***MECKED***

 ***FINANCIAL STATEMENTS***

# JUNE 30, 2019

# MeckEd

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CERTIFIED PUBLIC ACCOUNTANTS

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|  |  |  |  |
| --- | --- | --- | --- |
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INDEPENDENT AUDITORS’ REPORT

To the Board of Directors of

MeckEd

Charlotte, North Carolina

We have audited the accompanying financial statements of MeckEd, (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of MeckEd, as of June 30, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited MeckEd’s 2018 financial statements, and our report dated September 24, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

December 17, 2019

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|  |  |  |  |
| --- | --- | --- | --- |
| ***MeckEd*****Statement of Financial Position****June 30, 2019, with prior year comparative totals** |  |  |  |
| **ASSETS**Current Assets: Cash  |  | June 30, |  |
| $  | 2019 114,726 |  | 2018 |
| $  |  606,966 |
| Investments |   |  1,685 |   |  -  |
| Contributions receivable |   |  144,817 |   |  149,345 |
| Refundable sales tax |   |  3,722 |   |  6,243 |
| Prepaids |   |  -  |   |  13,082 |
| Total Current Assets |   |  264,950 |   |  775,636 |
| Non-Current Assets: Security deposit |   |  3,177 |   |  3,002 |
| Total Other Assets |   |  3,177 |   |  3,002 |
| ***TOTAL ASSETS*** | ***$***  |  ***268,127*** | ***$***  |  ***778,638*** |
| **LIABILITIES AND NET ASSETS**Current Liabilities:Accounts payable | $  |  16,240 | $  |  14,431 |
| Payroll liabilties |   |  9,218 |   |  22,167 |
| Total Current Liabilities |   |  25,458 |   |  36,598 |
| Net Assets:Without donor restrictions |   |  242,669 |   |  642,040 |
| With donor restrictions |   |  -  |   |  100,000 |
| Total Net Assets |   |  242,669 |   |  742,040 |
| ***TOTAL LIABILITIES AND NET ASSETS*** | ***$***  |  ***268,127*** | ***$***  |  ***778,638*** |

*See accompanying notes to financial statements. Page 2*

## *MeckEd*

**Statement of Activities**

**Year Ended June 30, 2019, with prior year comparative totals**

 Year Ended June 30, 2019 Prior Year

|  |  |  |  |
| --- | --- | --- | --- |
| Without Donor Restrictions | With Donor Restrictions | TOTALS | Comparative Totals |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **SUPPORT AND REVENUE** |  |  |  |  |  |  |  |
|  Contributions and grants $ |  673,020 | $ |  112,250 | $ |  785,270 | $ |  1,887,246 |
| Special events |  64,060 |  |  -  |  |  64,060 |  |  57,540 |
| All other |  3,557 |  |  -  |  |  3,557 |  |  1,726 |
| Net assets released from restriction |  212,250 |  |  (212,250) |  |  -  |  |  -  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| ***Total Support, Revenue, and***  |  |  |  |  |  |  |
| ***Reclassifications*****EXPENSES** |  |  ***952,887*** |  |  ***(100,000)*** |  |  ***852,887*** |  |  ***1,946,512*** |
| Program Services |  |  1,142,843 |  |  -  |  |  1,142,843 |  |  1,131,654 |
| Management and general |  |  75,160 |  |  -  |  |  75,160 |  |  69,831 |
| Fundraising |  |  134,255 |  |  -  |  |  134,255 |  |  133,505 |
| ***Total Expenses*** |  |  ***1,352,258*** |  |  ***-***  |  |  ***1,352,258*** |  |  ***1,334,990*** |
| ***CHANGE IN NET ASSETS*** |  |  ***(399,371)*** |  |  ***(100,000)*** |  |  ***(499,371)*** |  |  ***611,522*** |
| ***NET ASSETS, BEGINNING*** |  |  ***642,040*** |  |  ***100,000*** |  |  ***742,040*** |  | ***130,518*** |
| ***NET ASSETS, ENDING*** | ***$*** |  ***242,669*** | ***$*** |  ***-***  | ***$*** |  ***242,669*** | ***$*** |  ***742,040*** |

