

**FIRST NORTH CAROLINA**

2018 Audited Financial Statements

*(Including Supplementary Information)*

**AUDITED FINANCIAL STATEMENTS**

For the Year Ended June 30, 2018

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## INDEPENDENT AUDITORS' REPORT

December 10, 2018

The Board of Directors  
FIRST North Carolina  
Greensboro, North Carolina

We have audited the accompanying financial statements of FIRST North Carolina (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 the accounting principles generally accepted in the United State 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.

### ***Auditors' 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 from 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 auditors' 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 auditors consider 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.

The Board of Directors  
FIRST North Carolina

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 above present fairly, in all material respects, the financial position of FIRST North Carolina as of June 30, 2018, 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.

*William Coble & Moore, LLP*

Certified Public Accountants  
Greensboro, North Carolina  
December 10, 2018

**FIRST NORTH CAROLINA**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2018

**Assets**

Current assets:

Cash	\$ 193,081
Sales tax receivable	<u>2,228</u>

Total current assets	195,309
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Property and equipment - net	<u>37,492</u>
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Total assets	<u>\$ 232,801</u>
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**Liabilities**

Current liabilities:

Deferred revenue	\$ <u>92,944</u>
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Total current liabilities	<u>92,944</u>
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**Net Assets**

Unrestricted	136,388
Temporarily restricted	<u>3,469</u>

Total net assets	<u>139,857</u>
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Total liabilities and net assets	<u>\$ 232,801</u>
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The accompanying notes are an integral part of this financial statement.

**FIRST NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
<b>Revenue</b>			
Individual	\$ 13,982	\$ -	\$ 13,982
Corporate	215,110	-	215,110
Team grants	1,302	164,511	165,813
Foundation grants	12,500	-	12,500
Non-profit organizations	82,051	-	82,051
Event income	12,477	-	12,477
Fundraising	9,195	-	9,195
In-kind donations	82,300	-	82,300
Miscellaneous income	638	-	638
Net assets released from restrictions	161,042	(161,042)	-
 Total revenue	 590,597	 3,469	 594,066
 <b>Expenses</b>			
Program	560,092	-	560,092
Management and general	35,381	-	35,381
Fundraising	19,139	-	19,139
 Total expenses	 614,612	 -	 614,612
 Increase (decrease) in net assets	 \$ (24,015)	 \$ 3,469	 \$ (20,546)
 Net assets - beginning of year	 160,403	 -	 160,403
 Net assets - end of year	 \$ 136,388	 \$ 3,469	 \$ 139,857

The accompanying notes are an integral part of this financial statement.

**FIRST NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2018

**Cash Flows From Operating Activities**

Decrease in net assets	\$ (20,546)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	7,316
Sales tax receivable	4,711
Deferred revenue	<u>11,195</u>
Net cash provided by operating activities	<u>2,676</u>
Net increase in cash	2,676
Cash - beginning	<u>190,405</u>
Cash - ending	<u>\$ 193,081</u>

The accompanying notes are an integral part of this financial statement.

**FIRST NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2018

**Note 1: Nature of Activities and Summary of Significant Accounting Policies**

**Nature of activities** - FIRST North Carolina (the Organization) was established in North Carolina on November 5, 2012. The Organization's purpose is to expose students to the excitement of science, technology, engineering, and math so as to help prepare the workforce for the technically advanced workplace of the future.

**Financial statement presentation** - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. 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 are reported in the statements of activities as net assets released from restrictions.

**Use of accounting estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Cash** - Cash includes cash in the bank and on hand at period end.

**Property and equipment** – Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation less accumulated depreciation and include expenditures for major betterments and renewals. The Organization's capitalization threshold is \$5,000. Maintenance, repairs and minor renewals are expensed as incurred. Property and equipment for the year ended June 30, 2018 was \$37,492 net of accumulated depreciation of \$21,585, which represents a mobile machine shop and competition materials.

**Depreciation** - The cost of property and equipment is depreciated over the assets' estimated useful lives using the straight-line method. Depreciation expense was \$7,316 for the year ended June 30, 2018.

**Deferred revenue** – Deferred revenue represents revenue collected in advance of directly related expenses. The Organization received a grant of \$90,000 during the year that is dedicated to supporting programs scheduled for 2019. Additionally, event fees in the amount of \$2,944 were collected in 2018 for 2019 events.

**Note 2: Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes as of June 30, 2018:

Team Re-Grants	\$ 1,469
Duke Energy grant	<u>2,000</u>
	<u>\$ 3,469</u>



**FIRST NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**Note 3: Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of Internal Revenue Code and is also exempt from North Carolina income tax. Therefore, no provision has been made for federal or state income taxes in the accompanying financial statements. The Organization has determined that it does not have any material unrecognized tax benefits or obligations and believes that they are no longer subject to income tax examinations for years prior to June 30, 2015.

**Note 4: Lease Commitments**

A nonprofit organization provides office space for the Organization totaling \$6,600 for year ended June 30, 2018. These amounts are reflected as in-kind donations in the financial statements.

**Note 5: Matching IRA Contribution**

The Organization allows employees to obtain an IRA plan in which they will match the contributions made by the employees. The Organization provided a matching contribution for the year ended June 30, 2018 of \$3,250.

**Note 6: Events Occurring After Report Date**

The Organization has evaluated events and transactions that occurred between June 30, 2018 and December 10, 2018, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

The Board of Directors  
FIRST North Carolina  
Greensboro, North Carolina

The report on our audit of the basic financial statements of FIRST North Carolina (a nonprofit organization) for the year ended June 30, 2018 appears on pages 2 and 3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 10 is presented for purposes of additional analysis and is not a required part of the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Gilliam Coble & Moser, LLP*

Certified Public Accountants  
Greensboro, North Carolina  
December 10, 2018

**FIRST NORTH CAROLINA**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2018

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Administrative expenses	\$ 28,539	\$ 4,326	\$ 1,783	\$ 34,648
Capital equipment	570	-	-	570
Contract services	5,026	-	-	5,026
Depreciation	7,316	-	-	7,316
Fundraising	-	-	2,761	2,761
In-kind donations	65,840	16,460	-	82,300
Personnel	116,762	14,595	14,595	145,952
Programs	150,802	-	-	150,802
Team re-grants and support	179,764	-	-	179,764
Volunteers	<u>5,473</u>	<u>-</u>	<u>-</u>	<u>5,473</u>
Total expenses	<u>\$ 560,092</u>	<u>\$ 35,381</u>	<u>\$ 19,139</u>	<u>\$ 614,612</u>