

NORTH CAROLINA CHARTER APPLICATIONS



NC Public Charters

Organization Information

Organization Name *

Falcon Academy

Email *

mstewart@fchfs.org

Telephone *

910-980-1136

Fax

910-230-3021

Address *

7569 N. West St

Unit/Suite

Zip Code *

28342

City *

Falcon

State *

North Carolina

Application Type *

Acceleration

Proposal Type *

Conversion - Alternative

Operator Type *

Independent



Primary Contact Name

Michael Stewart

Has the School Leader Been Identified?

Yes No

Do you have any Corporate Partnerships?

Yes No

Proposed Leader Name *

Michael Stewart

Proposed School Leader Current Job/Position *

Principal

List any principal/leadership programs the proposed leader is currently enrolled in or have completed

Opening Year *

2021

Enrollment Projections

| Grade Level | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year at capacity |
|-------------|--------|--------|--------|--------|--------|------------------|
| 12 | 8 | 10 | 12 | 12 | 12 | 3 |
| 11 | 10 | 10 | 12 | 12 | 12 | 3 |
| 10 | 9 | 10 | 10 | 12 | 12 | 4 |
| 9 | 9 | 10 | 10 | 12 | 12 | 4 |
| 8 | 6 | 6 | 8 | 8 | 9 | 5 |
| 7 | 6 | 8 | 8 | 8 | 10 | 5 |
| 6 | 8 | 8 | 9 | 10 | 10 | 4 |
| 5 | 8 | 8 | 9 | 10 | 10 | 4 |
| 4 | 8 | 9 | 9 | 9 | 10 | 5 |



| Grade Level | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year at capacity |
|-------------|--------|--------|--------|--------|--------|------------------|
| 3 | 10 | 10 | 10 | 10 | 10 | 1 |
| 2 | 10 | 10 | 10 | 10 | 12 | 5 |
| 1 | 8 | 8 | 9 | 9 | 10 | 5 |
| K | 8 | 8 | 9 | 9 | 10 | 5 |

Team Members Roaster

| Name | Title | Position | Email Address |
|------------------|------------|----------------|--------------------|
| Katy Ridnouer | Consultant | | katy@lbleaders.com |
| Barbara Egnor | | Testing/Data | begnor@fchfs.org |
| Michelle Johnson | | Vice Principal | mjohnson@fchfs.org |
| Michael Stewart | Doctor | Principal | mstewart@fchfs.org |

Board Members Roaster

| Name | Street Address | Zip Code | Email | Expertise |
|-----------------|-----------------------------------|----------|-------------------------|----------------------|
| Cliff Turpin | 6151 Brooks St Falcon NC | 28342 | cliffturpin@icloud.com | Mayor |
| Linda Thomas | 980 Streets Ferry Rd Vanceboro NC | 28586 | limoth1942@gmail.com | School Board Chair |
| Willie Burnette | 8511 Godwin Falcon Rd Godwin NC | 28344 | mayorburnette@nc.rr.com | Mayor/Business Owner |
| Mary Clark | 7323 Sherrill Baggett Rd Dunn NC | 28334 | maryclark@ccs.k12.nc.us | School Counselor |



| Name | Street Address | Zip Code | Email | Expertise |
|------------------|--|----------|-----------------------|-------------------|
| Monty Strickland | 6408 Allie Cooper Rd Godwin NC | 28344 | montys@embarqmail.com | Former Principal |
| Joseph Leggett | 8251 Old Fayetteville Hwy Falcon NC | 28342 | jleggett@fchfs.org | CEO |
| Sprunt Hill | 204 Ramblewood Dr Mount Olive NC | 29365 | sprunthill@gmail.com | Former Asst Super |



1. Application Contact Information

Q1. Organization Type

- Municipality
 Nonprofit Corporation

Q2. Name of the nonprofit organization

The name of the nonprofit organization is Falcon Academy.

Q3. Has the organization applied for 501C3 nonprofit status?

- Yes
 No

Q4. **The next few questions will** inquire about the person who will serve as the primary contact for this Application. The primary contact will serve as the contact for follow-up, interviews, and notices regarding this Application.

Please provide the Primary Contact's Title/Relationship to Non-Profit

The Primary Contact for this Application is Michael Stewart, the Principal of Falcon Academy.

Q5. Primary Contact's

Mailing Address City, State, Zip

The Primary Contact's mailing address is 7569 North West Street, Falcon, NC 28342.

Q6. Primary Contact's Primary Telephone Number

The Primary Contact's primary telephone number is 910-980-1065.

Q7. Primary Contact's Alternate Telephone Number

The Primary Contact doesn't have an alternate tele

Q8. Geographic County in which charter school will reside

The charter school will reside in Cumberland County.

Q9. LEA/District Name

The LEA/District name is Cumberland County Schools.

Q10. Projected School Opening Month

The projected school opening month is August.

Q11. Will this school operate on a year-round schedule?

- Yes
 No



Q12. Describe the rationale for the number of students and grade levels served in year one and the basis for the growth plan outlined above.

Enrollment and Grade Levels Rationale

The enrollment numbers were derived from last year's enrollment plus the potential new applications (received/anticipated receipt) based on the interest received regarding the school from people who couldn't pay the tuition and/or wanted to come to the school.

Q13. Projected Enrollment Demographics

Q14. Certification of Originality



2. Acceleration Section

Per State Board of Education policy CHTR-013, the State Board of Education, in its discretion, may accelerate the mandatory planning year to increase the number of high-quality charter schools. In considering whether to accelerate the planning year, the applicant must meet the following requirements:

Q15. Demonstrate a clear and compelling need for the accelerated planning year.

Clear and Compelling Need for Accelerated Planning Year

Falcon Academy is currently serving as a school of choice for 85 students in Falcon, North Carolina. We are a private Christian school applying for a charter to increase the number of high-quality charter schools in the area and to expand the individualized and effective programming that Falcon Academy has developed to serve the needs of at-risk students.

Falcon Academy has been serving the families in this area for 9 years, and even though the school has historically primarily served the foster children who live in Falcon Children's Home, the school has always enrolled students who were not foster children. These students' families covered the costs associated with providing an education for each student through the payment of tuition; unfortunately, there were many families for whom the tuition was not possible, and Falcon Academy was not able to serve their children.

Families in Cumberland County often turn to Falcon Academy because of the school's success rate in meeting the needs of at-risk students. Through strong relationships with guidance counselors in the local high schools, Falcon Academy has worked to serve several students who were not demonstrating consistent academic or social progress at their school. By partnering with Falcon Academy, the local high school was able to connect the student with a schooling option that met his or her needs. The only barrier has been tuition, and we are seeking to remove that barrier so that additional at-risk students are able to benefit from Falcon Academy's programming.

Falcon Academy's purpose has always been to provide a high-quality education at a rate that is affordable to parents and to develop students of high character who will serve their community well. Staying true to the Falcon Children's Home's mission where care makes the difference, Falcon Academy wishes to convert



to a charter so that the school may continue to provide a quality K-12 program to the families in our area and make a positive impact in and around Cumberland County.

