

**THE PLACE OF FORSYTH COUNTY, INC.**

**FINANCIAL STATEMENTS**

**Years ended December 31, 2022 and 2021**

**with Independent Auditor's Report**

**THE PLACE OF FORSYTH COUNTY, INC.**

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**FINANCIAL STATEMENTS**

**For the years ended December 31, 2022 and 2021**

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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, 2022 and 2021, 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, 2022 and 2021, 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, 2023

**THE PLACE OF FORSYTH COUNTY, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

|   | 2022                | 2021                |
|---|---------------------|---------------------|
| <b><u>ASSETS</u></b>                          |                     |                     |
| <b>CURRENT ASSETS</b>                         |                     |                     |
| Cash and cash equivalents                     | \$ 922,641          | \$ 959,869          |
| Investments, at fair value                    | -                   | 157,674             |
| Inventory                                     | 419,457             | 542,563             |
| Prepaid expenses                              | 4,040               | 4,466               |
| Other current assets                          | 878                 | -                   |
| Total Current Assets                          | 1,347,016           | 1,664,572           |
| <br><b>PROPERTY AND EQUIPMENT</b>             |                     |                     |
| Land  | 362,976             | 342,901             |
| Building                                      | 2,002,006           | 1,881,136           |
| Equipment & Fixtures                          | 315,830             | 302,772             |
| Vehicles                                      | 124,929             | 124,929             |
|   | 2,805,741           | 2,651,738           |
| Less: Accumulated depreciation                | (934,459)           | (846,287)           |
| Total Property and Equipment                  | 1,871,282           | 1,805,451           |
| <br><b>OTHER ASSETS</b>                       |                     |                     |
| Restricted cash                               | 622,707             | 617,345             |
| Beneficial interest in assets held by others  | 14,403              | 17,544              |
| Cash designated for long-term purposes        | 203,040             | -                   |
| Investments designated for long-term purposes | 2,196,960           | 2,450,000           |
| Operating lease right-of-use asset            | 7,632               | -                   |
| Other   | 5,125               | 5,125               |
| Total Other Assets                            | 3,049,867           | 3,090,014           |
| <b>TOTAL ASSETS</b>                           | <b>\$ 6,268,165</b> | <b>\$ 6,560,037</b> |
| <br><b><u>LIABILITIES AND NET ASSETS</u></b>  |                     |                     |
| <b>CURRENT LIABILITIES</b>                    |                     |                     |
| Operating lease liabilities                   | \$ 4,878            | \$ -                |
| Accounts payable and accrued expenses         | 71,445              | 45,193              |
| Total Current Liabilities                     | 76,323              | 45,193              |
| <br><b>LONG-TERM LIABILITIES</b>              |                     |                     |
| Operating lease liabilities                   | 2,754               | -                   |
| Total Long-term Liabilities                   | 2,754               | -                   |
| <b>TOTAL LIABILITIES</b>                      | 79,077              | 45,193              |
| <br><b>NET ASSETS</b>                         |                     |                     |
| Net assets without donor restrictions         | 5,566,381           | 5,897,499           |
| Net assets with donor restrictions            | 622,707             | 617,345             |
| Total Net Assets                              | 6,189,088           | 6,514,844           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>       | <b>\$ 6,268,165</b> | <b>\$ 6,560,037</b> |