 *See accompanying notes to financial statements. Page 3*

***MeckEd***

**Statement of Functional Expenses**

**Year ended June 30, 2019**

### Program Services

 Career Community

 Pathways NEXT Engagement

***PERSONNEL***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Salaries | $  |  354,975 | $  | 110,043 | $  |  64,740 |
| Payroll taxes and fees |   |  31,628 |   |  12,256 |   |  9,033 |
| Benefits |   |  40,828 |   |  9,680 |   |  3,137 |
| ***Total*** |  | ***427,431*** |  | ***131,979*** |  |  ***76,910*** |
| ***OTHER EXPENSES***Participant programs |   |  211,098 |   |  156 |   |  -  |
| Professional fees |   |  10,230 |   |  78,375 |   |  5,389 |
| Grants awarded |   |  -  |   |  66,000 |   |  -  |
| Occupancy costs |   |  27,832 |   |  15,849 |   |  5,994 |
| Conferences and meetings |   |  3,462 |   |  3,793 |   |  46,023 |
| General administrative costs |   |  16,761 |   |  5,112 |   |  6,453 |
| Professional development |   |  2,204 |   |  -  |   |  -  |
| Miscellaneous***Total*** |   |  1,357***272,944*** |   |  186 |   |  249 |
|  | ***169,471*** |  |  ***64,108*** |
| ***TOTAL EXPENSES*** | ***$***  | ***700,375*** | ***$***  | ***301,450*** | ***$***  | ***141,018*** |

### *See accompanying notes and independent auditor's report Page 4*

#### Management TOTALS and General Fundraising Totals

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| $  |  529,758 | $  | 51,792 | $  |  97,110 | $  |  678,660 |
|   |  52,917 |   |  7,226 |   |  13,549 |   |  73,692 |
|   |  53,645 |   |  2,510 |   |  4,706 |   |  60,861 |
|  |  ***636,320*** |  | ***61,528*** |  | ***115,365*** |  |  ***813,213*** |
|   |  211,254 |   |  -  |   |  -  |   |  211,254 |
|   |  93,994 |   |  4,083 |   |  817 |   |  98,894 |
|   |  66,000 |   |  -  |   |  -  |   |  66,000 |
|   |  49,675 |   |  5,705 |   |  9,370 |   |  64,750 |
|   |  53,278 |   |  398 |   |  2,125 |   |  55,801 |
|   |  28,326 |   |  3,220 |   |  6,412 |   |  37,958 |
|   |  2,204 |   |  60 |   |  -  |   |  2,264 |
|   |  1,792 |   |  166 |   |  166 |   |  2,124 |
|  |  ***506,523*** |  | ***13,632*** |  |  ***18,890*** |  |  ***539,045*** |
| ***$***  | ***1,142,843*** | ***$***  | ***75,160*** | ***$***  | ***134,255*** | ***$***  | ***1,352,258*** |

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## *MeckEd*

**Statement of Cash Flows**

**Year Ended June 30, 2019, with prior year comparative totals**

Year Ended June 30,

2019

2018

**OPERATING ACTIVITIES**

 Change in net assets $ (499,371) $ 611,522

Adjustments to reconcile changes in net assets to cash

flows from operating activities:

(Increase) decrease in operating assets:

 Contributions receivable 4,528 (38,565)

 Refundable sales tax 2,521 (3,772)

 Prepaid expenses 13,082 (9,360)

 Security deposit (175) (3,002)

Increase (decrease) in operating liabilities:

 Accounts payable 1,809 (8,441)

 Payroll liabilities (12,949) (2,875)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Cash Flows from Operating Activities*****INVESTING ACTIVITIES** |  |  ***(490,555)*** |  |  ***545,507*** |
| Purchase of investments |  |  (1,685) |  |  -  |
| ***Cash Flows from Investing Activities******Q*** |  |  ***(1,685)*** |  |  ***-***  |
| ***CASH, BEGINNING*** |  |  ***606,966*** |  |  ***61,459*** |
| ***CASH, ENDING*** | ***$*** |  ***114,726*** | ***$*** |  ***606,966*** |

*See accompanying notes to financial statements. Page 6* **NOTE 1 – NATURE OF OPERATIONS**

