



**North Brevard Charities**  
*Helping People Achieve...*

North Brevard Charities Sharing Center, Inc.

June 30,

**2021** and **2020**

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Financial  
Statements

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WHITTAKER COOPER

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
North Brevard Charities Sharing Center, Inc.  
Titusville, Florida

### Opinion

We have audited the accompanying financial statements of North Brevard Charities Sharing Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Brevard Charities Sharing Center, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits 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 North Brevard Charities Sharing Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Brevard Charities Sharing Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### **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.

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 purpose of expressing an opinion on the effectiveness of North Brevard Charities Sharing Center, 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 North Brevard Charities Sharing Center, 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.

*Whittaker Cooper Certified Public Accountants*

Whittaker Cooper Certified Public Accountants  
Melbourne, Florida

March 31, 2022

**NORTH BREVARD CHARITIES SHARING CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2021**

<b>ASSETS</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 57,016	\$ 3,577	\$ 60,593
Investments, available-for-sale	38,892	-	38,892
Receivables, net	16,010	-	16,010
Prepaid expenses	14,943	-	14,943
	126,861	3,577	130,438
<b>PROPERTY AND EQUIPMENT, net</b>	2,561,229	-	2,561,229
<b>OTHER ASSETS</b>	597,507	-	597,507
	<b>\$ 3,285,597</b>	<b>\$ 3,577</b>	<b>\$ 3,289,174</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Lines of credit	\$ 120,387	\$ -	\$ 120,387
Payables	27,177	-	27,177
Accrued expenses	9,860	-	9,860
Tenant deposits and escrow	10,135	-	10,135
Deferred revenue - rents	3,438	-	3,438
Deferred support - conditional grants	9,173	-	9,173
Current portion of capital leases	2,292	-	2,292
Current portion of long-term debt	22,461	-	22,461
	204,923	-	204,923
<b>LONG-TERM LIABILITIES</b>			
Capital leases, net of current portion	7,790		7,790
Long-term debt, net of current portion	32,010	-	32,010
	39,800	-	39,800
<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>NET ASSETS</b>	3,040,874	3,577	3,044,451
	<b>\$ 3,285,597</b>	<b>\$ 3,577</b>	<b>\$ 3,289,174</b>

See accompanying notes.

**NORTH BREVARD CHARITIES SHARING CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020**

<b>ASSETS</b>			
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 85,776	\$ 34,153	\$ 119,929
Investments, available-for-sale	-	41,357	41,357
Receivables, net	26,629	-	26,629
Prepaid expenses	13,380	-	13,380
	125,785	75,510	201,295
<b>PROPERTY AND EQUIPMENT, net</b>	2,636,317	-	2,636,317
<b>OTHER ASSETS</b>	183,765	339,797	523,562
	\$ 2,945,867	\$ 415,307	\$ 3,361,174
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Lines of credit	\$ 123,074	\$ -	\$ 123,074
Payables	15,809	-	15,809
Accrued expenses	8,760	-	8,760
Tenant deposits and escrow	8,985	-	8,985
Deferred revenue - rents	2,381	-	2,381
Current portion of long-term debt	21,065	-	21,065
	180,074	-	180,074
<b>LONG-TERM LIABILITIES</b>			
Long-term debt, net of current portion	58,452	-	58,452
	58,452	-	58,452
<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>NET ASSETS</b>	2,707,341	415,307	3,122,648
	\$ 2,945,867	\$ 415,307	\$ 3,361,174

See accompanying notes.

**NORTH BREVARD CHARITIES SHARING CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b>CHANGE IN NET ASSETS</b>			
Revenues, gains and other support			
Grants	\$ 195,009	\$ -	\$ 195,009
Thrift shop sales	434,184	-	434,184
Contributions			
Cash	79,948	40,831	120,779
Goods and services	20,817	-	20,817
Rental - tenants	155,882	-	155,882
Donated facility use - HTMC	112,935	-	112,935
Rental - HTMC	6,319	-	6,319
Investment income, net	3	41,237	41,240
Other income	20,766	-	20,766
Gain on sale of assets	13,867	-	13,867
Net assets released from restrictions	<u>493,798</u>	<u>(493,798)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,533,528</u>	<u>(411,730)</u>	<u>1,121,798</u>
Expenses			
Program	922,865	-	922,865
Management and general	<u>277,130</u>	<u>-</u>	<u>277,130</u>
Total expenses	<u>1,199,995</u>	<u>-</u>	<u>1,199,995</u>
<b>CHANGE IN NET ASSETS</b>	333,533	(411,730)	(78,197)
<b>NET ASSETS, beginning of year</b>	<u>2,707,341</u>	<u>415,307</u>	<u>3,122,648</u>
<b>NET ASSETS, end of year</b>	<u>\$ 3,040,874</u>	<u>\$ 3,577</u>	<u>\$ 3,044,451</u>

