



# BRUNSWICK FAMILY ASSISTANCE AGENCY, INC.

## Audited Financial Statements

for the year ended

December 31, 2018

(with comparative totals for 2017)



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Brunswick Family Assistance Agency, Inc.  
Shallotte, North Carolina

We have audited the accompanying financial statements of Brunswick Family Assistance Agency, Inc. ("BFA"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, 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 risk 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 above present fairly, in all material respects, the financial position of BFA as of December 31, 2018 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.**

### ***Prior Year Summarized Comparative Information***

We have previously audited BFA's 2017 financial statements and our report dated March 14, 2018 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Bearman CPA PC*

Wilmington, North Carolina  
March 15, 2019

Brunswick Family Assistance Agency, Inc.  
**Statement of Financial Position**  
as of December 31, 2018  
(with comparative totals for 2017)

	<u>12/31/18</u>	<u>12/31/17</u>
<b>Assets</b>		
Cash and Cash Equivalents (Note 3c)	\$ 636,714	\$ 301,652
Accounts Receivable (Note 5)	30,738	11,458
Inventory (Note 6)	141,981	64,934
Prepaid Expenses	1,286	8,752
Investments (Note 7)	155,138	154,492
Property & Equipment (Note 8)	<u>63,785</u>	<u>36,926</u>
<b>Total Assets</b>	<b><u>\$ 1,029,642</u></b>	<b><u>\$ 578,214</u></b>
<b>Liabilities &amp; Net Assets</b>		
Accounts Payable & Accrued Liabilities (Note 9)	<u>\$ 47,451</u>	<u>\$ 63,667</u>
<b>Total Liabilities</b>	<b><u>47,451</u></b>	<b><u>63,667</u></b>
Net Assets		
Without Donor Restrictions		
Undesignated (Note 3b)	678,760	441,329
Designated by the Board of Directors (Note 3b)	<u>140,000</u>	<u>65,000</u>
	818,760	506,329
With Donor Restrictions (Notes 3b & 10)	<u>163,431</u>	<u>8,218</u>
<b>Total Net Assets</b>	<b><u>982,191</u></b>	<b><u>514,547</u></b>
<b>Total Liabilities &amp; Net Assets</b>	<b><u>\$ 1,029,642</u></b>	<b><u>\$ 578,214</u></b>

The accompanying notes are an integral part of these financial statements.

Brunswick Family Assistance Agency, Inc.

**Statement of Activities**

for the year ended December 31, 2018

(with comparative totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
<b>OPERATING</b>				
<b>Revenue</b>				
Private Grants & Contributions (Note 4)	\$ 742,579	\$ 69,500	<b>812,079</b>	\$ 533,785
Donated Goods (Note 11)	838,600	-	<b>838,600</b>	736,649
Government Grants & Contracts (Note 4)	176,115	21,210	<b>197,325</b>	160,188
Thrift Store Sales (Note 6)	189,521	-	<b>189,521</b>	192,118
Gross Special Events Revenue	39,232	-	<b>39,232</b>	34,401
Less Cost of Direct Benefit to Donors	(10,195)	-	<b>(10,195)</b>	(10,859)
Special Events, net (see Note 3e)	29,037	-	<b>29,037</b>	23,542
Investment Income, net (Note 7)	1,040	-	<b>1,040</b>	9,889
Net Assets Released from Restriction for Operations	90,973	(90,973)	-	-
Net Assets Released from Restriction for Disaster Relief	176,328	-	<b>176,328</b>	-
<b>Total Revenue</b>	<b>2,244,193</b>	<b>(263)</b>	<b>2,243,930</b>	1,656,171
<b>Expense</b>				
Program (Note 3e)				
Brunswick Family Assistance Agency	1,595,121	-	<b>1,595,121</b>	1,343,255
Thrift Store Operations	159,777	-	<b>159,777</b>	164,625
	1,754,898	-	<b>1,754,898</b>	1,507,880
Management & General (Note 3e)	132,369	-	<b>132,369</b>	79,557
Fundraising (Note 3e)	44,495	-	<b>44,495</b>	49,408
<b>Total Expense</b>	<b>1,931,762</b>	<b>-</b>	<b>1,931,762</b>	1,636,845
<b>Increase in Net Assets from Operations</b>	<b>312,431</b>	<b>(263)</b>	<b>312,168</b>	19,326
<b>DISASTER RELIEF</b>				
Donor Restricted for Disaster Relief (Note 10)		331,804	<b>331,804</b>	-
Disaster Relief Funds Released from Restriction (Note 10)		(176,328)	<b>(176,328)</b>	-
<b>Increase in Net Assets Restricted to Disaster Relief</b>	<b>-</b>	<b>155,476</b>	<b>155,476</b>	<b>-</b>
<b>Change in Net Assets - All Sources</b>	<b>312,431</b>	<b>155,213</b>	<b>467,644</b>	<b>19,326</b>
Net Assets Beginning of Year	506,329	8,218	<b>514,547</b>	495,221
<b>Net Assets End of Year</b>	<b>\$ 818,760</b>	<b>\$ 163,431</b>	<b>\$ 982,191</b>	<b>\$ 514,547</b>

