

*The Harvest Center of Charlotte, Inc.*

*Financial Statements*

*December 31, 2023*

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

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**December 31, 2023**

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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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Foard & Company, P.A.*

July 16, 2024

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**THE HARVEST CENTER OF CHARLOTTE, INC.****Statement of Financial Position - Modified Cash Basis****December 31, 2023, with prior year comparative totals**

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	December 31,	
	2023	2022
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 1,789,382	\$ 5,609,572
Restricted cash and cash equivalents	1,640	16,773
Investments	3,634,790	-
Endowment	232,243	220,840
Sales tax receivable	29,110	33,711
Property and Equipment:		
Land and improvements	10,000	10,000
Buildings and improvements	244,574	244,172
Equipment	256,586	253,754
Vehicles	102,300	48,559
Total Property and Equipment	613,460	556,485
Less - accumulated depreciation	303,708	259,090
Property and Equipment (net)	309,752	297,395
<b><u>TOTAL ASSETS</u></b>	<b>\$ 5,996,917</b>	<b>\$ 6,178,291</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Credit card payable	\$ 8,660	\$ 19,059
Accrued liability	-	150,000
Total Liabilities	8,660	169,059
Net Assets:		
Without donor restrictions	5,753,721	5,766,295
With donor restrictions	234,536	242,937
Total Net Assets	5,988,257	6,009,232
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b>\$ 5,996,917</b>	<b>\$ 6,178,291</b>

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

## **Statement of Activities - Modified Cash Basis**

**Year Ended December 31, 2023, with prior year comparative totals**

	Year Ended December 31, 2023			Prior Year Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	TOTALS	
<b><u>SUPPORT AND REVENUE</u></b>				
Contributions	\$ 1,055,749	\$ 22,828	\$ 1,078,577	\$ 877,144
Grants	40,000	-	40,000	22,500
Employee tax retention credit	212,708	-	212,708	-
Fundraising (net of \$7,615 direct benefit to donor)	344,156	-	344,156	428,722
Program fee	41,029	-	41,029	32,430
Facility usage	94,749	-	94,749	57,417
Investment and endowment income (loss)	228,511	30,660	259,171	(33,482)
Gain on disposal of fixed assets	-	-	-	174,027
Other income	4,699	-	4,699	677
Net assets released from restriction by payment	61,889	(61,889)	-	-
<b>TOTAL</b>	<b>2,083,490</b>	<b>(8,401)</b>	<b>2,075,089</b>	<b>1,559,435</b>
<b><u>EXPENSES</u></b>				
Program services	1,240,871	-	1,240,871	979,053
Management and general	470,294	-	470,294	368,330
Fundraising	384,899	-	384,899	274,845
<b>TOTAL</b>	<b>2,096,064</b>	<b>-</b>	<b>2,096,064</b>	<b>1,622,228</b>
<b>CHANGE IN NET ASSETS</b>	<b>(12,574)</b>	<b>(8,401)</b>	<b>(20,975)</b>	<b>(62,793)</b>
<b>NET ASSETS, BEGINNING</b>	<b>5,766,295</b>	<b>242,937</b>	<b>6,009,232</b>	<b>6,072,025</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 5,753,721</b>	<b>\$ 234,536</b>	<b>\$ 5,988,257</b>	<b>\$ 6,009,232</b>

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

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

**Year Ended December 31, 2023, with prior year comparative totals**

	Year Ended December 31, 2023				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	TOTALS	
<b><u>PERSONNEL</u></b>					
Salaries	\$ 642,855	\$ 103,724	\$ 190,645	\$ 937,224	\$ 735,300
Payroll taxes	51,201	8,261	15,184	74,646	58,260
Benefits	81,691	13,181	24,226	119,098	86,218
<b>Total Personnel</b>	<b>775,747</b>	<b>125,166</b>	<b>230,055</b>	<b>1,130,968</b>	<b>879,778</b>
<b><u>OTHER EXPENSES</u></b>					
Transformation	138,437	4,854	8,922	152,213	134,490
Technology and equipment	19,468	5,186	2,593	27,247	35,919
Insurance	13,040	25,556	2,583	41,179	36,040
Events	17,191	370	7,615	25,176	36,571
Development	2,251	-	45,130	47,381	23,307
Food and kitchen supplies	30,391	-	-	30,391	22,289
Volunteer and meeting	5,759	-	-	5,759	7,285
Postage and printing	-	-	1,819	1,819	1,879
Advertising	-	-	28,343	28,343	27,062
Contracted services	-	-	-	-	14,351
Telephone and communications	12,513	3,575	1,788	17,876	12,099
Office expense	55,107	27,119	7,628	89,854	21,253
Professional services	1,992	46,923	591	49,506	44,246
Repairs and maintenance	39,035	187,164	5,576	231,775	167,197
Transportation	27,829	598	1,496	29,923	38,427
Depreciation	31,232	8,924	4,462	44,618	38,607
Transition expenses	620	-	-	620	-
Utilities	47,080	14,912	6,726	68,718	68,111
Bank fees	-	7,873	449	8,322	7,425
Dues and subscriptions	-	-	24,754	24,754	12,601
All other	23,179	12,074	11,984	47,237	12,343
<b>Total Expenses</b>	<b>1,240,871</b>	<b>470,294</b>	<b>392,514</b>	<b>2,103,679</b>	<b>1,641,280</b>
Less - amounts deducted against support and revenue	-	-	7,615	7,615	19,052
<b>NET EXPENSES</b>	<b>\$ 1,240,871</b>	<b>\$ 470,294</b>	<b>\$ 384,899</b>	<b>\$ 2,096,064</b>	<b>\$ 1,622,228</b>

