



ROBIN BROWN  
& ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

NORTH GWINNETT COOPERATIVE  
FINANCIAL STATEMENTS

For the Year Ended  
December 31, 2015

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

North Gwinnett Cooperative, Inc.  
Statement of Financial Position  
December 31, 2015

ASSETS

	<u>12/31/2015</u>
<u>Current assets</u>	
Cash and cash equivalents	\$ 136,072
Inventory	<u>13,150</u>
Total current assets	149,222
 <u>Property and equipment</u>	
Furniture, fixtures and equipment	67,633
Building improvements	9,474
Building	652,484
Accumulated depreciation	<u>(96,582)</u>
Total property and equipment, net	<u>633,009</u>
 Total assets	 <u>\$ 782,231</u>

LIABILITIES & NET ASSETS

<u>Current liabilities</u>	
Accounts payable	\$ -
Current portion of long-term debt	<u>7,526</u>
Total current liabilities	7,526
 <u>Long-term liabilities</u>	
Long-term debt	<u>271,244</u>
Total long-term liabilities	<u>271,244</u>
 Total liabilities	 <u>\$ 278,770</u>
 <u>Net assets (deficit)</u>	
Unrestricted net assets	\$ 503,461
Temporarily restricted net assets	-
Permanently restricted net assets	<u>-</u>
 Total net assets	 <u>\$ 503,461</u>
 Total liabilities and net assets	 <u>\$ 782,231</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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>				
Individual & Civic contributions	\$ 107,120	\$ -	\$ -	\$ 107,120
Corporate & Church contributions	\$ 130,798	40,000	-	170,798
Capital Building Fund contributions	\$ -	40,287	-	40,287
In-kind donations - Food	\$ 70,180	-	-	70,180
In-kind donations - Thrift Store	\$ 86,510	-	-	86,510
In-kind donations - Utility vouchers	\$ 5,483	-	-	5,483
Thrift store sales	\$ 66,803	-	-	66,803
Interest income	\$ 297	137	-	434
Net assets released from restrictions:				-
Satisfaction of payments on long-term debt	\$ 48,363	(48,363)	-	-
Satisfaction of building improvements and other building expenses	\$ -	-	-	-
Satisfaction of client assistance	\$ 40,000	(40,000)	-	-
<b>Total support and revenue</b>	<b>\$ 555,554</b>	<b>(7,939)</b>	<b>-</b>	<b>\$ 547,615</b>
<b>Functional expenses</b>				
Compensation and related expenses	\$ 59,126	-	-	59,126
Occupancy	\$ 80,592	-	-	80,592
Program expenses	\$ 344,796	-	-	344,796
<b>Total functional expenses</b>	<b>\$ 484,514</b>	<b>-</b>	<b>-</b>	<b>484,514</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 71,040</b>	<b>(7,939)</b>	<b>-</b>	<b>63,101</b>
<b>Net assets, Beginning of year</b>	<b>\$ 432,421</b>	<b>7,939</b>	<b>-</b>	<b>440,360</b>
<b>Net assets, End of year</b>	<b>\$ 503,461</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 503,461</b>

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, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Compensation and related expenses:</b>				
Salaries and wages	\$ 52,382	\$ -	\$ -	\$ 52,382
Payroll taxes	5,497	-	-	5,497
Payroll fees/expenses	<u>1,247</u>	<u>-</u>	<u>-</u>	<u>1,247</u>
 Total Compensation and related expenses	 <u>59,126</u>	 <u>-</u>	 <u>-</u>	 <u>59,126</u>
 <b>Occupancy expenses</b>				
Depreciation expense	20,980	5,245		26,225
Insurance	4,724	1,181		5,905
Interest expense	10,628	2,657		13,285
Office supplies	8,744	2,186		10,930
Miscellaneous	195	49		244
Other	-	-		-
Rent	1,200	300		1,500
Repairs and maintenance	2,378	594		2,972
Communication and internet	6,387	1,597		7,984
Utilities	<u>9,238</u>	<u>2,309</u>	<u>-</u>	<u>11,547</u>
 Total Occupancy expenses	 <u>64,474</u>	 <u>16,118</u>	 <u>-</u>	 <u>80,592</u>
 <b>Program Expenses</b>				
Advertising	2,029			2,029
Fundraising	-		2,994	2,994
Dues and subscriptions	3,919			3,919
Client Assistance - Prescriptions	43,494			43,494
Client Assistance - Utilities	88,731			88,731
Client Assistance - Food	38,215			38,215
Client Assistance - Occupancy	483			483
Thrift Store	11,380			11,380
In-kind donations - Food	70,180			70,180
In-kind donations - Thrift Store	<u>83,371</u>	<u>-</u>	<u>-</u>	<u>83,371</u>
 Total Program expenses	 <u>341,802</u>	 <u>-</u>	 <u>2,994</u>	 <u>344,796</u>
	 <u>\$ 465,402</u>	 <u>\$ 16,118</u>	 <u>\$ 2,994</u>	 <u>\$ 484,514</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, 2015

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 63,101
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	26,225
(Increase) Decrease in: Inventory	<u>(3,139)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>86,187</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of equipment	
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>-</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on long-term debt	<u>(76,988)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(76,988)</u>
 <b>INCREASE (DECREASE) IN CASH</b>	9,199
 CASH, beginning of year	<u>126,873</u>
 CASH, end of year	<u><u>\$ 136,072</u></u>
 <b>SUPPLEMENTAL DISCLOSURE</b>	
Cash paid for interest	\$ 13,285

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

North Gwinnett Cooperative, Inc.  
Notes to the Financial Statements  
December 31, 2015

**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, 2015

**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, 2015.

(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, 2015

**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, 2015:

	Historic Cost	Accumulated Depreciation	Depreciated Value
Furniture, fixtures & equipment	\$ 67,633	\$ 37,898	\$ 29,735
Building improvements	9,474	2,575	6,899
Building	652,484	56,109	596,375
Property & equipment	\$ 729,591	\$ 96,582	\$ 633,009

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 \$26,225 at December 31, 2015.

**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, 2015 was \$278,770; of which \$7,526 is classified as the current portion and \$271,244 as the long-term portion.

North Gwinnett Cooperative, Inc.  
Notes to the Financial Statements  
December 31, 2015

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

Maturities of long-term debt are as follows:

Year Ending December 31	Amount
2016	7,526
2017	7,869
2018	263,375
Total	<u>\$278,770</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. All assets of the Organization were unrestricted as of December 31, 2015.

**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 October 28, 2016, the date the financial statements have been issued.