The students who Falcon Academy serves are from low-income families, and the students are typically behind two to three grade levels in academic performance and/or have stopped regularly attending school. The students attending Falcon Academy also experience various psychological and psychiatric disorders and receive regular therapies at the school to ensure continued improvement in their mental health. The secondary student population consists of students from the local public schools in surrounding counties who are experiencing academic and emotional issues that are leading to dropping out, suspension, and/or expulsion from school.

Meeting the needs of those students who are at-risk of dropping out or failing is essential, especially in Cumberland County. There are charter schools in operation in and around Cumberland County; however, none of them operate as an alternative school, nor do they provide access to therapies necessary to address the intense and ongoing needs of the at-risk student. Currently, Cumberland County's drop-out rate stands at 9%, which is low when comparing it to the state average of 13%. However, Falcon Academy believes that every child deserves a program that will provide the academics, support, and programming that he or she needs in order to graduate from high school. With 50,800 students, 9% reflects 4,572 students. Our goal is to reduce that number by operating as a tuition-free public charter school where every at-risk child has access to a teacher, a program, and services that will enable him or her to succeed.

Falcon Academy is requesting an accelerated planning year because the school is already fully operational as a school that offers an individualized K-12 program in which students who have consistently failed in the district schools are demonstrating consistent growth and proficiency at Falcon Academy.

The school is equipped with facilities, staff, curriculum, and a proven track record of graduating students with college credits and certification in trades in hand. If granted acceleration, the current team is not only willing but very able to make all of the necessary academic, operational, governance, and cultural changes that will ensure a smooth transition from a successful private school to a successful charter school.

Q16. Demonstrate an exceptional need for the charter school in the proposed location.

Exceptional Need for the Charter



There is an exceptional need for Falcon Academy to operate as a public charter school in Cumberland County because there is a great need to serve the at-risk population. Falcon Academy is uniquely suited to do it. Falcon Academy will be the only charter school operating as an alternative school in the county, making it a public option that offers the flexibility that at-risk students require in order to be successful.

Currently, the Principal and teachers work with at-risk students and have a desire to not only continue to serve the at-risk population but to increase the number of students' lives they are able to impact on a year-to-year basis.

The school's location in the northeast corner of Cumberland County and adjoining Harnett and Sampson County will serve many middle and high school students whose current schools are a far distance from their homes.

Most importantly, Falcon Academy has a track record of working with students who are at-risk, age-grade behind, been held back/failed, and have not been successful. This school knows how to help chronically failing students find academic and emotional success sometimes for the first time in their lives.

Q17. Agree to participate in the planning year while the charter application is being reviewed without any guarantee of charter award?

- Yes
 NO

Q18. Is a facility identified by the applicant that is feasible for opening on an accelerated schedule?

- Yes
 No

Q19. Demonstrate that the facility identified by the applicant is feasible for opening on an accelerated schedule

Falcon Academy's facility is currently operational as a K-12 school and will continue to meet the needs of its K-12 students on an accelerated schedule. Falcon Academy has an MOU in hand confirming that the current facility will continue to be available in the event that the school becomes a public charter school. Please see Appendix A1: Acceleration Evidences for further details on Falcon Academy's access to its current facility.



Q20. **Attach Appendix A1 Acceleration Evidences to demonstrate that you have a facility secured for opening on an accelerated schedule.**

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Evidence :

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|  |
| Appendix A1.pdf |

Q21. **Please write a brief statement about your unique mission and educational program.**

Unique Mission and Educational Program

The mission of Falcon Academy was born out of a need to serve underserved students in and around Cumberland County. Originally, the school primarily served students who were wards of the state or foster children and lived in the Falcon Children's Home. Our school existed to provide an education to students and to provide them with the counseling and individualized care that they needed to overcome the trauma that they'd experienced. We found that these students were typically many years behind academically and socially; in addition, they needed to adjust the way they viewed themselves and their future. Too many of them didn't see themselves as having a successful future. The school takes the time to pair them with a program at Fayetteville Technical Community College if they'd like to earn a certificate in a trade, or the school works with them to become proficient readers and earn the credits needed to graduate. Either way, we are forward-thinking, and the students, so used to failure, typically join us in thinking positively about his future.

The more success we found with our students, the more we heard from the community, and we offered seats outside of our original population from the children's home and expanded to serving students in grades K-5. When we take the time and care to understand a student, set clear expectations, and develop a program that matches his or her needs, he or she thrives at our school. Our mission is to expand students' tomorrows by providing individualized education in a caring and diverse atmosphere where students' unique needs are promoted through academic achievement, character development, and life skills. We've watched lives transform from troubled to promising, and we are eager to expand our program to serve more students as a public charter school.

Q22. **List the local, state, and national nonprofit partnerships committed to assisting the school.**

Through the school's history of serving at-risk students from in and around Cumberland County, the school has developed working partnerships with the following organizations:



- Fayetteville Technical Community College-High School Connections program allows students to dual enroll in college courses.
- Lighthouse Counseling Services provides support services to our current students.
- Coats Health Services provides medical services to our current students.
- Lions Club regularly provides school supplies.
- Several High Schools in Fayetteville work with FA to support the needs of at-risk students.
- Local Churches provide school supplies and maintenance items.

Q23. Please describe the potential for Economic and Educational development of the region.

Regional Economic and Educational Development

In 2017, Cumberland County was recognized as one of the 40 most economically depressed counties in the state and was designated as a Tier 1 county. While nobody was enthusiastic about this new designation, the designation does make the county eligible for additional state grants and make it easier for companies to receive incentives for bringing jobs to the county.

There is a strong correlation between unemployment rates and job creation. A review of statistics over many years would show that Cumberland County has a consistently higher unemployment rate and consistently lower levels of job creation relative to the four other largest counties in the state.

We recognize that there is a clear relationship between education and economic well-being. As such, a higher level of education results in higher-paying jobs, less poverty, and higher household incomes. Of the five largest counties in North Carolina, Cumberland County had the fewest college graduates, the lowest average weekly wage, the highest poverty rate, the lowest household income, and the least expensive housing.

This bleak outcome forces educators to prepare training options to ensure that students have the opportunity to get credentials and experience in the industries in which they are most likely to get a job. In Cumberland county, employment concentrates around five groups:

1. Educational Services,
2. Health Care and Social Assistance,
3. Public Administration,
4. Accommodation and Food Services, and
5. Retail Trade.



Co-enrolling our high school students at Fayetteville Technical Community College (FTCC) gives them access that will lead them to a well-paying job or college acceptance after graduation. Here's a sampling of the programs offered for high school students at FTCC:

- A/C, Heating, and Refrigeration
- CISCO Entry Networking
- Civil Engineering Technology
- Collision Repair and Refinishing
- Computer-Integrated Machining
- Early Childhood Preschool
- Emergency Management
- Healthcare Customer Service.

Q24. Describe the presence or absence of any mentoring by a successful organization that has experience in creating public schools.

