

ONE STEP FURTHER, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

ONE STEP FURTHER, INC.

Table of Contents

	<u>Page No.</u>
Independent Auditor's Report	1
<i>Financial Statements</i>	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	5
Notes to Financial Statements	6
Independent Auditor's Report on Supplementary Information	12
<i>Supplementary Information</i>	
Schedule of Activities By Program	13



Bernard Robinson & Company, L.L.P.

Independent Auditor's Report

To the Board of Directors
One Step Further, Inc.
Greensboro, North Carolina

We have audited the accompanying financial statements of One Step Further, Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 Organization'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 Organization'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 above present fairly, in all material respects, the financial position of One Step Further, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
February 14, 2018

ONE STEP FURTHER, INC.
Statements of Financial Position
June 30, 2017 and 2016

	<u>Assets</u>	
	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents	\$ 9,080	\$ 20,249
Grants receivable	63,783	59,057
Promises to give	65,315	62,455
CSNP inventory	7,683	7,567
Other current assets	2,186	5,016
Total current assets	<u>148,047</u>	<u>154,344</u>
Property and Equipment:		
Land	104,074	104,074
Building	322,021	322,021
Computers, software and printers	81,760	81,911
Office furniture and equipment	48,249	49,566
	<u>556,104</u>	<u>557,572</u>
Less accumulated depreciation	228,278	231,221
	<u>327,826</u>	<u>326,351</u>
Other assets	28	139
Total assets	<u>\$ 475,901</u>	<u>\$ 480,834</u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities:		
Current portion of long-term debt	\$ 6,622	\$ 7,174
Accounts payable	25,455	15,419
Other current liabilities	6,220	6,236
Accrued vacation pay	30,045	27,721
Total current liabilities	<u>68,342</u>	<u>56,550</u>
Other Liabilities:		
Long-term debt, less current portion	<u>216,359</u>	<u>228,492</u>
Net Assets:		
Unrestricted	125,885	133,337
Temporarily restricted	65,315	62,455
Total net assets	<u>191,200</u>	<u>195,792</u>
Total liabilities and net assets	<u>\$ 475,901</u>	<u>\$ 480,834</u>

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Program Revenue:						
Client fees	\$ 3,830	\$ -	\$ 3,830	\$ 13,210	\$ -	\$ 13,210
MNNC/CSC Fees	15,652	-	15,652	19,470	-	19,470
MNNC/Medicaid Appeals Fees	32,780	-	32,780	30,365	-	30,365
Guilford County - CBO	32,343	-	32,343	44,994	-	44,994
Guilford County - JCPC	251,843	-	251,843	232,107	-	232,107
Guilford County - Pre Trial	100,000	-	100,000	99,999	-	99,999
IOLTA	850	-	850	330	-	330
Conflict resolution training income	200	-	200	1,625	-	1,625
Total program revenue	437,498	-	437,498	442,100	-	442,100
Support Revenue:						
Fidelity Charitable Trust Fund	26,651	-	26,651	34,855	-	34,855
United Way of Greater Greensboro	-	19,867	19,867	-	36,640	36,640
United Way of Greater High Point	-	25,448	25,448	-	25,815	25,815
Bryan Health and Human Services Grant	12,500	12,500	25,000	-	-	-
Bryan Community Enrichment Grant	7,500	7,500	15,000	-	-	-
In-kind donations	545,208	-	545,208	345,126	-	345,126
In-kind volunteer hours	71,438	-	71,438	63,405	-	63,405
In-kind rent	9,000	-	9,000	16,638	-	16,638
Fundraising	16,433	-	16,433	2,000	-	2,000
CSNP community contributions	5,448	-	5,448	24,911	-	24,911
EFSP-Food Purchase Funding	4,000	-	4,000	-	-	-
Total support revenue	698,178	65,315	763,493	486,935	62,455	549,390
Other Revenue:						
Rent - Servant Center	-	-	-	4,000	-	4,000
Rent - Back Offices	3,596	-	3,596	-	-	-
Rent - RHarrissOffutt	1,200	-	1,200	-	-	-
Miscellaneous income	648	-	648	118	-	118
Interest income	3	-	3	1	-	1
Total other revenue	5,447	-	5,447	4,119	-	4,119
Total revenue	1,141,123	65,315	1,206,438	933,154	62,455	995,609