See accompanying notes.

**NORTH BREVARD CHARITIES SHARING CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>CHANGE IN NET ASSETS</b>			
Revenues, gains and other support			
Grants	\$ 34,126	\$ 189,696	\$ 223,822
Thrift shop sales	350,877	-	350,877
Contributions			
Cash	78,904	35,537	114,441
Goods and services	93,999	-	93,999
Rental - tenants	157,360	-	157,360
Donated facility use - HTMC	112,935	-	112,935
Rental - HTMC	8,496	-	8,496
Paycheck Protection Program loan forgiveness	86,777	-	86,777
Investment income, net	3	11,017	11,020
Other income	15,213	-	15,213
Net assets released from restrictions	<u>263,759</u>	<u>(263,759)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,202,449</u>	<u>(27,509)</u>	<u>1,174,940</u>
Expenses			
Program	879,709	-	879,709
Management and general	<u>242,196</u>	<u>-</u>	<u>242,196</u>
Total expenses	<u>1,121,905</u>	<u>-</u>	<u>1,121,905</u>
<b>CHANGE IN NET ASSETS</b>	80,544	(27,509)	53,035
<b>NET ASSETS, beginning of year</b>	<u>2,626,797</u>	<u>442,816</u>	<u>3,069,613</u>
<b>NET ASSETS, end of year</b>	<u>\$ 2,707,341</u>	<u>\$ 415,307</u>	<u>\$ 3,122,648</u>

See accompanying notes.



**NORTH BREVARD CHARITIES SHARING CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2021**

	Program Services			Management and General	Total Expenses
	Assistance to		Total		
	Needy	Thrift Shop			
<b>DIRECT ASSISTANCE</b>					
Housing	\$ 135,893	\$ -	\$ 135,893	\$ -	\$ 135,893
Utilities	115,682	-	115,682	-	115,682
Contributed goods	17,605	-	17,605	-	17,605
Miscellaneous	3,439	-	3,439	-	3,439
Medical and dental	2,605	-	2,605	-	2,605
Harry T. Moore Center	2,401	-	2,401	-	2,401
Food and storage	1,941	-	1,941	-	1,941
Transportation	1,035	-	1,035	-	1,035
	<u>280,601</u>	<u>-</u>	<u>280,601</u>	<u>-</u>	<u>280,601</u>
<b>OTHER EXPENSES</b>					
Salaries	153,758	179,866	333,624	92,920	426,544
Occupancy	112,934	20,511	133,445	26,054	159,499
Insurance	35,146	4,686	39,832	18,744	58,576
Professional	-	-	-	45,964	45,964
Payroll taxes	11,682	13,601	25,283	6,427	31,710
Return of insurance proceeds	-	-	-	30,000	30,000
Office	-	-	-	20,313	20,313
Bad debt	1,321	-	1,321	13,800	15,121
Employee benefits	8,644	-	8,644	3,372	12,016
Vehicle	-	4,451	4,451	4,873	9,324
Interest	-	5,477	5,477	3,827	9,304
Miscellaneous	625	2,375	3,000	1,958	4,958
Supplies	480	3,420	3,900	-	3,900
Training and conferences	-	-	-	966	966
Taxes and licenses	150	-	150	-	150
	<u>324,740</u>	<u>234,387</u>	<u>559,127</u>	<u>269,218</u>	<u>828,345</u>
Total expenses before depreciation and amortization	605,341	234,387	839,728	269,218	1,108,946
Depreciation and amortization	<u>78,732</u>	<u>4,405</u>	<u>83,137</u>	<u>7,912</u>	<u>91,049</u>
<b>TOTAL EXPENSES</b>	<u>\$ 684,073</u>	<u>\$ 238,792</u>	<u>\$ 922,865</u>	<u>\$ 277,130</u>	<u>\$ 1,199,995</u>

See accompanying notes.

