

FEARRINGTON CARES
FINANCIAL STATEMENTS
PITTSBORO, NORTH CAROLINA
YEARS ENDED DECEMBER 31, 2019 AND 2018 (RESTATED)

FEARRINGTON CARES
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Farrington Cares
Pittsboro, North Carolina

We have reviewed the accompanying financial statements of Farrington Cares (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018 (restated), and the related statements of activities, functional expenses 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.

Petway Mills & Pearson, PA

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

March 9, 2020

FEARRINGTON CARES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS	2019	(restated) 2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 47,455	\$ 77,710
Investments, at cost	503,017	514,610
Unrealized gains on investments	19,194	13,538
Grant receivable	50,000	100,000
Sales tax recovery receivable	8	5
Prepaid expenses	7,887	7,685
Total current assets	627,561	713,548
PROPERTY AND EQUIPMENT - NET	5,569	6,064
TOTAL ASSETS	\$ 633,130	\$ 719,612
 LIABILITIES AND NET ASSETS:		
CURRENT LIABILITIES:		
Accounts payable	\$ 46,270	\$ 2,462
SunTrust credit card	1,487	1,361
Total current liabilities	47,757	3,823
 NET ASSETS:		
Without donor restrictions		
Undesignated	38,399	166,068
Designated by Board		
Investments held for facilities reserve	390,612	390,612
Investments held for operation reserve	131,599	137,536
AOCI	19,194	13,538
Invested in property and equipment, net of related debt	5,569	6,064
With donor restrictions		
Purpose restrictions	-	1,971
Total net assets	585,373	715,789
TOTAL LIABILITIES AND NET ASSETS	\$ 633,130	\$ 719,612

See Independent Accountants' Review Report and Accompanying Notes.

**FEARRINGTON CARES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions - cash	\$ 228,038	\$ -	\$ 228,038
Realized Gain on investments	12,787	-	12,787
Interest	11,113	-	11,113
Memorials	692	-	692
Dividend	1,258	-	1,258
Movement class income	5,474	-	5,474
Miscellaneous	603	-	603
TOTAL REVENUE AND SUPPORT	<u>259,965</u>	<u>-</u>	<u>259,965</u>
NET ASSETS RELEASED FROM RESTRICTION	1,971	(1,971)	-
EXPENSES:			
Program services	312,840	-	312,840
Supporting services			
Management and general	67,204	-	67,204
Fundraising	15,993	-	15,993
TOTAL EXPENSES	<u>396,037</u>	<u>-</u>	<u>396,037</u>
CHANGE IN NET ASSETS	(134,101)	(1,971)	(136,072)
UNREALIZED GAIN (LOSS) ON INVESTMENTS	5,656	-	5,656
NET ASSETS - BEGINNING OF YEAR	<u>713,818</u>	<u>1,971</u>	<u>715,789</u>
NET ASSETS - END OF YEAR	<u>\$ 585,373</u>	<u>\$ -</u>	<u>\$ 585,373</u>

See Independent Accountants' Review Report and Accompanying Notes.

**FEARRINGTON CARES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018 (RESTATED)**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions - cash	\$ 126,581	\$ -	\$126,581
Realized Gain on investments	65,193	-	65,193
Interest	7,234	-	7,234
Memorials	1,735	-	1,735
Dividend	2,408	-	2,408
Grants	50,000	100,000	150,000
Movement class income	6,310	-	6,310
Miscellaneous	395	-	395
TOTAL REVENUE AND SUPPORT	259,856	100,000	359,856
NET ASSETS RELEASED FROM RESTRICTION	100,000	(100,000)	-
EXPENSES:			
Program services	158,054	-	158,054
Supporting services			
Management and general	35,159	-	35,159
Fundraising	8,888	-	8,888
TOTAL EXPENSES	202,101	-	202,101
CHANGE IN NET ASSETS	157,755	-	157,755
UNREALIZED GAIN (LOSS) ON INVESTMENTS	(60,681)	-	(60,681)
NET ASSETS - BEGINNING OF YEAR, PREVIOUSLY REPORTED	690,818	1,971	692,789
RESTATEMENT	(74,074)	-	(74,074)
NET ASSETS - BEGINNING OF YEAR, RESTATED	616,744	1,971	618,715
NET ASSETS - END OF YEAR	\$ 713,818	\$ 1,971	\$715,789

See Independent Accountants' Review Report and Accompanying Notes.

FEARRINGTON CARES
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

EXPENSES:	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Outside Nursing Services	\$ 3,048	\$ -	\$ -	\$ 3,048
Salary, Wages, and Payroll Expenses	81,130	18,479	3,074	102,683
Programs	13,468	-	-	13,468
Depreciation	1,120	255	43	1,418
Repairs and Maintenance	192,358	43,828	7,305	243,491
Insurance	6,357	1,448	241	8,046
Professional Services	3,595	819	137	4,551
Telephone, Communications, and Website	3,050	695	116	3,861
Miscellaneous	2,483	566	94	3,143
Utilities	1,326	302	50	1,678
Fundraising	-	-	4,797	4,797
Office Supplies	399	91	15	505
Computer Expenses, Postage	1,779	405	68	2,252
Cleaning & Maintenance	1,385	316	53	1,754
Volunteer	942	-	-	942
Gifts	400	-	-	400
TOTAL EXPENSES	\$ 312,840	\$ 67,204	\$ 15,993	\$ 396,037

See Independent Accountants' Review Report and Accompanying Notes.

