

***MECKED***

***FINANCIAL STATEMENTS***  
***JUNE 30, 2017***

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***MeckEd***  
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**June 30, 2017**

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# C. DEWITT FOARD & COMPANY, P.A.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
MeckEd  
Charlotte, North Carolina

We have audited the accompanying financial statements of MeckEd, ("the Organization" - a nonprofit corporation), 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.

### 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.

### Auditor's 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 of 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 auditor's 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 auditor considers 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. 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 in the first paragraph present fairly, in all material respects, the financial position of MeckEd, as of June 30, 2017 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.

### Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements, and our report dated July 29, 2016, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*C. Dewitt Foard & Company, P.A.*

September 18, 2017

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**MeckEd****Statement of Financial Position****June 30, 2017, with prior year comparative totals**

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	June 30,	
	2017	2016
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 61,459	\$ 290,036
Contributions receivable	110,780	106,830
Refundable sales tax	2,471	2,762
Prepays	3,722	5,526
Total Current Assets	178,432	405,154
Non-Current Assets:		
Contributions receivable	-	12,500
Total Other Assets	-	12,500
<b>TOTAL ASSETS</b>	<b>\$ 178,432</b>	<b>\$ 417,654</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 22,872	\$ 7,264
Payroll liabilities	25,042	5,806
Total Current Liabilities	47,914	13,070
Net Assets:		
Unrestricted	86,013	239,634
Temporarily restricted	44,505	164,950
Total Net Assets	130,518	404,584
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 178,432</b>	<b>\$ 417,654</b>

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**MeckEd****Statement of Activities****Year Ended June 30, 2017, with prior year comparative totals**

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	Year Ended June 30, 2017			Prior Year Comparative Totals
	Unrestricted	Temporarily Restricted	TOTALS	
<b><u>SUPPORT AND REVENUE</u></b>				
Contributions and grants	\$ 451,462	\$ 256,445	\$ 707,907	\$ 692,008
Special events	77,766	-	77,766	145,033
Net assets released from restrictions	376,890	(376,890)	-	-
<i>Total Support, Revenue, and Reclassifications</i>	<i>906,118</i>	<i>(120,445)</i>	<i>785,673</i>	<i>837,041</i>
<b><u>EXPENSES</u></b>				
Programs	873,191	-	873,191	782,752
Management and general	68,989	-	68,989	110,188
Fundraising	117,559	-	117,559	79,740
<i>Total Expenses</i>	<i>1,059,739</i>	<i>-</i>	<i>1,059,739</i>	<i>972,680</i>
<b>CHANGE IN NET ASSETS</b>	<b>(153,621)</b>	<b>(120,445)</b>	<b>(274,066)</b>	<b>(135,639)</b>
<b>NET ASSETS, BEGINNING</b>	<b>239,634</b>	<b>164,950</b>	<b>404,584</b>	<b>540,223</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 86,013</b>	<b>\$ 44,505</b>	<b>\$ 130,518</b>	<b>\$ 404,584</b>

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**MeckEd****Statement of Cash Flows****Year Ended June 30, 2017, with prior year comparative totals**

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	Year Ended June 30,	
	2017	2016
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (274,066)	\$ (135,639)
Adjustments to reconcile changes in net assets to cash flows from operating activities:		
(Increase) decrease in operating assets:		
Contributions receivable	8,550	91,218
Refundable sales tax	291	(1,511)
Prepaid expenses	1,804	8,370
Increase (decrease) in operating liabilities:		
Accounts payable	15,608	6,354
Payroll liabilities	19,236	260
<b><i>Cash Flows from Operating Activities</i></b>	<b><i>(228,577)</i></b>	<b><i>(30,948)</i></b>
<b><i>CASH, BEGINNING</i></b>	<b><i>290,036</i></b>	<b><i>320,984</i></b>
<b><i>CASH, ENDING</i></b>	<b><i>\$ 61,459</i></b>	<b><i>\$ 290,036</i></b>

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## ***MeckEd***

### **Notes to Financial Statements**

**June 30, 2017**

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#### **NOTE 1 – NATURE OF OPERATIONS**

MeckEd is a not-for-profit organization whose purpose is to create broad support for public schools and to generate and channel private resources to permanently improve the quality of education for every child in Mecklenburg County, North Carolina public schools and to engage and educate the community about quality public education. MeckEd is funded primarily by grants and contributions from companies, foundations and individuals.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### *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. 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:

*Unrestricted net assets* – Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of MeckEd and/or the passage of time.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by MeckEd. At June 30, 2017, MeckEd had no permanently restricted net assets.

