

*The Harvest Center of Charlotte, Inc.*

*Financial Statements*

*December 31, 2022*

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# ***THE HARVEST CENTER OF CHARLOTTE, INC.***

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Harvest Center of Charlotte, Inc.  
Charlotte, North Carolina

### Opinion

We have audited the accompanying financial statements of The Harvest Center of Charlotte, Inc. (the "Center" - a nonprofit organization), which comprise the statement of financial position - modified cash basis as of December 31, 2022, and the related statements of activities - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of The Harvest Center of Charlotte, Inc. as of December 31, 2022, and its support, revenue, and expenses and changes in net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note B.

### Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Harvest Center of Charlotte, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note B, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The Harvest Center of Charlotte, Inc.  
Charlotte, North Carolina

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of The Harvest Center of Charlotte, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Harvest Center of Charlotte, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Center's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Foard & Company, P.A.*

June 9, 2023

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***THE HARVEST CENTER OF CHARLOTTE, INC.*****Statement of Financial Position - Modified Cash Basis****December 31, 2022, with prior year comparative totals**

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	December 31,	
	2022	2021
<b><u>ASSETS</u></b>		
Cash	\$ 5,609,572	\$ 769,680
Restricted cash	16,773	39,169
Investments	220,840	253,917
Sales tax receivable	33,711	24,350
Property and Equipment:		
Land and improvements	10,000	1,449,385
Buildings and improvements	244,172	3,087,872
Equipment	253,754	910,473
Vehicles	48,559	48,559
Total Property and Equipment	556,485	5,496,289
Less - accumulated depreciation	259,090	505,717
Property and Equipment (net)	297,395	4,990,572
<b><u>TOTAL ASSETS</u></b>	<b>\$ 6,178,291</b>	<b>\$ 6,077,688</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Credit card payable	\$ 19,059	\$ 5,663
Accrued liability	150,000	-
Total Liabilities	169,059	5,663
Net Assets:		
Without donor restrictions	5,766,295	5,778,939
With donor restrictions	242,937	293,086
Total Net Assets	6,009,232	6,072,025
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b>\$ 6,178,291</b>	<b>\$ 6,077,688</b>

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**THE HARVEST CENTER OF CHARLOTTE, INC.****Statement of Activities - Modified Cash Basis****Year Ended December 31, 2022, with prior year comparative totals**

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	Year Ended December 31, 2022			Prior Year Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	TOTALS	
<b><u>SUPPORT AND REVENUE</u></b>				
Contributions	\$ 877,144	\$ -	\$ 877,144	\$ 848,077
Grants	22,500	-	22,500	25,000
Fundraising (net of \$19,052 direct benefit to donor)	428,722	-	428,722	185,184
Program fee	32,430	-	32,430	28,355
Facility usage	57,417	-	57,417	44,270
Investment income (loss)	726	(34,208)	(33,482)	35,489
Gain on disposal of fixed assets	174,027	-	174,027	-
Other income	677	-	677	7,578
Net assets released from restriction by payment	15,941	(15,941)	-	-
<b>TOTAL</b>	<b>1,609,584</b>	<b>(50,149)</b>	<b>1,559,435</b>	<b>1,173,953</b>
<b><u>EXPENSES</u></b>				
Program services	979,053	-	979,053	982,882
Management and general	368,330	-	368,330	286,410
Fundraising	274,845	-	274,845	240,304
<b>TOTAL</b>	<b>1,622,228</b>	<b>-</b>	<b>1,622,228</b>	<b>1,509,596</b>
<b>CHANGE IN NET ASSETS</b>	<b>(12,644)</b>	<b>(50,149)</b>	<b>(62,793)</b>	<b>(335,643)</b>
<b>NET ASSETS, BEGINNING</b>	<b>5,778,939</b>	<b>293,086</b>	<b>6,072,025</b>	<b>6,407,668</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 5,766,295</b>	<b>\$ 242,937</b>	<b>\$ 6,009,232</b>	<b>\$ 6,072,025</b>

