

THE JOEL FUND

Wake Forest, North Carolina

Audited Financial Statements
Year Ended December 31, 2023



THE JOEL FUND
Year Ended December 31, 2023
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Norton Collar Lund Lilley, PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Joel Fund

Opinion

We have audited the accompanying financial statements of The Joel Fund (a North Carolina nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year 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 The Joel Fund as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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.



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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 The Joel Fund'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 The Joel Fund'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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, The Organization has adopted Financial Accounting Standards Board (FASB) ASU 2016-13 Financial Instruments – Credit Losses (Topic 326). This ASU replaced existing accounting guidance in U.S. GAAP related to the measurement of credit losses. This ASU requires measuring all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. These changes have been adopted retroactively using all available practical expedients and our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, the Organization has adopted FASB ASU 2016-02, Leases (Topic 842). This ASU replaced existing lease accounting guidance in U.S. GAAP. This ASU requires presenting a right-of-use asset and related lease liability for leases on the balance sheet. These changes have been adopted using the modified retrospective approach, using all available practical expedients, and our opinion is not modified with respect to this matter.

Norton Collar Lund Lilley, PLLC

March 3, 2025

The Joel Fund
Statement of Financial Position
As of December 31, 2023

EXHIBIT A

ASSETS

Current Assets

Cash and cash equivalents	\$ 106,505
Grants receivable	35,000
Utility deposit	500
Prepaid expenses	10,600
	<u>152,605</u>

Fixed Asset

Donated vehicle not placed in service	<u>5,000</u>
	<u><u>\$ 157,605</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accrued payroll taxes	\$ 3,800
	<u>3,800</u>

Net Assets

Net assets without donor restrictions	153,805
	<u>153,805</u>
	<u><u>\$ 157,605</u></u>

See accompanying notes to the financial statements.

The Joel Fund
Statement of Activities
Year Ended December 31, 2023

EXHIBIT B

	Without Restrictions	With Restrictions	Total
Support and Revenue			
Contributions and grants	\$ 210,733	\$ -	\$ 210,733
Fundraising	83,320	-	83,320
Gifts in kind	20,504	-	20,504
Interest income	41	-	41
	<u>314,598</u>	<u>-</u>	<u>314,598</u>
Expenses			
Program services	238,949	-	238,949
Management and general	22,079	-	22,079
Fundraising	35,722	-	35,722
	<u>296,750</u>	<u>-</u>	<u>296,750</u>
Change in net assets	17,848	-	17,848
Net Assets at Beginning of Year	<u>135,957</u>	<u>-</u>	<u>135,957</u>
Net Assets at End of Year	<u><u>\$ 153,805</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 153,805</u></u>

See accompanying notes to the financial statements.

The Joel Fund
Statement of Cash Flows
Year Ended December 31, 2023

EXHIBIT C

Cash Flows From Operating Activities

Reconciliation of Change in Net Assets to Net

Cash Used in Operating Activities

Change in net assets	\$ 17,848
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Adjustments to reconcile change in net assets to
net cash used in operating activities:

Donated vehicle	(5,000)
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(Increase) Decrease in:

Grants receivable	(20,000)
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Utility deposit	223
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Prepaid expenses	(10,600)
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Increase (Decrease) in:

Accrued payroll taxes	369
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Net Cash Used in Operating Activities	<u>(17,160)</u>
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Net decrease in cash and cash equivalents	(17,160)
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Cash and cash equivalents at beginning of year	<u>123,665</u>
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Cash and cash equivalents at end of year	<u>\$ 106,505</u>
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The Joel Fund
Statement of Functional Expenses
Year Ended December 31, 2023

EXHIBIT D

	Program Service Expenses	Management and General	Fundraising	Total
Salaries	\$ 116,359	\$ 9,166	\$ 4,050	\$ 129,575
Program expenses	63,281	-	-	63,281
Fundraising events	-	-	31,362	31,362
Rent	23,971	2,104	-	26,075
In-kind expenses	15,504	-	-	15,504
Payroll taxes	8,901	702	310	9,913
Advertising and marketing	5,913	-	-	5,913
Office supplies	-	3,994	-	3,994
Utilities	3,481	337	-	3,818
Professional development	-	2,250	-	2,250
Bank fees	1,539	154	-	1,693
Insurance	-	1,356	-	1,356
Board meetings	-	948	-	948
Support and volunteer appreciation	-	729	-	729
Taxes and licenses	-	203	-	203
Meals and entertainment	-	101	-	101
Professional fees	-	30	-	30
Travel	-	5	-	5
	<u>\$ 238,949</u>	<u>\$ 22,079</u>	<u>\$ 35,722</u>	<u>\$ 296,750</u>

See accompanying notes to the financial statements.

The Joel Fund
Notes to the Financial Statements
Year Ended December 31, 2023

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT

ACCOUNTING POLICIES

NATURE OF THE ORGANIZATION – The Joel Fund (the “Organization”) was incorporated on September 15, 2015 under the laws of the State of North Carolina. The mission of the Organization is to help reconnect veterans to life at home.

PROGRAMS – The Organization has three main programs, which are Operation Art, Operation Furnish, and Operation Connect.

Operation Art is a program to bring art classes to the veterans in the community.

Operation Furnish provides assistance to veterans who are transitioning from homelessness into a stable living situation by providing furniture, mattresses, bedding, and other household items to veterans in need.

