	(375,162)
Board-designated funds for future use	2,450,000	2,450,000
Financial assets available to meet general expenditures over the next twelve months	\$ 1,402,293	\$ 722,493

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

There were no promises to give at December 31, 2021. Promises to give at December 31, 2020 consist principally of United Way allocations. All promises to give of are due within 1 year.

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5. Forgivable Loans Received Under the Small Business Administration Paycheck Protection Program

In response to the COVID-19 pandemic in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide forgivable small business loans. In May 2020, the Organization was granted a PPP loan for \$136,845. The PPP loan contained conditions to maintain employment levels and use the funds for certain payroll, rent and utility expenses. For any portion not forgiven, the loan begins accruing interest of 1% on the effective date. Principal payments are due in equal monthly installments commencing ten months after the covered period. The Organization anticipated the loan to be fully forgiven and therefore considered it as a conditional contribution and initially recorded it as a refundable advance.

Refundable advance activity for the years ended December 31, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Refundable advances, beginning of year	\$ 136,845	\$ -
Receipts	-	136,845
Expenditures	<u>136,845</u>	<u>-</u>
Refundable advances, end of year	<u>\$ -</u>	<u>\$ 136,845</u>

6. Net Assets

Net assets with donor restrictions were as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Specific Purpose		
Client assistance program	\$ 267,206	\$ 375,162
Dawson county building	350,139	-
Passage of Time	<u>-</u>	<u>-</u>
Total	<u>\$ 617,345</u>	<u>\$ 375,162</u>

Net assets without donor restrictions for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Designated for:		
Building reserve	\$ 1,000,000	\$ 1,000,000
Operating reserve	700,000	700,000
Program expansion reserve	750,000	750,000
Undesignated	<u>3,447,499</u>	<u>2,057,773</u>
Total	<u>\$ 5,897,499</u>	<u>\$ 4,507,773</u>

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

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions		
Family assistance programs	<u>\$ 419,607</u>	<u>\$ 411,780</u>

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7. 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, 2021 and 2020, respectively. Based on the level of input utilized to measure fair value:

Description	Fair Value Measurements at December 31, 2021 using:		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:			
Equities	\$ 2,607,674	\$ -	\$ -
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>17,544</u>
Total investments	<u>\$ 2,607,674</u>	<u>\$ -</u>	<u>\$ 17,544</u>
Description	Fair Value Measurements at December 31, 2020 using:		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:			
Equities	\$ 940,193	\$ -	\$ -
Certificates of deposit	-	897,289	-
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>15,614</u>
Total investments	<u>\$ 940,193</u>	<u>\$ 897,289</u>	<u>\$ 15,614</u>

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, 2021:

<u>Assets</u>	
Beneficial interest in assets held by others at December 31, 2020	\$ 15,614
Additions	-
Investment income	1,930
Realized and unrealized gains(losses)	-
Distributions	<u>-</u>
Beneficial interest in assets held by others at December 31, 2021	<u>\$ 17,544</u>

At December 31, 2021 and 2020, the total estimated fair value of the Organization's investments was as follows:

	<u>2021</u>	<u>2020</u>
Investment fair value (see above)		
Equities	\$ 2,607,674	\$ 940,193
Beneficial interest in assets held by others	17,544	15,614
Certificates of deposit	<u>-</u>	<u>897,289</u>
	<u>\$ 2,625,218</u>	<u>\$ 1,853,096</u>
Shown on Statement of Financial Position as:		
Investments	\$ 157,674	\$ -
Beneficial interest in assets held by others	17,544	15,614
Investments designated for long-term purposes	<u>2,450,000</u>	<u>1,837,482</u>
	<u>\$ 2,625,218</u>	<u>\$ 1,853,096</u>

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7. Fair Value Measurements, continued

Investment income reflected on the statement of activities includes interest and dividends of \$33,578, net realized/unrealized gain on investments of \$68,342, and brokerage fees of \$3,309 for the year ended December 31, 2021 and interest and dividends of \$25,897, net realized/unrealized losses on investments of \$78,596, and brokerage fees of \$9,566 for the year ended December 31, 2020.

8. Inventory

Inventory consists of the following at December 31, 2021 and 2020:

	2021	2020
Thrift store	\$ 306,807	\$ 250,826
Programs	235,756	308,604
	\$ 542,563	\$ 559,430

9. Non-cancelable Operating Lease

The Organization leases certain office equipment under a non-cancelable operating lease agreement expiring in 2024. Rent expense amounted to approximately \$56,306 and \$1,587 for the years ended December 31, 2021 and 2020, respectively. Future minimum payments under non-cancelable operating leases as of December 31, 2021 are as follows:

2022	\$ 65,168
2023	62,542
2024	10,400
2025	-
2026	-
Thereafter	-
	\$ 138,110

10. 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.

11. 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.

12. 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 2021 and 2020. 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 \$289,210 and \$0 at December 31, 2021 and 2020, respectively.

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13. 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, 2021 and 2020, respectively.

14. 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, 2021 and 2020, \$17,544 and \$15,614 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, 2021 and 2020, respectively.

15. Acquisition of Ric-Rack, Inc.

In May 2021, the Organization received substantially all assets of Ric-Rack (Resource Interaction Council), Inc. (Ric-Rack) in a business combination. The Organization did not transfer any consideration to Ric-Rack in exchange for substantially all of its assets. Ric-Rack operated a food pantry and thrift store in Dawson County, Georgia. The Organizations board accepted Ric-Rack's assets in a contribution transaction because it believes that expansion into Dawson County is strategically beneficial to its mission. The assets contributed were recorded at their fair value on the date of receipt. Assets contributed and their fair value on the date of contribution were Cash of \$426,703 (\$350,139 of which is restricted for acquisition of a building), thrift store inventory of \$37,000, vehicles of \$28,675 and land and building of \$380,460 resulting in an inherent total contribution of \$872,838.

16. Subsequent Events

Management has evaluated subsequent events through November 14, 2022, the date on which the Organization issued these financial statements.