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, 2022 AND 2021**

|   | 2022                | 2021                |
|---|---------------------|---------------------|
| <b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>               |                     |                     |
| Revenues and gains:   |                     |                     |
| Contributions   | \$ 1,101,108        | \$ 1,466,202        |
| In-kind contributions   | 2,104,126           | 2,041,646           |
| Thrift store sales  | 1,234,039           | 929,031             |
| Program fees  | 17,665              | 5,234               |
| Contribution received in donation of Ric-Rack, Inc.                   | -                   | 522,699             |
| Investment income/(loss)  | (413,627)           | 98,611              |
| Change in value of beneficial interest in funds held by others        | (3,141)             | 1,930               |
| Total Revenues and Gains without Donor Restrictions                   | 4,040,170           | 5,065,353           |
| Net assets released from restrictions:                                |                     |                     |
| Restrictions satisfied by program expense                             | 321,426             | 419,607             |
| Total Net Assets Released from Restrictions                           | 321,426             | 419,607             |
| Total Revenues, Gains and Other Support<br>Without Donor Restrictions | 4,361,596           | 5,484,960           |
| Expenses:   |                     |                     |
| Program services  | 4,328,944           | 3,672,359           |
| Supporting services   | 363,770             | 422,875             |
| Total Expenses  | 4,692,714           | 4,095,234           |
| <b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>              | <b>(331,118)</b>    | <b>1,389,726</b>    |
| <b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>                  |                     |                     |
| Contributions restricted for programs                                 | 326,788             | 311,651             |
| Contribution received in the donation of Ric-Rack, Inc.               | -                   | 350,139             |
| Program contribution lapses   | (321,426)           | (419,607)           |
| <b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>                 | <b>5,362</b>        | <b>242,183</b>      |
| <b>INCREASE IN NET ASSETS</b>   | <b>(325,756)</b>    | <b>1,631,909</b>    |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>                                | <b>6,514,844</b>    | <b>4,882,935</b>    |
| <b>NET ASSETS AT END OF YEAR</b>                                      | <b>\$ 6,189,088</b> | <b>\$ 6,514,844</b> |

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, 2022**

|                                  | <u>Program<br/>Services</u> | <u>Supporting Services</u>        |                    |                     |
|----------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
|                                  | <u>All<br/>Programs</u>     | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>        |
| Payroll and payroll taxes        | \$ 1,050,559                | \$ 87,026                         | \$ 70,384          | \$ 1,207,969        |
| Advertising                      | 5,025                       | 913                               | 3,829              | 9,767               |
| Bank charges                     | 34,812                      | 687                               | -                  | 35,499              |
| Conferences and training         | 1,564                       | 2,174                             | 55                 | 3,793               |
| Company vehicles                 | 23,313                      | -                                 | -                  | 23,313              |
| Depreciation                     | 81,649                      | 3,991                             | 2,532              | 88,172              |
| Direct assistance-cash           | 487,061                     | -                                 | -                  | 487,061             |
| Direct assistance-noncash        | 2,167,027                   | -                                 | -                  | 2,167,027           |
| Dues and subscriptions           | 6,077                       | 1,853                             | 575                | 8,505               |
| Insurance                        | 118,425                     | 4,753                             | 4,015              | 127,193             |
| Other expenses                   | 4,388                       | 4,118                             | 3,917              | 12,423              |
| Office and supplies              | 92,666                      | 4,843                             | 24,570             | 122,079             |
| Professional fees                | 29,462                      | 84,383                            | 57,368             | 171,213             |
| Repairs and maintenance          | 79,836                      | 175                               | -                  | 80,011              |
| Rent                             | 73,593                      | -                                 | -                  | 73,593              |
| Telephone                        | 8,056                       | 534                               | 1,075              | 9,665               |
| Utilities                        | <u>65,431</u>               | <u>-</u>                          | <u>-</u>           | <u>65,431</u>       |
| <b>TOTAL FUNCTIONAL EXPENSES</b> | <u>\$ 4,328,944</u>         | <u>\$ 195,450</u>                 | <u>\$ 168,320</u>  | <u>\$ 4,692,714</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, 2021**

|                                  | Program<br>Services        | Supporting Services       |                          | Total                      |
|----------------------------------|----------------------------|---------------------------|--------------------------|----------------------------|
|                                  | All<br>Programs            | Management<br>and General | Fundraising              |                            |
| 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                     |
| <b>TOTAL FUNCTIONAL EXPENSES</b> | <b><u>\$ 3,672,359</u></b> | <b><u>\$ 156,750</u></b>  | <b><u>\$ 266,125</u></b> | <b><u>\$ 4,095,234</u></b> |

