

Healthy Charlotte Alliance, Inc.

Financial Statements

May 31, 2023

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Healthy Charlotte Alliance, Inc.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Healthy Charlotte Alliance, Inc.
Charlotte, North Carolina

We have reviewed the accompanying financial statements of Healthy Charlotte Alliance, Inc. (the "Alliance" - a nonprofit corporation), which comprise the statement of financial position as of May 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Alliance'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 taken 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.

Accountant's 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.

We are required to be independent of Healthy Charlotte Alliance, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's 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 conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously reviewed Alliance's 2022 financial statements, and our report dated June 24, 2022, stated that we were not aware of any material modifications needed for them to be in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2022, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Foard & Company, P.A.
June 21, 2023

Healthy Charlotte Alliance, Inc.**Statement of Financial Position****May 31, 2023, with prior year comparative totals**

	May 31,	
	2023	2022
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 33,536	\$ 35,352
Investments	1,857,126	1,901,729
Sales tax receivable	480	185
Prepaid expenses	-	47
<i>Total Current Assets</i>	<i>1,891,142</i>	<i>1,937,313</i>
<i>TOTAL ASSETS</i>	<i>\$ 1,891,142</i>	<i>\$ 1,937,313</i>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Deferred revenue	\$ -	\$ -
<i>Total Liabilities</i>	<i>-</i>	<i>-</i>
Net Assets:		
Without Donor Restrictions:		
Undesignated	19,915	24,756
Board-designated	1,871,227	1,911,657
<i>Total Net Assets Without Donor Restrictions</i>	<i>1,891,142</i>	<i>1,936,413</i>
With Donor Restrictions	-	900
<i>Total Net Assets</i>	<i>1,891,142</i>	<i>1,937,313</i>
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<i>\$ 1,891,142</i>	<i>\$ 1,937,313</i>

Healthy Charlotte Alliance, Inc.**Statement of Activities****Year Ended May 31, 2023, with prior year comparative totals**

	Year ended May 31, 2023			Prior Year Comparative' Totals
	Without Donor Restrictions	With Donor Restrictions	TOTALS	
<u>REVENUES AND GAINS</u>				
Contributions	\$ 35,961	\$ -	\$ 35,961	\$ 31,691
Program fees	18,945	-	18,945	4,793
Special events (net of \$282 direct benefit)	24,492	-	24,492	21,332
Investment income (loss)	50,212	-	50,212	(140,215)
Net assets released from restrictions	900	(900)	-	-
<i>Total Revenue and Gains</i>	<i>130,510</i>	<i>(900)</i>	<i>129,610</i>	<i>(82,399)</i>
<u>EXPENSES</u>				
Program services	152,267	-	152,267	143,542
Management and general	18,980	-	18,980	17,280
Fundraising	4,534	-	4,534	4,481
<i>Total Expenses</i>	<i>175,781</i>	<i>-</i>	<i>175,781</i>	<i>165,303</i>
<i>CHANGE IN NET ASSETS</i>	<i>(45,271)</i>	<i>(900)</i>	<i>(46,171)</i>	<i>(247,702)</i>
<i>NET ASSETS, BEGINNING</i>	<i>1,936,413</i>	<i>900</i>	<i>1,937,313</i>	<i>2,185,015</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 1,891,142</i>	<i>\$ -</i>	<i>\$ 1,891,142</i>	<i>\$ 1,937,313</i>

Healthy Charlotte Alliance, Inc.**Statement of Functional Expenses****Year Ended May 31, 2023, with prior year comparative totals**

	Year Ended May 31, 2023				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	Totals	
EXPENSES					
Grants	\$ 90,291	\$ -	\$ -	\$ 90,291	\$ 93,055
Contract services	43,997	11,733	2,933	58,663	54,912
Program events	12,257	-	282	12,539	4,736
Website services	1,635	-	545	2,180	2,074
Accounting	185	2,135	185	2,505	1,770
Occupancy	2,520	3,150	630	6,300	6,300
Insurance	176	702	-	878	1,603
Miscellaneous	144	104	20	268	580
Bank service fees	528	480	132	1,140	541
Office supplies	441	524	-	965	302
Postage	93	89	89	271	240
Licenses and permits	-	63	-	63	58
TOTAL EXPENSES	\$ 152,267	\$ 18,980	\$ 4,816	\$ 176,063	\$ 166,171
Less - Special Event Costs					
Deducted from Revenue	-	-	282	282	868
NET EXPENSES	\$ 152,267	\$ 18,980	\$ 4,534	\$ 175,781	\$ 165,303

Healthy Charlotte Alliance, Inc.**Statement of Cash Flows****Year Ended May 31, 2023, with prior year comparative totals**

	Year Ended May 31,	
	2023	2022
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ (46,171)	\$ (247,702)
Adjustments to reconcile changes in net assets to cash flows from operating activities:		
Realized and unrealized gain on fair value of marketable securities	(15,836)	170,101
Decrease (increase) in operating assets:		
Sales tax receivable	(295)	(99)
Prepaid expenses	47	(47)
Increase (decrease) in operating liabilities:		
Deferred revenue	-	(1,425)
<u>Cash Flows from Operating Activities</u>	<u>(62,255)</u>	<u>(79,172)</u>
<u>INVESTING ACTIVITIES</u>		
Purchases of investments	(52,069)	(49,608)
Proceeds from sale of investments	112,508	141,263
<u>Cash Flows from Investing Activities</u>	<u>60,439</u>	<u>91,655</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,816)	12,483
CASH AND CASH EQUIVALENTS, BEGINNING	35,352	22,869
CASH AND CASH EQUIVALENTS, ENDING	\$ 33,536	\$ 35,352

Healthy Charlotte Alliance, Inc.