See Notes to Financial Statements

Statements of Activities and Changes in Net Assets (Continued)

Years Ended June 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Net Assets Released From Restrictions:						
Satisfaction of program and time restrictions	\$ 62,455	\$ (62,455)	\$ -	\$ 62,388	\$ (62,388)	\$ -
Total revenue and net assets released from restrictions	1,203,578	2,860	1,206,438	995,542	67	995,609
Expenses:						
Program services	1,061,624	-	1,061,624	844,716	-	844,716
Supporting services:						
Management and general	129,333	-	129,333	114,161	-	114,161
Fundraising	6,533	-	6,533	3,752	-	3,752
	135,866	-	135,866	117,913	-	117,913
Total expenses before depreciation and amortization	1,197,490	-	1,197,490	962,629	-	962,629
Changes in net assets before depreciation and amortization	6,088	2,860	8,948	32,913	67	32,980
Depreciation and amortization expense	13,540	-	13,540	15,342	-	15,342
Changes in net assets	(7,452)	2,860	(4,592)	17,571	67	17,638
Net assets, beginning	133,337	62,455	195,792	115,766	62,388	178,154
Net assets, ending	\$ 125,885	\$ 65,315	\$ 191,200	\$ 133,337	\$ 62,455	\$ 195,792

ONE STEP FURTHER, INC.
Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Changes in net assets	\$ (4,592)	\$ 17,638
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,540	15,342
(Increase) decrease in:		
Grants receivable	(4,726)	(7,661)
Promises to give	(2,860)	(67)
CSNP inventory	(116)	(7,567)
Receivable from employees	-	427
Other current assets	2,830	(1,500)
Increase (decrease) in:		
Accounts payable	(1,707)	10,403
Other current liabilities	(16)	391
Accrued vacation pay	2,324	4,377
Net cash provided by operating activities	<u>4,677</u>	<u>31,783</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(3,161)</u>	-
Net cash used in investing activities	<u>(3,161)</u>	<u>-</u>
Cash flows from financing activities:		
Payments on long-term debt	<u>(12,685)</u>	(14,035)
Net cash used in financing activities	<u>(12,685)</u>	<u>(14,035)</u>
Net increase (decrease) in cash and cash equivalents	(11,169)	17,748
Cash and cash equivalents at beginning of year	<u>20,249</u>	<u>2,501</u>
Cash and cash equivalents at end of year	<u>\$ 9,080</u>	<u>\$ 20,249</u>
Supplemental disclosure of cash flow information:		
Cash payments for interest	<u>\$ 14,400</u>	<u>\$ 15,184</u>
Supplemental disclosures of non-cash investing and financing activities:		
Property and equipment included in accounts payable	<u>\$ 11,743</u>	<u>\$ -</u>

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

One Step Further, Inc., ("the Organization") is a nonprofit organization providing sentencing alternatives, victim restitution, conflict resolution, substance abuse counseling, and mediation services to residents of Guilford County within the criminal justice system. The Organization receives a variety of public and private funding from foundations, clubs, state, city and county agencies.

A summary of significant accounting policies follows:

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, the Organization includes all cash accounts and all highly liquid investments with maturities of three months or less as cash and cash equivalents.

Grants Receivable

Grants receivable at year end represent reimbursements or allocations due from related grant agreements or contracts. Grant payments outstanding longer than the contractual terms are considered past due. The Organization determines if an uncollectible allowance is necessary by considering a number of factors, including the length of time past due, the previous loss history, the Grantor's current ability to pay and the condition of the general economy as a whole. The Organization's policy is to write off receivables as bad debts when they become uncollectible. Subsequent receipts of amounts written off are credited against bad debts. As of June 30, 2017 and 2016, the Organization considers all grants receivable to be fully collectible.

Contributions and Promises to Give

Contributions, including promises to give, are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time and/or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions which have restrictions that are met in the same accounting period as received are included in unrestricted net assets during that period. As of June 30, 2017 and 2016, the Organization considers all promises to give receivables to be fully collectible.

