

FEARRINGTON CARES
FINANCIAL STATEMENTS
PITTSBORO, NORTH CAROLINA
YEARS ENDED DECEMBER 31, 2017 AND 2016

FEARRINGTON CARES
Table of Contents

	<u>Page</u>
Independent Accountants' Review Report	3
Financial Statements	
Statements of financial position	4
Statements of activities	5
Statements of cash flows	7
Notes to financial statements	8
Supplemental Schedules	
Schedules of functional expenses	13



INDEPENDENT ACCOUNTANTS' REVIEW REPORT

**PETWAY
MILLS &
PEARSON, PA**

CERTIFIED PUBLIC ACCOUNTANTS

C. Briggs Petway, Jr.
Phyllis M. Pearson

Zebulon Office
P.O. Box 1036
806 N. Arendell Ave.
Zebulon, NC 27597
919.269.7405
919.269.8728 Fax

Raleigh Office
9121 Anson Way
Suite 200
Raleigh, NC 27615
919.781.1047

www.pmpcpa.com

Memberships:

North Carolina
Association of
Certified Public
Accountants

American Institute
of Certified Public
Accountants

Board of Directors
Farrington Cares
Pittsboro, North Carolina

We have reviewed the accompanying statements of Farrington Cares (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included on pages 13 and 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information and do not express an opinion on such information.

Petway Mills & Pearson, PA

PETWAY MILLS & PEARSON, PA
Certified Public Accountants
Zebulon, North Carolina

May 29, 2018

FEARRINGTON CARES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 264,734	\$ 239,968
Investment	266,580	260,819
Unrealized gains on investments	74,216	20,438
Grant receivable	-	34,600
Sales tax recovery receivable	8	59
Prepaid expenses	7,969	8,097
Total current assets	<u>613,507</u>	<u>563,981</u>
PROPERTY AND EQUIPMENT - NET	<u>81,556</u>	<u>85,754</u>
TOTAL ASSETS	<u><u>\$ 695,063</u></u>	<u><u>\$ 649,735</u></u>
LIABILITIES AND NET ASSETS:		
CURRENT LIABILITIES:		
Accounts payable	\$ 208	\$ 488
SunTrust credit card	2,066	812
Deferred revenue	-	34,600
Total current liabilities	<u>2,274</u>	<u>35,900</u>
NET ASSETS:		
Accumulated comprehensive income designated for facilities	74,216	20,438
Temporarily restricted	1,971	2,252
Unrestricted		
Designated for facilities	369,767	383,133
Undesignated	246,835	208,012
Total net assets	<u>692,789</u>	<u>613,835</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 695,063</u></u>	<u><u>\$ 649,735</u></u>

See Independent Accountants' Review Report and Accompanying Notes.

**FEARRINGTON CARES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT:			
Contributions - cash	\$ 118,418	\$ -	\$ 118,418
Contributions - non-cash	3,805	-	3,805
Interest	1,328	-	1,328
Memorials	1,602	-	1,602
Dividend	5,761	-	5,761
Grants	43,250	-	43,250
Miscellaneous	6,859	-	6,859
TOTAL REVENUE AND SUPPORT	181,023	-	181,023
NET ASSETS RELEASED FROM RESTRICTION	281	(281)	-
EXPENSES:			
Program services	126,942	-	126,942
Management and general	22,108	-	22,108
Fundraising	6,798	-	6,798
TOTAL EXPENSES	155,848	-	155,848
INCREASE (DECREASE) IN NET ASSETS	25,456	(281)	25,175
UNREALIZED GAIN ON INVESTMENTS	53,779	-	53,779
NET ASSETS - BEGINNING OF YEAR	611,583	2,252	613,835
NET ASSETS - END OF YEAR	\$ 690,818	\$ 1,971	\$ 692,789

See Independent Accountants' Review Report and Accompanying Notes.

**FEARRINGTON CARES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT:			
Contributions - cash	\$ 112,307	\$ -	\$ 112,307
Contributions - non-cash	3,550	-	3,550
Interest	1,444	-	1,444
Memorials	1,216	-	1,216
Dividend	5,163	-	5,163
Grants	34,600	-	34,600
Miscellaneous	4,687	-	4,687
TOTAL REVENUE AND SUPPORT	<u>162,967</u>	<u>-</u>	<u>162,967</u>
NET ASSETS RELEASED FROM RESTRICTION	(1,116)	1,116	-
EXPENSES:			
Program services	124,774	-	124,774
Management and general	23,251	-	23,251
Fundraising	6,911	-	6,911
TOTAL EXPENSES	<u>154,936</u>	<u>-</u>	<u>154,936</u>
INCREASE IN NET ASSETS	6,915	1,116	8,031
UNREALIZED GAIN ON INVESTMENTS	20,438	-	20,438
NET ASSETS - BEGINNING OF YEAR	<u>584,230</u>	<u>1,136</u>	<u>585,366</u>
NET ASSETS - END OF YEAR	<u>\$ 611,583</u>	<u>\$ 2,252</u>	<u>\$ 613,835</u>

See Independent Accountants' Review Report and Accompanying Notes.