**NORTH BREVARD CHARITIES SHARING CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2020**

	Program Services			Management and General	Total Expenses
	Assistance to		Total		
	Needy	Thrift Shop			
<b>DIRECT ASSISTANCE</b>					
Housing	\$ 99,641	\$ -	\$ 99,641	\$ -	\$ 99,641
Utilities	88,089	-	88,089	-	88,089
Contributed goods	56,053	-	56,053	-	56,053
Food and storage	36,107	-	36,107	-	36,107
Harry T. Moore Center	3,439	-	3,439	-	3,439
Medical and dental	2,050	-	2,050	-	2,050
Miscellaneous	589	-	589	-	589
Transportation	23	-	23	-	23
	<u>285,991</u>	<u>-</u>	<u>285,991</u>	<u>-</u>	<u>285,991</u>
<b>OTHER EXPENSES</b>					
Salaries	104,050	210,250	314,300	89,911	404,211
Occupancy	112,957	22,225	135,182	19,150	154,332
Insurance	1,204	1,204	2,408	49,437	51,845
Payroll taxes	9,185	14,908	24,093	6,811	30,904
Professional	-	-	-	29,386	29,386
Miscellaneous	11,395	1,650	13,045	5,949	18,994
Office	-	70	70	17,046	17,116
Employee benefits	7,284	-	7,284	3,889	11,173
Interest	-	7,689	7,689	2,681	10,370
Vehicle	-	4,135	4,135	5,861	9,996
Training and conferences	-	-	-	2,817	2,817
Supplies	-	1,922	1,922	-	1,922
Bad debt	-	-	-	1,308	1,308
Contract labor	-	50	50	-	50
	<u>246,075</u>	<u>264,103</u>	<u>510,178</u>	<u>234,246</u>	<u>744,424</u>
Total expenses before depreciation and amortization	532,066	264,103	796,169	234,246	1,030,415
Depreciation and amortization	<u>79,114</u>	<u>4,426</u>	<u>83,540</u>	<u>7,950</u>	<u>91,490</u>
<b>TOTAL EXPENSES</b>	<u>\$ 611,180</u>	<u>\$ 268,529</u>	<u>\$ 879,709</u>	<u>\$ 242,196</u>	<u>\$ 1,121,905</u>

See accompanying notes.

**NORTH BREVARD CHARITIES SHARING CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (78,197)	\$ 53,035
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	91,049	91,490
Investment earnings	(41,237)	(11,017)
Gain on sale of assets	(13,867)	-
Paycheck Protection Program loan forgiveness	-	(86,777)
(Increase) decrease in assets		
Receivables	10,619	(9,834)
Prepaid expenses	(1,563)	(1,129)
Security deposits	35	(1,095)
Increase (decrease) in liabilities		
Payables	11,368	(13,268)
Accrued expenses	1,100	4,888
Tenant deposits and escrow	1,150	-
Deferred revenue - rents	1,057	(32)
Deferred support - conditional grants	9,173	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(9,313)</u>	<u>26,261</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from annuity distributions	41,357	64,797
Purchases of property and equipment	(30,627)	(8,620)
Payments for construction in progress	(71,635)	(78,501)
Proceeds from sale of fixed assets	38,851	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(22,054)</u>	<u>(22,324)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit borrowing, net	(2,687)	37,469
Payments of capital leases	(236)	-
Payments of long-term debt	(25,046)	(23,348)
Proceeds from Paycheck Protection Program loan	-	86,777
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(27,969)</u>	<u>100,898</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(59,336)	104,835
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>119,929</u>	<u>15,094</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 60,593</u>	<u>\$ 119,929</u>

See accompanying notes.

**NORTH BREVARD CHARITIES SHARING CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES</b>		
In-kind contributions of goods and services	\$ 20,817	\$ 93,999
Debt incurred to purchase assets	\$ 10,318	\$ -
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW</b>		
Cash paid for interest	\$ 11,139	\$ 11,156

See accompanying notes.