The accompanying notes are an integral part of these financial statements.

Brunswick Family Assistance Agency, Inc.  
**Statement of Functional Expenses**  
for the year ended December 31, 2018  
(with comparative totals for 2017)

<b>Expense Type</b>	<b>Program</b>		<b>Management &amp; General</b>	<b>Fundraising</b>	<b>2018</b>	<b>2017</b>
	<b>BFA</b>	<b>Thrift Store</b>			<b>Total</b>	<b>Total</b>
Wages & Benefits	\$ 175,195	\$ 104,475	\$ 84,065	\$ 27,944	<b>\$ 391,679</b>	\$ 354,764
Contracted Services	-	566	18,402	-	<b>18,968</b>	27,916
Client Assistance (Note 11)	1,305,015	-	-	-	<b>1,305,015</b>	1,079,046
General Operations	34,856	5,778	17,658	14,667	<b>72,959</b>	53,906
Occupancy (Note 12)	70,993	48,958	10,858	1,671	<b>132,480</b>	114,304
Depreciation (Note 8)	9,062	-	1,386	213	<b>10,661</b>	6,909
<b>Total Expenses per Statement of Activities</b>	<b><u>1,595,121</u></b>	<b><u>159,777</u></b>	<b><u>132,369</u></b>	<b><u>44,495</u></b>	<b><u>1,931,762</u></b>	<u>1,636,845</u>

**Additional Expense Items Netted Against Revenue on the Statement of Activities**

Special Events Expense	-	-	-	10,195	<b>10,195</b>	10,859
<b>Total Expense by Function</b>	<b><u>\$ 1,595,121</u></b>	<b><u>\$ 159,777</u></b>	<b><u>\$ 132,369</u></b>	<b><u>\$ 54,690</u></b>	<b><u>\$ 1,941,957</u></b>	<u>\$ 1,647,704</u>

The accompanying notes are an integral part of these financial statements.

Brunswick Family Assistance Agency, Inc.  
**Statement of Cash Flows**  
for the year ended December 31, 2018  
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activity</b>		
Change in Net Assets	\$ 467,644	\$ 19,326
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Changes in certain assets and liabilities:		
Accounts Receivable	(19,280)	4,436
Prepaid Expenses	7,466	(325)
Inventory	(77,047)	10,417
Accounts Payable & Accrued Expenses	(16,216)	38,899
Unrealized (gains) losses on investments	8,074	(3,322)
Donated stock	-	(5,424)
Depreciation	<u>10,661</u>	<u>6,909</u>
Net Cash Provided by Operating Activities	<u>381,302</u>	<u>70,916</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	(8,720)	(6,430)
Purchases of Property & Equipment	<u>(37,520)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(46,240)</u>	<u>(6,430)</u>
<b>Cash Flows from Financing Activities</b>		
None	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash</b>	<b>335,062</b>	<b>64,486</b>
Cash and cash equivalents, beginning of year	<u>301,652</u>	<u>237,166</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 636,714</u></b>	<b><u>\$ 301,652</u></b>

The accompanying notes are an integral part of these financial statements.

Brunswick Family Assistance Agency, Inc.  
**Notes to Audited Financial Statements**  
December 31, 2018

**1. Organization**

Brunswick Family Assistance Agency, Inc. ("BFA") is a North Carolina nonprofit corporation organized in August 1981. The organization is exempt from income taxes under the Internal Revenue Service Code Section 501(c)(3). As such, contributions to the organization are generally tax deductible.

