

TREESCHARLOTTE
FINANCIAL STATEMENTS
JUNE 30, 2015

TreesCharlotte
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June 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
TreesCharlotte
Charlotte, North Carolina

We have audited the accompanying financial statements of TreesCharlotte, (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2015, 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of TreesCharlotte, as of June 30, 2015 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.

C. Dewitt Foard & Company, P.A.
January 5, 2016

TreesCharlotte**Statement of Financial Position****June 30, 2015**

ASSETS

Current Assets:

Cash	\$	58,169
Investments		628,927
Pledges receivable, current		304,768

Total Current Assets **991,864**

Fixed Assets:

Property and equipment		57,395
Less - accumulated depreciation		(5,740)

Total Property and Equipment (net) **51,655**

Long-Term Assets:

Pledges receivable, long-term		181,189
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Total Long-Term Assets **181,189**

TOTAL ASSETS **\$ 1,224,708**

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$	10,496
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Net Assets:

Unrestricted		668,751
Temporarily restricted		545,461

Total Net Assets **1,214,212**

TOTAL LIABILITIES AND NET ASSETS **\$ 1,224,708**

TreesCharlotte**Statement of Activities****Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>TOTALS</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 328,134	\$ 471,647	\$ 799,781
In-kind contributions	54,550	-	54,550
Investment income	17,775	-	17,775
Net assets released from restrictions by satisfaction of purpose	382,846	(382,846)	-
<i>TOTAL SUPPORT AND REVENUE</i>	<i>783,305</i>	<i>88,801</i>	<i>872,106</i>
<u>EXPENSES</u>			
Program services	405,699	-	405,699
Management and general	32,974	-	32,974
Fundraising	55,640	-	55,640
<i>TOTAL EXPENSES</i>	<i>494,313</i>	<i>-</i>	<i>494,313</i>
<i>CHANGE IN NET ASSETS</i>	<i>288,992</i>	<i>88,801</i>	<i>377,793</i>
<i>NET ASSETS, BEGINNING</i>	<i>379,759</i>	<i>456,660</i>	<i>836,419</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 668,751</i>	<i>\$ 545,461</i>	<i>\$ 1,214,212</i>

TreesCharlotte**Statement of Functional Expenses****Year Ended June 30, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>TOTALS</u>
<u>PERSONNEL</u>				
Salaries	\$ 35,667	\$ 8,917	\$ -	\$ 44,584
Payroll taxes	2,728	682	-	3,410
<i>Total Personnel</i>	38,395	9,599	-	47,994
<u>OTHER EXPENSES</u>				
Reforestation	233,407	-	-	233,407
Contract services	79,085	8,084	16,168	103,337
Marketing	19,249	2,750	5,500	27,499
Professional fees	600	8,854	13,157	22,611
Conferences and meetings	13,970	1,996	3,991	19,957
Supplies	1,533	219	13,877	15,629
Insurance	2,902	415	829	4,146
Travel	2,017	288	576	2,881
Technology	1,823	260	521	2,604
Miscellaneous	2,953	420	844	4,217
Education	1,847	-	-	1,847
Vehicle	1,558	-	-	1,558
Membership	620	89	177	886
<i>Total Other Expenses</i>	361,564	23,375	55,640	440,579
<i>TOTAL EXPENSES BEFORE DEPRECIATION EXPENSE</i>	399,959	32,974	55,640	488,573
Depreciation expense	5,740	-	-	5,740
<i>TOTAL EXPENSES</i>	\$ 405,699	\$ 32,974	\$ 55,640	\$ 494,313

TreesCharlotte**Statement of Cash Flows****Year Ended June 30, 2015**

OPERATING ACTIVITIES

Change in net assets	\$ 377,793
Adjustments to reconcile changes in net assets to net cash flows from operating activities:	
Depreciation	5,740
Loss (gain) on investments	(6,178)
In-kind contributions	(54,550)
(Increase) in operating assets:	
Promises to give	(70,547)
(Decrease) in operating liabilities:	
Accounts payable and accrued expenses	(12,372)
<i>Cash Flows From Operating Activities</i>	<u>239,886</u>

INVESTING ACTIVITIES

Purchase of fixed assets	(2,845)
Purchase of investments	(562,687)
Proceeds from the sale of investments	383,815
<i>Cash Flows from Investing Activities</i>	<u>(181,717)</u>

NET CHANGE IN CASH **58,169****CASH, BEGINNING** **-**

CASH, ENDING **\$ 58,169**

TreesCharlotte

Notes to Financial Statements

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

TreesCharlotte (the Organization) was created as a public/private collaboration dedicated to planting trees, primarily through volunteer efforts. The Organization also educates Charlotte's residents on the importance of the canopy and ways to plant and preserve trees. The Organization is supported primarily through contributions and grants from individuals, businesses, and foundations.