FEARRINGTON CARES
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018 (RESTATED)

EXPENSES:	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Outside Nursing Services	\$ 1,653	\$ -	\$ -	\$ 1,653
Salary, Wages, and Payroll Expenses	75,075	19,500	2,925	97,500
Programs	19,558	-	-	19,558
Depreciation	1,092	284	43	1,418
Repairs and Maintenance	41,044	10,661	1,599	53,304
Insurance	6,614	1,718	258	8,590
Professional Services	3,447	895	134	4,477
Telephone	1,750	455	68	2,273
Miscellaneous	909	236	35	1,180
Utilities	1,274	331	50	1,654
Fundraising	-	-	3,614	3,614
Office Supplies	561	146	22	729
Computer Expenses, Postage	2,238	581	87	2,907
Cleaning & Maintenance	1,358	353	53	1,763
Volunteer	1,025	-	-	1,025
Gifts	456	-	-	456
TOTAL EXPENSES	\$ 158,054	\$ 35,159	\$ 8,888	\$ 202,101

See Independent Accountants' Review Report and Accompanying Notes.

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

	2019	(restated) 2018
CASH FLOWS - OPERATING ACTIVITIES:		
Increase in net assets	\$ (136,072)	\$ 157,755
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,418	1,418
Realized gain/loss on investments	(12,787)	(65,193)
Unrealized gain/loss on investments	(5,656)	60,681
(Increase) decrease in:		
Grants receivable	50,000	(100,000)
Accounts receivable	(3)	3
Prepaid expenses	(202)	284
Increase (decrease) in:		
Sun Trust credit card	126	(705)
Accounts payable	43,808	2,254
Net cash provided (used) by operating activities	(59,368)	56,497
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of investments	-	(243,521)
Proceeds on investments	30,038	-
Purchase of property and equipment	(925)	-
Net cash provided (used) by investing activities	29,113	(243,521)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(30,255)	(187,024)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	77,710	264,734
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 47,455	\$ 77,710

See Independent Accountants' Review Report and Accompanying Notes.

**FEARRINGTON CARES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018 (RESTATED)**

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

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

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.

See Independent Accountants' Review Report

**FEARRINGTON CARES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018 (RESTATED)**

Contributions

The Organization accounts for contributions received as either with donor restrictions or without donor restrictions depending on the existence or nature of any donor imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, such as a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 Organization as of and for the year ended December 31, 2019. Income tax returns from 2017 through 2019 are open for examination by taxing authorities.

Investments

The Organizations records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

See Independent Accountants' Review Report

**FEARRINGTON CARES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018 (RESTATED)**

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14.

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 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 47,455
Sales tax recovery receivable	8
	\$ 47,463

NOTE 4 – INVENTORY

Inventories are reported at lower of cost or market value.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 and 2018 consisted of the following:

	2019	2018
Office Equipment	\$ 33,041	\$ 32,119
Less Accumulated Depreciation	(27,472)	(26,055)
Property and Equipment, net	\$ 5,569	\$ 6,064

Depreciation expense for the years ended December 31, 2019 and 2018 was \$1,418 and \$1,418, respectively.

NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes of the donor as follows:

	2019	2018
Provision of health care and advisory services	\$ 1,971	\$ 100,000
	\$ 1,971	\$ 100,000

See Independent Accountants' Review Report

**FEARRINGTON CARES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018 (RESTATED)**

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2019	2018
Quilt sale proceeds for support groups	\$ -	\$ 1,971
	\$ -	\$ 1,971

NOTE 8 – RESTRICTED REVENUES

The Organization received donor restricted funds during the year ended December 31, 2018. The Organization received no donor restricted funds during the year ended December 31, 2019. Funds are reported as revenue without donor restrictions if the restrictions are met in the reporting period.

NOTE 9 – 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, 2019 and 2018, 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 10 – 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 was obligated to pay \$1 in 2019.

NOTE 11 – 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, 2019.

NOTE 12 – RELATED PARTIES

There were no related party transactions for the years ended December 31, 2019 and 2018.

NOTE 13 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in one financial institution. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2019 and 2018, the Organization's cash balances at the institution has not exceeded the federally insured limit.

NOTE 14 – IMPAIRMENT OF PROPERTY AND EQUIPMENT

During the year ended December 31, 2019, the Organization tested its property and equipment for impairment. The Organization determined the building held was impaired due to no future cash flows. The land is not held by the Organization, and therefore, the Organization is unable to sell or lease the building. The building was valued at cost and depreciated on the straight-line basis. The total impairment loss is \$74,074 and consists of \$107,715 building and \$33,641 accumulated depreciation.

**FEARRINGTON CARES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018 (RESTATED)**

NOTE 15 – RESTATEMENT

During the year ended December 31, 2019, the Organization determined the building held was impaired. As a result, total net assets for the year ended December 31, 2018 decreased by \$74,074 and net income for the year ended December 31, 2018 decreased by \$50,542.