**2. Mission**

BFA is dedicated to improving the lives of families and individuals in crisis in Brunswick County, who are willing to help themselves, by providing emergency assistance and educational and skills development programs. The organization envisions a community where all people have access to an adequate and nutritious supply of food and sufficient resources to sustain themselves.

BFA achieves its mission through a wide variety of programs that provide: life-sustaining aid including food, clothing, emergency and disaster assistance; case management services to help homeless and near homeless families and individuals; and referral services to increase awareness of other area resources available to clients. Also, BFA runs the Family Thrift Store offering low-cost, practical necessities to the community such as clothing and furniture.

**3. Summary of Significant Accounting Policies**

BFA prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations using the accrual basis of accounting. As such, revenues are recorded when earned and expenses are recorded when incurred. The significant accounting and reporting policies used by the organization are described below to enhance the usefulness and understandability of the financial statements.

***3a. Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

***3b. Net Asset Classes***

The Financial Accounting Standards Board *Accounting Standards Codification* (FASB ASC) topic 958, "Not-for-Profit Entities," requires the reporting of the organization's activities by net

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Brunswick Family Assistance Agency, Inc.  
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asset class. The financial statements report net assets and changes in net assets based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

***Net assets without donor restrictions*** are resources available for use in general operations and not subject to donor (or certain grantor) restrictions. The only limits on their use are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**Board-Designated Funds**

The organization's board of directors has designated \$140,000 of BFA's unrestricted net assets to be used to fund various initiatives: capital improvements (\$50,000); client assistance (\$65,000); and emergency food and shelter (\$25,000). Since none of the funds are donor-restricted, the board of directors may remove or change the designations as it sees fit.

***Net assets with donor restrictions*** are resources that are subject to donor (or certain grantor) - imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are permanent in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. *As of December 31, 2018, BFA held no net assets with permanent donor restrictions.* See Note 10 for a discussion of other donor-restricted net assets held as of December 31.

**3c. Cash and Cash Equivalents**

The organization considers short-term, interest bearing, highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of financial statement presentation. At various times during the year, the organization's cash balance in financial institutions has exceeded the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000 per depositor. The financial institutions have strong credit ratings and management believes that the credit risks related to these deposits are minimal.

**3d. Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless the use of the contributed assets is specifically restricted by the donor (see *Note 3b*, previously). Also see *Note 10, Restrictions on Net Assets and Note 5, Grants & Contributions*.

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Contributed services are only recorded if they meet the requirements for recognition (such as if they require specialized skills and would otherwise have been purchased by the organization). These requirements are outlined in FASB ASC 958-605-25-16, "Contributed Services." While many individuals volunteer significant amounts of time and perform a variety of tasks for the organization, their services do not meet the criteria for recognition and are, therefore, not reflected in the financial statements.

The organization receives a large amount of donated food that is distributed to clients through its food pantry. The agency logs and weighs all food received and assigns a fair value to the donation based on its weight. Donations are assigned a value based on the average price per pound the agency would pay if it were to buy a basket of typically donated items. The donated goods were valued at \$1.55 per pound. Also see *Note 10, Client Assistance & Donated Goods*.

BFA distributes donated toys and school supplies at Christmas and "Christmas in July," respectively, to area families. It estimates the value of each gift bag at \$100 based on the price the agency would have had to pay for the contents of a typical bag if they had not been donated. Also see *Note 11, Client Assistance & Donated Goods*.

***3e. Functional Allocation of Expenses***

The Statement of Activities presents expenses by functional classification (program, management and general, and fundraising). Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using an objective basis for each expense category:

<b><u>Expense Category</u></b>	<b><u>Method of Allocation by Function</u></b>
Wages & Benefits	Time and effort (e.g. staff members' time tracking)
Contracted Services	Time and effort (e.g. staff members' time tracking)
Client Assistance	No allocation; direct costs.
General Operations	Time and effort (e.g. staff members' time tracking)
Occupancy	Usage of space (e.g. square footage by function)

The Statement of Functional Expenses presents these same expenses by both the functional category (program, management and general, and fundraising) and by natural classification (e.g. wages, contracted services).

