

THE PLACE OF FORSYTH COUNTY, INC.

FINANCIAL STATEMENTS

Six Months ended June 30, 2023

with Independent Auditor's Report

THE PLACE OF FORSYTH COUNTY, INC.

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FINANCIAL STATEMENTS

Six Months ended June 30, 2023

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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 June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the six months 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 June 30, 2023, and the changes in its net assets and its cash flows for the six months 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 22, 2023

THE PLACE OF FORSYTH COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023

	2023
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 836,229
Inventory	678,568
Prepaid expenses	35,688
Other current assets	91,653
Total Current Assets	1,642,138
PROPERTY AND EQUIPMENT	
Land	362,976
Building	2,002,006
Equipment & Fixtures	341,278
Vehicles	124,929
	2,831,189
Less: Accumulated depreciation	(976,200)
Total Property and Equipment	1,854,989
OTHER ASSETS	
Restricted cash	508,031
Beneficial interest in assets held by others	15,754
Cash designated for long-term purposes	68,912
Investments designated for long-term purposes	2,381,088
Operating lease right-of-use asset	10,000
Other	5,125
Total Other Assets	2,988,910
TOTAL ASSETS	\$ 6,486,037
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Operating lease liabilities	\$ 5,853
Accounts payable and accrued expenses	100,333
Total Current Liabilities	106,186
LONG-TERM LIABILITIES	
Operating lease liabilities	4,147
Total Long-term Liabilities	4,147
TOTAL LIABILITIES	110,333
NET ASSETS	
Net assets without donor restrictions	5,867,673
Net assets with donor restrictions	508,031
Total Net Assets	6,375,704
TOTAL LIABILITIES AND NET ASSETS	\$ 6,486,037

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

**THE PLACE OF FORSYTH COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

	2023
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
Revenues and gains:	
Contributions	\$ 410,696
In-kind contributions	1,247,065
Thrift store sales	633,878
Program fees	21,705
Investment income/(loss)	201,598
Change in value of beneficial interest in funds held by others	1,351
Total Revenues and Gains without Donor Restrictions	2,516,293
Net assets released from restrictions:	
Restrictions satisfied by program expense	212,001
Total Net Assets Released from Restrictions	212,001
Total Revenues, Gains and Other Support Without Donor Restrictions	2,728,294
Expenses:	
Program services	2,243,647
Supporting services	183,355
Total Expenses	2,427,002
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	301,292
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions restricted for programs	97,325
Program contribution lapses	(212,001)
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	(114,676)
INCREASE IN NET ASSETS	186,616
NET ASSETS AT BEGINNING OF YEAR	6,189,088
NET ASSETS AT END OF YEAR	\$ 6,375,704

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

**THE PLACE OF FORSYTH COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

	Program Services	Supporting Services		Total
	All Programs	Management and General	Fundraising	
Payroll and payroll taxes	\$ 643,709	\$ 31,922	\$ 72,347	\$ 747,978
Advertising	3,052	555	3,073	6,680
Bank charges	14,670	803	30	15,503
Conferences and training	411	1,765	251	2,427
Company vehicles	10,843	-	-	10,843
Depreciation	38,577	1,582	1,582	41,741
Direct assistance-cash	286,270	-	-	286,270
Direct assistance-noncash	978,771	-	-	978,771
Dues and subscriptions	1,056	398	299	1,753
Insurance	77,503	2,312	4,739	84,554
Other expenses	5,483	1,610	2,031	9,124
Office and supplies	46,189	4,161	3,918	54,268
Professional fees	7,864	36,183	12,571	56,618
Repairs and maintenance	55,494	97	76	55,667
Rent	34,195	-	-	34,195
Telephone	4,237	185	865	5,287
Utilities	35,323	-	-	35,323
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,243,647</u>	<u>\$ 81,573</u>	<u>\$ 101,782</u>	<u>\$ 2,427,002</u>

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

**THE PLACE OF FORSYTH COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

	2023
Cash flows from operating activities	
Increase in net assets	\$ 186,616
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation expense	41,741
Net realized/unrealized (gains)/losses on investments	(156,975)
Change in value of beneficial interest in assets held by others	(1,351)
Changes in operating assets and liabilities:	
Inventory	(259,111)
Prepaid expenses	(31,648)
Other assets	(90,775)
Accounts payable and accrued expenses	28,888
Net cash (used) by operating activities	(282,615)
Cash flows from investing activities	
Capital expenditures	(25,448)
Purchase of investments	(27,153)
Net cash (used) by investing activities	(52,601)
Cash flows from financing activities	
	-
Net cash provided by financing activities	-
Decrease in cash and cash equivalents	(335,216)
Cash and cash equivalents, beginning of year	1,748,388
Cash and cash equivalents, end of year	\$ 1,413,172
Shown as:	
Cash and cash equivalents	\$ 836,229
Restricted cash	508,031
Cash designated for long-term purposes	68,912
	\$ 1,413,172
Supplemental cash flow information	
Donated inventory, property, equipment	\$ -

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

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 and Dawson County Georgia. The Organization's major programs include operating thrift stores, 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
JUNE 30, 2023

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 six months ended June 30, 2023, of \$10,195.