CSNP Inventory

Inventory represents donated food for the Community Support and Nutrition Program. Inventory is stated using the lower of cost, as determined on the first-in, first-out basis ("FIFO"), or market.

Property and Equipment

Property and equipment are recorded at cost, or in the case of donated assets at fair market value at the date of donation, and depreciated using the straight-line method over the estimated useful lives of the assets.

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets, Facilities and Services

The Organization records the value of donated assets, facilities and services when there is an objective basis available to measure their value. Significant donated amounts are recorded at their fair value as a contribution and related purchase or expense. For the years ended June 30, 2017 and 2016, the Organization recorded \$625,646 and \$425,169, respectively, in donated service revenue and expense related to various programs including the Community Support and Nutrition Program.

Net Assets

The Organization reports information regarding its financial position and activities using three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out the operations of the Organization in accordance with its bylaws.

Temporarily restricted net assets represent resources currently available for use, but expendable only for those purposes specified by the donor. When a donor 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 statements of activities and changes in net assets as net assets released from restrictions. Temporarily restricted net assets received and expended during the same year are classified as unrestricted in the statements of activities and changes in net assets.

Permanently restricted net assets represent resources subject to donor-imposed stipulations that do not expire by passage of time, nor can be fulfilled or otherwise removed by the actions of the Organization. The Organization does not have any funds classified as permanently restricted net assets for the years ended June 30, 2017 and 2016.

Gifts of property and equipment are measured at their estimated values at the date of receipt and reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports the expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

Functional Allocation of Expenses

The costs of providing the Organization's programs and the administration of the Organization have been allocated on a functional basis between program services and management and general in the statements of activities and changes in net assets.

Advertising Costs

Advertising costs are expensed as incurred.

ONE STEP FURTHER, INC.
Notes to Financial Statements

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, no provision for income taxes is reflected in the accompanying financial statements. The Organization qualifies for the charitable contribution deduction under the IRC.

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2017 and 2016.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through February 14, 2018, which is the date the financial statements were available to be issued.

NOTE 2 - PROGRAM ACTIVITIES

The following provides a description of the Organization's programs:

Adult Mediation Services - This program provides mediation sessions for adult parties who have disputes with others and are willing to participate in the mediation process. Staff and trained volunteer mediators facilitate each mediation session. Referrals come from the criminal justice system and community self-referrals. The program also provides Medicaid mediation services for Union and Anson Counties. (Client Assessment Fees Charged)

Juvenile Mediation Services - This program provides effective diversion, pre-adjudication, probation and re-entry options to address juvenile crime by utilizing Restorative Justice processes such as Victim-Offender Mediation, Family Group Conferencing, Truancy Mediation and Peacemaker Circles. Referrals come from juvenile court counselors, judges, school resource officers, school representatives, and the Department of Social Services. (Free Service)

ONE STEP FURTHER, INC.
Notes to Financial Statements

NOTE 2 - PROGRAM ACTIVITIES (Continued)

Guilford County Teen Court Program - This program provides trials for first-offenders ages 8 to 17, pleading guilty to misdemeanors. A peer jury develops sentencing contracts that include community service, victim restitution, curfews, and self-enrichment programs. Offenders who do not successfully fulfill their contracts are sent to juvenile court for stricter sanctions and/or probationary supervision. (Free Service)

Guilford County Life Skills Program - This program provides classes for at-risk, undisciplined, or delinquent juveniles ages 8 to 17. Curriculum topics include conflict resolution, anger management, peer pressure, decision making, health and wellness, goal setting, and job readiness. Referrals are received from Teen Court, juvenile court counselors, school resource officers, school personnel, and the community. (Free Service)

Guilford County Community Service/Restitution - This program gives 7 to 16 year-old youth opportunities to work at human service and non-profit agencies to fulfill court-ordered community service and victim restitution sanctions. One Step Further pays the victims. Program staff monitors client performance and submits reports to juvenile court counselors. Referrals come from the juvenile court system. (Free Service)