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Brunswick Family Assistance Agency, Inc.  
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*Management and General* activities include the functions necessary to provide support for the organization's program. These include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

*Fundraising* activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

BFA hosts occasional special events to increase awareness of its mission and to raise funds for the organization. During the year, it incurred \$10,195 of expenses in connection with these events. These disbursements are considered primarily fundraising costs and are therefore netted against special events revenue of \$39,232 on the Statement of Activities. The net amount of \$29,037 appears as the line item "Special Events, net." These expenses also appear as a reconciling item on the Statement of Functional Expenses in order to arrive at total expenses by function.

**3f. Investments**

Investments are reported at their fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in unrestricted net assets as there are no donor-imposed restrictions upon them. Also see *Note 7 Investments*.

**3g. Property & Equipment**

BFA capitalizes property and equipment costing more than \$1,000 with a useful life of more than one year. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at fair value on the date of donation. Such donations are reported as unrestricted contributions unless the donor specifically restricts the asset's use. Also see *Note 8, Property & Equipment*.

**3h. Prior Year Information**

The financial statements display prior-year, summarized information for comparative purposes. The prior year information is presented in total but not by net asset class (unrestricted, temporarily restricted, and permanently restricted). Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, the summarized information should be read in conjunction with the organization's financial statements for the prior year from which it is derived. Certain prior-year amounts have been reclassified to conform to the current year presentation.

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Brunswick Family Assistance Agency, Inc.  
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**4. Liquidity and Availability**

As of December 31, 2018, BFA had working capital (the difference between current assets and current liabilities) of \$918,406 including unrestricted cash on hand of \$333,283. This amount translates to 63 days of unrestricted cash on hand (calculated by dividing the unrestricted cash on hand by average daily expenses of \$5,263, excluding depreciation).

Financial assets not considered available for general expenditure within one year for the purpose of the above calculations include property and equipment of \$63,785, donor-restricted funds of \$163,431 (see Note 10), and board designated funds of \$140,000 (see Note 3b) which are limited as to their use. However, the board-designated amounts could be made available, if necessary, by vote of the board of directors.

As part of BFA's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds.

**5. Grants & Contributions**

BFA receives both cash and in-kind contributions from governmental and private agencies, churches, civic organizations, businesses and individuals. The Statement of Activities line items "Private Grants & Contributions" (\$642,079), "Donated Goods" (\$838,600), and "Government Grants & Contracts" (\$197,325), total \$1,678,004, and are further described in the table on the next page.

In mid-September 2018, the Cape Fear region of North Carolina sustained widespread damage from Hurricane Florence. In response to the hurricane, a wide variety of donors provided BFA with over \$330,000 of donations specifically earmarked for disaster relief. Because of the extraordinary nature of this activity, it is presented separately from regular operations on the Statement of Activities.

Accounts Receivable

The accounts receivable balance of \$30,738 consists primarily of reimbursement requests submitted prior to December 31 for which the organization has yet to receive payment. Management believes the amounts are fully collectible and so no provision has been made for uncollectible amounts.

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Brunswick Family Assistance Agency, Inc.  
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Summary of Grants and Contributions

Grants and contributions are displayed as three line items on the Statement of Activities grouped as follows:

Funding Source	Amount	% Total
<b>Private Grants &amp; Contributions</b>		
Individuals & Organizations	\$ 742,079	40%
Private Foundations	70,000	4%
<b>Donated Goods (see Note 10)</b>		
Food Pantry Donations	527,216	29%
Christmas Presents & School Supplies	128,800	7%
NC Dept. Agriculture – Commodities	182,584	10%
<b>Government Grants &amp; Contracts</b>		
NC State & Federal Government Agencies	37,127	2%
Brunswick County & Local Municipalities	160,198	8%
<b>Total Grants &amp; Contributions</b>	<b>\$ 1,848,004</b>	<b>100%</b>

**6. Inventory**

Inventory consists of purchased and donated food (also see Note 11), as well as clothing and furniture donations held for sale in the organization's thrift store. Purchased food inventory is recorded at cost. Donated goods are recorded at estimated fair value. See Note 3d for the methods used to value food and other donated items.

The organization estimates the fair value of clothing and furniture inventory items by using recent sales prices of similar items in its Thrift Store.

