

LAMB FOUNDATION OF N.C., INC.

Financial Statements

June 30, 2021

LAMB FOUNDATION OF N.C., INC.

Table of Contents

| | <u>Page No.</u> |
|---|-----------------|
| Independent Accountant's Review Report | |
| Financial Statements | |
| Statement of Assets, Liabilities and Net Assets--Modified Cash Basis | 1 |
| Statement of Revenues, Expenses and Other Changes in Net Assets--Modified Cash Basis | 2 |
| Notes to Financial Statements | 3-8 |



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Lamb Foundation of N.C., Inc. (a nonprofit organization) which comprise the statement of assets, liabilities and net assets--modified cash basis as of June 30, 2021, and the related statement of revenues, expenses and other changes in net assets--modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Stocks, Smith, Campbell & Dendy P.A.

Concord, North Carolina
February 8, 2022

LAMB FOUNDATION OF N.C., INC.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS

June 30, 2021

Assets

| | |
|---|----------------------|
| Cash--checking and savings accounts | \$ 18,707.11 |
| Cash--checking and savings accounts (restricted for programs) | 106,006.95 |
| Certificates of deposit | 48,016.50 |
| Total current assets | <u>172,730.56</u> |
| Endowment fund investments at fair market value - Cash | 4,849.37 |
| Endowment fund investments at fair market value - Marketable Securities | 252,306.73 |
| Total other assets | <u>257,156.10</u> |
| Total assets | <u>\$ 429,886.66</u> |

Liabilities and Net Assets

| | |
|--|----------------------|
| Net assets without donor restrictions | \$ 66,723.61 |
| Net assets with donor restrictions | |
| Endowment fund | 257,156.10 |
| Restricted for programs | 106,006.95 |
| Total net assets with donor restrictions | <u>363,163.05</u> |
| Total net assets | <u>429,886.66</u> |
| Total liabilities and net assets | <u>\$ 429,886.66</u> |

See accompanying notes and accountant's 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, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Support and revenue | | | |
| Contributions--general | \$50,559.08 | \$286,501.44 | \$337,060.52 |
| Investment income--endowment, net of fees of \$1,288.37 | | 2,122.38 | 2,122.38 |
| Interest income | 1,380.87 | | 1,380.87 |
| Net gains on sale of investments in endowment account | | 7,107.96 | 7,107.96 |
| Net assets released from restrictions | | | |
| Appropriation from donor endowment and subsequent satisfaction of any related donor restrictions | 14,434.70 | (14,434.70) | 0.00 |
| Satisfaction of program restrictions | 212,723.69 | (212,723.69) | 0.00 |
| Total support and revenue | <u>279,098.34</u> | <u>68,573.39</u> | <u>347,671.73</u> |
| Expenses | | | |
| Program services | | | |
| Foundation board and council support paid out | 282,836.19 | | 282,836.19 |
| Printing, mailing, etc. | 482.15 | | 482.15 |
| Telephone and website | 847.72 | | 847.72 |
| Contract Services | 530.89 | | 530.89 |
| Insurance | 2,439.00 | | 2,439.00 |
| Bank fees | 1,670.76 | | 1,670.76 |
| Total program services | <u>288,806.71</u> | <u>0.00</u> | <u>288,806.71</u> |
| General and administrative | | | |
| Total general and administrative | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| Fundraising | | | |
| Candy | 2,435.55 | | 2,435.55 |
| Aprons and caps | 817.62 | | 817.62 |
| Total fundraising | <u>3,253.17</u> | <u>0.00</u> | <u>3,253.17</u> |
| Total expenses | <u>292,059.88</u> | <u>0.00</u> | <u>292,059.88</u> |
| Unrealized net gains on investments in endowment account | 0.00 | 61,729.03 | 61,729.03 |
| Change in net assets | (12,961.54) | 130,302.42 | 117,340.88 |
| Net assets at beginning of year | 79,685.15 | 232,860.63 | 312,545.78 |
| Net assets at end of year | <u>\$66,723.61</u> | <u>\$363,163.05</u> | <u>\$429,886.66</u> |

See accompanying notes and accountant's report.

LAMB FOUNDATION OF N.C., INC.

Notes to Financial Statements
June 30, 2021

NOTE 1. ORGANIZATION AND OPERATION

Lamb Foundation of N.C., Inc. (LAMB/the Organization) 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 organizations for the care of or services to individuals in North Carolina with intellectual disabilities. LAMB is managed by 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 cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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.

Investments

Investments are carried at fair value with realized and unrealized gains and losses reflected in the statement of activities, expenses, and other changes in net assets. LAMB has invested cash in excess of daily requirements in certificates of deposit. At June 30, 2021, a total of \$48,016.50 was invested in two certificates of deposit with maturity dates ranging from 10 months to 22 months. The certificates of deposit earned \$1,338.37 in interest during the year.