Pre-Trial Release Resource Program - This provides offenders released from jail a structured program to address their needs while they await trial. Services include adult basic education, GED preparation, character education classes, employment and job readiness classes, adult life skills workshops, and anger management assistance. (Free Service)

Community Support and Nutrition Program ("CSNP") - This provides grocery assistance, nutrition information, financial management skills, and job readiness classes to Federal TEFAP (The Emergency Food Assistance Program) eligible low income Guilford County individuals and families including but not limited to the unemployed, the homeless, veterans, the LGBT community, the disabled, seniors, and immigrants seeking U.S. citizenship. (Free Service)

Family Factor Program ("FFP") - This provides a collaborative initiative that utilizes current LGBTQ (Lesbian/Gay/Bisexual/Transgender/Questioning) support services such as Youth SAFE and PFLAG (Parents, Families & Friends of Lesbians and Gays), family therapy community providers, schools, youth-serving community agencies and the juvenile justice system in conjunction with evidence-based LGBTQ curriculum discussions to improve family relationships and provide support and guidance to LGBTQ youth and their families. If successful, The Family Factor will decrease family rejection, improve family functioning, and increase support to prevent risk and promote their LGBTQ children's well-being. (Free Service)

ONE STEP FURTHER, INC.
Notes to Financial Statements

NOTE 3 - LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Note payable to a bank secured by a deed of trust on property with a carrying value of \$299,196 as of June 30, 2017. The note is payable in monthly installments of \$1,727, including interest at a variable rate of the Bank's Prime Rate plus 1% (5.25% as of June 30, 2017) with a floor of 6.250%, with all outstanding interest and principal due on September 22, 2018.	<u><u>\$ 222,981</u></u>	<u><u>\$ 235,666</u></u>

Required future maturities of the note payable is as follows:

<u>Year Ending June 30:</u>	
2018	\$ 6,622
2019	<u>216,359</u>
	<u><u>\$ 222,981</u></u>

Interest expense was \$14,400 and \$13,997 for the years ended June 30, 2017 and 2016, respectively.

NOTE 4 - RESTRICTIONS ON NET ASSETS

Temporarily and time restricted net assets as of June 30, 2017 and 2016, consist of the following:

	<u>2017</u>	<u>2016</u>
Time restricted receivables available for use in subsequent year	<u><u>\$ 65,315</u></u>	<u><u>\$ 62,455</u></u>

NOTE 5 - CONCENTRATIONS AND UNCERTAINTIES

The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits.

Revenue earned from Guilford County or passed through Guilford County amounted to approximately 32% and 38% of total revenue for the years ended June 30, 2017 and 2016, respectively. A decrease in funding from direct Guilford County funding or the Guilford County pass-through funding agency could dramatically affect the operations of the Organization.

NOTE 6 - RETIREMENT PLAN

All qualified employees of the Organization are eligible to participate in a voluntary defined contribution 403(b) pension plan. The Organization does not match employee contributions or contribute funds to the plan on behalf of employees.

NOTE 7 - RECLASSIFICATION

The prior year financial statements have been reclassified to conform with the current year presentation.

NOTE 8 - ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases*. This update is effective for fiscal periods beginning after December 15, 2019 for nonpublic entities. Under the new standard, lessees will be required to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. The standard will apply to both types of leases, capital (or finance) leases and operating leases. Previously, accounting principles generally accepted in the United States of America have required only capital leases to be recognized on lessee balance sheets. As under current accounting standards, the recognition, measurement, and presentation of expenses and cash flows arising from a lease for lessees primarily will depend on its classification as a finance or operating lease. For capital or finance leases, lessees will recognize amortization of the right-of-use asset separately from interest on the lease liability. For operating leases, lessees will recognize a single total lease expense. For both types of leases, lessees will recognize a right-of-use asset and a lease liability. Lessor accounting under the new standard will remain similar to lessor accounting under current accounting standards.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities*. This update is effective for fiscal periods beginning after December 15, 2017. Under the new standard, there will be two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) instead of the existing three classes of net assets (unrestricted, temporarily restricted, and permanently restricted). The new standard requires all not-for-profit entities to provide expenses and an analysis of expenses by both nature and function, and disclosure of the methods used to allocate those expenses among the various functions. ASU 2016-14 requires qualitative disclosure about how liquidity is managed including dates to meet the cash needs for the upcoming year. Investment returns will be presented net of all related external and direct internal expenses and the existing disclosure of the netted amounts is no longer required. The standard continues to allow not-for-profit entities to present the net amount of operating cash flows using either the direct or indirect method of reporting, while no longer requiring the indirect reconciliation if the direct method is used.