The organization's partnership with Leaders Building Leaders has provided regular access to a charter school founder and former charter school leaders who have shared insight about the challenges and potential successes in operating a public charter school.

Q25. Describe any obstacles to educational reform efforts that leave chartering as an available option.

Educational Reform Obstacles

In Cumberland County Schools, school leaders have focused renewed energies on reducing the dropout rate and have been successful. The data affirms the hard work being done to help students overcome the obstacles they face in life. Cumberland County's dropout rate from the 2018-2019 school year was 1.67 percent, which is down from 2.01 in 2017-2018. The county credits its success to its focus on providing intense interventions and creating conditions that support student learning.

Disciplinary data shows that the county is decreasing certain types of disciplinary offenses and increasing other types. The number of short-term suspensions decreased in 2018-19 to 9,084 from 9,363 in 2017-2018; however, the number of long-term suspensions increased in 2018-2019 to 18 from 17 in 2017-2018. Furthermore, the overall reportable acts committed went down to 420 in 2018-2019 from 445 in 2017-2018.



These are all promising statistics for Cumberland County; however, there are still students who are not being served well by the system and are dropping out, aging out, or suspending out. With Falcon Academy's small school model, we are uniquely positioned to work with this small percentage of students who are failing in Cumberland County Schools. While 1.67 percent is commendable, with 50,880 students in the county, that percentage reflects over 800 students. With a projected enrollment of 104 students in Year 1 and 135 when we are fully enrolled in Year 5, we are seeking to serve 17% of these at-risk students and .2% of Cumberland County's total population. With the closest charter school being the Capitol Encore Academy over sixteen miles away and a school focused on the arts, not at-risk students, Cumberland County will benefit from Falcon Academy serving its students.

Q26. Describe your commitment to work with a successful charter school board as a guiding mentor.

Commitment to Work with a Mentor

The Board of Directors and school leaders recognize that they will need the guidance and expertise from a successful charter school board to share best practices, course correct long-held practices of the school, and serve as a lifeline when the new regulatory and legal compliance measures begin and the school needs some guidance. We are very committed to working with a successful charter school board as a guiding mentor and look forward to getting a better understanding of what we don't know about charter school governance and operations so that we can continue to serve our students with fidelity under the auspices of a public charter school.

Q27. How long has the board of directors existed?

The Falcon Academy board is a subset of the Falcon Children's Home and Family Services board, which has been in existence since FCHFS formed in 1964.

Q28. Describe whether the proposed board has previously operated or currently operates a successful public charter school.

The proposed board has not operated, nor does it currently operate a successful public charter school.



3. Conversion Section

Q29. Is the Conversion Public or Private

- Public
 Private

Comments :

Falcon Academy currently operates as Falcon Christian Academy and is seeking to a convert from a private school to public charter school in order to increase the number of seats available to all students, especially at-risk students, in Cumberland and surrounding counties.

Q30. Give the name of the school being converted

The name of the school being converted is currently Falcon Christian Academy; upon charter approval, the school will be known as Falcon Academy.

Q31. Give the six-digit identifier of the school being converted

The six-digit identifier of the school being converted is A1302174.

Q32. Submit Appendix A2.1: Public Conversion Evidences

Must include:


1. Statement of Support signed by the majority of the teachers and instructional support personnel currently employed at the school
2. Last payroll outlining current staff receiving compensation from the traditional public school
3. Current school enrollment
4. Parent support of the conversion

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 10

Comments :

Falcon Academy is seeking a private school conversion, so Q36. is not applicable to this application.

Evidence :

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|  |
| Appendix A2.1_Falcon Academy.... |

Q33. Financial History


In the following questions, outline the 3-year financial history of the proposed converted charter school as evidenced in either financial statements or the IRS Form 990.

1) Financial History 3 Years Prior



Please find attached the Audited Financial Statement for 2017 for Falcon Children's Home and Family Services.


Evidence :

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|---|
|  |
| 2017_FCHFS Audited Financial St... |

Q34. 2) Financial History 2 Years Prior

Please find attached the Audited Financial Statement for 2018 for Falcon Children's Home and Family Services.


Evidence :

| |
|---|
|  |
| 2018_FCHFS Audited Financial St... |

Q35. 3) Financial History 1 Year Prior

Please find attached the Audited Financial Statement for 2019 for Falcon Children's Home and Family Services.

Evidence :


| |
|---|
|  |
| 2019_FCHFS Audited Financial St... |

Q36. Attach the Financial History supporting documents as "Appendix A2."

I have attached the Financial History supporting documents

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 10

Evidence :

| |
|---|
|  |
| Appendix A2.pdf |



Q37. Name of the private school being converted

The name of the private school being converted is Falcon Christian Academy.

Q38. City and state where the private school is located

The private school is located in Falcon, North Carolina.

Q39. Describe the rationale for converting from a private entity to a public school. Include information regarding how the proposed charter school will be nonsectarian in nature and will be open for all students (not just those currently attending the private school)

Conversion Rationale

The school has been in operation since 2011. The school first opened as a middle and high school because the children who were coming to the children's home were typically in middle and high school. Over time, the home started to receive students in grades K-4. The school also started to receive requests from the community for students not associated with the home to attend school at the school. In 2017, the school made the decision to expand the grades offered to K-12 to ensure that the school could serve all grade levels of students. FCHFS pays for the cost of schooling for students who are residents of the children's home; however, for students who are not residents of the children's home, the school charged tuition to cover the cost of expenses. Unfortunately, this tuition, albeit a low \$4,000 per school year, was too much for many parents to pay, and the school had to turn people away.

In our desire to serve all students, the school decided to apply for a conversion to a public charter school so that it could enroll all interested students, including the students residing in the home if they are able to secure a seat through the lottery.

The school understands that as a public entity, all religious artifacts and teachings must be removed from the school, and the school must operate the school as one that is nonsectarian in nature. We are committed to doing that, for we believe that being able to serve the neediest students in the county that we are still able to live our beliefs through our actions of instruction and care of students.

Q40. Provide a detailed description of the existing private school's financial status, including the process in which these financial assets or deficits will be transferred to the non-profit organization

Financial Status



Falcon Children's Home and Family Services and Falcon Christian Academy has had a clean audit for many years, and neither entity holds any debt. The fund balance that will be transferred will be approximately \$20,000.00.

Q41. Provide a copy of the organization's IRS Form 990 for the last three years as Appendix A2.2 Private Conversion Evidences. If the current organization does not have a Form 990, tax information for the last three years along with financial statements must be included as Appendix A2.2 Private Conversion Evidences

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 7

Comments :

IRS Form 990

Falcon Christian Home operates under the parent organization of Falcon Children's Home and Family Services, and as is stated in the audit reports, FCHFS is not required and does not file taxes.

Evidence :



Q42. Depict and analyze the current enrollment trends and student demographics of the private school over the past three academic years

Enrollment Trends and Student Demographics

Over the past three years, enrollment at the school has remained steady at an average of 80 students. Student demographics have remained consistent with these races/ethnicities:

- Black: 40%
- Hispanic: 10%
- Native American: 3%
- White: 47%

We anticipate the percentage of Black and Hispanic students to rise because students from those demographics have applied for enrollment but haven't been able to pay tuition.