**FEARRINGTON CARES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	2017	2016
CASH FLOWS - OPERATING ACTIVITIES:		
Increase in net assets	\$ 25,175	\$ 8,031
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,198	5,771
(Increase) decrease in:		
Grants receivable	34,600	34,600
Accounts receivable	52	(27)
Prepaid expenses	128	(474)
Inventory	-	-
Increase (decrease) in:		
Sun Trust CC	1,254	682
Accounts payable	(280)	(6,683)
Sales Tax payable	-	-
Deferred revenue	(34,600)	(34,600)
Net cash provided by operating activities	30,527	7,300
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of investments	(5,761)	(1,067)
Purchase of property and equipment	-	(8,726)
Net cash used in investing activities	(5,761)	(9,793)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,766	(2,493)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	239,968	242,461
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 264,734	\$ 239,968

See Independent Accountants' Review Report and Accompanying Notes.

**FEARRINGTON CARES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 – NATURE OF THE ORGANIZATION

Fearrington Cares (the Organization) is a nonprofit organization as outlined under Chapter 55A of the General Statutes of North Carolina. The Organization provides health care clinics and advisory services for residents of the Fearrington Community. The Organization is located in Pittsboro, North Carolina. Activities are primarily funded through contributions of individuals in the community and grants made by a local foundation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

For reporting purposes, the financial statements of the Organization include all funds which are under the control of the Board of Directors.

Basis of Accounting

The financial statements for the Organization have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations and are available without limitation for the support of the Organization's operating activities. The Organization had \$690,818 and \$611,583 of unrestricted net assets at December 31, 2017 and 2016, respectively.
- Temporarily Restricted Net Assets – These net assets represent contributions and other income which must be spend for the purpose designated by the donors. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization had \$1,971 and \$2,252 of temporarily restricted net assets at December 31, 2017 and 2016, respectively.
- Permanently Restricted Net Assets – The net assets that are subject to donor-imposed stipulations that the principal be invested permanently and the income be used for either a designated purpose or for general operation of the Organization. Generally, the donors of these assets permit the Organization to use all of, or part of, the income earned on related investments for general or specific purposes. The Organization had no permanently restricted net assets as of December 31, 2017 and 2016.

Estimates

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

See Independent Accountants' Review Report

**FEARRINGTON CARES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable is shown at its net realizable value. Bad debts are reported using the specific charge-off method and are recognized when the account's collection becomes doubtful. An allowance for doubtful accounts has not been established inasmuch as management believes that uncollectible or disputed amounts are insignificant.

Contributions

The Organization accounts for contributions received as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor imposed restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, such as a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost on the date of acquisition or at fair value on the date of donation. Maintenance and repairs are expensed as incurred. Property that is retired or sold and the related accumulated depreciation is removed from the accounts and gain or loss on disposition, if any, is reflected in the statement of activities. Depreciation is computed using the straight line method over the estimated useful life of the respective assets. The Organization follows the practice of capitalizing all expenditures for equipment in excess of \$500. Rates of depreciation are based on estimated useful lives of the assets as follows:

Building	39 Years
Office Equipment	7 Years

Donated Services

Volunteers and members of the community perform various services for the Organization, and these services are significant and form an integral part of the efforts of the Organization. The Organization does not control the activities of the volunteers as it would paid employees, and there is not a clearly measurable basis for an amount of continued services to be recorded. Therefore, the Organization does not record the amount of volunteer services rendered as a contribution or a corresponding amount as an expense.

Income Tax

The Organization is a nonprofit organization exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and the applicable State statutes. The Internal Revenue Service has determined that Fearrington Cares is a publicly supported organization; however, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization recognizes an uncertainty tax position of "more than likely not" level of fifty percent that the position will be sustained by the Internal Revenue Service (IRS). Income taxes did not have a material impact on the financial position or results of operations of the

See Independent Accountants' Review Report

**FEARRINGTON CARES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

Organization as of and for the year ended December 31, 2017. Income tax returns from 2015 through 2017 are open for examination by taxing authorities.