**7. Investments**

A summary of investments as of December 31 is as follows:

	Fair Value	Cost	Unrealized Gain (Loss)
Cash/Money Funds	\$ 7,386	\$ 7,386	\$ 0
Equities	3,978	1,349	2,629
Mutual Funds	<u>143,681</u>	<u>150,599</u>	<u>(6,918)</u>
	\$ 155,045	\$ 159,334	\$ (4,289)

In establishing the "fair value" of its investments, BFA follows FASB ASC topic 820, *Fair Value Measurements and Disclosures*, which provides a basic hierarchy for measuring fair values. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical

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assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). *The fair values for BFA's investments are determined by reference to quoted market prices (i.e. level 1 measurements).*

On the Statement of Activities, the line item "Investment Income" total of \$1,040 consists of realized and unrealized losses of \$5,384 plus interest and dividend income of \$8,511 less fees of \$2,087.

**8. Property and Equipment**

The Property and Equipment balance is stated at cost and consists of the following:

	<u>12/31/18</u>
Leasehold Improvements	\$ 37,958
Vehicle, Furniture & Equipment	<u>53,086</u>
	91,044
Less accumulated depreciation	<u>( 27,259)</u>
Total	\$ 63,785

Depreciation is computed using the straight-line method over the estimated useful lives of the assets (10 years for leasehold improvements, five years for equipment). Depreciation expense for the year totaled \$10,661 and appears as a line item on the Statement of Functional Expenses.

**9. Accounts Payable & Accrued Liabilities**

The accounts payable and accrued liabilities balance of \$47,451 consists of operational accounts payable totaling \$32,971 and payroll-related liabilities totaling \$14,480.

**10. Restrictions on Net Assets**

During the course of the year, funds totaling \$90,973 that were initially restricted for a variety of uses were expended for their intended purposes and released from restriction. These appear as the line item "Net Assets Released from Restriction for Operations" on the Statement of Activities. Additionally, as described in Note 4, BFA received \$331,804 of funds restricted by donors for disaster relief. As of December 31, the organization had spent \$176,328 of this amount for disaster relief and therefore released it from restriction.

As of December 31, the organization's total net assets of \$982,191 were comprised of net assets without donor restriction of \$818,760 and net assets with donor restrictions of \$163,431 (disaster relief \$155,476; client assistance \$7,955). Once BFA has expended the funds for the intended purpose, it will release them from restriction.

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Brunswick Family Assistance Agency, Inc.  
**Notes to Audited Financial Statements**  
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**11. Client Assistance & Donated Goods**

BFA receives a substantial portion of its contributions revenue in the form of donated goods. The in-kind revenue consists of food pantry donations by area churches, businesses and individuals; commodities donations (canned goods and frozen foods) delivered by the North Carolina Department of Agriculture and Consumer Services; and donated toys and school supplies that it distributes at Christmas and "Christmas in July" to area families. See *Note 3d, Contributions* for the methods used to value donated items.

The "Donated Goods" revenue line item of \$838,600 on the Statement of Activities is offset by an expense within the "Client Assistance" line item on the Statement of Functional Expenses. The balance of donated goods remaining at year-end has been included in the "Inventory" line item on the Statement of Financial Position.

**12. Leases**

BFA rents 7,200 square feet of retail space at the Twin Creek Plaza in Shallotte, NC under a lease agreement with a local landlord. Rent for the year totaled \$54,900 and is included within the line item "Occupancy" on the Statement of Functional Expenses. The 10-year lease terminates in June 2025. BFA is also responsible for monthly expenses related to common area maintenance and property taxes approximating \$15,000 annually. It is included within the line item "Occupancy" on the Statement of Functional Expenses.

BFA sub-leases approximately 400 square feet of space to New Hope Clinic, a nonprofit organization, under a cooperative arrangement to provide access to free health care to their mutual clients.

BFA rents 1,000 square feet of retail space at the Leland Business Center in Leland, NC under a lease agreement with a local landlord. Rent for the year totaled \$1,500 and is included within the line item "Occupancy" on the Statement of Functional Expenses. The 2-year lease terminates November 2019.

Agreed-upon future annual minimum lease payments totaling \$451,200 are scheduled as follows:

2019	\$ 64,200
2020	57,600
2021	57,600
2022	58,500
2023	59,400
Thereafter	<u>89,100</u>
Total	\$ 386,400

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Brunswick Family Assistance Agency, Inc.  
**Notes to Audited Financial Statements**  
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**13. Income Taxes**

The organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Additionally, it does not generate business income unrelated to its exempt purpose and therefore has made no provision for income taxes or uncertain tax positions in the financial statements. There are no federal or state tax audits of the organization in progress and BFA believes it is not subject to tax examinations for fiscal years prior to 2015.

