

**LAMB FOUNDATION OF N.C., INC.**

Financial Statements

June 30, 2015

## **LAMB FOUNDATION OF N.C., INC.**

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Stocks, Smith, Campbell & Dendy, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Lester W. Stocks  
Charles S. Smith  
Marjorie S. Campbell  
Sherry B. Dendy

### Independent Accountant's Review Report

To the Board of Directors of  
Lamb Foundation of N.C., Inc.

We have reviewed the accompanying statement of assets, liabilities and net assets-modified cash basis of Lamb Foundation of N.C., Inc. (a nonprofit organization) as of June 30, 2015, and the related statement of revenues, expenses and other changes in net assets-modified cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting as described in Note 2.

*Stocks Smith Campbell + Dendy, PA*

Concord, North Carolina  
November 19, 2015

LAMB FOUNDATION OF N.C., INC.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
MODIFIED CASH BASIS

June 30, 2015

Assets

Cash-checking accounts and certificates of deposit	\$ 269,340.86
Endowment fund investments at fair market value	<u>171,289.83</u>
Total assets	<u>\$ 440,630.69</u>

Liabilities and Net Assets

Unrestricted net assets-operating	\$ 269,340.86
Restricted net assets-endowment	<u>171,289.83</u>
Total net assets	<u>440,630.69</u>
Total liabilities and net assets	<u>\$ 440,630.69</u>

See accompanying notes and independent accountant's review report.

# LAMB FOUNDATION OF N.C., INC.

## STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS MODIFIED CASH BASIS

For the Year Ended June 30, 2015

Support and revenue	
Contributions-general	\$ 617,099.59
Contributions-endowment	3,336.18
Investment income-endowment	2,547.93
Interest income	510.44
Net gain on sale of investments in endowment account	56,118.59
Total support and revenue	<u>679,612.73</u>
Expenses	
Program services	
Foundation board and council support paid out	584,433.81
Travel and meetings	2,096.65
Printing, mailing, telephone, etc.	1,611.90
Insurance	2,415.00
Awards	318.92
Bank fees	1,995.59
Supplies	226.34
Total program services	<u>593,098.21</u>
General and administrative	
Legal fees	200.00
Accounting fees	6,118.24
Endowment account management fees	972.66
Total general and administrative	<u>7,290.90</u>
Fundraising	
Candy	23,893.35
Aprons and caps	1,433.50
Total fundraising	<u>25,326.85</u>
Total expenses	<u>625,715.96</u>
Unrealized net losses on investments in endowment account	<u>(50,155.27)</u>
Change in net assets	3,741.50
Net assets at beginning of year	<u>436,889.19</u>
Net assets at end of year	<u><u>\$ 440,630.69</u></u>

See accompanying notes and independent accountant's review report.

## LAMB FOUNDATION OF N.C., INC.

Notes to Financial Statements  
June 30, 2015

### NOTE 1. ORGANIZATION AND OPERATION

Lamb Foundation of N.C., Inc. (LAMB) was organized in 1999 under the laws of North Carolina as a not-for-profit corporation to be operated exclusively for charitable purposes. LAMB raises funds to provide to entities and organization for the care of or services to individuals in North Carolina with intellectual disabilities. LAMB is managed by a slate of officers who are elected by the general membership. Its support is derived primarily from donations received from the general public.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The accompanying financial statements have been prepared on the modified basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only assets recognized are cash and securities, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements; securities held in an endowment fund are measured at fair value at year end, with unrealized gains and losses recorded. All other noncash transactions are not recognized.

#### Basis of Presentation

LAMB reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of LAMB and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to externally imposed stipulations. Certain net assets classified as unrestricted are designated for specific purposes or uses under various internal operating and administrative arrangements of Lamb.

*Temporarily Restricted Net Assets* – Net assets that are subject to externally imposed stipulations that may or will be met either by actions of LAMB and/or the passage of time.

*Permanently Restricted Net Assets* – Net assets that are subject to externally imposed restrictions that LAMB maintains permanently. Generally, the donors of these assets permit LAMB to use all or part of the income earned and net appreciation on related investments for general or specific purposes.

## LAMB FOUNDATION OF N.C., INC.

### Notes to Financial Statements

June 30, 2015

#### Investments

Investments purchased by the Organization are initially recorded at their cost, and donated investments are recorded at fair value on the date they are received as a donation. Subsequent to their acquisition, investments in marketable securities with readily determinable fair values and all investments in debt securities are adjusted to their fair values based on quoted market prices as of the date of the statement of assets and net assets. Unrealized gains and losses are included in the change in net assets.

