



ROBIN BROWN  
& ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## **NORTH GWINNETT COOPERATIVE, INC.**

### **FINANCIAL STATEMENTS (Audited)**

**For the Year Ended December 31, 2016**

North Gwinnett Cooperative, Inc.

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
<b>Financial Statements:</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-9



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
North Gwinnett Cooperative, Inc.  
Buford, Georgia

We have audited the accompanying statement of financial position of North Gwinnett Cooperative, Inc. (a nonprofit organization) as of December 31, 2016, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Gwinnett Cooperative, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Robin Brown & Associates, LLC*

ROBIN BROWN & ASSOCIATES, LLC  
Certified Public Accountants  
December 18, 2017

North Gwinnett Cooperative, Inc.  
Statement of Financial Position  
December 31, 2016

ASSETS

	<u>12/31/2016</u>
<u>Current assets</u>	
Cash and cash equivalents	\$ 196,750
Inventory	<u>15,527</u>
Total current assets	212,277
<u>Property and equipment</u>	
Furniture, fixtures and equipment	72,633
Building improvements	9,474
Building	668,569
Accumulated depreciation	<u>(122,594)</u>
Total property and equipment, net	<u>628,082</u>
Total assets	<u>\$ 840,359</u>

LIABILITIES & NET ASSETS

<u>Current liabilities</u>	
Accounts payable	\$ -
Current portion of long-term debt	<u>7,945</u>
Total current liabilities	7,945
<u>Long-term liabilities</u>	
Long-term debt	<u>261,430</u>
Total long-term liabilities	<u>261,430</u>
Total liabilities	<u>\$ 269,375</u>
<u>Net assets (deficit)</u>	
Unrestricted net assets	\$ 554,978
Temporarily restricted net assets	16,006
Permanently restricted net assets	<u>-</u>
Total net assets	<u>\$ 570,984</u>
Total liabilities and net assets	<u>\$ 840,359</u>

See accompanying Independent Auditor's Report and Notes to the Financial Statements

North Gwinnett Cooperative, Inc.  
Statement of Activities  
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>				
Individual & Civic contributions	\$ 167,034	\$ -	\$ -	\$ 167,034
Corporate & Church contributions	178,751	40,000	-	218,751
Capital Building Fund contributions	-	32,000	-	32,000
In-kind donations - Book Bags and Supplies	17,240	-	-	17,240
In-kind donations - Food	75,710	-	-	75,710
In-kind donations - Thrift Store	73,722	-	-	73,722
In-kind donations - Utility vouchers	-	-	-	-
Thrift store sales	71,074	-	-	71,074
Interest income	489	91	-	580
Net assets released from restrictions:				
Satisfaction of payments on long-term debt	-	-	-	-
Satisfaction of building improvements and other building expenses	16,085	(16,085)	-	-
Satisfaction of client assistance	40,000	(40,000)	-	-
	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>
Total support and revenue	\$ 640,105	16,006	-	\$ 656,111
<b>Functional expenses</b>				
Compensation and related expenses	\$ 69,081	-	-	69,081
Occupancy	118,615	-	-	118,615
Program expenses	400,892	-	-	400,892
	<u>400,892</u>	<u>-</u>	<u>-</u>	<u>400,892</u>
Total functional expenses	\$ 588,588	-	-	\$ 588,588
Increase (decrease) in net assets	51,517	16,006	-	67,523
Net assets, Beginning of year	<u>503,461</u>	<u>-</u>	<u>-</u>	<u>503,461</u>
Net assets, End of year	<u>\$ 554,978</u>	<u>\$ 16,006</u>	<u>\$ -</u>	<u>\$ 570,984</u>

See accompanying Independent Auditor's Report and Notes to the Financial Statements