The school is typically even with 50% Males and 50% Females, and 95% or more of our students qualify for Free or Reduced-Price Lunch.

Because so many of our students who are residents of the home enroll in the school without complete school records, the school doesn't have an accurate accounting of students enrolled with disabilities. Over the last three years, an average of 13% of our students has IEPs or evidence of a learning disability.


Q43. Document and expound upon evidence that the existing private school is successful in student achievement. Base this explanation upon academic data available through state and national summative assessments

In the attached document, please find data for the past three years for Falcon Christian Academy as evidence that our programming and services for at-risk students is resulting in academic growth and proficiency that either meets or approaches the State average. Considering that FCA serves foster children and at-risk children, the results reflect a successful program and a committed staff. Typically, our students arrive several years behind in math and reading skills and have become unaccustomed to attending school on a daily basis.

Compound those factors with the mental health issues and traumatic experiences that these students have oftentimes experienced and the fact that students don't always remain with FCA for the full year because of their status as a foster child, and FCA's results confirm even further that our combination of instructional strategies and emotional supports is providing students the tools, strategies, and outlooks that they need to be successful.

Please note that 2017 was the first year that FCA enrolled students in grades Kindergarten through fourth, and the school didn't conduct summative tests for those students that school year.

Evidence :

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|  |
| Falcon Academy_Standardized T... |

Q44. Explain the process by which the current private school staff will be considered for teaching at the proposed charter school staff. What is the projected turnover due to the statutory requirements for



teacher licensure and highly-qualified status?

Current Staff

Currently, there are 10 full-time teachers. 2 have active teaching certificates. 3 are in process to gain their certificates. One teacher has already stated that she will not be teaching next year due to job changes. It is anticipated that one or two certified teachers will be hired and a qualified EC Coordinator will also be hired. Factors that will determine whether or not a teacher returns to the school once the conversion happens include are classroom observation, annual evaluation, seniority, and diversity.



6. Alternative

Q45. Does your proposed school meet the minimum criteria below?

In order to qualify for designation as an "alternative school" for purposes of accountability under this policy (CHTR-020), the charter school must demonstrate that it serves a student population as follows:

1. The school must include grades 9-12.
2. At least 75% of the school's population in grades 9-12 must be at-risk of academic failure as defined in DR0P-001.I.B., and must also meet one or more of the following:
3. The student must either be recently released from a juvenile justice facility, or otherwise be subject to and participating in the juvenile justice court process;
4. The student must be currently served by a treatment facility licensed pursuant to Chapter 122C of the General Statutes, or have recently been discharged from such a facility;
5. The student must be currently under long-term suspension from a public or private school; or
6. The student must be a high-school dropout as defined in GCS-Q-001 (linked above); or be imminently at risk of dropping out as demonstrated by adequate documentation in the charter school's application for designation under this policy.

Yes

No

Comments :

Meets Minimum Criteria

The proposed charter school meets the criteria for designation as an "alternative school" because the school includes students in grades 9-12. In addition, at least 75% of the school's population in grades 9-12 are at-risk of academic failure because they are not successfully progressing toward grade promotion and graduation. In addition, at least 75% of students have either been participated in the juvenile justice court process, has been treated or is being treated by a licensed treatment facility, is under long-term suspension form a public or private school, or is either at-risk of becoming a high-school dropout or is at imminent risk of becoming a high-school dropout.

Please find attached Falcon Academy's application to become an Alternative Learning School.

Evidence :



Alternative Learning Program a...



8. General-Mission Purposes, and Goals

8.1. Mission and Vision

Q46. The mission statement of the proposed charter school is as follows (35 words or less)

Mission Statement

The mission of Falcon Academy is to expand students' tomorrows by providing an individualized education in a caring and diverse atmosphere where students' unique needs are promoted through academic achievement, character development, and life skills.

Q47. What is the vision of the proposed school? What will the school look like when it is achieving the mission?

Vision Statement

At Falcon Academy, all students, regardless of their life experiences, ethnicity, or socioeconomic status, discover a love for learning in a supportive and caring environment that values hard work.

Falcon Academy CAREs about every student's success and prepares them to make a difference in the world through...

- C: Promoting good CHARACTER of honesty and integrity.
- A: ACHIEVING academic excellence.
- R: Fostering RESPECT for self and for others always.
- E: EMPOWERING students to see themselves as a part of a wider community and to serve.

Q48. Provide a description of Targeted Population in terms of demographics. In your description, include how this population will reflect the racial and ethnic composition of the school system in which it is located. Additionally, how it will reflect the socioeconomic status of the LEA, SWD population, and ELL population of the district? See G.S. 115C-218.45(e).

Targeted Population

Falcon Academy seeks to serve the students in Cumberland and surrounding counties who are at-risk of academic failure and need additional supports in order to meet with success. To achieve that, Falcon Academy is targeting a student population that both mirrors the LEA, Cumberland County Schools and reflects the demographics of the at-risk student population.



The anticipated racial/ethnic demographics of the school mirrors that of Cumberland County Schools which are as follows:

- Asian: 1.88%
- Black: 45.03%
- Hawaiian/Pacific: .53%
- Hispanic: 14.18%
- Native American: 1.47%
- Other: 8.70%
- White: 28.22%

The school anticipates maintaining an Economically Disadvantaged Student population of 95%. Although that is 25% higher than the LEA's percent of EDS students, it reflects the socioeconomic status of the at-risk students that both the LEA and the school serve.

We expect to enroll Students With Disabilities and English Language Learners at a percentage that mirrors the LEA, which is 13% and 3% respectively.

Q49. What are the enrollment trends and academic performance outcomes of surrounding schools in the selected community? What elements of your educational model will meet the needs of your target student population?

LEA Enrollment Trends and Academic Performance

The rate of growth in schools near Falcon Academy is net positive with most of the growth occurring in the two local charter schools, The Capitol Encore Academy and Anderson Creek Academy, indicating a desire for school choice within the school community.

The NC Report Card grade's in schools within a 10-mile radius of the school represent the full spectrum with the exception of there being a school that has earned an A on its report card.