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, 2022 AND 2021**

|   | 2022                | 2021                |
|---|---------------------|---------------------|
| <b>Cash flows from operating activities</b>   |                     |                     |
| (Decrease)/Increase in net assets   | \$ (325,756)        | \$ 1,631,909        |
| Adjustments to reconcile increase in net assets<br>to net cash provided by operating activities |                     |                     |
| Depreciation expense  | 88,172              | 71,238              |
| Net in-kind contributions/allocations   | (20,075)            | (446,135)           |
| Changes in operating assets and liabilities:  |                     |                     |
| Promises to give  | -                   | 32,425              |
| Inventory   | 123,106             | 53,867              |
| Prepaid expenses  | 426                 | (1,306)             |
| Other assets  | (878)               | (2,000)             |
| Accounts payable and accrued expenses   | 26,252              | (709)               |
| Refundable advances   | -                   | (136,845)           |
| Net realized/unrealized (gains)/losses on investments   | 549,956             | (68,342)            |
| Change in value of beneficial interest in assets held by others                                 | <u>3,141</u>        | <u>(1,930)</u>      |
| Net cash provided by operating activities   | <u>444,344</u>      | <u>1,132,172</u>    |
| <b>Cash flows from investing activities</b>   |                     |                     |
| Capital expenditures  | (133,928)           | (140,081)           |
| Proceeds from disposition of asset  | -                   | -                   |
| Proceeds from donation of Ric-Rack, Inc.  | -                   | 426,703             |
| Purchases of investments  | (140,887)           | (3,237,984)         |
| Proceeds from matured investments   | <u>1,645</u>        | <u>2,109,432</u>    |
| Net cash (used)/provided by investing activities  | <u>(273,170)</u>    | <u>(841,930)</u>    |
| <b>Cash flows from financing activities</b>   |                     |                     |
|   | <u>-</u>            | <u>-</u>            |
| Net cash provided by financing activities   | <u>-</u>            | <u>-</u>            |
| Increase in cash and cash equivalents   | 171,174             | 290,242             |
| Cash and cash equivalents, beginning of year  | <u>1,577,214</u>    | <u>1,286,972</u>    |
| Cash and cash equivalents, end of year  | <u>\$ 1,748,388</u> | <u>\$ 1,577,214</u> |
| Shown as:   |                     |                     |
| Cash and cash equivalents   | \$ 922,641          | \$ 959,869          |
| Restricted cash   | 622,707             | 617,345             |
| Cash designated for long-term purposes  | <u>203,040</u>      | <u>-</u>            |
|   | <u>\$ 1,748,388</u> | <u>\$ 1,577,214</u> |
| Supplemental cash flow information  |                     |                     |
| Donated inventory, property, equipment  | <u>\$ 20,075</u>    | <u>\$ 446,135</u>   |

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

**THE PLACE OF FORSYTH COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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 and Dawson County areas 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.

Net Assets

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

**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. Contributions restricted by donors are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

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, 2022 AND 2021**

2. Summary of Significant Accounting Policies, continued

Cash, Cash Equivalents and Restricted Cash

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, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition.

Promises to Give

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 allowance method is used to determine collectability of 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.

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.

Donated Services and Gifts In-Kind

The Organization receives various forms of gifts-in-kind (GIK) including food and non-food items such as books, school supplies and household goods for use in its programs. GIK are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. GIK are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Donated GIK are not sold and goods are only distributed for program use. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization recorded the value of contributed services received for the years ended December 31, 2022 and 2021, of \$62,404 and \$51,469.

**THE PLACE OF FORSYTH COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

2. Summary of Significant Accounting Policies, continued

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, 2022 and 2021, \$20,075 and \$446,135 of capital assets were donated to the Organization.

Property and Equipment

Purchased property and equipment is carried at cost. Major additions (exceeding \$1,000) are charged to the property and equipment 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. Property and equipment is depreciated utilizing the straight-line method over the estimated useful lives (3-40 years) of the respective assets.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2022 and 2021.