**NORTH BREVARD CHARITIES SHARING CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

North Brevard Charities Sharing Center, Inc. (the Organization) is a not-for-profit corporation formed on September 20, 1988. The Organization provides emergency financial assistance, groceries, housing, clothing and household items to low-income, homeless, aged and all others in need in North Brevard County, Florida. The Organization's facilities are located in Titusville, Florida and consist of thirty-three emergency and transitional housing units, an administrative and support office, a homeless rest center, a seven-room rehabilitation center, and a thrift store, including a warehouse.

The Organization is supported by various grants, private donations, rental fees and sales from the thrift store.

**Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958, *Not-for-profit Entities*, as amended by Accounting Standard Update (ASU) No. 2016-14. ASU 2016-14 was effective for fiscal years beginning after December 15, 2017 and the Organization adopted it on June 1, 2018.

FASB ASC 958 requires a not-for-profit entity to present on the face of the statement of financial position amounts for two classes of net assets; net assets without donor restrictions and net assets with donor restrictions, and on the face of the statement of activities the amount of change in each of the two classes. In addition, the Organization is required to present:

- The amounts of expenses by both their natural classification and their functional classification, including disclosures concerning the methods used for cost allocation between functional classifications.
- Qualitative and quantitative disclosure information on liquidity and availability of financial assets to meet the Organization's cash needs for general expenditure within one year.
- The composition of donor-restricted net assets at period end.
- Self-imposed limits on use of resources without donor restrictions at the end of the period, including designations and reserves.
- Investment returns net of external and direct internal investment expenses no longer require the disclosure of those netted expenses.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

**NORTH BREVARD CHARITIES SHARING CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributed Goods, Services, and Facility Use**

During the years ended June 30, 2021 and 2020, the Organization was the recipient of contributed goods and services. Most contributed goods are recorded at their estimated fair market value on the date of receipt.

Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been paid for if not provided by donation. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

During the years ended June 30, 2021 and 2020, the Organization participated in a bartering arrangement with the City of Titusville. In exchange for providing professional social and human services programs, the Organization is permitted to use the Harry T. Moore Social Services Center (HTMC) located in Titusville at no additional cost. The City of Titusville has estimated the annual cost of providing the facility at \$112,935 (2021 and 2020). The Organization has recognized this as services income, as well as rental expense included in occupancy costs related to the Organization's Assistance to the Needy Program.

**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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could vary from the estimates that were used.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments and certificates of deposits purchased with a maturity of three months or less to be cash equivalents.

**Investments**

Investments are reported in the statements of financial position at fair value. Investment income consists of interest income, dividend income and realized and unrealized investment gains and losses.

**Receivables**

Operating fee receivables are recorded when invoices are issued and are presented in the statement of financial position net of allowance for doubtful accounts. Operating fee receivables consisted of amounts due from various government agencies, hospitals and other organizations. The Organization determines the adequacy of their allowance for doubtful accounts for operating fee receivables by identifying troubled accounts, based on past collection experience and through monthly reviews of the receivable aging schedules. As such, the Organization has determined that no allowance for doubtful accounts related to these receivables was necessary at either year end.

Tenant receivables consist of deposits and rent due from tenants. The Organization determines the adequacy of the allowance for doubtful accounts for tenant receivables by identifying troubled accounts, based on the age of the receivable and past collection experience, and through monthly reviews of tenant receivable aging schedules. As such, the Organization has determined that the allowance for doubtful accounts related to these receivables was \$5,653 (2021) and \$1,260 (2020).

**NORTH BREVARD CHARITIES SHARING CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Inventory**

Items donated for resale in the Organization's thrift store are recorded when sold rather than when received. Accounting principles generally accepted in the United States of America require such donated property to be recorded at its fair value on the date of receipt and unsold items to be recorded as inventory on hand. Management has determined that the value of the donated items received for the thrift store is inconsequential until the Organization's staff cleans, sorts and organizes the items and that recognizing its donated items when received would not be accurate or meaningful as it relates to accounting for the value and quantity of inventory. Consequently, thrift store inventory as of June 30, 2021 and 2020 is not recognized, cost of goods sold is not reported, and thrift store revenues do not include inventory on hand. The probable value of the thrift store inventory on hand was determined to be immaterial to the financial statements.