NOTE 3 – INVENTORY

Inventories are reported at lower of cost or market value. The Organization's inventory for the years ended December 31, 2017 and 2016 were \$0 and \$0, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Building	\$ 107,715	\$ 107,715
Office Equipment	32,119	32,119
	139,834	139,834
Less Accumulated Depreciation	(58,278)	(54,080)
Property and Equipment, net	\$ 81,556	\$ 85,754

Depreciation expense for the years ended December 31, 2017 and 2016 were \$4,198 and \$5,771, respectively.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

The Organization received funds restricted for certain purposes. Temporarily restricted net assets as of December 31, 2016 and 2015 consisted of the following:

	2017	2016
Emergency preparedness	\$ -	\$ 281
Quilt sale proceeds for support groups	1,971	1,971
	\$ 1,971	\$ 2,252

NOTE 6 – RESTRICTED REVENUES

The Organization received temporarily restricted funds during the year. The funds are reported as unrestricted support if the restrictions are met in the reporting period.

NOTE 7 – RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the years ended December 31, 2017 and 2016, the Organization carried insurance through various commercial carriers to cover all risks of losses. The Organization has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

NOTE 8 – OPERATING LEASE

The Organization entered into an operating lease for facility use that expires October 6, 2103. The lease requires annual payments of \$1. The Organization is obligated to pay \$1 in 2018.

See Independent Accountants' Review Report

**FEARRINGTON CARES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 9 – LICENSE TO SOLICIT

The Organization has obtained from the North Carolina Department of the Secretary of State a license to solicit charitable contributions. The ability to solicit contributions is contingent on the renewal of this license, which was renewed on May 15, 2017.

NOTE 10 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date the report is available to be issued which is the date of the independent accountants' review report. The Organization has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

NOTE 11 – RELATED PARTIES

There were no related party transactions for the years ended December 31, 2017 and 2016.

NOTE 12 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in two financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2017 and 2016, the Organization's cash balances at the two institutions have not exceeded the federally insured limit.

NOTE 13 – UNRESTRICTED – DESIGNATED FOR FACILITIES FUND BALANCE AND OTHER COMPREHENSIVE INCOME

Other comprehensive income (OCI) is a line item in the equity section of an Organization's balance sheet that includes investment income that is not reported on the statement of activities. Professional standards require OCI to be designated as its own separate line item in the statements of financial position. Below is a summary of designation's made by the Organization's Board of Directors for the "unrestricted – designated for facilities".

	2017
Vanguard Investment	\$ 266,580
Capital One, less \$100,000	103,187
Unrestricted - Designated for Facilities	369,767
Unrealized Gain on Investment	74,216
Total Unrestricted - Designated for Facilities	\$ 443,983

See Independent Accountants' Review Report

SUPPLEMENTAL SCHEDULES

FEARRINGTON CARES
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

EXPENSES:	Program Services	Management and General	Fundraising	Total
Outside Nursing Services	\$ 4,035	\$ -	\$ -	\$ 4,035
Salary and Wages	76,802	16,969	2,571	96,342
Programs	20,520	-	-	20,520
Depreciation	3,355	709	134	4,198
Insurance	7,710	1,630	305	9,645
Professional Services	3,618	765	143	4,526
Telephone	1,783	377	71	2,231
Miscellaneous	1,852	392	73	2,317
Utilities	1,304	276	52	1,632
Fundraising	-	-	3,263	3,263
Office Supplies	1,119	236	44	1,399
Computer Expenses, Postage	1,819	384	72	2,275
Cleaning & Maintenance	1,751	370	70	2,191
Volunteer	874	-	-	874
Gifts	400	-	-	400
TOTAL EXPENSES	\$ 126,942	\$ 22,108	\$ 6,798	\$ 155,848

See Independent Accountants' Review Report and Accompanying Notes.

**FEARRINGTON CARES
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

EXPENSES:	Program Services	Management and General	Fundraising	Total
Outside Nursing Services	\$ 2,810	\$ -	\$ -	\$ 2,810
Salaries and Wages	73,644	17,955	2,391	93,990
Programs	20,989	-	-	20,989
Depreciation	4,518	1,082	171	5,771
Insurance	7,905	1,585	123	9,613
Professional Services	2,885	578	45	3,508
Telephone	1,844	370	29	2,243
Miscellaneous	903	181	14	1,098
Utilities	1,655	332	25	2,012
Fundraising	-	-	4,023	4,023
Office Supplies	1,257	252	19	1,528
Computer Expenses, Postage	2,390	479	37	2,906
Cleaning & Maintenance	2,180	437	34	2,651
Volunteer	1,394	-	-	1,394
Gifts	400	-	-	400
TOTAL EXPENSES	\$ 124,774	\$ 23,251	\$ 6,911	\$ 154,936

See Independent Accountants' Review Report and Accompanying Notes.