# ***THE HARVEST CENTER OF CHARLOTTE, INC.***

## **Statement of Functional Expenses - Modified Cash Basis**

**Year Ended December 31, 2022, with prior year comparative totals**

	Year Ended December 31, 2022				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	TOTALS	
<b><u>PERSONNEL</u></b>					
Salaries	\$ 504,353	\$ 81,377	\$ 149,570	\$ 735,300	\$ 589,349
Payroll taxes	39,961	6,448	11,851	58,260	46,015
Benefits	59,138	9,542	17,538	86,218	68,210
<b><i>Total Personnel</i></b>	<b><i>603,452</i></b>	<b><i>97,367</i></b>	<b><i>178,959</i></b>	<b><i>879,778</i></b>	<b><i>703,574</i></b>
<b><u>OTHER EXPENSES</u></b>					
Transformation	127,767	2,369	4,354	134,490	129,932
Technology and equipment	25,530	6,926	3,463	35,919	31,951
Insurance	11,319	22,380	2,341	36,040	34,336
Events	17,150	369	19,052	36,571	17,060
Development	187	-	23,120	23,307	26,680
Food and kitchen supplies	22,289	-	-	22,289	30,527
Volunteer and meeting	7,285	-	-	7,285	7,453
Postage and printing	-	-	1,879	1,879	1,745
Advertising	-	-	27,062	27,062	27,488
Contracted services	12,692	1,124	535	14,351	65,806
Telephone and communications	8,469	2,420	1,210	12,099	15,341
Office expense	13,221	6,281	1,751	21,253	57,484
Professional services	-	44,246	-	44,246	41,430
Repairs and maintenance	23,424	140,427	3,346	167,197	80,940
Transportation	35,737	769	1,921	38,427	26,556
Depreciation	27,025	7,721	3,861	38,607	138,176
Transition expenses	-	-	-	-	6,685
Utilities	40,361	21,984	5,766	68,111	65,944
Bank fees	-	7,222	203	7,425	8,014
All Other	3,145	6,725	15,074	24,944	7,682
<b><i>Total Expenses</i></b>	<b><i>979,053</i></b>	<b><i>368,330</i></b>	<b><i>293,897</i></b>	<b><i>1,641,280</i></b>	<b><i>1,524,804</i></b>
Less - amounts deducted against support and revenue	-	-	19,052	19,052	15,208
<b><i>NET EXPENSES</i></b>	<b><i>\$ 979,053</i></b>	<b><i>\$ 368,330</i></b>	<b><i>\$ 274,845</i></b>	<b><i>\$ 1,622,228</i></b>	<b><i>\$ 1,509,596</i></b>

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**THE HARVEST CENTER OF CHARLOTTE, INC.****Statement of Cash Flows - Modified Cash Basis****Year Ended December 31, 2022, with prior year comparative totals**

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	December 31,	
	2022	2021
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (62,793)	\$ (335,643)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Unrealized (gain) loss on marketable securities	42,560	(27,218)
(Gain) from sale of property	(174,027)	-
Depreciation	38,607	138,176
Decrease (increase) in operating assets:		
Sales tax receivable	(9,361)	(7,833)
(Decrease) increase in operating liabilities		
Credit card payable	13,396	3,159
Accrued liabilities	150,000	-
<b><u>Cash Flows From Operating Activities</u></b>	<b><u>(1,618)</u></b>	<b><u>(229,359)</u></b>
<b><u>INVESTING ACTIVITIES</u></b>		
Proceeds from the sale of investments	1,153	39,094
Purchases of investments	(10,636)	(13,690)
Proceeds from the sale of property	4,848,237	77,793
Purchase of property and equipment	(19,640)	(7,460)
<b><u>Cash Flows From Investing Activities</u></b>	<b><u>4,819,114</u></b>	<b><u>95,737</u></b>
<b>NET CHANGE IN CASH</b>	<b>4,817,496</b>	<b>(133,622)</b>
<b>CASH, BEGINNING</b>	<b>808,849</b>	<b>942,471</b>
<b>CASH, ENDING</b>	<b>\$ 5,626,345</b>	<b>\$ 808,849</b>
<b>Cash per Statement of Financial Position:</b>		
Cash	\$ 5,609,572	\$ 769,680
Restricted cash	16,773	39,169
<b><u>Total Cash</u></b>	<b><u>\$ 5,626,345</u></b>	<b><u>\$ 808,849</u></b>