**Independent Auditor's Report
on Supplementary Information**

To the Board of Directors
One Step Further, Inc.
Greensboro, North Carolina

We have audited the financial statements of One Step Further, Inc. as of and for the year ended June 30, 2017 and have issued our report thereon dated February 14, 2018, which expressed an unmodified opinion on those financial statements, and appears on page 1. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of activities by program for the year ended June 30, 2017, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the 2016 schedule of activities by program of One Step Further, Inc., and we expressed an unmodified audit opinion on the 2016 schedule in our report dated February 17, 2017. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
February 14, 2018

ONE STEP FURTHER, INC.
Schedule of Activities By Program
Year Ended June 30, 2017 (With Summarized Financial Information for the Year Ended June 30, 2016)
Page 1 of 2

	Program Services								Supporting Services					2016
	Adult Mediation Services	Juvenile Mediation Services	Guilford County Teen Court Program	Guilford County Life Skills Program	Guilford County Community Service/ Restitution	Pre-Trial Release Resource Program	Community Support and Nutrition Program	Family Factor Program	Total	Management and General	Fundraising	Total	Grand Total	Totals for Comparative Purposes Only
Program Revenue:														
Client fees	\$ 3,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,830	\$ -	\$ -	\$ -	\$ 3,830	\$ 13,210
MNNC/CSC Fees	7,807	-	-	-	-	-	-	-	7,807	7,845	-	7,845	15,652	19,470
MNNC/Medicaid Appeals Fees	27,906	-	-	-	-	-	-	-	27,906	4,874	-	4,874	32,780	30,365
Guilford County - CBO	-	10,126	7,780	1,197	8,550	-	-	-	27,653	4,690	-	4,690	32,343	44,994
Guilford County - JCPC	-	32,579	48,756	31,916	81,543	-	-	-	194,794	57,049	-	57,049	251,843	232,107
Guilford County - Pre Trial	-	-	-	-	-	64,099	-	-	64,099	35,901	-	35,901	100,000	99,999
IOLTA	850	-	-	-	-	-	-	-	850	-	-	-	850	330
Conflict resolution training income	200	-	-	-	-	-	-	-	200	-	-	-	200	1,625
Bryan Health and Human Services Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total program revenue	40,593	42,705	56,536	33,113	90,093	64,099	-	-	327,139	110,359	-	110,359	437,498	442,100
Support Revenue:														
Fidelity Charitable Trust Fund	10	-	-	-	-	-	18,650	-	18,660	7,991	-	7,991	26,651	34,855
United Way of Greater Greensboro	-	1,569	7,267	2,216	5,934	-	-	-	16,986	2,881	-	2,881	19,867	36,640
United Way of Greater High Point	4,169	2,308	7,849	929	4,390	-	2,500	-	22,145	3,303	-	3,303	25,448	25,815
Bryan Health and Human Services Grant	-	-	-	-	-	-	25,000	-	25,000	-	-	-	25,000	-
Bryan Community Enrichment Grant	-	-	-	-	-	-	-	15,000	15,000	-	-	-	15,000	-
In-kind donations	-	-	-	-	-	-	545,208	-	545,208	-	-	-	545,208	345,126
In-kind volunteer hours	-	4,000	1,800	-	2,600	-	63,038	-	71,438	-	-	-	71,438	63,405
In-kind rent	-	-	3,600	3,000	2,400	-	-	-	9,000	-	-	-	9,000	16,638
Fundraising	-	-	-	-	-	-	-	-	-	-	16,433	16,433	16,433	2,000
CSNP community contributions	-	-	-	-	-	-	5,448	-	5,448	-	-	-	5,448	24,911
EFSP-Food Purchase Funding	-	-	-	-	-	-	4,000	-	4,000	-	-	-	4,000	-
Total support revenue	4,179	7,877	20,516	6,145	15,324	-	663,844	15,000	732,885	14,175	16,433	30,608	763,493	549,390
Other Revenue:														
Rent - Servant Center	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000
Rent - Back Offices	-	-	-	-	-	-	-	-	-	3,596	-	3,596	3,596	-
Rent - Foyer Office	-	-	-	-	-	-	-	-	-	1,200	-	1,200	1,200	-
Miscellaneous income	550	-	55	10	33	-	-	-	648	-	-	-	648	118
Interest income	-	-	-	-	-	-	-	-	-	3	-	3	3	1
Total other revenue	550	-	55	10	33	-	-	-	648	4,799	-	4,799	5,447	4,119
Total revenue	45,322	50,582	77,107	39,268	105,450	64,099	663,844	15,000	1,060,672	129,333	16,433	145,766	1,206,438	995,609