#### Restricted net assets

Restricted net assets consist solely of assets held in the endowment fund.

#### Unrestricted net assets

The board of directors has designated that a minimum cash balance of \$75,000 be maintained in order to provide operating funds should annual contributions not be sufficient to cover normal operating costs.

#### Income taxes

LAMB is recognized as a tax-exempt organization as defined in Section 501 (c)(3) of the U. S. Internal Revenue Code and is generally exempt from the federal income taxes on related income pursuant to Section 501(a) of the U.S. Internal Revenue Code as a public charity. Accordingly, no provision for income taxes is made in the financial statements. Likewise, LAMB is exempt from state income taxes under North Carolina G.S.105-130.11(a)(5).

The Organization's Form 990 tax returns for years ending June 30, 2012, 2013, 2014 and 2015 are subject to possible examination by the Internal Revenue Service generally for three years after the deadline for the filing of each return.

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LAMB FOUNDATION OF N.C., INC.

Notes to Financial Statements  
June 30, 2015

NOTE 3. INVESTMENTS

Investments are stated at fair value determined based on quoted market prices and consist of money market accounts and mutual funds, as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Equities	\$ 138,774.21	\$ 149,751.96	\$ 10,977.75
Money Market Funds	21,537.87	21,537.87	0
Total	<u>\$ 160,312.08</u>	<u>\$ 171,289.83</u>	<u>\$ 10,977.75</u>

NOTE 4. NET ASSET RESTRICTIONS

In October, 2009 an endowment fund was established to receive donations from contributors. The restricted purpose of the fund is to supplement the money given by LAMB to the various agencies throughout North Carolina that support individuals with developmental disabilities. The endowment fund assets shall not be commingled with the other assets of the Organization. Contributions to this fund were \$ 3,336.18 during the year ended June 30, 2015 and \$134,255.08 since inception.

The endowment fund agreement provides for a distribution of funds from the endowment account equal to 6% of the fair value of the account as of January 1 of each year in fulfillment of its restricted purpose. Distributions from this endowment fund were \$10,546.67 during the year ended June 30, 2015, and \$39,149.83 since inception.

The investments in this endowment fund are reported at fair value at June 30, 2015, determined by quoted prices in active markets for traded securities. Unrealized gains and losses on investments due to changes in market value are included in the change in temporarily restricted net assets. Realized gains and losses are determined using the specific identification method.

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization has adopted investment policies for endowment assets that



LAMB FOUNDATION OF N.C., INC.

Notes to Financial Statements  
June 30, 2015

NOTE 4. NET ASSET RESTRICTIONS – (continued)

attempt to subject the fund to low investment risk and provide current income as well as capital appreciation in support of the Organization's activities.

Changes in Endowment Net Assets  
For the year ended June 30, 2015

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 40,042.83	\$ 130,918.90	\$ 170,961.73
Interest, dividends and net gain on sales, net of investment expense	57,693.86		57,693.86
Net depreciation	(50,155.27)		(50,155.27)
Contributions		3,336.18	3,336.18
Amounts appropriated for expenditure	(10,546.67)		(10,546.67)
Change in endowment net assets	( 3,008.08)	3,336.18	328.10
Endowment net assets, end of year	<u>\$ 37,034.75</u>	<u>\$ 134,255.08</u>	<u>\$ 171,289.83</u>

NOTE 5. CONCENTRATION RISKS

LAMB receives substantially all of its support from contributors within the state of North Carolina. Therefore, it is dependent on the economy in this area for its revenue sources.

NOTE 6. CHANGE IN NET ASSETS

Total increase in restricted net assets for the year ended June 30, 2015 is \$328.10; total increase in unrestricted net assets is \$3,413.40. Thus, the net change in total net assets is an increase of \$3,741.50.

LAMB FOUNDATION OF N.C., INC.

Notes to Financial Statements  
June 30, 2015

NOTE 7. FUNCTIONAL EXPENSES

The costs of providing LAMB's program and supporting services are summarized on a functional basis. Direct expenses are charged to program, administrative or fundraising costs in categories based on specific identification. Indirect expenses have been allocated based on percentages calculated and assigned by management. These percentages are determined by management's evaluation of the costs incurred and the purposes for which they were expended.

NOTE 8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 19, 2015, which is the date the financial statements were available to be issued.