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).

**THE PLACE OF FORSYTH COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

2. Summary of Significant Accounting Policies, continued

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).

Revenue and Revenue Recognition

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.

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 \$9,766 and \$6,872 for the years ended December 31, 2022 and 2021, 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.

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. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited generally based on square footage or estimates of time and effort.

**THE PLACE OF FORSYTH COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

2. Summary of Significant Accounting Policies, continued

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.

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.

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.

**THE PLACE OF FORSYTH COUNTY, INC.**  
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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.

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2. Summary of Significant Accounting Policies, continued

Leases

The Organization determines if an arrangement is a lease at inception. All leases are recorded on the statement of financial position except for leases with an initial term less than 12 months for which the Organization made the short-term lease election.

Operating lease right-of-use assets (ROU) and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the rate implicit in the lease if available. If the implicit rate in the lease is not available then the Organization uses its incremental borrowing rate. Operating lease cost is recognized on a straight-line basis over the lease term as rent expense within the program and general and administrative expenses in the statement of activities. Finance lease ROU are included in machinery, equipment and fixtures on the statement of financial Position. Lease and non-lease components of lease agreements are accounted for separately. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

Adoption of New Accounting Pronouncements

ASU 2016-02, Leases

Effective January 1, 2022, The Organization adopted FASB ASC 842, Leases. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward historical lease classifications.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use assets of \$13,265 and lease liabilities of \$13,265 as of January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with historical accounting treatments. The adoption of FASB ASC 842 did not have a material impact on the Organization's results of operations or cash flows.

ASU 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets

ASU 2020-07 did not change the accounting for contributions of nonfinancial assets, but it significantly expanded the presentation and disclosure of such contributions. The adoption of ASU 2020-07 did not have a material effect on the Organization's results of operations or cash flows.



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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, 2022 and 2021:

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| Cash and cash equivalents   | \$ 1,748,388        | \$ 1,577,214        |
| Investments at fair value   | 2,196,960           | 2,607,674           |
| Beneficial interest in assets held by others  | <u>14,403</u>       | <u>17,544</u>       |
| Total financial assets  | 3,959,751           | 4,202,432           |
| Less amounts not available to be used within one year                               |                     |                     |
| Net assets with donor restrictions  | 622,707             | 617,345             |
| Less net assets with purpose restrictions to be met in less than a year             | (272,568)           | (267,206)           |
| Board-designated funds for future use   | <u>2,450,000</u>    | <u>2,450,000</u>    |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 1,159,612</u> | <u>\$ 1,402,293</u> |

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

4. In-Kind Contributions

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included the following:

|                        | <u>2022</u>         | <u>2021</u>         |
|------------------------|---------------------|---------------------|
| Food                   | \$ 1,534,822        | \$ 1,321,938        |
| Property and equipment | 20,075              | 380,460             |
| Supplies               | 430,080             | 729,828             |
| Professional fees      | 62,404              | 51,469              |
| Vehicles               | <u>56,745</u>       | <u>80,650</u>       |
|                        | <u>\$ 2,104,126</u> | <u>\$ 2,564,345</u> |

The Organization’s policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization.

Contributed food and supplies are used for program services and are valued using actual pricing of products from the manufacturer/retailer of identical products or an average of similar “like-kind” products from retailers.

Contributed property and equipment relates to items donated for use in programs and is valued based on actual pricing of product from manufacturer/retailer where available or at values determined by local real estate professionals. The property and equipment was capitalized.

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4. In-Kind Contributions, continued

The Organization receives various program supplies at no cost, but based on current market rates for these household items the Organization would have paid \$430,080 and \$729,828 for the years ended December 31, 2022 and 2021, respectively.

Contributed professional services are provided by accountants and other consultants who advise on various administrative matters. Contributed services are used for programs, management and general activities and are recognized at fair value based on current rates for similar services.