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).

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, 2021

In Kind Donations

LAMB follows accounting standards relating to contributions received and contributions made as consistent with the Financial Accounting Standards Board Codification. These standards require recording the value of donated services that create or enhance non-financial assets or require specialized skills. Volunteers have contributed significant amounts of their time to activities of the Organization; however, since the above requirements were not met, the value of the contributed services were not recorded in the financial statements.

NOTE 3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

| | |
|--|---------------------|
| Subject to expenditure for specified purpose: | |
| Foundation board and council support | \$106,006.95 |
| Subject to LAMB spending policy and appropriation: | |
| Investment in perpetuity, which, once appropriated, is expendable to support any activities of the organization | <u>257,156.10</u> |
| Total net assets with donor restrictions | <u>\$363,163.05</u> |

NOTE 4: NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

| | |
|---|---------------------|
| Purpose restrictions accomplished: | |
| Foundation board and council support | \$212,723.69 |
| Release of appropriated endowment amounts without purpose restrictions | <u>14,434.70</u> |
| Total restrictions released | <u>\$227,158.39</u> |

LAMB FOUNDATION OF N.C., INC.

Notes to Financial Statements
June 30, 2021

NOTE 5. ENDOWMENT FUND 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 | \$ 120,877.92 | \$ 252,306.73 | \$ 131,428.81 |
| Money Market Funds | 4,849.37 | 4,849.37 | 0.00 |
| Total | \$ 125,727.29 | \$ 257,156.10 | \$ 131,428.81 |

NOTE 6. ENDOWMENT FUND

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 intellectual disabilities. The endowment fund assets shall not be commingled with the other assets of the Organization. Contributions to this fund during the year ended June 30, 2021 were \$1,863.11. Contributions since inception total \$148,540.45.

The investments in this endowment fund are reported at fair value at June 30, 2021, 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 statement of revenues, expenses, and other changes in net assets. Realized gains and losses are determined using the specific identification method.

Interpretation of Relevant Law

LAMB is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are restricted until the Board appropriates such amounts for expenditure. The Organization has interpreted 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 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. The endowment committee

LAMB FOUNDATION OF N.C., INC.

Notes to Financial Statements
June 30, 2021

meets at least annually with the investment advisory firm to review its investment performance and policies.

Laws and regulations allow the governing board to appropriate so much of an endowment fund as is prudent considering the following relevant factors: the duration and preservation of the endowment fund, the purposes of the Organization and the endowment fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, the Organization's other resources, and the Organization's investment policy. Under the Organization's endowment spending policy, 6 percent of the fair value of the account as of January 1 of each year is appropriated, which was \$14,434.70 during the year ended June 30, 2021 and \$108,930.77 since inception.

Changes in Endowment Net Assets

For the year ended June 30, 2021:

| | |
|--|---------------------|
| Endowment net assets, beginning of year | \$198,768.32 |
| Interest, dividends and net gain on sales, net of investment expense | 9,230.34 |
| Net appreciation | 61,729.03 |
| Contributions | 1,863.11 |
| Amounts appropriated for expenditure | <u>(14,434.70)</u> |
| Change in endowment net assets | <u>(58,387.78)</u> |
| Endowment net assets, end of year | <u>\$257,156.10</u> |

NOTE 7. RISKS AND UNCERTAINTIES

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

LAMB maintains its cash balances in two financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. At times throughout the year the Organization had amounts on deposit in excess of the FDIC insurance limits. There were no amounts on deposit on June 30, 2021 in excess of these limits.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China, and the risks to the international community as the virus spread globally beyond the point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in

LAMB FOUNDATION OF N.C., INC.

Notes to Financial Statements
June 30, 2021

exposure globally. The duration and impact of the COVID-19 pandemic remains unclear currently. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations.

As of the date of this report, the Organization continues to experience declines in contributions related to the cancellation of fundraising events. The decrease in support results in a corresponding decrease in program service expense. The Organization is expanding its fundraising efforts to include online events to offset a portion of the decline in revenue and is increasing appeals to major donors.

NOTE 8: LIQUIDITY AND FUNDS AVAILABLE

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

| | |
|--|---------------------|
| Financial assets at year-end: | |
| Cash and certificates of deposit | \$172,730.56 |
| Endowment fund | <u>257,156.10</u> |
| Total | 429,886.66 |
| Less those unavailable for general expenditures within one year: | |
| Donor-restricted cash | (106,006.95) |
| Endowment fund purchasing power value | <u>(257,156.10)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$66,723.61</u> |

NOTE 9. 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 10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 8, 2022, which is the date the financial statements were available to be issued.

