

CHARLOTTE PRIDE, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2014

Charlotte Pride, Inc.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Charlotte Pride, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Charlotte Pride, Inc., (the Organization - a not-for-profit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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; this includes 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.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Charlotte Pride, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

C. Dewitt Foard & Company, P.A.

Charlotte, North Carolina
February 16, 2015

Charlotte Pride, Inc.
Statement of Financial Position
December 31, 2014

ASSETS

Current Assets:

Cash \$ 186,534

Receivables:

Accounts 11,100

Grants 2,500

Sales tax 4,519

Prepaid expenses 2,824

Total Current Assets 207,477

Fixed assets (net) 4,259

Non-Current Asset:

Security deposit 1,000

TOTAL \$ ***212,736***

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable \$ 621

Deferred revenue 7,820

Total Current Liabilities 8,441

Net Assets:

Unrestricted 41,712

Unrestricted - board appropriated 160,083

Temporarily restricted 2,500

Total Net Assets 204,295

TOTAL \$ ***212,736***

Charlotte Pride, Inc.
Statement of Activities
December 31, 2014

	Unrestricted	Temporarily Restricted	TOTALS
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 10,094	\$ -	\$ 10,094
Grants	47,500	7,400	54,900
Program fees	287,169	-	287,169
In-kind contributions	34,000	-	34,000
Other income	30	-	30
Net assets released from restrictions	4,900	(4,900)	-
<i>Total Support and Revenue</i>	383,693	2,500	386,193
<u>EXPENSES</u>			
Pride Festival and Parade	273,110	-	273,110
Awards and grants	1,000	-	1,000
Facilities and equipment	4,445	-	4,445
Professional services	1,000	-	1,000
Travel and meetings	2,351	-	2,351
Operations	1,748	-	1,748
<i>Total Expenses</i>	283,654	-	283,654
<i>CHANGE IN NET ASSETS</i>	100,039	2,500	102,539
<i>NET ASSETS, BEGINNING</i>	101,756	-	101,756
<i>NET ASSETS, ENDING</i>	\$ 201,795	\$ 2,500	\$ 204,295

Charlotte Pride, Inc.
Statement of Cash Flows
December 31, 2014

OPERATING ACTIVITIES

Change in net assets	\$	102,539
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization		1,572
(Increase) decrease in operating assets:		
Receivables		(15,645)
Prepaid expenses		803
Security deposit		(1,000)
Increase (decrease) in operating liabilities:		
Accounts payable		(1,605)
Deferred revenue		7,820
		<hr/>
<i>Cash Flows from</i>		
<i>Operating Activities</i>		<i>94,484</i>

INVESTING ACTIVITIES

Purchases of fixed assets		(2,149)
		<hr/>
<i>Cash Flows from</i>		
<i>Investing Activities</i>		<i>(2,149)</i>

NET CHANGE IN CASH ***92,335***

CASH, BEGINNING ***94,199***

CASH, ENDING ***\$ 186,534***

Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Charlotte Pride, Inc. (the Organization) is incorporated under the laws of the state of North Carolina. The purpose of the Organization is to eliminate prejudice and discrimination of the Lesbian, Gay, Bisexual, Transgender, Questioning, and Queer community, to celebrate and foster a sense of pride, unity and diversity within the community, and to continually educate and promote awareness of diversity, health, culture, and acceptance of individuals based on sexual orientation, gender identity and gender expression. The Organization is primarily funded by festival and parade fees, sponsorships, and contributions.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Unrestricted net assets are those currently available for use in the day-to-day operation of the Organization and resources invested in property and equipment.

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. When a restriction expires, that is when a stipulated time restriction ends or purpose 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.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. At December 31, 2014, the Organization had no permanently restricted net assets and, accordingly, these financial statements do not reflect any activity related to that class of net assets.

Contributions

The Organization reports gifts of cash and other assets as temporarily restricted revenue if they are received with donor stipulations that limit the use of the donated assets. However, restricted contributions whose restrictions are accomplished in the same accounting period are recorded as unrestricted. Unconditional promises to give are recorded as support in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or goods, if significant, are included in support at fair value. During the year, the Organization recorded donated services valued at \$31,300 and donated goods valued at \$2,700.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. No amounts have been reflected in the financial statements for these contributions as the contributions are either insignificant or do not meet the criteria for recognition.

Cash

Cash consists of cash on hand and cash in checking and savings accounts.

Receivables

All receivables are presented at net realizable value and are expected to be collected within the next fiscal year. Management has recorded an allowance for accounts receivable of \$1,000 it considers uncollectible at December 31, 2014.

Property and equipment

Fixed assets exceeding \$100 of value are recorded at cost if purchased or fair value if donated. Costs that improve or extend the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which vary from three to seven years.

Federal income tax status

The Organization is exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code. Generally accepted accounting principles require an organization to recognize a tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Organization has no uncertain tax positions as of December 31, 2014.

Functional allocation of expenses

Expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – FIXED ASSETS

Fixed assets are composed of the following as of December 31, 2014:

Furniture and equipment	\$	5,716	
Less - accumulated depreciation		<u>1,907</u>	
TOTAL	\$	<u>3,809</u>	
Logo Rights	\$	500	
Less - accumulated amortization		<u>50</u>	
TOTAL	\$	<u>450</u>	

NOTE 3 – NET ASSETS

Unrestricted net assets as of December 31, 2014, consist of the following:

Undesignated:			\$	<u>41,712</u>	
Designated:					
2015 Seed funding	\$	21,000			
Emergency reserve		85,033			
Collaborative programming reserve		15,975			
Operations reserves		14,075			
Office upfit and rent reserve		<u>24,000</u>	\$	<u>160,083</u>	
TOTAL			\$	<u>201,795</u>	

Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2014

NOTE 3 – NET ASSETS - CONTINUED

Temporarily restricted net assets as of December 31, 2014 were restricted for the following uses:

Film Festival	\$ 2,500
TOTAL	<u>\$ 2,500</u>

Temporarily restricted net assets are comprised of cash.

NOTE 4 – FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities are summarized on a functional basis below. Certain costs have been allocated among the program and supporting services benefited. The Organization's fundraising efforts are conducted by volunteers and the Organization spends no significant resources towards fundraising. Therefore no expenses have been allocated to this function.

	<u>2014</u>
Program services	\$ 263,583
Management and administrative	14,871
Fundraising activities	<u>5,200</u>
TOTAL	<u>\$ 283,654</u>

NOTE 5 – LEASE COMMITMENTS

Prior to year-end, the Organization executed a lease for office space under a non-cancelable operating lease to take effect February 2015. Minimum future rental payments under this lease are \$11,000 for 2015 and \$1,000 for 2016.

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

Geographic location and funding

The Organization operates in a small geographic area and receives support and revenue from a limited number of sources and is, therefore, sensitive to changes in the local economy.

Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2014

NOTE 7 – DEFERRED REVENUE

	2014
2015 Festival sponsorship	\$ 5,000
2015 POSE conference registrations	2,820
TOTAL	<u>\$ 7,820</u>

Deferred revenue represents prepayments for 2015 sponsorship fees for events and activities that have not been performed and for conference fees for a spring conference hosted by the Organization. The Organization recognizes these amounts as revenues when the events and programs are held.

NOTE 8 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified, except as disclosed in Note 5 above.