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# ***THE HARVEST CENTER OF CHARLOTTE, INC.***

## **Notes to Financial Statements**

**December 31, 2022**

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### **NOTE A - NATURE OF ACTIVITIES**

The Harvest Center of Charlotte, (the “Center”) was founded in 2002 by Pastor Barbara Brewton Cameron. The Center provides housing support, hot meals, groceries, clothing, blankets, medical testing, recovery meetings, transportation, job skill training, and educational opportunities to the less fortunate.

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Presentation***

These financial statements have been prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Pursuant to the cash basis of accounting, revenue and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. In addition, all other amounts received are recorded as cash receipts and all other amounts expended are recorded as cash disbursements. The Center has elected to adopt the following modifications to the cash basis of accounting:

- The payment and refund of state sales tax are shown as changes in an asset rather than as receipts and disbursements. The balance at year-end is expected to be collected in full in the following year.
- Purchases and disposals of investments are shown as increases and decreases in an asset account, rather than as receipts and disbursements. Also, investments are presented on the financial statements at fair value.
- Significant improvements to property and major purchases of equipment are capitalized at cost.
- Donations of long-lived assets, such as real property and equipment, are shown as assets and contributions in the accompanying financial statements.
- Depreciation is computed using the straight-line method, with no assumed salvage values, over the estimated useful lives of the assets, which vary from three to forty years.
- Credit card purchases and payments are recorded as increases and decreases in a liability account rather than as receipts and disbursements.
- Accrued liability represents the Center’s broker’s commission related to the property sale that occurred at year-end.

The significant differences between the basis of accounting employed by the Center and generally accepted accounting principles, in addition to the timing of the recognition of revenue and expenses, are as follows:

- No amounts have been reflected in the financial statements for donated services or any other in-kind contributions, other than donated equipment.
- No right of use asset or liability has been recorded related to operating leases.

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# ***THE HARVEST CENTER OF CHARLOTTE, INC.***

## **Notes to Financial Statements**

**December 31, 2022**

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### Contributions

The net assets of the Center are classified and reported as follows:

- *Net assets without donor restrictions* – These amounts can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in the day-to-day operation of the Center. From time to time, the Center may designate certain amounts to be utilized to meet specific objectives of the Center. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations. These net assets may be temporary in nature, which are subject to donor-imposed stipulations that may or will be met either by actions of the Center or the passage of time, and net assets that are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

### Contributed Services

A number of unpaid volunteers have contributed time to the Center. No amounts have been reflected in the financial statements for these contributions since the modified cash basis of accounting is utilized and the services generally do not meet the criteria for recording.

### Property and Equipment

Property and equipment with a value of \$2,000 or more is recorded at cost if purchased or fair value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred.

### Functional Allocation of Expenses

The Center's activities are focused in three functional areas. Program services represent the primary focus of the Center's activities. Supporting services are general and administrative activities and fundraising activities. Personnel are allocated based on management's estimate of time spent, and occupancy, utilities, depreciation expense, which are allocated on a square footage basis and usage. All other expenses are allocated based on management's analysis of the various expenses that comprise those costs.

### Federal Income Tax Status

The Center is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code with respect to its exempt function income and is classified as other than a private foundation.

### 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 Center's 2021 financial statements, from which the summarized information was derived. Certain prior-year amounts have been reclassified to conform to the current-year presentation.