MeckEd serves as an independent nonprofit committed to ensuring that all young people in Mecklenburg County have access to the skills, knowledge, and experiences necessary for them to thrive in and beyond school. We are working to close the “experience gap” between those young people who have access to enrichment experiences that broaden horizons and nurture curiosity, and those whose experiences fall short. We seek to provide all young people with a fair shot at success. This includes providing career exploration, job shadows, internships and apprentices as well as removing any and all obstacles to their success. MeckEd provides critically important support for young people such as transportation, clothing, food, child care, tutoring, and the costs of postsecondary certification, training, and educational programs. MeckEd advocates for policies and funding decisions that support strong public education and workforce development opportunities resulting in a well-educated citizenry, a highly skilled workforce, and safe, sustainable communities.

Our programs ensure that economically disadvantaged students have the opportunities and direct resources, skills and navigational support needed to undertake transformative experiences and explore a full range of future career opportunities.

During the 2018-2019 school year, MeckEd’s Career Pathways initiative served over 2,000 students in six Charlotte-Mecklenburg High Schools by providing work-based learning opportunities and intensive support, career training, placement, and coaching for over 160 of the region’s highest need students. MeckEd’s Out of School Time initiative, Charlotte NEXT, launched a program Locator to help parents and caregivers find enrichment programs for children. Since it was launched in early 2017, Locator has received over 13,000 online visitors and today is profiling over 500 different enrichment programs! Additionally, MeckEd provides professional development for After-School enrichment providers who, together, are positively impacting over 10,000 students. A pilot program in three high-need CMS middle schools is supporting five different program providers who are offering over 6,000 additional hours of enrichment to students. A partnership with the Mecklenburg County Youth Coalition and the Mayors Mentoring Alliance has resulted in including mentors on Locator. MeckEd also holds six Community Conversations annually to assist in spotlighting critical issues related to young people and their preparation for success. During the past year, MeckEd informed and engaged over 150 civic leaders and program providers on topics that included “Effective Career and Technical Education,” “The Impact of Desegregation and Re-segregation on CMS Children and Families,” and “The Power and Promise of Out of School Time Enrichment Programs.”

MeckEd also organizes and presents, as it has for the past several years, two major community events: Teachers of Excellence (ToE) and the MeckEd Annual Community Breakfast (ACB). ToE celebrates 20 CMS teachers through an event that local education stakeholders refer to as the “Oscars for Teachers.” The Annual Community Breakfasts focuses on the impact of our programs by spotlighting the resilience and success of participating Career Pathways and Charlotte NEXT students and families.

### *Funding sources*

MeckEd is supported primarily by voluntary contributions and grants that are received primarily from individuals, companies, and foundations.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

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

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in day-to-day operations of MeckEd and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position. However, these funds are not restricted and may be used at the discretion of MeckEd’s Board of Directors.

 *Net Assets With Donor Restrictions -* Net assets with donor restrictions consist of temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of MeckEd 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. If the donor stipulation is met in the year of the gift, the contribution is reflected in unrestricted net assets. Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. The donors of these assets generally permit MeckEd to use the income earned on any related investments for general or specific

purposes.

#### Presentation

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expenses are recorded as decreases in net assets without donor restrictions. Contributions with donor-imposed restrictions, such as time or purpose restrictions, are recorded as net assets with donor restrictions. When donor-imposed time restrictions expire, or a donor-imposed purpose restriction is fulfilled, the net assets with donor restrictions are released to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Promises to give subject to donor-imposed restrictions that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

#### Recent Adoption of Accounting Pronouncements

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The major changes include: (A) requiring the presentation of two classifications net assets which are called “net assets without donor restrictions” and “net assets with donor restrictions”, (B) presentation of underwater endowment funds and the necessary disclosures, (C) requiring the presentation of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and also disclose a summary of the allocation methods used to allocate costs, (D) disclosure of quantitative and qualitative information regarding the liquidity and availability of resources, and (E) investment income is required to be presented net of investment expense.

#### Contributions receivable

Unconditional promises to give are recorded at net realizable value. If the promises to give are not expected to be collected within the year, a present value discount is recorded utilizing risk-free interest rates, if the discount would be significant to the financial statements. The discount is then amortized and included in contribution revenue in subsequent years. No discount was recorded in the financial statements since all pledges were expected to be collected in the subsequent fiscal year.