Contributed vehicles are distributed to individuals, if suitable, as part of program services and are valued using the Georgia Title Ad Valorem Tax (TAVT) calculator. Contributed vehicles that are unfit for distribution are valued at the amount received upon disposition.

All gifts-in-kind received by the Organization for the years ended December 31, 2022 and 2021 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

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

In response to the COVID-19 pandemic in 2021, 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 2021, 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, 2022 and 2021 was as follows:

|  | <u>2022</u> | <u>2021</u>    |
|--|-------------|----------------|
| Refundable advances, beginning of year | \$ -        | \$ 136,845     |
| Receipts                               | -           | -              |
| Expenditures                           | -           | <u>136,845</u> |
| Refundable advances, end of year       | <u>\$ -</u> | <u>\$ -</u>    |

**THE PLACE OF FORSYTH COUNTY, INC.**  
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6. Inventory

Inventory consists of the following at December 31, 2022 and 2021:

|              | <u>2022</u>       | <u>2021</u>       |
|--------------|-------------------|-------------------|
| Thrift store | \$ 198,724        | \$ 306,807        |
| Programs     | <u>220,733</u>    | <u>235,756</u>    |
|              | <u>\$ 419,457</u> | <u>\$ 542,563</u> |

7. Net Assets

Net assets with donor restrictions were as follows for the years ended December 31, 2022 and 2021:

|                           | <u>2022</u>       | <u>2021</u>       |
|---------------------------|-------------------|-------------------|
| Specific Purpose          |                   |                   |
| Client assistance program | \$ 272,568        | \$ 267,206        |
| Dawson county building    | 350,139           | 350,139           |
| Passage of Time           | -                 | -                 |
| Total                     | <u>\$ 622,707</u> | <u>\$ 617,345</u> |

Net assets without donor restrictions for the years ended December 31, 2022 and 2021 are as follows:

|                           | <u>2022</u>         | <u>2021</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>3,116,381</u>    | <u>3,447,499</u>    |
| Total                     | <u>\$ 5,566,381</u> | <u>\$ 5,897,499</u> |

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

|                                      | <u>2022</u>       | <u>2021</u>       |
|--------------------------------------|-------------------|-------------------|
| Satisfaction of Purpose Restrictions |                   |                   |
| Family assistance programs           | <u>\$ 321,426</u> | <u>\$ 419,607</u> |

**THE PLACE OF FORSYTH COUNTY, INC.**  
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8. 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, 2022 and 2021, respectively. Based on the level of input utilized to measure fair value:

| Description                                  | Fair Value Measurements at December 31, 2022 using: |                |                  |
|--|---|----------------|------------------|
|  | <u>Level 1</u>                                      | <u>Level 2</u> | <u>Level 3</u>   |
| Investments:                                 |   |                |                  |
| Equities                                     | \$ 2,196,960  | \$ -           | \$ -             |
| Beneficial interest in assets held by others | <u>-</u>  | <u>-</u>       | <u>14,403</u>    |
| Total investments                            | <u>\$ 2,196,960</u>                                 | <u>\$ -</u>    | <u>\$ 14,403</u> |
|  |   |                |                  |
| 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> |

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, 2022:

| <u>Assets</u>   |                  |
|---|------------------|
| Beneficial interest in assets held by others at December 31, 2021 | \$ 17,544        |
| Additions   | -                |
| Investment income   | 346              |
| Realized and unrealized gains(losses)                             | (3,487)          |
| Distributions   | <u>-</u>         |
| Beneficial interest in assets held by others at December 31, 2022 | <u>\$ 14,403</u> |

At December 31, 2022 and 2021, the total estimated fair value of the Organization's investments was as follows:

