

CHARLOTTE PRIDE, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, 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, 2017 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 the Organization's 2016 financial statements, and our report dated February 3, 2017, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. Dewitt Foard & Company, P.A.
July 23, 2018

Charlotte Pride, Inc.**Statement of Financial Position****December 31, 2017, with prior year comparative totals**

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 403,769	\$ 327,862
Receivables:		
Accounts	2,464	339
Sales tax	6,010	6,390
Sponsorship	3,450	4,000
Prepaid expenses	3,468	10,061
Total Current Assets	<u>419,161</u>	<u>348,652</u>
Fixed assets (net)	20,285	26,571
Non-Current Assets:		
Artwork	13,150	13,150
Security deposit	1,000	1,000
Total Non-Current Assets	<u>14,150</u>	<u>14,150</u>
TOTAL	<u>\$ 453,596</u>	<u>\$ 389,373</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 6,635	\$ 13
Deferred revenue	-	1,225
Deposits	250	250
Total Current Liabilities	<u>6,885</u>	<u>1,488</u>
Net Assets:		
Unrestricted	158,599	61,498
Unrestricted - board designated	286,212	325,957
Total Unrestricted Net Assets	<u>444,811</u>	<u>387,455</u>
Temporarily restricted	1,900	430
Total Net Assets	<u>446,711</u>	<u>387,885</u>
TOTAL	<u>\$ 453,596</u>	<u>\$ 389,373</u>

Charlotte Pride, Inc.

Statement of Activities

Year Ended December 31, 2017, with prior year comparative totals

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 TOTALS</u>	<u>2016 TOTALS</u>
<u>SUPPORT AND REVENUE</u>				
Contributions	\$ 206,806	\$ -	\$ 206,806	\$ 175,830
Grants	-	4,000	4,000	5,000
Program fees	245,634	-	245,634	268,278
In-kind contributions	65,552	-	65,552	55,418
Other income	3,075	-	3,075	2,017
Net assets released from restrictions by payment	2,530	(2,530)	-	-
<i>Total Support and Revenue</i>	<i>523,597</i>	<i>1,470</i>	<i>525,067</i>	<i>506,543</i>
<u>EXPENSES</u>				
Program services	406,627	-	406,627	418,157
Management and general	55,014	-	55,014	25,169
Fundraising	4,600	-	4,600	3,081
<i>Total Expenses</i>	<i>466,241</i>	<i>-</i>	<i>466,241</i>	<i>446,407</i>
<i>CHANGE IN NET ASSETS</i>	<i>57,356</i>	<i>1,470</i>	<i>58,826</i>	<i>60,136</i>
<i>NET ASSETS, BEGINNING</i>	<i>387,455</i>	<i>430</i>	<i>387,885</i>	<i>327,749</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 444,811</i>	<i>\$ 1,900</i>	<i>\$ 446,711</i>	<i>\$ 387,885</i>

Charlotte Pride, Inc.**Statement of Functional Expenses****Year Ended December 31, 2017, with prior year comparative totals**

	Program Services	Management and General	Fund Raising	Totals		
				2017	2016	
<u>PERSONNEL</u>						
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ 16,539	
Payroll taxes	-	-	-	-	1,379	
<i>Total</i>	-	-	-	-	17,918	
<u>OTHER EXPENSES</u>						
Pride Festival and Parade	329,650	4,634	4,383	338,667	337,881	
Film Festival	3,686	-	-	3,686	2,746	
Awards and grants	8,816	-	-	8,816	3,099	
Facilities and equipment	18,420	19,362	20	37,802	29,485	
Professional services	38,677	9,655	-	48,332	43,158	
Travel and meetings	6,706	12,190	197	19,093	9,630	
Operations	672	9,173	-	9,845	2,490	
<i>Total</i>	406,627	55,014	4,600	466,241	428,489	
TOTAL EXPENSES	\$ 406,627	\$ 55,014	\$ 4,600	\$ 466,241	\$ 446,407	

Charlotte Pride, Inc.**Statement of Cash Flows****Year Ended December 31, 2017, with prior year comparative totals**

	<u>2017</u>	<u>2016</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 58,826	\$ 60,136
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	9,025	7,952
(Increase) decrease in operating assets:		
Receivables	(1,195)	3,590
Prepaid expenses	6,593	(5,782)
Increase (decrease) in operating liabilities:		
Accounts payable	6,622	(2,252)
Deferred revenue	(1,225)	(3,777)
Deposits	-	250
	<hr/>	<hr/>
<i>Cash Flows from</i>		
<i>Operating Activities</i>	78,646	60,117
	<hr/>	<hr/>
<u>INVESTING ACTIVITIES</u>		
Purchases of fixed assets	(2,739)	(10,751)
	<hr/>	<hr/>
<i>Cash Flows from</i>		
<i>Investing Activities</i>	(2,739)	(10,751)
	<hr/>	<hr/>
NET CHANGE IN CASH	75,907	49,366
CASH, BEGINNING	327,862	278,496
	<hr/>	<hr/>
CASH, ENDING	\$ 403,769	\$ 327,862
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Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2017

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, 2017, 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, 2017

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 \$33,040, donated goods valued at \$12,342 and donated facilities and equipment rental valued at \$22,170.

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, 2017.

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.

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.

Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2017

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. The Organization's fundraising efforts are conducted by volunteers.

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 2016 financial statements, from which the summarized information was derived. Certain prior-year amounts have been reclassified to conform to current-year presentation.

NOTE 2 – FIXED ASSETS

Fixed assets are composed of the following as of December 31, 2017:

Furniture and equipment	\$	42,8898
Less - accumulated depreciation		<u>22,903</u>
TOTAL	\$	<u>19,9865</u>
Logo Rights	\$	500
Less - accumulated amortization		<u>200</u>
TOTAL	\$	<u>300</u>

NOTE 3 – NET ASSETS

Designated net assets as of December 31, 2017, consist of the following:

Designated:		
Emergency reserve	\$	100,162
Collaborative programming reserve		73,694
Operations reserves		96,906
Film festival		4,220
Scholarship		9,429
Latin Pride		<u>1,801</u>
TOTAL	\$	<u>286,212</u>

Charlotte Pride, Inc.
Notes to Financial Statements
December 31, 2017

NOTE 3 – NET ASSETS, continued

Temporarily restricted net assets as of December 31, 2017 were restricted for the following uses:

Intergenerational project	\$ 1,900
TOTAL	<u>\$ 1,900</u>

Temporarily restricted net assets are comprised of cash.

NOTE 4 – LEASE COMMITMENTS

The Organization leases office space under non-cancelable operating lease agreements.

Minimum future rental payments under the above lease are \$1,200 in 2018. Lease payments for the year ended December 31, 2017 totaled \$14,400.

NOTE 5 – 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, 2017 includes \$154,495 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 6 – 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.