**Property and Equipment**

Property and equipment are stated at cost. It is the Organization's policy to capitalize items with a useful life in excess of one year and a cost of \$1,000 or more. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which are generally from five to forty years.

**Support and Revenue Recognition**

Contributions received, including unconditional promises to give, are recognized as revenue at fair value upon the receipt of the earlier of either: (i) unconditional pledges or commitments or (ii) cash or other assets. Contributions are considered available for unrestricted use unless the donors restrict the use thereof, either on a temporary or permanent basis. Contributions to be received after one year are discounted at an interest rate commensurate with the risk involved. Bequests are recognized at fair value at the time the will is declared valid.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU 2018-08 provide guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction, determining whether a contribution is conditional, and modifies the simultaneous release option currently in U.S. GAAP, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. Management has adopted ASU 2018-08 on July 1, 2019.

**Paycheck Protection Program**

In April 2020, as a benefit of the CARES act passed in response to the ongoing COVID-19 pandemic, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$86,777. The loan is forgivable if used for qualifying expenses and other conditions are met. The Organization incurred and spent the PPP loan proceeds on qualified expenses and met the other conditions of the agreement. Therefore, the Organization recognized \$86,777 of the loan forgiveness as revenue on the statement of activities for the year ended June 30, 2020.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fundraising Activities**

Fundraising activities are undertaken with the purpose of inducing potential donors to contribute money, services, materials, facilities, other assets, or time to support the mission of the Organization. The Organization's financial statements are presented using functional classifications such that the costs of fundraising are separately identified and distinguished from program services and support activities. During the years ended June 30, 2021 and 2020, there were no fundraising expenses.

**Functional Allocation of Expenses**

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Compensated Absences**

Employees of the Organization are entitled to paid vacations, paid sick days and personal days off, depending on the job classification, length of service and other factors. The accrual cannot be reasonably estimated, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. In addition, the Organization qualifies as a charity under Section 170(b)(1)(A) and is not a private foundation, so contributions to the Organization are deductible as charitable contributions.

Management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that require adjustment or disclosure to the financial statements to comply with the provisions of the accounting guidance for income taxes.

The Organization files its Form 990 with federal and state authorities in the State of Florida. The Organization is generally no longer subject to examination by the Internal Revenue Service for years ended before June 30, 2019.

**NOTE 2 – CONCENTRATIONS OF CREDIT RISK**

**Cash Balance**

The Organization maintains cash balances at several financial institutions. Accounts at certain institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021, the Organization had no uninsured cash balances.

**Annuities**

The Organization invested in variable and fixed annuities held in a brokerage account. These amounts are not insured by the FDIC or guaranteed by the financial institution. At June 30, 2021, the Organization's uninsured annuities were valued at \$388,917.



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**NOTE 2 – CONCENTRATIONS OF CREDIT RISK (continued)**

**Revenue**

The Organization receives a substantial amount of its revenue and support from government agencies. Revenues received by the Organization through a single grant accounted for 53% of the Organization's total grants in 2021 and 52% in 2020. These same grants accounted for approximately 10% of the Organization's total revenues, gains and other support for fiscal years ending June 30, 2021 and 2020, respectively. There were no grant receivables at June 30, 2021 or 2020.

The Organization also earned a significant amount of its annual revenue from its thrift shop. Thrift store sales represented 38% (2021) and 30% (2020) of the Organization's total revenues.

**NOTE 3 – FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- |         |  |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the company has the ability to access.   |
| Level 2 | Inputs to the valuation methodology include <ul style="list-style-type: none"><li>▪ Quoted prices for similar assets or liabilities in active markets;</li><li>▪ Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>▪ Inputs other than quoted prices that are observable for the asset or liability;</li><li>▪ Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to fair value.  |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

- *Certificates of deposit*: Determined by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuers.
- *Annuities*: Determined by the issuer or pricing services which base the estimated fair value on closing prices, bid/ask quotations, or a matrix based on interest rates for similar securities.