With the overall growth and the inconsistent academic performance in the surrounding schools, Falcon Academy Board of Directors is confident that the school will be able to meet its projected enrollment.



| School Name | Grade Levels Served | NC Report Card Grade | Current Enrollment | Rate of Growth/Decline over five school years |
|--------------------------------|---------------------|----------------------|--------------------|---|
| Public Charter School Options: | | | | |
| The Capitol Encore Academy | Grades K-8 | D | 449 | Increase of 102% |
| Anderson Creek Academy | Grades K-5 | B | 245 | Increase of 33% |

| | | | | |
|---------------------------------|-------------|---|-----|-----------------|
| Public District School Options: | | | | |
| District No. 7 Elementary | Grades K-5 | B | 275 | Increase of 6% |
| Eastover-Central Elemenatry | Grades PK-5 | B | 391 | Decline of 10% |
| Erwin Elementary | Grades 3-5 | D | 281 | Increase of 12% |
| Midway Elementary | Grades PK-5 | C | 460 | Decline of 11% |
| Plain View Elementary | Grades PK-5 | B | 365 | Decline of 6% |
| Wayne Avenue Elementary | Grades 4-5 | F | 270 | No change |

| | | | | |
|-------------|------------|---|-----|-----------|
| Dunn Middle | Grades 6-8 | D | 909 | No change |
|-------------|------------|---|-----|-----------|

| | | | | |
|------------------------------|-------------|---|-------|--------------------------|
| Harnett County Early College | Grades 9-13 | B | 54 | No information available |
| Midway High School | Grades 9-12 | B | 803 | Increase of 12% |
| Triton High | Grades 9-12 | C | 1,333 | No change |

Q50. What will be the total projected enrollment at the charter school and what percentage of the Average Daily Membership (ADM) does that reflect when compared to the Local Education Agency (LEA) of the same offered grade levels? (i.e. If the proposed school will be grades 9-12, only compare the total enrollment to the total enrollment of the LEA in grades 9-12).

Total Projected Enrollment and ADM

Falcon Academy's total projected enrollment is 104 students in Year 1 and 135 students when fully enrolled in Year 5. With 50,789 students in Cumberland County, our projected enrollment reflects less than one percent of the total enrollment of the county.



Q51. Summarize what the proposed school will do differently than the schools that are now serving the targeted population. What will make this school unique and more effective than the currently available public-school options?

The Falcon Academy Difference

The school was started to meet the academic and socio-emotional needs of students who were residents of Falcon Children's Home. We found that these students benefitted from a smaller classroom setting and more individualized instruction and attention because many of the students came to the school behind academically or out of the routine of school due to being out of school for a substantial amount of time. One student who came to us recently, summed up the Falcon Academy Difference best, "I never passed all of my classes before." Because he has had experience with success in school, we are confident that that young man is now poised for success in life.

Because we individuate instruction and provide classes that are significantly smaller than a typical small group in a public district school, we believe that our school offers a unique program that will be able to increase proficiency and growth in our students more effectively than the LEA is able to.

Q52. Describe the relationships that have been established to generate support for the school. How have you assessed demand for the school? Briefly describe these activities and summarize their results

Community Relationships

Falcon Academy has developed many relationships throughout the community, including the following organizations:

- Fayetteville Technical Community College:
- Students participate in the High School Connections program, which allows students to dual enroll in college courses.
- Lighthouse Counseling Services
- Therapists provide services to our students in need.
- Coats Health Services
- Physicians and nurses who provide medical care for our students.
- Lions Club:
- Members provide school supplies.
- Several High Schools in Fayetteville:
- Guidance counselors regularly refer at-risk students to the school.
- Local Churches:
- Members regularly donate school supplies and maintenance items.




Q53. Attach Appendix A: Evidence of Community/Parent Support.

Provide evidence that demonstrates parents and guardians have committed to enrolling their children in your school. You must provide evidence through a narrative or visual of this educational need through survey data, or times and locations of public meetings discussing this proposed charter school. (Please do not provide more than one sample survey form).

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Evidence :

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|  |
| Appendix A.pdf |

8.2. Purposes of the Proposed Charter School

Q54. In one page or less, describe how the proposed charter school will achieve one or more of the six legislative purposes, as specifically addressed in the NC charter school statute GS 115C-218, and the proposed school's operations..

The Six Legislative Purposes of a Charter School are:1. Create new professional opportunities for teachers, including the opportunities to be responsible for the learning program at the school site.2. Hold schools accountable for meeting measurable student achievement results.3. Provide parents and students with expanded choices in the types of educational opportunities that are available within the public-school system.4. Improving student learning.5. Increasing learning opportunities for all students, with a special emphasis on at-risk or gifted students.6. Encourage the use of different and innovative teaching methods.

Legislative Purposes

Falcon Academy will serve the following legislative purposes when operating as a public charter school:

3. Provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system.

- With only two charter schools and neither of them serving grades 9-12, access to school choice is limited in Cumberland County. By converting from a private school to a public charter school, Falcon Academy will open enrollment to all students and expand its current enrollment, thereby increasing the number of lives the school may impact on a year-by-year basis.



5. Increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are identified as at risk of academic failure or academically gifted.

- By offering a school option to students who are at-risk of dropping out or who have dropped out, Falcon Academy will further reduce the county drop out rate and, more importantly, provide a foundational education and marketable skills to students so that they graduate from the school employable and a record of success.

8.3. Goals for the Proposed Charter School

Q55. Provide specific and measurable goals for the proposed school for the first 5 years of operation outlining expectations for the proposed school's operations, academics, finance, and governance. Address how often, who, and when the information will be communicated to the governing board and other stakeholders.

SMART Goals

- In year one 75% of students in grades K-8 will master all grade-level reading and math standards with 80% mastery on benchmark assessments aligned to the EOG.
- In 2023-2024, 85% of students in grades 3-8 will score proficient in math and reading NC EOG, 90% in 2024-2025, and 90% in 2025-2026.
- Annually, FA will exceed academic growth in these areas.

Q56. How will the governing board know that the proposed public charter school is working toward attaining their mission statement?

Attaining the Mission

Falcon Academy's school board will play a primary role in developing and implementing a strategic plan to ensure that Falcon Academy continues to steadily work towards attaining its mission. This plan will include academic, operational, financial, and governance goals that will be systematically aligned to support student achievement and operational efficiency.

The board's goals will be reviewed at monthly board meetings and progress towards goals will be monitored to ensure that Falcon Academy is completing all tasks outlined in the strategic plan in a timely and efficient manner.



The school board will receive ongoing training to ensure the effective management of Falcon Academy. In addition, an outside organization will be hired to audit and assess academic, operational, financial, and governance structures annually to ensure efficiency.



9. Educational Plan

9.1. Instructional Program

Q57. Provide a detailed description of the overall instructional program of the proposed charter school, including:

- major instructional methods
- assessment strategies, and
- explain how this instructional program and model meet the needs of the targeted student population

Overall Instructional Program

Falcon Academy serves at-risk students many of whom are foster children, residents of Falcon Children's Home, or residents of the local community. The students who the school serves are from low-income families who are behind two to three grade levels in academic performance and/or have had numerous behavioral issues resulting in suspension or expulsion from school. To meet their needs, the school offers small classes, individualized instruction, and access to appropriate therapies when needed. All of our current high school students receive therapy on a regular basis due to their emotional and psychological needs.

The school's academic focus is to provide each student with the appropriate education and life skills to succeed in our community. We will provide each student with educational opportunities to support their achievement goals and help them towards their goal of graduation and career readiness. At Falcon Academy, we expect to see a large percent of our population as at-risk. We will serve these students by providing remedial instruction as well as higher-level objectives in each subject through means of tiered learning and direct instruction. We will instill in them not only educational concepts but the knowledge and skills that they need to live productive lives.