ONE STEP FURTHER, INC.

Schedule of Activities By Program (Continued)

Year Ended June 30, 2017 (With Summarized Financial Information for the Year Ended June 30, 2016)

Page 2 of 2

	Program Services								Supporting Services				2016	
	Adult Mediation Services	Juvenile Mediation Services	Guilford County Teen Court Program	Guilford County Life Skills Program	Guilford County Community Service/ Restitution	Pre-Trial Release Resource Program	Community Support and Nutrition Program	Family Factor Program	Total	Management and General	Fundraising	Total	Grand Total	Totals for Comparative Purposes Only
Expenses:														
Personnel:														
Salaries	\$ 54,690	\$ 34,565	\$ 55,839	\$ 23,688	\$ 60,450	\$ 51,292	\$ 26,000	\$ 2,100	\$ 308,624	\$ 42,946	\$ -	\$ 42,946	\$ 351,570	\$ 341,546
ESC Payroll taxes	258	261	309	274	250	512	278	-	2,142	341	-	341	2,483	-
FICA Expense	4,184	2,644	4,272	1,812	4,624	3,924	1,989	161	23,610	3,286	-	3,286	26,896	30,313
Fringe benefits	338	7,167	6,732	531	11,801	436	6,235	19	33,259	5,869	-	5,869	39,128	52,947
Volunteer service hours	-	4,000	1,800	-	2,600	-	63,038	-	71,438	-	-	-	71,438	63,405
Food pantry expense	-	-	-	-	-	-	548,104	-	548,104	-	-	-	548,104	338,133
	59,470	48,637	68,952	26,305	79,725	56,164	645,644	2,280	987,177	52,442	-	52,442	1,039,619	826,344
CSR Restitution	-	-	-	-	18,526	-	-	-	18,526	-	-	-	18,526	7,853
Contractual services	-	-	31	8,057	-	5,550	3,000	-	16,638	-	-	-	16,638	14,184
Travel and training:														
Staff training - conferences	30	410	1,068	251	192	233	-	-	2,184	-	-	-	2,184	582
Mileage reimbursement	571	815	645	1,039	654	175	725	-	4,624	-	-	-	4,624	3,456
	601	1,225	1,713	1,290	846	408	725	-	6,808	-	-	-	6,808	4,038
Other expenses:														
Office supplies and expense	-	41	474	356	751	615	139	113	2,489	2,500	-	2,500	4,989	6,858
Printing	118	323	446	211	766	117	-	-	1,981	600	-	600	2,581	2,801
Postage	112	209	331	209	460	198	-	-	1,519	500	-	500	2,019	2,181
Repairs and maintenance	-	340	322	290	299	164	289	-	1,704	8,900	-	8,900	10,604	5,182
Rent	-	-	3,600	3,000	2,400	-	-	-	9,000	-	-	-	9,000	16,638
Interest expense and bank fees	-	-	-	-	-	-	-	-	-	14,471	-	14,471	14,471	14,393
Professional expense	-	-	-	-	-	-	-	-	-	15,250	-	15,250	15,250	15,688
Telephone	-	-	1,549	-	1,861	80	340	-	3,830	1,520	-	1,520	5,350	4,674
Dues and subscriptions	-	-	-	-	-	-	-	-	-	1,631	-	1,631	1,631	1,445
Miscellaneous expense	-	770	1,091	338	344	1,819	862	32	5,256	7,819	-	7,819	13,075	13,707
Utilities	574	-	581	-	1,137	1,244	-	-	3,536	3,240	-	3,240	6,776	5,790
Accident insurance	-	-	-	-	552	-	-	-	552	-	-	-	552	966
Professional liability/EPLI/D&O insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workers' compensation	-	-	-	-	-	-	-	-	-	8,469	-	8,469	8,469	8,432
Commercial/property liability insurance	-	-	-	-	-	-	-	-	-	4,742	-	4,742	4,742	1,017
Van insurance	-	-	-	-	-	-	-	-	-	7,249	-	7,249	7,249	5,634
Fundraising expense	-	-	-	-	-	2,608	-	-	2,608	-	-	-	2,608	1,052
	-	-	-	-	-	-	-	-	-	-	6,533	6,533	6,533	3,752
Total other expenses	804	1,683	8,394	4,404	8,570	6,845	1,630	145	32,475	76,891	6,533	83,424	115,899	110,210
Total expenses	60,875	51,545	79,090	40,056	107,667	68,967	650,999	2,425	1,061,624	129,333	6,533	135,866	1,197,490	962,629
Changes in net assets before depreciation and amortization	(15,553)	(963)	(1,983)	(788)	(2,217)	(4,868)	12,845	12,575	(952)	-	9,900	9,900	8,948	32,980
Uncollected accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization expense	-	-	-	-	-	-	-	-	-	13,540	-	13,540	13,540	15,342
Changes in net assets	\$ (15,553)	\$ (963)	\$ (1,983)	\$ (788)	\$ (2,217)	\$ (4,868)	\$ 12,845	\$ 12,575	\$ (952)	\$ (13,540)	\$ 9,900	\$ (3,640)	\$ (4,592)	\$ 17,638