Basis of presentation

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

Unrestricted net assets – Net assets can be both undesignated and designated in nature. Undesignated, unrestricted net assets are those currently available for use in the day-to-day operation of the Organization.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. During the year, the Organization had no permanently restricted net assets.

Cash

Cash consists of cash on hand, cash in banks, and money market funds.

Property and equipment

Property and equipment with a value of \$2,500 or more is recorded at cost if purchased or fair value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation expense is recorded using the straight-line method of depreciation over the estimated useful lives of the assets, which is ten years for the vehicles and equipment.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

TreesCharlotte

Notes to Financial Statements

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in support at fair value. During the year, the Organization recorded donated equipment of \$54,550 and no contributed goods or services.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. No amounts have been reflected in the financial statements for these contributions, as they do not meet the criteria for recognition described above.

Functional allocation of expenses

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

Income tax status

The Organization is a nonprofit organization and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code with respect to its exempt function income. The Organization is not a private Organization as defined by Section 509(a) of the Internal Revenue Code.

NOTE B - INVESTMENTS

Investments

Investments are reported at fair value in accordance with generally accepted accounting principles. Investments consist of Conservative Growth & Income Pool as of June 30, 2015.

Investments of \$628,927 are classified in the accompany statement of financial position as current assets. Investment income of \$13,571 consists of interest and dividends of \$11,597, net of realized and unrealized capital losses of \$6,178 and investment expenses of \$4,204.

TreesCharlotte

Notes to Financial Statements

June 30, 2015

NOTE C - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's investments are all classified as Level 3 assets. The Level 3 assets are valued based on the fair value of the underlying securities, which are generally publicly-traded. The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2015.

Balance, beginning of year	\$	443,877
Net increase in value		6,178
Purchases		562,687
Sales		(383,815)
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Balance, end of year	\$	628,927

NOTE D - PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give for the founders campaign. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The present value discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are expected to be received. A discount for present value of \$5,072 has been provided, computed utilizing an interest rate of one percent. Amortization of discounts is included in the contribution revenue. In addition, management has recorded an allowance for doubtful accounts of \$10,021 based on an evaluation of the receivables, historical experience, and current and anticipated economic conditions.

TreesCharlotte

Notes to Financial Statements

June 30, 2015

NOTE D - PLEDGES RECEIVABLE continued

Contributions receivable at June 30, 2015, are summarized as follows:

Contributions receivable		\$	501,050
Present value discount	\$	5,072	
Allowance for uncollectible contributions receivable		10,021	15,093
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Net contributions receivable			485,957
Contributions receivable – current			304,768
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Contributions receivable – long term		\$	181,189
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Gross contributions receivable are scheduled to be received as follows:

Year Ended June 30,

2016		\$	312,550
2017			126,050
2018			47,350
2019			14,100
2020			1,000
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TOTAL		\$	501,050
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Conditional promises to give are not included as revenue and support until the conditions are substantially met.

NOTE E - PROPERTY AND EQUIPMENT

Balance at June 30, 2015

Property and equipment which are used by the Organization in its operations consists of the following at June 30, 2015:

Vehicles		\$	54,550
Tools and equipment			2,845
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Total			57,395
Less – accumulated depreciation			5,740
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TOTAL		\$	51,665
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TreesCharlotte

Notes to Financial Statements

June 30, 2015

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

Funds that have been received by the Organization for a particular purpose or period of time that have remaining restrictions at June 30, 2015, are detailed as follows:

Time Restricted:		
Founders Fund Pledges	\$	485,957
Unutilized Funds:		
NY Restoration Project		59,504
TOTAL	\$	545,461

NOTE G - CONCENTRATIONS OF RISK

Investments

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

Geographic area

The Organization operates in a small geographic area and, accordingly, is sensitive to changes in the local economy.

NOTE H - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.