Operation Connect provides financial assistance to veterans in need of housing, education, transportation and other necessities. Operation connect also provides a safe space for veterans to meet and have discussions with peers and counselors, and provides information about resources available to veterans that can assist with physical or mental health issues, unemployment or other problems.

BASIS OF PRESENTATION – The financial statement presentation follows the recommendations of the Financial Standards Accounting Board in its Accounting Standards Codification 958-205, Financial Statements of Not-for-Profits organizations. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor-imposed restrictions and net assets with donor-imposed restrictions.

Net assets without donor-imposed restrictions are net assets available for use in general operations and are not subject to purpose or time related restrictions imposed by the original donor or grantor.

Net assets with donor-imposed restrictions are net assets that result from the receipt of donations or grants that have been restricted by the donor or grantor. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or the occurrence of events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when the conditions are met; that is, when the specified time has elapsed or the specified purpose has been fulfilled, or both.

BASIS OF ACCOUNTING – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

ESTIMATES – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CONTRIBUTIONS – All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specified purposes are reported as support with donor restrictions that increased that net asset class. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor-imposed restrictions.

The Joel Fund
Notes to the Financial Statements
Year Ended December 31, 2023

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT

ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION – The Organization receives contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. As December 31, 2023, the Organization did not have any contributions that would be considered conditional.

GRANTS RECEIVABLE – Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire or are satisfied in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants receivable are generally considered fully collectible; accordingly, no allowance for credit loss is required.

CASH AND CASH EQUIVALENTS – For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

INCOME TAXES – The Organization is tax exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the Organization's financial statements. The Organization does not believe that its financial statements include any uncertain tax positions.

DONATED SERVICES – Donated professional services and materials are recorded at their estimated fair values at date of receipt and are reflected as in-kind contributions on the accompanying financial statements.

ADVERTISING – The Organization expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2023, was \$5,913.

FUNCTIONAL EXPENSES – Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses have been allocated based on an analysis of personnel time and space utilized for the related activity.

LEASES – The Organization assess whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Operating lease liabilities are calculated with a risk-free discount rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line based over the term of the lease with no asset or liability recognized.

FAIR VALUE OF FINANCIAL INSTRUMENTS – Financial instruments include cash and cash equivalents, grants receivable, and accrued payroll taxes. As of December 31, 2023, none of the assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash and cash equivalents, grants receivable, and accrued payroll taxes, approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the year ended December 31, 2023.

The Joel Fund
Notes to the Financial Statements
Year Ended December 31, 2023

NOTE 2 – ADOPTION OF NEW ACCOUNTING STANDARD

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13” or “ASC 326”). ASC 326 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of AC 326.

The Organization elected to adopt the new accounting standard and all of the related amendments effective January 1, 2023, using the modified retrospective approach, and utilized all of the available practical expedients. There was no cumulative effect adjustment to the Organization’s balance sheet as of January 1, 2023, as the new accounting standard did not materially impact the Organization’s contributions and grants receivable, and an adjustment to the opening balance of retained earnings was not considered necessary. Results for reporting periods beginning after December 31, 2023 will be presented under ASC 326.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued additional ASUs to amend and clarify Topic 842. The most significant change, in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities on the balance sheet.

The Organization elected to adopt ASU 2016-02, as amended, effective January 1, 2023, using the modified retrospective approach and utilized all of the available practical expedients. There was no cumulative effect adjustment required to the Organization’s statement of financial position as of January 1, 2023. The adoption did not have a material impact on the Organization’s statement of financial position or statement of activities.

NOTE 3 – CONCENTRATION OF CREDIT RISK

Cash is a financial instrument which potentially subjects the Organization to a concentration of credit risk. At times, cash balances may exceed federally insured limits. The Federal Deposit Insurance Corporation (“FDIC”) covers up to \$250,000 for substantially all depository accounts within a single financial institution. At December 31, 2023, the Organization had no amounts in excess of the FDIC limit.

NOTE 4 - CONCENTRATIONS

As of December 31, 2023, two grantors accounted for all grants receivable.

NOTE 5 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has approximately \$142,000 of financial assets available within one year of the statement of financial position date to meet cash needs for operations and other expenditures. These financial assets consist of cash and cash equivalents of approximately \$107,000, and grants receivable of approximately \$35,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for grants and other expenditures within one year of the statement of financial position date. The Organization structures its financial assets to be available as expenditures, liabilities, and other obligations come due.

NOTE 6 – INCOME TAX UNCERTAINTY

The Organization’s Form 990 is not currently under examination by the Internal Revenue Service. The Organization’s taxable years that are open for potential examination by the Internal Revenue Service are for the fiscal years ended December 31, 2023, 2022, 2021, and 2020. At this time, management does not expect to owe any taxes, interest or penalties on uncertain tax positions.

The Joel Fund
Notes to the Financial Statements
Year Ended December 31, 2023

NOTE 7 – OPERATING LEASE

The Organization leases office space in Wake Forest, North Carolina on a month-to-month basis at a rate of \$2,175 per month.

NOTE 8 – IN-KIND CONTRIBUTIONS

Donated property, marketable securities, and other non-cash donations are recorded as contributions at their estimated fair value on the date of donation. Donated 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 need to be purchased by the Organization.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between December 31, 2023, and March 3, 2025, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Subsequent to year end, in June 2024, Organization executed a note payable for \$1,000,000 with an individual to finance the purchase of land in Rolesville, NC.