See Independent Auditor's Report on Supplementary Information



Bernard Robinson & Company, L.L.P.

February 14, 2018

To the Board of Directors and Finance Committee
One Step Further, Inc.
Greensboro, North Carolina

We have audited the financial statements of One Step Further, Inc. (the “Organization”) for the year ended June 30, 2017, and have issued our report thereon dated February 14, 2018. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 22, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by One Step Further, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Depreciation of fixed assets. Management’s estimate for useful lives of property and equipment is based on the nature and type of property and equipment and prior historical experience with similar assets.
- Management’s estimate for the allowance for doubtful accounts related to receivables is based primarily on the length of time the receivable is past due, the previous loss history, current ability to pay and the condition of the general economy as a whole.
- Management’s estimate for the fair value of donated goods, facilities, and volunteer hours is based on the fair market value of goods, facilities, and hours provided based on rates that would be paid if not donated.
- Management’s estimate of the allocation of functional expenses to program services and management and general is based on expenses incurred by the programs and the amount allowed per program’s budget.

1501 Highwoods Blvd., Ste. 300 (27410)
P.O. Box 19608 | Greensboro, NC 27419
P: 336-294-4494 • F: 336-294-4495

brccpa.com

We have evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Attachment A summarizes all material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 14, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

One Step Further, Inc.

February 14, 2018

Page 3

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Finance Committee, Board of Directors, and management of One Step Further, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bernard Robinson & Company, L.L.P.

BERNARD ROBINSON & COMPANY, L.L.P.

ONE STEP FURTHER, INC.**SUMMARY OF MATERIAL AUDIT ADJUSTMENTS****Year Ended June 30, 2017**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
To record United Way of Greensboro Bryan Health and Human Services and Bryan Community Enrichment Grant Receivables			
1200-1	Grants Receivable-1	\$ 20,000.00	
4057-14	Bryan Human Services-CSNP		\$ 12,500.00
4057-15	Bryan CEVG-Family Factor		7,500.00
	Total	<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>