**14. Subsequent Events**

As noted previously, the Cape Fear region of North Carolina sustained widespread damage from Hurricane Florence in September 2018. While the organization's operations were adversely impacted by the storm, management believes there will be no long-term detriment to its financial position or operations. No adjustments related to the storm were required in the accompanying financial statements.

BFA has evaluated events that have occurred subsequent to the statement of financial position date (December 31, 2018) and through the date that the Independent Auditor's Report was available to be issued (March 15, 2019). No events have occurred during that period that would require adjustments to the audited financial statements or disclosures in these notes.

See the Independent Auditor's Report



CLIENT BFA

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124 CAVALIER DR  
WILMINGTON, NC 28403-2547  
(910) 508-0630**

March 19, 2019

Brunswick Family Assistance Agency, Inc.  
P.O. Box 1551  
Shallotte, NC 28459

FEDERAL ID: 56-1309961

Dear Client:

Your Federal Return of Organization Exempt from Income Tax was acknowledged as accepted by the Internal Revenue Service on March 15, 2019. No tax is payable with the filing of this return. If you have questions about the return, please call the IRS Tax Help number, 1-800-829-4933.

Please be sure to call if you have any questions.

Sincerely,



2019.03.19  
09:14:34 -04'00'

Nigel Bearman

SCHEDULE I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States

Complete if the organization answered 'Yes' on Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information

OMB No. 1545-0047

2018

Open to Public  
Inspection

Name of the organization

Brunswick Family Assistance Agency, Inc.

Employer identification number

56-1309961

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II

Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered 'Yes' on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section (if applicable)	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) -----							
(2) -----							
(3) -----							
(4) -----							
(5) -----							
(6) -----							
(7) -----							
(8) -----							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table 0

3 Enter total number of other organizations listed in the line 1 table 0

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

TEEA3901L 07/13/18

Schedule I (Form 990) (2018)

**Part III** **Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered 'Yes' on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of nontax assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of nontax assistance
Food & Clothing Distributions, Other Direct Assistance					
1	25,000	370,599.	758,088.	cost or per lb estimate	Food and clothing distributions
2					
3					
4					
5					
6					
7					

**Part IV** **Supplemental Information.** Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.**Part IV - Additional Supplemental Information**

Financial assistance is limited to specific needs such as short-term rental assistance, utility payments, prescriptions and food. Client data is tracked in a management information system and all client requests are subject to standardized eligibility requirements.

**SCHEDULE M**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Noncash Contributions**

- ▶ **Complete if the organizations answered 'Yes' on Form 990, Part IV, lines 29 or 30.**
- ▶ **Attach to Form 990.**
- ▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2018**

**Open to Public Inspection**

Name of the organization

Brunswick Family Assistance Agency, Inc.

Employer identification number

56-1309961

**Part I** **Types of Property**

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art — Works of art .....				
2 Art — Historical treasures .....				
3 Art — Fractional interests .....				
4 Books and publications .....				
5 Clothing and household goods .....				
6 Cars and other vehicles .....				
7 Boats and planes .....				
8 Intellectual property .....				
9 Securities — Publicly traded .....				
10 Securities — Closely held stock .....				
11 Securities — Partnership, LLC, or trust interests .....				
12 Securities — Miscellaneous .....				
13 Qualified conservation contribution — Historic structures .....				
14 Qualified conservation contribution — Other .....				
15 Real estate — Residential .....				
16 Real estate — Commercial .....				
17 Real estate — Other .....				
18 Collectibles .....				
19 Food inventory .....		25,000	709,800.	
20 Drugs and medical supplies .....				
21 Taxidermy .....				
22 Historical artifacts .....				
23 Scientific specimens .....				
24 Archeological artifacts .....				
25 Other ▶ (Xmas Distro) .....	X	2,000	93,800.	FMV
26 Other ▶ (School Supplies) .....	X	350	35,000.	FMV
27 Other ▶ ( ) .....				
28 Other ▶ ( ) .....				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement .....

29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which isn't required to be used for exempt purposes for the entire holding period? .....

b If 'Yes,' describe the arrangement in Part II.

31 Does the organization have a gift acceptance policy that requires the review of any nonstandard contributions? .....

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? .....

b If 'Yes,' describe in Part II.

