

CHARLOTTE PRIDE, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2015

Charlotte Pride, Inc.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Charlotte Pride, Inc.
Charlotte, NC

We have audited the accompanying financial statements of Charlotte Pride, Inc., (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses 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, 2015 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Organization's 2014 financial statements, and our report dated February 16, 2015, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. DeWitt Foard & Company, P.A.
February 27, 2016

Charlotte Pride, Inc.

Statement of Financial Position

December 31, 2015, with prior year comparative totals

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 278,496	\$ 186,534
Receivables:		
Accounts	3,728	11,100
Grants	-	2,500
Sales tax	5,591	4,519
Sponsorship	5,000	-
Prepaid expenses	4,279	2,824
Total Current Assets	<u>297,094</u>	<u>207,477</u>
Fixed assets (net)	23,768	4,259
Non-Current Asset:		
Artwork	13,150	-
Security deposit	1,000	1,000
TOTAL	<u>\$ 335,012</u>	<u>\$ 212,736</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 2,263	\$ 621
Deferred revenue	5,000	7,820
Total Current Liabilities	<u>7,263</u>	<u>8,441</u>
Net Assets:		
Unrestricted	52,269	41,712
Unrestricted - board designated	274,491	160,083
Temporarily restricted	989	2,500
Total Net Assets	<u>327,749</u>	<u>204,295</u>
TOTAL	<u>\$ 335,012</u>	<u>\$ 212,736</u>

Charlotte Pride, Inc.

Statement of Activities

December 31, 2015, with prior year comparative totals

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 TOTALS</u>	<u>2014 TOTALS</u>
<u>SUPPORT AND REVENUE</u>				
Contributions	\$ 152,254	\$ -	\$ 152,254	\$ 102,537
Grants	8,000	9,000	17,000	54,900
Program fees	254,408	-	254,408	194,726
In-kind contributions	125,633	-	125,633	34,000
Loss on disposal of fixed asset	(220)	-	(220)	-
Other income	61	-	61	30
Net assets released from restrictions by payment	10,511	(10,511)	-	-
<i>Total Support and Revenue</i>	<i>550,647</i>	<i>(1,511)</i>	<i>549,136</i>	<i>386,193</i>
<u>EXPENSES</u>				
Pride Festival and Parade	370,751	-	370,751	273,110
Trans* Pride	7,779	-	7,779	-
POSE Conference	9,875	-	9,875	-
Film Festival	4,432	-	4,432	-
Awards and grants	8,327	-	8,327	1,000
Facilities and equipment	5,953	-	5,953	4,445
Professional services	4,300	-	4,300	1,000
Travel and meetings	3,534	-	3,534	2,351
Operations	10,731	-	10,731	1,748
<i>Total Expenses</i>	<i>425,682</i>	<i>-</i>	<i>425,682</i>	<i>283,654</i>
<i>CHANGE IN NET ASSETS</i>	<i>124,965</i>	<i>(1,511)</i>	<i>123,454</i>	<i>102,539</i>
<i>NET ASSETS, BEGINNING</i>	<i>201,795</i>	<i>2,500</i>	<i>204,295</i>	<i>101,756</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 326,760</i>	<i>\$ 989</i>	<i>\$ 327,749</i>	<i>\$ 204,295</i>

Charlotte Pride, Inc.**Statement of Cash Flows****December 31, 2015, with prior year comparative totals**

	<u>2015</u>	<u>2014</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 123,454	\$ 102,539
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	5,823	1,572
Loss on disposal of fixed asset	220	-
Donated artwork	(6,400)	-
(Increase) decrease in operating assets:		
Receivables	3,800	(15,645)
Prepaid expenses	(1,455)	803
Security deposit	-	(1,000)
Increase (decrease) in operating liabilities:		
Accounts payable	1,640	(1,605)
Deferred revenue	(2,820)	7,820
	<hr/>	<hr/>
<i>Cash Flows from</i>		
<i>Operating Activities</i>	124,262	94,484
	<hr/>	<hr/>
<u>INVESTING ACTIVITIES</u>		
Purchases of artwork	(6,750)	-
Purchases of fixed assets	(25,550)	(2,149)
	<hr/>	<hr/>
<i>Cash Flows from</i>		
<i>Investing Activities</i>	(32,300)	(2,149)
	<hr/>	<hr/>
NET CHANGE IN CASH	91,962	92,335
CASH, BEGINNING	186,534	94,199
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CASH, ENDING	\$ 278,496	\$ 186,534
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Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2015

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 – Net assets that can be both undesignated and designated in nature. Undesignated, unrestricted net assets are those currently available for use in the day-to-day operation of the Organization and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized to meet specific objectives. Such amounts, if any, are reflected as unrestricted, designated net assets in the accompanying statement of financial position.

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, 2015, 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.

Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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 \$103,024, donated goods valued at \$16,920 and donated facilities and equipment rental valued at \$5,689.

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.

Receivables

All receivables are presented at net realizable value and are expected to be collected within the next fiscal year. Management has determined that no allowance for doubtful accounts was needed as of December 31, 2015.

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.

Artwork

Artwork is recorded at historical cost if purchased and fair market value if contributed.

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.

Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

Prior-year comparative totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's 2014 financial statements, from which the summarized information was derived.

NOTE 2 – FIXED ASSETS

Fixed assets are composed of the following as of December 31, 2015:

Furniture and equipment	\$	30,719
Less - accumulated depreciation		<u>7,351</u>
TOTAL	\$	<u><u>23,368</u></u>
Logo Rights	\$	500
Less - accumulated amortization		<u>100</u>
TOTAL	\$	<u><u>400</u></u>

Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2015

NOTE 3 – NET ASSETS

Unrestricted net assets as of December 31, 2015, consist of the following:

Undesignated:			\$	<u>52,269</u>
Designated:				
2016 Seed funding	\$	22,050		
Emergency reserve		100,076		
Collaborative programming reserve		58,163		
Operations reserves		44,718		
Salary reserve		45,000		
Film festival		3,495		
Trans Pride match		<u>989</u>	\$	<u>274,491</u>
TOTAL			\$	<u><u>326,760</u></u>

Temporarily restricted net assets as of December 31, 2015 were restricted for the following uses:

Transgender Pride & Community Outreach	\$	<u>989</u>
TOTAL	\$	<u><u>989</u></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.

Program services	\$	401,164
Management and administrative		16,707
Fundraising activities		<u>7,811</u>
TOTAL	\$	<u><u>425,682</u></u>

Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2015

NOTE 5 – LEASE COMMITMENTS

The Organization leases office space under non-cancelable operating lease agreements. Subsequent to year-end, the Organization executed a lease extension for office space under a non-cancelable operating lease to take effect February 2016.

Minimum future rental payments under the above leases, are as follows:

Year Ending December 31:	
2016	\$ 14,200
2017	14,400
2018	1,200
	<hr/>
	\$ 29,800
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Lease payments for the year ended December 31, 2015 totaled \$11,000.

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

Cash

Cash held in bank accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash held by the Organization at December 31, 2015, includes \$28,478 in excess of insured limits covered by the FDIC.

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.

NOTE 7 – DEFERRED REVENUE

Deferred revenue represents prepayment for 2016 Festival sponsorship fees for events and activities that have not been performed. 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.