North Gwinnett Cooperative, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Compensation and related expenses:</b>				
Salaries and wages	\$ 59,867	\$ -	\$ -	\$ 59,867
Payroll taxes	5,899	-	-	5,899
Payroll fees/expenses	<u>3,315</u>	<u>-</u>	<u>-</u>	<u>3,315</u>
 Total Compensation and related expenses	 <u>69,081</u>	 <u>-</u>	 <u>-</u>	 <u>69,081</u>
 <b>Occupancy expenses</b>				
Depreciation expense	20,810	5,202		26,012
Insurance	3,932	983		4,915
Interest expense	8,982	2,245		11,227
Office supplies	10,849	2,712		13,561
Miscellaneous	-	-		-
Other	-	-		-
Rent	22,429	5,607		28,036
Repairs and maintenance	892	223		1,115
Professional Fees	11,040	2,760		13,800
Communication and internet	3,935	984		4,919
Utilities	<u>12,024</u>	<u>3,006</u>	<u>-</u>	<u>15,030</u>
 Total Occupancy expenses	 <u>94,893</u>	 <u>23,722</u>	 <u>-</u>	 <u>118,615</u>
 <b>Program Expenses</b>				
Advertising	1,678			1,678
Fundraising	-		3,344	3,344
Dues and subscriptions	3,219			3,219
Client Assistance - Prescriptions	51,008			51,008
Client Assistance - Utilities	77,735			77,735
Client Assistance - Food	67,914			67,914
Client Assistance - Occupancy	18,185			18,185
Thrift Store	13,514			13,514
In-kind donations - Book bags and supplies	17,240			17,240
In-kind donations - Food	75,710			75,710
In-kind donations - Thrift Store	<u>71,345</u>	<u>-</u>	<u>-</u>	<u>71,345</u>
 Total Program expenses	 <u>397,548</u>	 <u>-</u>	 <u>3,344</u>	 <u>400,892</u>
	 <u>\$ 561,522</u>	 <u>\$ 23,722</u>	 <u>\$ 3,344</u>	 <u>\$ 588,588</u>

See accompanying Independent Auditor's Report and Notes to the Financial Statements

North Gwinnett Cooperative, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2016

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 67,523
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	26,012
(Increase) Decrease in:	
Inventory	<u>(2,376)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>91,159</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of equipment	<u>(21,085)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(21,085)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on long-term debt	<u>(9,395)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(9,395)</u>
<b>INCREASE (DECREASE) IN CASH</b>	60,679
CASH, beginning of year	<u>136,071</u>
CASH, end of year	<u><u>\$ 196,750</u></u>
 <b>SUPPLEMENTAL DISCLOSURE</b>	
Cash paid for interest	\$ 11,227

See accompanying Independent Auditor's Report and Notes to the Financial Statements

North Gwinnett Cooperative, Inc.  
Notes to the Financial Statements  
December 31, 2016

**NOTE 1 – NATURE OF BUSINESS**

North Gwinnett Cooperative, Inc. (the "Organization") is a charity in Gwinnett County Georgia that provides food, clothing and financial assistance to those in need in the Buford, Sugar Hill and Suwanee, Georgia communities. The Organization began serving the community in 1991 and was formally organized on May 25, 1995 as a Georgia not-for-profit organization. The Organization is run by a board of directors comprised of local community and business leaders.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) **Basis of Accounting**

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

The Organization adheres to the standards for financial reporting set forth in FASB Accounting Standard Codification (ASC) 958-205 (formerly known as Statement of Financial Accounting Standards No. 117), Financial Statements of Not-for-Profit Organizations and adheres to the provisions of FASB ASC 958-605 (formerly known as Statement of Financial Accounting Standards No. 116), Accounting for Contributions Received and Contributions Made.

Under these financial reporting standards, net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted Net Assets** – net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

**Permanently Restricted Net Assets** – net assets whose use by the Organization is limited by donor-imposed stipulations that do not expire.

(b) **Cash and Cash Equivalents**

The Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. Cash includes cash on deposit with banks and other financial institutions. Cash is maintained in a financial institution subject to federal insurance limitations.