Notes to Financial Statements

May 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Healthy Charlotte Alliance, Inc., (the “Alliance”) is a nonprofit North Carolina corporation formed on April 8, 1983, whose purpose is to provide financial aid to support health-related charitable, scientific and educational programs in Mecklenburg County.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – are those currently available for use in the day-to-day operations of the Alliance. Board-designated net assets represent the Alliance’s investment and cash endowment account, which is designated by the Board of Directors for purposes other than operations.
- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations. These net assets may be temporary in nature, with restrictions being met either by actions of the Alliance or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of May 31, 2023, the Alliance had no net assets with donor restrictions.

Contributions

The Alliance reports gifts of cash and other assets as net assets with donor restrictions revenue if they are received with donor stipulations that limit the use of the donated assets. However, restricted contributions whose restrictions are accomplished in the same accounting period are recorded as net assets without donor restrictions.

Cash and cash equivalents

Cash consists of cash on hand and cash in checking and investment deposit accounts.

Investments

The Alliance carries investments in marketable securities with readily determinable fair values at the fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Federal income tax status

The Alliance is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

Healthy Charlotte Alliance, Inc.

Notes to Financial Statements

May 31, 2023

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in support at fair value. During the year, the Alliance recorded no contributed services or donated goods.

Functional allocation of expenses

The Alliance's activities are focused in three functional areas. Program services represent the primary focus of the Alliance's activities. Supporting services are fundraising activities and management and general activities. The major expenses that are allocated include contract services, occupancy, and events. Contract services are allocated based on the individual contract services being performed. Occupancy is allocated based on the actual usage of the facility. Events are allocated based on the amount of program activities at the event and the remainder is allocated to fundraising. All other expenses are based on an estimate by the board and management.

New Accounting Pronouncement

The Alliance adopted ASU 2016-02, *Leases* (Topic 842) during the year. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either financing or operating, with classifications affecting the pattern of expense recognition in the statement of activities. The Alliance determined that its lease in place during the year was for less than 12 months.

Prior-year comparative totals

The financial statements include certain prior-year summarized information in total, but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Alliance's 2023 financial statements from which the summarized information was derived. Certain prior-year amounts have been reclassified to conform to the current-year presentation.

Healthy Charlotte Alliance, Inc.
Notes to Financial Statements
May 31, 2023

NOTE B – INVESTMENTS

Investments

Investments are reported at fair value in accordance with generally accepted accounting principles. Investments consist of the following as of May 31, 2023:

Equities	\$ 897,059
Fixed income	727,898
Exchange-traded funds	203,143
Other assets	<u>29,026</u>
TOTAL	<u>\$ 1,857,126</u>

Investment income

The Alliance had an investment income of \$50,212 consisting of interest and dividends of \$50,885, realized and unrealized capital gains of \$15,836, net of investment expenses of \$16,509.

NOTE C – FAIR VALUE MEASUREMENTS

Current accounting standards require fair value 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 Alliance's investments are classified as Level 1 assets.

NOTE D – GRANTS

The Alliance's bylaws provide that the Board of Directors shall distribute in each fiscal year an amount equal to five percent of the average of the fair market value of their investment fund account for the investment fund's three previous fiscal years. If advisable due to substantial investment market place and economic changes, the Board of Directors shall have the discretion to modify the five percent distribution rate as it deems necessary. For the year ended May 31, 2023, the Board of Directors approved 4.6 percent.

Healthy Charlotte Alliance, Inc.

Notes to Financial Statements

May 31, 2023

NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Alliance’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Alliance manages its expenditures to minimize excess cash. To help manage unanticipated liquidity needs, the Alliance, with the recommendation of the Finance Committee and approval by the Board, may transfer earnings from its endowment to operations. Excess cash in the endowment is reinvested at the discretion of the Alliance’s investment advisors. The Alliance has an endowment valued at \$1,857,126 on May 31, 2023, and none of those funds are restricted. The Alliance also has cash on hand of \$33,536 that is available for general expenditures.

NOTE F – CONCENTRATIONS OF RISK

Investments

Investments are insured by the Securities Investor Protection Corporation up to \$500,000. The Alliance invests in a variety of investments, which are subject to fluctuations in market values and expose the Alliance to a certain degree of investment risk.

Geographic area

The Alliance operates in a small geographic area and is; therefore, sensitive to changes in the local economy.

NOTE G - SUBSEQUENT EVENTS

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