

**FIRST NORTH CAROLINA**

2017 Financial Statements

*(Including Supplementary Information)*

**FINANCIAL STATEMENTS**

For the Year Ended June 30, 2017

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
FIRST North Carolina  
Greensboro, North Carolina

We have reviewed the accompanying financial statements of FIRST North Carolina (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year 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 the Organization's 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 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 review, 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.

To the Board of Directors  
FIRST North Carolina

***Supplementary Information***

The supplementary information on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles general accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.



Certified Public Accountants  
Greensboro, North Carolina  
November 7, 2017

**FIRST NORTH CAROLINA**  
**STATEMENT OF FINANCIAL POSITION**  
(See Independent Accountants' Review Report)  
June 30, 2017

**Assets**

Current assets:

Cash	\$ 190,405
Sales tax receivable	<u>6,939</u>

Total current assets	197,344
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Property and equipment - net	<u>44,809</u>
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Total assets	<u>\$ 242,153</u>
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**Liabilities**

Current liabilities:

Deferred revenue	<u>\$ 81,750</u>
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Total current liabilities	<u>81,750</u>
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**Net Assets**

Unrestricted	<u>160,403</u>
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Total liabilities and net assets	<u>\$ 242,153</u>
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The accompanying notes are an integral part of this financial statement.

**FIRST NORTH CAROLINA  
STATEMENT OF ACTIVITIES**

(See Independent Accountants' Review Report)  
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
<b>Revenue</b>			
Individual	\$ 34,034	\$ -	\$ 34,034
Corporate	232,085	-	232,085
Team grants	1,045	100,604	101,649
Non-profit organizations	89,610	-	89,610
Event income	8,068	-	8,068
Fundraising	5,360	-	5,360
In-kind donations	48,337	-	48,337
Miscellaneous income	1,492	-	1,492
Net assets released from restrictions	205,622	(205,622)	-
 Total revenue	 625,653	 (105,018)	 520,635
<b>Expenses</b>			
Program	583,751	-	583,751
Management and general	25,914	-	25,914
Fundraising	17,743	-	17,743
 Total expenses	 627,408	 -	 627,408
 Decrease in net assets	 \$ (1,755)	 \$ (105,018)	 \$ (106,773)
 Net assets - beginning of year	 162,158	 105,018	 267,176
 Net assets - end of year	 \$ 160,403	 \$ -	 \$ 160,403

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

**FIRST NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
(See Independent Accountants' Review Report)  
For the Year Ended June 30, 2017

**Cash Flows From Operating Activities**

Decrease in net assets	\$ (106,773)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	7,316
Lease deposit	3,815
Sales tax receivable	(3,048)
Deferred revenue	<u>81,750</u>
Net cash used in operating activities	<u>(16,940)</u>
Net decrease in cash	(16,940)
Cash - beginning	<u>207,345</u>
Cash - ending	<u>\$ 190,405</u>

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

**FIRST NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
(See Independent Accountants' Review Report)  
June 30, 2017

**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** - It is the policy of the Organization to capitalize property and equipment over \$5,000; lesser amounts are expensed. Property and equipment are valued at cost less accumulated depreciation. Maintenance and repair costs are charged to expenses as incurred. Gains and losses on disposals are reflected in operating income. Donated assets are recorded at their estimated market value on the date of the donation. Property and equipment for the year ended June 30, 2017 was \$44,809 net of accumulated depreciation of \$14,269, 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, 2017.

**Deferred revenue** – Deferred revenue represents revenue collected in advance of directly related expenses. The Organization received a grant of \$81,750 during the year that is dedicated to supporting programs scheduled for 2018. Therefore, these funds are presented on the balance sheet.

**Note 2: 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, 2014.



**FIRST NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
(See Independent Accountants' Review Report)  
June 30, 2017

**Note 3: Lease Commitments**

The Organization leased office and warehouse space on a month to month basis at a monthly rate of \$3,815. The lease was terminated in April 2017.

Rent expense for the operating lease was \$38,153.

Additionally, a non-profit organization provides office space for the Organization totaling \$11,600 for year ended June 30, 2017. These amounts are reflected as in-kind donations in the financial statements.

**Note 4: Matching IRA Contribution**

The Organization allows employees to obtain an IRA plan in which they will match the contributions made by the employee. The Organization provided a matching contribution for the year ended June 30, 2017 of \$3,426.

**Note 5: Events Occurring After Report Date**

The Organization has evaluated events and transactions that occurred between June 30, 2017 and November 7, 2017, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**SUPPLEMENTARY INFORMATION**

**FIRST NORTH CAROLINA**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2017

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Administrative expenses	\$ 19,429	\$ 3,237	\$ 2,088	\$ 24,754
Capital equipment	7,525	-	-	7,525
Contract services	7,095	-	-	7,095
Depreciation	7,316	-	-	7,316
Fundraising	-	-	2,645	2,645
In-kind donations	38,669	9,667	-	48,336
Personnel	104,081	13,010	13,010	130,101
Programs	200,586	-	-	200,586
Team re-grants and support	191,230	-	-	191,230
Volunteers	<u>7,820</u>	<u>-</u>	<u>-</u>	<u>7,820</u>
Total expenses	<u>\$ 583,751</u>	<u>\$ 25,914</u>	<u>\$ 17,743</u>	<u>\$ 627,408</u>