#### Allowance for doubtful accounts

Management’s assessment of the collectability of receivables is based on a review of individual accounts, historical experience, and current economic conditions. Based on the underlying nature of the receivables at June 30, 2019, management believes any allowance for uncollectible receivables is not material to the financial statements taken as a whole.

#### Property and equipment

Property and equipment is stated at cost if purchased or estimated fair value at date of receipt if donated, subject to a $2,500 capitalization threshold. Depreciation is provided over the estimated useful lives of the assets and is computed on the straight-line method. The costs of major improvements are capitalized while the costs of maintenance and repairs, which do not improve or extend the useful life of the respective asset, are expensed when incurred. The cost and accumulated depreciation of property and equipment are eliminated from the accounts upon disposal and any resulting gain or loss is included in the changes in net assets in the period during which the disposition occurred. At June 30, 3019, equipment with an original cost of $3,002 was fully depreciated.

#### Donated goods and services

MeckEd records donated goods if significant and donated services when the services either create or enhance nonfinancial assets or would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. During the period, $15,048 of donated goods were recorded and no donated services were recorded. These items were primarily related to MeckEd fundraising events or conferences. A number of unpaid volunteers, who serve in the capacity of Board members and various other volunteers, have made significant contributions of their time to assist MeckEd in achieving the goals of its programs. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

#### Use of estimates

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

*Website*

Website design and improvement costs are expensed as incurred.

#### Income tax status

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

#### Prior year comparative totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with MeckEd’s 2018 financial statements, from which the summarized information was derived.

#### Prior period adjustment

During the year, MeckEd’s management discovered that it had improperly classified a portion of unrestricted revenue received during the year ended June 30, 2018 as restricted revenue. The correction of this error reduced net assets with restrictions by $603,361 and increased net assets without restrictions by $603,361. The accompanying financial statements reflect this restatement in the Statement of Financial Position and Activities.

### NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

For the year ended June 30, 2019, $212,250 of net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. At June 30, 2019, MeckEd had no funds remaining that had been received specifically for special purposes.

### NOTE 4 – FUNCTIONAL ALLOCATION OF EXPENSES

MeckEd’s activities are focused on three functional areas. Program services represent the primary focus of MeckEd’s activities. Supporting services are fundraising activities and general and administrative activities. Expenses are allocated based on a combination of the functions that they directly benefit and an allocation of general costs. General cost expenditures that are allocated based on management’s estimate of time spent by employees includes personnel expenses and professional fees. All other general cost expenditures are allocated based on square footage usage.

### NOTE 5 – LEASES

#### Operating leases

MeckEd has entered into non-cancelable operating lease agreements for office space and equipment. Lease payments actually made during the year ended June 30, 2019 were $38,730. Future minimum payments are due under operating leases during the year ending June 30:

1. $ 39,068
2. 40,178
3. 39,612
4. 40,448
5. 6,859

 TOTAL $ 166,165

### NOTE 6 – RETIREMENT PLAN

MeckEd maintains a retirement plan, as described in Internal Revenue Code Section 403(b), for the benefit of its employees. Additionally, MeckEd has a deferred compensation plan for eligible employees as described in Internal Revenue Code Section 457. Employees can make pretax contributions and MeckEd can make matching or discretionary non-elective contributions on behalf of its employees. MeckEd made contributions of three percent of eligible participants’ salaries, which amounted to $20,229 during the year ended June 30, 2019.

### NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

MeckEd has $264,950 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of $114,726 and contributions and sales tax receivables of $150,224, which are expected to be collected during the year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management the Organization invests cash in excess of daily requirements in short-term investments, primarily money market funds.

### NOTE 8 – CONCENTRATIONS OF RISK

#### Contributions and receivables

During the year, MeckEd received 66% of its funding from two funding sources. This represents a significant risk that operations could be affected if either of these major funding sources discontinued its funding of MeckEd. Also, the receivables balance at June 30, 2019, was due from two donors.

#### Government grants

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

#### Geographic area

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

### NOTE 9 – SUBSEQUENT EVENTS

MeckEd has evaluated subsequent events from the date of the statement of financial position through the date of the audit report which is the date the financial statements were available to be issued.

During this period, no material recognizable subsequent events were identified.