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**THE HARVEST CENTER OF CHARLOTTE, INC.****Statement of Cash Flows - Modified Cash Basis****Year Ended December 31, 2023, with prior year comparative totals**

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	December 31,	
	2023	2022
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (20,975)	\$ (62,793)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Unrealized (gain) loss on investments	(212,418)	42,560
(Gain) from sale of property	-	(174,027)
Depreciation	44,618	38,607
Decrease (increase) in operating assets:		
Sales tax receivable	4,601	(9,361)
(Decrease) increase in operating liabilities		
Credit card payable	(10,399)	13,396
Accrued liabilities	(150,000)	150,000
<b><u>Cash Flows From Operating Activities</u></b>	<b><u>(344,573)</u></b>	<b><u>(1,618)</u></b>
<b><u>INVESTING ACTIVITIES</u></b>		
Proceeds from the sale of investments	816,225	1,153
Purchases of investments	(4,250,000)	(10,636)
Proceeds from the sale of property	-	4,848,237
Purchase of property and equipment	(56,975)	(19,640)
<b><u>Cash Flows From Investing Activities</u></b>	<b><u>(3,490,750)</u></b>	<b><u>4,819,114</u></b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,835,323)</b>	<b>4,817,496</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>5,626,345</b>	<b>808,849</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 1,791,022</b>	<b>\$ 5,626,345</b>
<b>Cash and cash equivalents per Statement of Financial Position:</b>		
Cash and cash equivalents	\$ 1,789,382	\$ 5,609,572
Restricted cash and cash equivalents	1,640	16,773
<b><u>Total Cash and cash equivalents</u></b>	<b><u>\$ 1,791,022</u></b>	<b><u>\$ 5,626,345</u></b>

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

## **Notes to Financial Statements**

**December 31, 2023**

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

The Harvest Center of Charlotte, Inc. (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.

Funding sources – The Center is primarily funded by contributions from individuals, businesses and foundations.

### **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 and endowments are shown as increases and decreases in an asset account, rather than as receipts and disbursements. Also, investments and endowments 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 in the prior year.

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, 2023**

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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.

### Cash and Cash Equivalents

Cash and cash equivalents include all financial institution checking accounts and money market funds and all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

### 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.

### 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.

The Center claimed the Employee Retention Tax Credit applicable for quarters in 2021 due to being impacted by the government shutdown. The claims are subject to review and examination by the Internal Revenue Service for three years from the date of claim.

### 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.

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

## **Notes to Financial Statements**

**December 31, 2023**

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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.

### 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 2022 financial statements, from which the summarized information was derived. Certain prior-year amounts have been reclassified to conform to the current-year presentation.

## **NOTE C – 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 investments and endowment are all classified as Level 1 assets.

## **NOTE D – 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 at December 31, 2023, and consist of the following:

Mutual funds	\$ 1,240,588
Fixed income	2,099,608
Exchange-traded products	<u>294,594</u>
TOTAL	<u>\$ 3,634,790</u>

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

## **Notes to Financial Statements**

**December 31, 2023**

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### **NOTE E – ENDOWMENT**

#### *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. At December 31, 2023, the fair market value in the endowment consists of the following:

Mutual funds	\$	111,114
Exchange-traded products		<u>121,129</u>
TOTAL	\$	<u><u>232,243</u></u>

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

Net assets that are temporary in nature due to a specified purpose as of December 31, 2023, are as follows:

Endowment accumulated earnings	\$	57,896
Endowment cash		1,390
Memorial funds		<u>250</u>
TOTAL	\$	<u><u>59,536</u></u>

Net assets to be held in perpetuity as of December 31, 2023, are as follows:

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

The Center's total net assets with donor restrictions as of December 31, 2023, was \$234,536.

### **NOTE G – RETIREMENT PLAN**

The Center maintains a retirement plan which covers all employees. Employees are eligible to participate in the plan after three months of service. After one year amounts are fully vested. The Center matches employee contributions to the plan dollar for dollar up to 4 percent of employees' gross wages. The total amount contributed by the Center to the retirement plan for the year ended December 31, 2023, was \$19,635.

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

## **Notes to Financial Statements**

**December 31, 2023**

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### **NOTE H – OPERATING LEASE OBLIGATIONS**

Lease payments made for office equipment for 2023 were \$9,598. Future minimum payments due under these operating leases are as follows:

2024	\$	9,598
2025		9,598
2026		5,598
TOTAL	\$	<u>24,794</u>

### **NOTE I – CONCENTRATIONS OF RISK**

#### Cash in Excess of Insured Limits

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Center holds cash in excess of the insured limits covered by the FDIC; however, the Center believes it is not exposed to any significant credit risk related to these accounts.

#### Support and Revenue

The Center received 30 percent 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 D 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 J – LIQUIDITY**

The Center has \$5,454,922 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$1,791,022, investments of \$3,634,790 and sales tax receivable of \$29,110. Of the financial assets available, \$1,640 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 \$500,000. 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, 2023**

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**NOTE K – 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.