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# ***THE HARVEST CENTER OF CHARLOTTE, INC.***

## **Notes to Financial Statements**

**December 31, 2022**

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### Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Therefore, actual results could be different from those estimates.

### **NOTE C – INVESTMENTS**

Investments of the Center are recorded at fair value based on market quotations. Changes in the fair value of securities are reflected as unrealized investment gains or losses in the accompanying statement of activities.

Purchases and sales of securities are reflected on a trade date basis. Interest and dividend income are recorded as earned or declared on an accrual basis.

### Investment Balance

Investments are reported at fair market value and consist of publicly-traded mutual funds of \$104,510 and exchanged traded products of \$116,330 as of December 31, 2022.

### Endowment

The Center established the Dalton Waite Endowment Fund in 2017. The funds will be used exclusively for individuals participating in a Transformation Program which is for graduate needs arising that would hinder the graduates' ability to remain on track. The payout will be at a rate of five percent of the fair market value of the Endowment, determined quarterly and averaged over a period of four quarters immediately preceding the year in which the appropriation for distribution is made.

### **NOTE D – FAIR VALUE MEASUREMENTS**

Current accounting standards require the fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Center's securities at Fidelity are classified as Level 1 assets.

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# ***THE HARVEST CENTER OF CHARLOTTE, INC.***

## **Notes to Financial Statements**

**December 31, 2022**

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### **NOTE E – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets that are temporary in nature due to a specified purpose as of December 31, 2022, are as follows:

Endowment accumulated earnings	\$ 51,164
Endowment cash	16,523
Memorial funds	<u>250</u>
TOTAL	<u>\$ 67,937</u>

Net assets to be held in perpetuity as of December 31, 2022, are as follows:

Dalton Waite Endowment	\$ 150,000
Memorial funds	<u>25,000</u>
TOTAL	<u>\$ 175,000</u>

The Center's total net assets with donor restrictions as of December 31, 2022, was \$242,937.

### **NOTE F – OPERATING LEASE OBLIGATIONS**

Lease payments made for office equipment for 2022 were \$12,509. Future minimum payments due under these operating leases are as follows:

2023	\$ 9,598
2024	9,598
2025	9,598
2026	<u>5,598</u>
TOTAL	<u>\$ 34,392</u>

### **NOTE G – LIQUIDITY**

The Center has \$5,660,056 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$5,626,345 and sales tax receivable of \$33,711. Of the financial assets available, \$16,773 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Center has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$300,000. The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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# ***THE HARVEST CENTER OF CHARLOTTE, INC.***

## **Notes to Financial Statements**

**December 31, 2022**

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### **NOTE H – CONCENTRATIONS OF RISK**

#### *Cash in Excess of Insured Limits*

Cash held in bank accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash held by the Center at December 31, 2022, includes \$5,227,529 in excess of insured limits covered by the FDIC.

#### *Support and Revenue*

The Center received 39% of its contribution revenue from the top five donors. Any significant changes in this funding, if this were to occur, would have a significant impact on the Center's activities.

#### *Credit Risk*

Investments held in financial institutions are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC); however, this insurance does not cover the loss of value of the underlying assets. As disclosed in Note C above, the Center maintains a variety of investments which are subject to fluctuations in market values and expose the Center to a certain degree of investment risk.

#### *Geographic Area*

The Center operates in a limited geographic area and is therefore sensitive to changes in the local economy.

### **NOTE I – NON-RECURRING REVENUE**

During the year ended December 31, 2022, the Center sold the buildings and land to the City of Charlotte for \$5,000,000. Part of the agreement to sale the property was for the purchaser to allow the Center to use the property for two years rent free. The gain on the sale was \$174,027; however, the net proceeds received was \$4,848,237. The Center accrued \$150,000 at year-end for payment to the broker. This is not an expected source of revenue in future years.

### **NOTE J – SUBSEQUENT EVENTS**

The Center has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.