North Gwinnett Cooperative, Inc.  
Notes to the Financial Statements  
December 31, 2016

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(c) **Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

(d) **Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The FDIC insures deposits in interest bearing accounts in financial institutions up to \$250,000 per account. The Organization's cash balance does not exceed FDIC insurance limits as of December 31, 2016.

(e) **Donated Services**

No amounts have been recognized in the accompanying statement of activities for the donated services received from volunteers, because the criteria for recognition of such volunteer efforts under FASB ACS 958-605 (formerly known as SFAS No. 116) have not been satisfied.

(f) **Income Tax**

The Organization qualifies as a tax-exempt organization under Section 501c (3) of the Internal Revenue Code and, therefore, requires no provision for income taxes. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

(g) **Functional Allocation of Expenses**

The costs of providing the various programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited as required by FASB ACS 958-305 (formerly known as SFAS No. 117).

(h) **Compensated Absences**

No accrual of compensated absences has been made in the financial statements because the amount is not significant. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

(i) **Advertising Expenses**

Advertising expenses are expensed when incurred.

North Gwinnett Cooperative, Inc.  
Notes to the Financial Statements  
December 31, 2016

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment are stated at historic cost. Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations. The Organization uses the straight line method for depreciation of its capitalized assets. Depreciation is estimated based on the historic cost of capitalized assets over the following useful lives:

Furniture, fixtures & equipment	7 years
Building improvements	10 years
Building	40 years

The vast majority of the assets of the Organization were donated to the Organization. Historic cost was determined based on estimated fair value of the assets at the time the donation occurred.

Property and equipment consisted of the following as of December 31, 2016:

	Historic Cost	Accumulated Depreciation	Depreciated Value
Furniture, fixtures & equipment	\$ 72,633	\$ 46,650	\$ 25,983
Building improvements	9,474	3,523	5,951
Building	668,569	72,421	596,148
Property & equipment	<u>\$ 750,676</u>	<u>\$ 122,594</u>	<u>\$628,082</u>

Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized. Depreciation expense totaled \$26,012 at December 31, 2016.

**NOTE 4 – LONG-TERM DEBT**

Long-term debt consists of a note payable to a financial institution obtained to finance the acquisition of the building and improvements to the building which serves as the primary location of the Organization. Interest is payable monthly at 4% of the outstanding principal balance. The outstanding principal balance plus any unpaid interest is due in May 2018. The note payable is secured by the building. The balance on this note payable as of December 31, 2016 was \$269,375; of which \$7,945 is classified as the current portion and \$261,430 as the long-term portion.

North Gwinnett Cooperative, Inc.  
Notes to the Financial Statements  
December 31, 2016

**NOTE 4 – LONG-TERM DEBT (Continued)**

Maturities of long-term debt are as follows:

Year Ending December 31	Amount
2017	7,945
2018	261,430
Total	<u>\$ 269,375</u>

**NOTE 5 – RESTRICTED ASSETS**

Contributions of cash and other assets are reported as temporary restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received. Unrestricted contributions are recognized when received.

Temporarily restricted net assets represent cash contributions and a grant received in the Capital Building Campaign, a drive to raise funds to purchase and renovate a new building. Cash raised through the capital building campaign is restricted to payments related to the purchase and renovation of the new building. Those restrictions are considered to expire when payments are made. Temporarily restricted assets of the Organization were \$16,006 as of December 31, 2016. All other assets of the Organization were unrestricted as of December 31, 2016.

**NOTE 6 – SUBSEQUENT EVENTS**

In accordance with the FASB issued Accounting Standard Codification (ASC) 855-10 (formerly know as Statement of Financial Accounting Standards No. 165), subsequent events have been evaluated through December 18, 2017, the date the financial statements have been issued. No subsequent events outside of the normal scope of operations were noted through that date other than the following.

In 2017, the Organization was awarded a grant from Gwinnett County for \$893,378 to fund the acquisition and renovation of the building adjacent to the current building occupied by the Organization. Gwinnett County will release funds as construction payments are made on the project.