##### *Presentation*

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are recorded as decreases in unrestricted net assets. Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as temporarily restricted net assets. When donor-imposed time restrictions expire, or a donor-imposed purpose restriction is fulfilled, the temporarily restricted net assets are released to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

##### *Contributions receivable*

Unconditional promises to give are recorded at net realizable value. If the promises to give are not expected to be collected within the year, a present value discount is recorded utilizing risk-free interest rates, if the discount would be significant to the financial statements. The discount is then amortized and included in contribution revenue in subsequent years. No discount was recorded in the financial statements since all pledges were expected to be collected in the subsequent fiscal year. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

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**MeckEd****Notes to Financial Statements****June 30, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**Allowance for doubtful accounts

Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, and current economic conditions. Based on the underlying nature of the receivables at June 30, 2017, management believes any allowance for uncollectible receivables is not material to the financial statements taken as a whole.

Property and equipment

Property and equipment is stated at cost if purchased or estimated fair value at date of receipt if donated, subject to a \$2,500 capitalization threshold. Depreciation is provided over the estimated useful lives of the assets and is computed on the straight-line method. The costs of major improvements are capitalized while the costs of maintenance and repairs, which do not improve or extend the useful life of the respective asset, are expensed when incurred. The cost and accumulated depreciation of property and equipment are eliminated from the accounts upon disposal and any resulting gain or loss is included in the changes in net assets in the period during which the disposition occurred. At June 30, 2017, equipment with an original cost of \$3,002 was fully depreciated.

Donated goods and services

MeckEd records donated goods if significant and donated services when the services either create or enhance nonfinancial assets or would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. During the period \$30,977 of donated goods were recorded and no donated services were recorded. These items were primarily related to MeckEd fundraising events or conferences. A number of unpaid volunteers, who serve in the capacity of Board members and various other volunteers, have made significant contributions of their time to assist MeckEd in achieving the goals of its programs. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

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.

Income tax status

MeckEd is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) with respect to its exempt function income. MeckEd is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

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**MeckEd****Notes to Financial Statements****June 30, 2017**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**Functional allocation of expenses

Expenses are allocated to program services, management and general, and fund raising based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

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 MeckEd's 2016 financial statements, from which the summarized information was derived.

**NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS**Balance at year-end

Funds that have been received by MeckEd for a particular purpose or period of time that have remaining restrictions at June 30, 2017 are detailed as follows:

Time restricted – following fiscal year	\$ 17,500
Purpose restricted:	
NEXT Charlotte afterschool project	<u>27,005</u>
TOTAL	<u>\$ 44,505</u>

Released from restrictions

For the year ended June 30, 2017, \$283,140 of net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and \$93,750 were released by expiration of time restrictions.

**NOTE 4 – LEASES**Operating leases

MeckEd has entered into non-cancelable operating lease agreements for office space and equipment. Lease payments actually made during the year ended June 30, 2017 were \$33,099. Future minimum payments are due under operating leases during the year ending June 30:

2018	\$ 30,854
2019	2,052
2020	2,052
2021	2,052
2022	<u>171</u>
TOTAL	<u>\$ 37,181</u>

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**MeckEd****Notes to Financial Statements****June 30, 2017**

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**NOTE 5 – RETIREMENT PLAN**

MeckEd maintains a retirement plan, as described in Internal Revenue Code Section 403(b), for the benefit of its employees. Additionally, MeckEd has a deferred compensation plan for eligible employees as described in Internal Revenue Code Section 457. Employees can make pretax contributions and MeckEd can make matching or discretionary non-elective contributions on behalf of its employees. MeckEd made contributions of three percent of eligible participants' salaries, which amounted to \$16,174 during the year ended June 30, 2017.

**NOTE 6 – CONCENTRATIONS OF RISK**Contributions and receivables

During the year, MeckEd received 54% of its funding from a single funding source. This represents a significant risk that operations could be affected if this source of revenue or discontinued its funding of MeckEd.

Government grants

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against MeckEd for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Geographic area

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

**NOTE 7 – SUBSEQUENT EVENTS**

MeckEd has evaluated subsequent events from the date of the statement of financial position through the date of the audit report which is the date the financial statements were available to be issued. During this period, one material recognizable subsequent event was identified. During July MeckEd received a contribution of \$1 million from an individual to be used to enhance MeckEd's afterschool programs.