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**NOTE 3 – FAIR VALUE MEASUREMENTS (continued)**

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2021 and 2020:

	<b>Assets at fair value as of June 30, 2021</b>			
	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ -	\$ 2,628	\$ -	\$ 2,628
Variable annuity	-	-	221,502	221,502
Fixed annuity	-	-	167,415	167,415
	\$ -	\$ 2,628	\$ 388,917	\$ 391,545

	<b>Assets at fair value as of June 30, 2020</b>			
	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ -	\$ 2,628	\$ -	\$ 2,628
Variable annuity	-	-	205,478	205,478
Fixed annuity	-	-	183,559	183,559
	\$ -	\$ 2,628	\$ 389,037	\$ 391,665

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**NOTE 4 – INVESTMENTS**

At June 30, 2021 and 2020 investments consisted of the following:

	<u>2021</u>	<u>2020</u>
Variable annuity		
Current	\$ 22,150	\$ 22,863
Long-term	<u>199,352</u>	<u>182,615</u>
	<u>221,502</u>	<u>205,478</u>
Fixed annuity		
Current	16,742	18,494
Long-term	<u>150,673</u>	<u>165,065</u>
	<u>167,415</u>	<u>183,559</u>
	<u>\$ 388,917</u>	<u>\$ 389,037</u>

The variable and fixed annuities consist of two annuity contracts that were purchased in 2015 with a donation subject to donor restrictions (see Note 10). Both contracts have a term of ten years. It is management's intention to hold the annuities for the entire ten-year term, but if they were to be liquidated before their maturity dates the Organization would be subject to surrender charges. At June 30, 2021, the surrender charge for the variable annuity was \$10,326 and the fixed annuity was \$8,371.

**NOTE 5 – RECEIVABLES**

At June 30, 2021 and 2020 receivables consisted of the following:

	<u>2021</u>	<u>2020</u>
Tenants	\$ 18,896	\$ 24,440
Operating fees	<u>2,767</u>	<u>3,449</u>
	21,663	27,889
Less allowance for doubtful accounts	<u>(5,653)</u>	<u>(1,260)</u>
	<u>\$ 16,010</u>	<u>\$ 26,629</u>

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**NOTE 6 – PROPERTY AND EQUIPMENT, NET**

At June 30, 2021 and 2020 property and equipment consisted of the following:

	<b>2021</b>	<b>2020</b>
Buildings and improvements	\$ 3,190,807	\$ 3,182,008
Land	351,430	368,326
Furniture and equipment	59,561	68,870
Vehicles	84,392	85,392
Lawn equipment	-	6,596
	3,686,190	3,711,192
Less accumulated depreciation	(1,124,961)	(1,074,875)
	<b>\$ 2,561,229</b>	<b>\$ 2,636,317</b>

Depreciation expense charged to operations totaled \$91,049 (2021) and \$91,490 (2020).

**NOTE 7 – CAPITAL LEASES**

The Organization leases certain equipment. The economic substance of this lease is that the Organization is financing the acquisition of the equipment through a lease and accordingly, the equipment is recorded as an asset and the lease is recorded as a liability.

The following is an analysis of the leased asset included in property and equipment:

	<b>2021</b>	<b>2020</b>
Equipment under capital lease	\$ 10,318	\$ -
Less accumulated depreciation	(215)	-
	<b>\$ 10,103</b>	<b>\$ -</b>

The lease agreement contains a bargain purchase option at the end of the lease term.

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**NOTE 7 – CAPITAL LEASES (continued)**

The following is a schedule by years of future minimum payments required under the lease together with their present value as of June 30, 2021:

Year ending:		
2022	\$	2,993
2023		2,993
2024		2,993
2025		2,743
		11,722
Less amount representing interest		(1,640)
Present value of lease payments	\$	10,082
Current maturities	\$	2,292
Noncurrent maturities		7,790
	\$	10,082

**NOTE 8 – OTHER ASSETS**

At June 30, 2021 and 2020, other assets consisted of the following:

	2021	2020
Investments, annuities	\$ 350,025	\$ 347,680
Construction in process	241,290	169,655
Security deposits	3,564	3,599
Certificate of deposit	2,628	2,628
	\$ 597,507	\$ 523,562

**Construction in Progress**

Construction in progress consists of original donated land value and additional costs needed to prepare property to be put into service. Renovations continued on this property as of June 30, 2021. Once completed, it will be put into service and reclassified as land and a fixed asset and depreciated accordingly.