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| Investment fair value (see above)             |                     |                     |
| Equities                                      | \$ 2,196,960        | \$ 2,607,674        |
| Beneficial interest in assets held by others  | 14,403              | 17,544              |
| Certificates of deposit                       | <u>-</u>            | <u>-</u>            |
|   | <u>\$ 2,211,363</u> | <u>\$ 2,625,218</u> |
| Shown on Statement of Financial Position as:  |                     |                     |
| Investments                                   | \$ -                | \$ 157,674          |
| Beneficial interest in assets held by others  | 14,403              | 17,544              |
| Investments designated for long-term purposes | <u>2,196,960</u>    | <u>2,450,000</u>    |
|   | <u>\$ 2,211,363</u> | <u>\$ 2,625,218</u> |

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8. Fair Value Measurements, continued

Investment income reflected on the statement of activities includes interest and dividends of \$133,188, net realized/unrealized loss on investments of \$549,956, and brokerage fees of \$0 for the year ended December 31, 2022 and interest and dividends of \$33,578, net realized/unrealized losses on investments of \$68,342, and brokerage fees of \$3,309 for the year ended December 31, 2021.

9. Leases

The Organization leases certain office space and equipment under agreements with initial lease terms expiring through July 2024. The agreements do not renewal options. The agreement provides for minimum lease payments with no adjustments for inflation. The lease agreement does not include any material residual value guarantees or restrictive covenants.

The following summarizes the Statement of Financial Position classification of the Organization’s lease assets and liabilities as of December 31, 2022:

| <u>Assets</u>                | <u>Balance Sheet Classification</u> | <u>Amount</u> |
|------------------------------|-------------------------------------|---------------|
| Operating leases             | Operating lease right-of-use assets | \$ 7,632      |
| <br>                         |                                     |               |
| <u>Current Liabilities</u>   |                                     |               |
| Operating leases             | Operating lease liabilities         | \$ 4,878      |
| <br>                         |                                     |               |
| <u>Long-term Liabilities</u> |                                     |               |
| Operating leases             | Operating lease liabilities         | \$ 2,754      |

The components of operating lease expenses that are included in “expenses” in the statement of activities for the year ended December 31, 2022 were as follows:

|                       |           |
|-----------------------|-----------|
| Operating lease costs | \$ 6,168  |
| Variable lease costs  | \$ -      |
| Short-term lease cost | \$ 62,112 |

The following summarizes the cash flow information related to leases of the year ended December 31, 2022:

Cash paid for the amounts included in the measurement of lease liabilities:

|  |          |
|--|----------|
| Operating cash flows from operating leases | \$ 6,168 |
|--|----------|

Lease assets obtained in exchange for lease liabilities:

|                  |      |
|------------------|------|
| Operating leases | \$ - |
|------------------|------|

Weighted average lease term and discount rate as of December 31, 2022 were as follows:

|                                       |                               |
|---------------------------------------|-------------------------------|
| Weighted average remaining lease term | <u>Operating</u><br>1.5 years |
| Weighted average discount rate        | 5%                            |

**THRIVE TOGETHER A CENTER FOR FAMILY SOLUTIONS, INC.**  
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9. Leases, continued

The maturities of operating lease liabilities as of December 31, 2022, were as follows:

|                                  |                 |
|----------------------------------|-----------------|
| 2023                             | 5,142           |
| 2024                             | 2,800           |
| 2025                             | -               |
| 2026                             | -               |
| 2027                             | -               |
| Thereafter                       | -               |
| Total lease payments             | <u>7,942</u>    |
| Less: Interest                   | <u>310</u>      |
| Present value of lease liability | <u>\$ 7,632</u> |

Rent expense under FASB ASC 840 (pre-adoption of the new standards) for operating leases totaled \$56,306 for the year ended December 31, 2021. Future minimum payments under non-cancelable operating leases as of December 31, 2021 are as follows:

|            |                 |
|------------|-----------------|
| 2022       | \$ 6,168        |
| 2023       | 3,142           |
| 2024       | -               |
| 2025       | -               |
| 2026       | -               |
| Thereafter | -               |
|            | <u>\$ 9,310</u> |

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 2022 and 2021. 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 \$93,748 and \$289,210 at December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, \$14,403 and \$17,544 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, 2022 and 2021, 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, 2023, the date on which the Organization issued these financial statements.