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 six months ended June 30, 2023 \$0 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 six months ended June 30, 2023.

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
JUNE 30, 2023

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 \$6,680 for the six months ended June 30, 2023.

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
JUNE 30, 2023

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 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.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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 June 30, 2023:

	<u>2023</u>
Cash and cash equivalents	\$ 1,413,172
Investments at fair value	2,381,088
Beneficial interest in assets held by others	<u>15,754</u>
Total financial assets	3,810,014
Less amounts not available to be used within one year	
Net assets with donor restrictions	508,031
Less net assets with purpose restrictions to be met in less than a year	(157,892)
Board-designated funds for future use	<u>2,450,000</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,009,875</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 \$1,000,000). 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.

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

4. In-Kind Contributions

For the six months ended June 30, 2023, contributed nonfinancial assets recognized within the statements of activities included the following:

	<u>2023</u>
Food	\$ 1,147,447
Supplies	88,923
Professional fees	10,195
Vehicles	<u>500</u>
	<u>\$ 1,247,065</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.

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 six months ended June 30, 2023 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

5. Inventory

Inventory consists of the following at June 30, 2023:

	<u>2023</u>
Thrift store	\$ 265,591
Programs	<u>412,977</u>
	<u>\$ 678,568</u>

THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

6. Net Assets

Net assets with donor restrictions were as follows for the six months ended June 30, 2023:

	2023
Specific Purpose	
Client assistance program	\$ 157,892
Dawson county building	350,139
Passage of Time	-
Total	\$ 508,031

Net assets without donor restrictions for the six months ended June 30, 2023 are as follows:

	2023
Designated for:	
Building reserve	\$ 1,000,000
Operating reserve	1,450,000
Undesignated	3,417,673
Total	\$ 5,867,673

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

	2023
Satisfaction of Purpose Restrictions	
Family assistance programs	\$ 212,001

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THE PLACE OF FORSYTH COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 June 30, 2023. Based on the level of input utilized to measure fair value:

Description	Fair Value Measurements at June 30, 2023 using:		
	Level 1	Level 2	Level 3
Investments:			
Equities	\$ 2,381,088	\$ -	\$ -
Beneficial interest in assets held by others	-	-	15,754
Total investments	\$ 2,381,088	\$ -	\$ 15,754

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 six months ended June 30, 2023:

Assets	
Beneficial interest in assets held by others at December 31, 2022	\$ 14,403
Additions	-
Investment income	80
Realized and unrealized gains(losses)	1,271
Distributions	-
Beneficial interest in assets held by others at June 30, 2023	\$ 15,754

At June 30, 2023, the total estimated fair value of the Organization's investments was as follows:

	2023
Investment fair value (see above)	
Equities	\$ 2,381,088
Beneficial interest in assets held by others	15,754
	\$ 2,396,842
Shown on Statement of Financial Position as:	
Beneficial interest in assets held by others	\$ 15,754
Investments designated for long-term purposes	2,381,088
	\$ 2,396,842

8. Fair Value Measurements, continued

Investment income reflected on the statement of activities includes interest and dividends of \$44,622, net realized/unrealized gain on investments of \$156,976, and brokerage fees of \$0 for the six months ended June 30, 2023.

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9. Leases

The Organization leases certain office space and equipment under agreements with initial lease terms expiring through July 2024. The agreements do not include 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 June 30, 2023:

<u>Assets</u>	<u>Balance Sheet Classification</u>	<u>Amount</u>
Operating leases	Operating lease right-of-use assets	\$ 10,000
<u>Current Liabilities</u>		
Operating leases	Operating lease liabilities	\$ 5,853
<u>Long-term Liabilities</u>		
Operating leases	Operating lease liabilities	\$ 4,147

The components of operating lease expenses that are included in “expenses” in the statement of activities for the six months ended June 30, 2023 were as follows:

Operating lease costs	\$ 2,979
Variable lease costs	\$ -
Short-term lease cost	\$ 31,934

The following summarizes the cash flow information related to leases of the six months ended June 30, 2023:

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

Operating cash flows from operating leases	\$ 6,168
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Lease assets obtained in exchange for lease liabilities:

Operating leases	\$ 5,143
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Weighted average lease term and discount rate as of June 30, 2023 were as follows:

Weighted average remaining lease term	<u>Operating</u> 2.4 years
Weighted average discount rate	5%

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9. Leases, continued

The maturities of operating lease liabilities as of June 30, 2023, were as follows:

2024	\$	6,222
2025		1,822
2026		1,422
2027		1,185
2028		-
Thereafter		-
Total lease payments		10,651
Less: Interest		(651)
Present value of lease liability	\$	10,000

10. Significant Concentrations

The Organization 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 2023. 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 \$0 at June 30, 2023.

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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 six months ended June 30, 2023.

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 June 30, 2023, \$15,754 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 were received for the six months ended June 30, 2023.

15. Subsequent Events

Management has evaluated subsequent events through November 22, 2023, the date on which the Organization issued these financial statements.