The property is intended to be used to provide services to the community through the North Brevard Boys and Girls Club of Central Florida.

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**NOTE 9 – LINES OF CREDIT**

At June 30, 2021 and 2020 lines of credit consisted of the following:

	<b>2021</b>	<b>2020</b>
Line of credit arrangement with bank for up to \$35,000 at a variable interest rate of the prime rate of the lender plus 2.50% (not less than 3.75%), 5.75% at June 30, 2021, payable in monthly installments of interest only, with outstanding principal due upon demand, maturing January 2036, secured by real property.	\$ 34,245	\$ 34,244
Line of credit arrangement with bank for up to \$100,000 at a variable interest rate of the WSJ Prime Rate plus 1.50%, 4.75% at June 30, 2021, payable in monthly installments of interest only, with outstanding principal due upon demand, maturing September 2021, secured by real property and an assignment of rental income from the property.	86,142	88,830
	\$ 120,387	\$ 123,074

Interest expense related to the lines of credit and charged to operations totaled \$3,827 (2021) and \$7,689 (2020).

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**NOTE 9 – LONG-TERM DEBT**

At June 30, 2021 and 2020 long-term debt consisted of the following:

	<b>2021</b>	<b>2020</b>
Note payable to individual, due June 2023 in monthly installments of \$1,452 including interest at 6.25%, secured by land and building.	\$ 32,679	\$ 47,553
 Note payable to bank, due June 2025, in monthly installments of \$705 including interest at 6.89%, secured by vehicle.	 <u>21,792</u>	 <u>31,964</u>
	54,471	79,517
 Less current portion	 <u>(22,461)</u>	 <u>(21,065)</u>
	 <u>\$ 32,010</u>	 <u>\$ 58,452</u>

Interest expense totaled \$5,477 (2021) and \$6,131 (2020), and is allocated to program expenses.

Future scheduled maturities of long-term debt are as follows:

2022	\$ (22,461)
2023	23,950
2024	7,607
2025	<u>453</u>
	 <u>\$ 9,549</u>

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**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are held and available for the following purposes:

	2021	2020
Project Maybe	\$ -	\$ 381,154
Assistance to the needy	-	30,576
Ramp installation	3,577	3,577
	\$ 3,577	\$ 415,307

A description of the nature and purpose of each fund group is as follows:

- **Project Maybe** - In 2015, the Organization received a \$500,000 donation subject to restrictions by the donor. The restrictions required the funds to be used for Project Maybe which provides residential housing, peer support, wellness care and job assistance for qualifying individuals.

In accordance with the funding agreement, the funds were invested in a combination of fixed and variable rate annuities that are intended to provide the Organization with annual payments of approximately 10% of the annuities' annual balance for ten years. Investment income related to the annuities is recorded as an increase to net assets with donor restrictions and subject to the same donor restrictions. The reported fair market value of these annuities was \$388,917 (2021) and \$389,037 (2020).

During the fiscal year ended June 30, 2021 members of the board of directors met with a representative of the donor to discuss the nature of the restrictions and the needs of the Organization. The donor agreed to change the nature of the restrictions to better align with the primary mission of the Organization, therefore the funds were reported as released from restrictions during the year ended June 30, 2021 and will be reported as a component of net assets without donor restrictions in future periods.

On June 30, 2020 the reported fair value of the annuities subject to donor restrictions totaled \$381,154, exclusive of \$7,883 not subject to donor restrictions as the Organization made additional contributions of unrestricted funds to one of the annuities.

- **Assistance to the needy** are contributions received to benefit the assistance to the needy program and will be used for rents, deposits and utilities.
- **Ramp installation** is a contribution received for the installation of a ramp to the entrance of the Organization's facility located at 742 Wager Ave.