Opportunities for our students to succeed in the community will be targeted in the areas, but not limited to these areas: finances, time management, and leadership skills that students can use to be successful in their next chapter of life. These skills will be taught through a variety of ways in courses such as Personal Finance and Leadership where students are taught communication techniques and how to spend and invest their money in order to be more successful after graduation.



The school will include but not limit itself to using the universal design for learning, which is a set of principles to follow in designing curriculum. This includes a wide range of techniques that accommodate a diverse population of students with varying abilities and promote the academic achievement of each individual student. These techniques include engaging lesson preparation, variety in material presentation, and more student engagement. Material may be presented by lecture-style for traditional learning but may also be accompanied by a video for those who need to see and hear. The lesson may also be presented with hands-on activities to get students involved in real-world engagement. We will provide students with the best instruction for a diverse student population regardless of ability, background, or gender which will be determined by assessments throughout the year and how the teacher sees students benefitting from certain styles.

Even though FA will be using a universal design model, we will continue to support individual education plans for each student to provide support through this differentiated instruction, including having multiple means of representation when presenting materials such as videos, organizers and mapping diagrams, vocal presentations, PowerPoints, and manipulatives, etc. Furthermore, in our attempt to meet each individual student's needs the school will use multiple means of action and expression in our learning styles. Assignments will not be just written, there will be a variety of options in for assignments which include projects that make use of technology. High school students use Chromebooks, and middle and elementary students use and tablets. Our inclusion of technology supplements lessons and provides ways for more project-based learning. The use of technology broadens the spectrum for learning for each student because they are able to engage in topics for themselves on an independent basis while being guided by their teacher. It also aids in helping teachers use different methods to rely on the information.

The school will use various means of engagement, including small group activities and technology. The school will post the learning targets in each classroom so that students are able to connect what their objects of learning are what the content material. It is important for our students to be involved in their education and for them to recognize their achievement and success in reaching goals. Goals will be measured by Individualized Learning Plans, Standardized Assessments, and student's grades. The sch will also help the student to set academic and character-based goals for themselves and support their journey towards them. Student's academic goals are important for guiding their future. For our at-risk students, timing and accomplishment while they are enrolled are pertinent for fostering long term success. We encourage and enable the best environment for them to gain the skills that they need for accomplishing their goals.



Q58. Curriculum and Instructional Design Describe the basic learning environment (e.g., classroom-based, independent study), including class size and structure for each grade span (i.e. elementary, middle, high) the school would ultimately serve.

Learning Environment

Falcon Academy has projected smaller class sizes and limitations to ensure that each student has an environment that fosters support and success. Our classrooms will be divided into K, 1st-2nd, 3rd, 4th-5th, 6th-7th, 8th, and high school will be divided according to course.

The expected number for each class is as follows: Kindergarten (10), 1st (10), 2nd (10), 3rd (7), 4th (7), 5th (7), 6th (5) 7th (5) 8th (5), 9th (12), 10th (12), 11th (12), and 12th (12). These are projected class sizes based on previous year's trends that our school has experienced. We tend to see lower class sizes in elementary and middle grades and then enroll larger number of students in high school. This is partially due to the students we currently serve, who are mostly in the foster care system, and usually range in age from 12 to 19.

In the classrooms, there is a diverse spectrum of learning environments. Elementary grades use tables that facilitate cooperative learning. Along with chairs, there are sensory balls that allow movement for students with ADHD, ADD, or other conditions, and having the ability to move while they learn helps the student to focus. In middle school grades, 6th through 8th, classrooms are equipped with desks and chairs to give students some autonomy and personal space, but for variety, the teachers will oftentimes join desks together for small group activities.

To support this love of learning and to equip them with 21st Century skills, the school is a one-to-one technology school. Classrooms are equipped with smart tvs for visual/auditory presentations. In our high school, classrooms are equipped with Smartboards and Mimio projector boards for instruction. Some classrooms are set up with grouped desks and others with them spread apart. Each classroom is inviting and has a variety of characteristics to foster learning.

In addition, the school has created an outdoor classroom that consists of a shelter with chairs and tables. It is available to every classroom teacher to utilize for his or her students.



Q59. Identify how this curriculum aligns with the proposed charter school's mission, targeted student population, and North Carolina Accountability Model. Provide evidence that the chosen curriculum has been successful with the target student population, how the plan will drive academic improvement for all students, and how it has been successful in closing achievement gaps

Curriculum Alignment

Falcon Academy will use the North Carolina Beginning of Grade test for 3rd-grade students, the North Carolina End of Grade test for our 3rd-8th grade students, and the North Carolina End of Class assessments for our high school students. FA's instructional program will be based on providing each student with the North Carolina Essential Standards using multiple strategies in order to achieve success on these assessments.

Q60. Describe the primary instructional strategies that the school will expect teachers to master and explain why these strategies will result in increased academic achievement for the targeted student population for each grade span (i.e. elementary, middle, high) the school would ultimately serve

Primary Instructional Strategies

Falcon Academy will use differentiated instruction for each student within our instruction and a focus on the learning targets to ensure student performance for our students. Learning targets are based on the North Carolina Standard Course of Study, and the standards will be written in child-friendly language and become part of the regular classroom discourse.

Q61. Explain how the proposed instructional plan and graduation requirements will ensure student readiness to transition from grade to grade and to the next grade span upon program completion

Ensuring Student Readiness

In addition to the coursework required for North Carolina Graduation, Falcon Academy will offer additional educational opportunities, such as High School Connections in connection with Fayetteville Technical Community College (FTCC). This will provide students the option to be dually enrolled in high school and college and allow them to take courses in occupational/trade programs and/or courses to count towards a college degree. When participating students graduate from high school, they could have a certificate in child care, auto mechanics, HVAC, CNA, or other certifications. This partnership with FTCC provides students an important head start for our at-risk students because it gives them skills that they can apply in the workforce directly after graduation.

Q62. Describe in a brief narrative below on how the yearly academic calendar coincides with the tenets of the proposed mission and education plan.

Academic Calendar



The school year has been designed to include 1,131 hours of instruction. Teachers are required to attend a 5-day induction program prior to the start of school and 5 workdays throughout the year.

The calendar mirrors that of Cumberland County Schools to assist those families who have children attending both Falcon Academy and Cumberland County Schools.

The calendar allows for at-risk students to become accustomed to the rigors of daily school attendance and to see the school as a reliable community. The school has scheduled annual events on the calendar that students can look forward to, ensuring that they continue to see Falcon Academy as a place of support and care.

Q63. Describe the structure of the school day and week. Include the number of instructional hours/minutes in a day for core subjects such as language arts, mathematics, science, and social studies. Note the length of the school day, including start and dismissal times. Explain why the school's daily and weekly schedule will be optimal for student learning.

School Day and Week Structure

Falcon Academy will spend at least an hour each day on core subjects (Language Arts, Math, Social Studies, Science) for the elementary and middle school students. The school day for the elementary is 7:55am-2:25pm, and for the middle and high school, it is 7:55am-3:20pm. Our scheduled time allows for this necessary time in the core subjects.