33 If the organization didn't report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.

	Yes	No
30 a		X
31		X
32 a		X
33		

**BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.**

**Schedule M (Form 990) 2018**

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**Part II** **Supplemental Information.** Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

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**SCHEDULE O**  
**(Form 990 or 990-EZ)**Department of the Treasury  
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2018****Open to Public  
Inspection**

Name of the organization

Brunswick Family Assistance Agency, Inc.

Employer identification number

56-1309961

**Explanation of Other Changes In Net Assets or Fund Balances**

In mid-September 2018, the Cape Fear region of North Carolina sustained widespread damage from Hurricane Florence. In response to the hurricane, a wide variety of donors provided BFA with \$331,804 of donations specifically earmarked for disaster relief. By December 31, 2018, BFA had distributed \$176,328 in various forms of client assistance. Because of the extraordinary nature of this activity, it is presented separately from regular operations.

**Form 990, Part III, Line 1 - Organization Mission**

BFA is dedicated to improving the lives of families and individuals in crisis in Brunswick County, who are willing to help themselves, by providing emergency assistance and educational and skills development programs. The organization envisions a community where all people have access to an adequate and nutritious supply of food and sufficient resources to sustain themselves.

BFA achieves its mission through a wide variety of programs that provide: life-sustaining aid including food, clothing, emergency and disaster assistance; case management services to help homeless and near homeless families and individuals; and referral services to increase awareness of other area resources available to clients. Also, BFA runs the Family Thrift Store offering low-cost, practical necessities to the community such as clothing and furniture.

**Form 990, Part VI, Line 11b - Form 990 Review Process**

The Executive Committee, acting as the Audit Committee, reviews Form 990 and submits comments and questions to the independent auditor who prepared the return. Additionally, copies of the return are emailed to all board members and questions and inquiries are invited.

Name of the organization

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Employer identification number

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**Form 990, Part VI, Line 12c - Explanation of Monitoring and Enforcement of Conflicts**

Annual disclosure request at board meeting.

**Form 990, Part VI, Line 15a - Compensation Review & Approval Process - CEO & Top Management**

Executive committee of the board meets on major personnel decisions such as compensation changes or new hires. Wage comparison data is provided and Exec. Committee reports back to full board where decision is documented in the minutes.

**Form 990, Part VI, Line 19 - Other Organization Documents Publicly Available**

Form 990 can be found on guidestar.org and other information is available upon request.

**Form 990, Part XI, Line 9****Other Changes In Net Assets Or Fund Balances**

Donor Restricted for Disaster Relief.....	\$	331,804.
Hurricane Relief Client Assistance.....		-176,328.
	Total \$	<u>155,476.</u>



**Brunswick Family Assistance**  
P.O. Box 1551  
Shallotte, NC 28459  
(910) 754-4766  
[www.brunswickfamily.org](http://www.brunswickfamily.org)

March 15, 2019

Nigel S. Bearman CPA  
BearmanCPA PLLC  
2030 Eastwood Road, Suite 10A  
Wilmington, NC 28403

RE: Audit of 2018 Financial Statements

Dear Nigel:

We are providing this letter in connection with your audit of the financial statements of Brunswick Family Assistance Agency, Inc. (BFA), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, and the related notes to the financial statements. Your audit's purpose is to express an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 15, 2019, the following representations made to you during your audit.

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 3, 2017.
- The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.





Any significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the company's accounts.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

#### **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - Additional information that you have requested from us for the purpose of the audit.
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.



**Brunswick Family Assistance**

**P.O. Box 1551**

**Charlotte, NC 28459**

**(910) 754-4766**

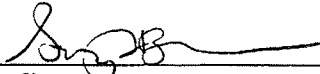
**www.brunswickfamily.org**

We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.

- The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- BFA is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Sincerely,

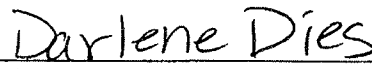
Stephanie Bowen 

Name

Signature

**Executive Director**

Title

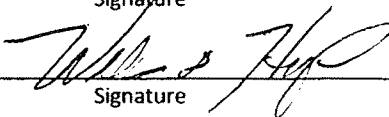
Darlene Dies 

Name

Signature

**Treasurer**

Title

William D. Hardesty 

Name

Signature

**Chair**

Title