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**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**Grant contingencies**

The Organization has entered into various grant agreements (“Agreements”) with governmental agencies (“Agencies”) for funds to develop affordable housing and emergency transitional housing for low-income persons (“Project”). The Organization must submit to the Agencies for approval for acquisition funds and then is awarded funds to rehabilitate the home through a reimbursement program. The funds are for the acquisition, rehabilitation and rental of foreclosed properties, which have been vacant for at least 90 days and are located within specific census tracts within a specified area per the Agreements.

Project funds must be used to provide rental housing for households at or below 50% of area median income, including at least 30% of Project funds providing housing for veterans. The Agreements require that the properties remain as low-income rental housing or emergency transitional housing for a specified period from the date of the final payment from the Agencies as per the mortgage deed and security agreements (Liens). The Organization may not permit or facilitate the recording of any lien, mortgage, line of credit, or any other encumbrance on any property purchased or developed as transitional rental housing under the Agreements.

In the event that the Organization fails to meet the terms of the Agreements, the Organization will be considered in default and the Agencies may require repayment of all funds related to the Project.

The following are the details of each of the Agreements:

Agency	Program	Award Amount	Award date	Lien term	Expiration Date	Default Triggers	
						Req'd use	Prpty sale
City of Titusville	Neighborhood Stabilization Program	\$ 98,187	5/10/2012	15 years	5/9/2027	✓	✓
Brevard County	Neighborhood Stabilization Program	\$ 210,889	2/8/2012	30 years	2/7/2042	✓	✓
City of Titusville	Development Organization	\$ 59,650	6/6/2011	20 years	6/5/2031	✓	✓
City of Cocoa	Development Organization	\$ 213,640	10/12/2010	15 years	10/11/2025	✓	✓
Brevard County	HOME Investment Partnership Program	\$ 286,350	10/12/2010	27 years	10/11/2037	✓	✓
City of Titusville	Neighborhood Stabilization Program	\$ 468,300	5/19/2010	15 years	5/18/2025	✓	✓
Brevard County	Neighborhood Stabilization Program	\$ 123,567	2/26/2010	30 years	2/25/2040	✓	✓
City of Cocoa	Brevard County HOME Consortium	\$ 427,355	7/29/2008	15 years	7/28/2023	✓	✓
Brevard County	Transitional / Emergency Housing	\$ 140,000	3/7/2006	20 years	3/6/2026	N/A	✓

As of June 30, 2021, the Organization has met all the conditions of each agreement; as such, the respective mortgage balances have not been reflected on the statements of financial position.

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**NOTE 12 – RETIREMENT PLAN**

The Organization has an Internal Revenue Code section 403(b) plan that covers substantially all employees who have met certain age and service requirements. Employees may elect to defer part of their salary, within prescribed limits, to the plan. The Organization has required matching contributions up to 3% of those active participants' salary. Retirement plan contributions totaled \$3,372 (2021) and \$3,889 (2020).

**NOTE 13 – LIQUIDITY**

As part of the Organization's effort to manage working capital and cash flows, the board of directors adopts a budget annually based on program requirements and anticipated revenue and expenditures for the year and maintains two credit lines under agreements with local banks with a total borrowing capacity of \$135,000. The credit lines provide the necessary cash to pay program expenditures as they are due for programs funded by grants that reimburse the organization for qualifying expenditures and do not provide any advance funding. As a reimbursement type grant, there could be several weeks between when the expenditure was paid and when the organization receives its reimbursement from the grantor. As of June 30, 2021, the Organization had \$11,710 of unused borrowing capacity under the line of credit agreements.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

Financial assets, at June 30, 2021	
Cash and cash equivalents, unrestricted	\$ 57,016
Receivables, net	<u>16,010</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 73,026</u>

**NOTE 14 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through March 31, 2022 the date which the financial statements were available to be issued, and has determined that the following subsequent event required disclosure:

- COVID-19 and its variants continue to cause disruptions to the Organization's normal activities and the local economy, as well as the worldwide economy. This has impacted the Organization's ability to host fundraising and awareness events, purchase necessary items due to supply chain interruptions, and attract customer traffic to its retail operations. Management continues to adapt to everchanging conditions and maintain reserves to carry the organization through uncertain times ahead. However, the impact on earnings and support cannot be estimated.