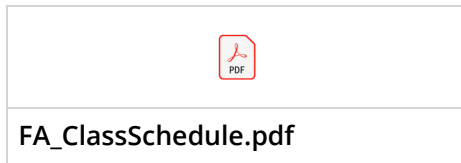
In high school, for the block semester, each student will spend two class periods of 1.5 hours each on two core subjects each semester. Students in high school meet with therapists on a regular basis, and their sessions are scheduled with an effort to reduce time away from class and to ensure that the student is receiving the appropriate and necessary therapy that he or she needs to make progress.

This structure is optimal for our student population because it exposes them to every subject every day and minimizes the lost learning time because teachers can monitor student progress on a daily basis and create lesson plans from day-to-day that ensure continued progress.



Please find attached the Falcon Academy Class Schedule.

Evidence :



Q64. Describe a typical day for a teacher and a student in the school's first year of operation

Typical Day.

The Typical Day at Falcon Academy provides students with the best instruction for a diverse student population regardless of ability, background, or gender which will be determined by assessments throughout the year. Falcon Academy will be using a universal design model to create the learning pathways for all students; in addition, the school supports individual education plans for each student to provide support through this differentiated instruction outlined below.

Instructional methods include multiple means, such as videos, organizers and mapping diagrams, vocal presentations, PowerPoints, and manipulatives. Students will also see a variety of options for assignments so that they can choose one that suits their learning style best. This includes completing projects using technology. Students will also be engaged in a variety of ways. Engagement starts with posting the learning targets each day so that students are able to connect with the content.

For our at-risk population, it is important for our students to be involved in their education and for them to recognize their achievement and success in reaching goals. Goals will be measured by Individualized Learning Plans, Standardized Assessments, and student's grades. Falcon Academy will also help the student to set academic and character-based goals for themselves and support their journey towards them, which will be part of their everyday experience.

Q65. Will this proposed school include a high school?

- Yes
- No

Q66. High School Graduation and Post Secondary Readiness Describe how the proposed charter school will meet the Future-Ready Core requirements. Provide details on how the students will earn credit hours,



how grade-point averages will be calculated, what information will be on transcripts, and what elective courses will be offered

Meeting Future-Ready Core Requirements

In order to graduate from Falcon Academy, students must accumulate a minimum of 24 credits in the required courses, which align directly with the North Carolina State Credits Requirements. While North Carolina requires 22 credits for graduation, Falcon Academy requires 24, and the additional 2 credits are in elective courses that are designed to prepare them for post-secondary opportunities in a trade school, the military, or the workforce.

Grade point averages are calculated on a 4 point scale with an A counting for 4 points, a B counting for 3 points, a C counting for 2 points, and a D counting for 1 point. These grades, their grade point average, and attendance will be available on students' transcripts.

Falcon Academy offers these elective courses:

- World Language Credits
- Career and Technical Education
- Arts Education
- JROTC
- World Language
- Cross-Disciplinary courses.

Q67. Explain how the graduation requirements will ensure student readiness for college or other postsecondary opportunities (trade school, military service, or entering the workforce).

Postsecondary Readiness

Falcon Academy's graduation requirements include all of the North Carolina credit requirements in the core classes, elective classes, and Health and PE. Falcon Academy also additional credits students may choose to take throughout high school, including Career and Technical Education, Arts Education, JROTC, World Language, and Cross-Disciplinary courses. Falcon Academy requires students to complete 6 credits in a selection of these courses, which is 2 more credits than North Carolina requires.



These courses are designed specifically for post-secondary opportunities in the military, trade schools, or the workforce because they provide the foundational skills in reading and writing; in addition, students receive specific skills that will transfer into one or more of these post-secondary pathways.

Q68. Explain what systems and structures the school will implement for students at risk of dropping out and/or not meeting the proposed graduation requirements

At-Risk Students

For 11th and 12th graders, progress reports, report cards, attendance, and class grades are carefully monitored by each subject teacher on a regular basis. The principal will review noted information, and an action plan is put into place with the input of students and parents. This plan is monitored every nine weeks and adjustments are made as needed.

Falcon Academy has an after school tutoring program to help ensure the success of our at-risk students. Our tutoring program is available on Tuesdays, Wednesdays, and Thursdays each week for any student. In elementary school, we will also provide pull-outs for students to gain remediation.

Falcon Academy will also give students the additional opportunity to enroll in summer school classes to guarantee they reach graduation requirements in a timely manner.

Falcon Academy also gives students the opportunity for grade replacement upon retaking courses using an online class system called Ignitia. Ignitia is a program the students can utilize to take high school courses during a study period or outside of class. Ignitia can be used by teachers as a supplement for courses being taught, and it can be used for students who need to catch up with their credits. Students also have the chance to replace a failing or low grade with a higher average for course they did not excel at previously. Ignitia has proved to be a big attribute in helping at-risk students catch up on their academic goals and plans.


Q69. Attachments Attach Appendix B: Curriculum Outline per Grade Span (for each grade span the school would ultimately serve).

One sample curriculum outline (in graph form) in the Appendices for one core subject (specific to the school's purpose) for each grade span the school would ultimately serve.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 28 Total Files Count: 5

Evidence :



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|  |
| Appendix B.pdf |

Q70. If applicable, attach Appendix C: 9-12 Core Content Electives

Provide a visual description of what courses (both core content and electives) will be offered at the charter high school to ensure students meet the proposed charter school's graduation requirements. Please ensure the projected staff and budget aligns with the course offerings.

Please find attached Appendix C: 9-12 Core Content Electives.

Evidence :

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| Appendix C.pdf |

Q71. Attach Appendix D: Yearly Academic Calendar (minimum of 185 instructional days or 1,025 hours)

Upload Required File Type: pdf, image, word Max File Size: 30 Total Files Count: 3

Evidence :

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| Appendix D.pdf |

Q72. Attach Appendix E: Daily and Weekly Schedule

Provide a sample daily and weekly schedule for each grade band (K-5, 6-8, and 9-12) the school ultimately plans to serve.



Evidence :

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| Appendix E.pdf |

9.2. Special Populations and "At-Risk" Students



Q73. Explain how the school will identify and meet the learning needs of students who are performing below grade level and monitor their progress. Specify the programs, strategies, and supports you will provide for these students

Identifying and Meeting Learning Needs

The Principal, Dr. Michael Stewart, has experienced teaching with special populations and diversity throughout his career. Through his leadership, the North Carolina Common Core Standards will be met along with the creation of extension exercises designed to increase the learning opportunities for gifted students. The Universal Design for Learning (UDL) is used in teaching our students which aims to give all students equal opportunities to succeed. Falcon Academy will take into account each child's readiness levels, interests, and learning styles to provide an engaging, rigorous, differentiated learning environment within each classroom.

Q74. Describe the extent to which one or more of the founding board members has experience working with special populations (students with disabilities, students with 504 Plans, ELs, students identified as gifted, and students at risk of dropping out). If no founding board members have experience working with special populations, describe the school's pre-opening plan to prepare for special populations.

Experience with Special Populations

Two of Falcon Academy's founding board members are educators and have served or currently serve in the capacity of Superintendent and Principal. In these roles, they were responsible for ensuring FAPE for all students, including those with IEPs and 504 Plans. They will ensure that the Principal has hired all appropriate staff members and secure appropriate materials and equipment necessary to serve Exceptional Students, English Learners, Gifted students, and students at-risk of dropping out at Falcon Academy.

Q75. Explain how the instructional plan and curriculum will meet the needs of English Learners (EL), including the following: a. Methods for identifying EL students (and avoiding misidentification). b. Specific instructional programs, practices, and strategies the school will employ to ensure academic success and equitable access to the core academic program for EL students. c. Plans for monitoring and evaluating the progress and success of EL students, including exiting students from EL services. d. Means for providing qualified staffing for EL students.

Meeting the Needs of English Learners

When parents indicate that English is an additional language in the home or when they check "Yes" to any of the determining questions on the Home Language Survey included in the school's enrollment packet, the student will be referred to the assigned English Language Learner liaison for testing.



If the student has not been previously identified as an English Learner, the ELL liaison will administer the WIDA Access Placement Test (W-APT). If the student's academic records show previous EL identification, the ELL liaison will proceed with preparing appropriate instructional plans based on the student's proficiency level.

The ELL liaison, relevant classroom teachers, and support staff will determine the appropriate means of instruction and modification or accommodations for ELs based on the students' previous academic records, ELL placement test results, parent input, student input, student observations, and other relevant data. The school will ensure that ELs meet the same challenge English proficiency objectives and standards required of all other students. Teachers will individualize their lesson plans for ELs. The school will employ the necessary faculty and staff to ensure that all appropriate curricular materials and supplemental resources needed to help ELs become proficient in English are present in the classroom.

Falcon Academy's curriculum will be supplemented with Web-based programs that include multimedia activities, including access to a monolingual/bilingual dictionary, grammar tools, audio support, and supplementary print coursework.

Strategies and proposed services for ensuring the high achievement of ELs include providing students with instruction that will enable them to increase academic achievement and use English language skills to meet district and state learning standards; providing instruction so that students acquire social and academic English language proficiency; and training educators on how to meet the needs of ELs in the regular classroom. To ensure that educators are implementing the ELL strategies and procedures properly, the Principal will incorporate these elements into walk-through/informal observations as well as formal observations; furthermore, the subsequent debriefs will involve discussion around these strategies.

To ensure compliance with state and federal guidelines for ELL students, Falcon Academy staff will work closely with classroom teachers to facilitate communication and dissemination of information to parents. Communications will be sent, as it is feasible, in a language understood by the parents. Students who are determined to be fully English proficient will continue to be monitored for a period of two years, as



required by state regulations. Parents will be notified and continued to be informed of monitoring progress. English Language Learners will be able to fully participate in experiencing Falcon Academy's curriculum and all other programs.

Q76. Explain how the school will identify and meet the needs of gifted students, including the following:
a. Specific research-based instructional programs, practices, strategies, and opportunities the school will employ or provide to enhance their abilities.
b. Plans for monitoring and evaluating the progress and success of gifted students; and means for providing qualified staffing for gifted students.

Identifying and Meeting the Needs of Gifted Students

Through the use of individualization and differentiation, gifted students will learn grade-based content and concepts at their instructional levels. All students who demonstrate mastery of classroom content material, motivated, and possess higher-level thinking skills will be given the opportunities during small groups to stretch their thinking beyond mastery of common core standards. Our teachers will differentiate lesson plans according to the needs and abilities of the students and engage students in inquiry-based learning with critical thinking, higher-order questioning, collaborative group settings, and problem-solving applications.

At Falcon Academy, we expect gifted students to learn concepts outlined in the State Standards and also create and evaluate ideas given for each subject or content presented for the student to master. In addition, they will be given avenues and opportunities to analyze and create activities and projects which enforce synthesizing information and demonstrates their understanding which creates a new idea. Students will participate in school-wide events such as STEM Demonstrations, Science Fair, Spelling Bee, Student Council, Math Challenge, and Battle of the Books.

Falcon Academy will collect data from each student through the Iowa Basic Skills Testing (ITBS), and students will be assessed for exhibiting gifted abilities at the end of each academic year K-8. For these students displaying above-grade-level skills, the school will provide continuous challenges beyond grade level. Students will be evaluated to determine their eligibility as academically and intellectually gifted students. In order to qualify, students must meet the criteria in one of the following Pathways;

- Pathway 1:
- Score in the 98th percentile for age range on the Iowa Test of Basic Skills.
- Pathway 2:



- Score in the 93rd percentile for age range on the ITBS or Score in the 90th percentile for age range on the ITBS in math and Reading content; or
- Reading and math classroom grade averages are A's and a teacher, and
- Gives a recommendation letter with evidence of signs of intellectual giftedness.

Each year, the parents/guardians will receive notification of the services for which their student qualifies and will receive. Each student who is Intellectually Gifted will be placed on a Personalized Education Plan (PEP), which will include academic goals and a time frame to meet these goals. The PEP is created with the student, teacher, and parent with the new goals making them realistic and in correspondence to the North Carolina Standard Course of Study.

The progress of students who qualify as intellectually gifted students is measured through data that are the results of formative assessments, portfolio work, and anecdotal evidence.

9.3. Exceptional Children

Q77. Identification and Records Explain how you will identify students who are enrolled within the charter school that have previously been found to be eligible for special education services or are protected under Section 504 of the Rehabilitation Act.

Identifying Previously Eligible Students

Upon enrollment at the school, all students' records will be reviewed by EC Coordinator and classroom teachers for previously diagnosed disabilities and for eligibility under Section 504 and/or Individual Education Plans (IEP). To identify those students who have previously been found to be eligible for special education services or are protected under Section 504 of the Rehabilitation Act, the IEP Team will contact the previous school in writing or by a recorded telephone call to request the current IEP in place with other pertinent student information. Contact will be made with the previous special education staff regarding accommodations and follow through with previously written plans until we conduct our own evaluation at which time we will adopt the current IEP or develop a new IEP.

Q78. Provide the process for identifying students who may be eligible for special education services as identified in the federal 'Child Find' mandate. Be sure to include how student evaluations and assessments will be completed. Include how the school will avoid misidentification of special education students.

Identifying Eligible Students



Our process for identifying students who may be eligible for special education services as identified in the federal 'Child Find' mandate will include but will not be limited to evaluations and assessments completed and key points on the misidentification of students. The school will supply all appropriate resources for identifying students with special needs by way of letters and brochures found on the NCDPI Project Child Find website. The EC Coordinator will coordinate efforts with the education team (LEA/Case Manager, parent/guardian, Regular Educational Teacher, and Principal), and will use a problem-solving approach and progress monitoring when addressing academic, behavioral, and development concerns regarding students. Team members will document the data collected, monitor results using researched-based interventions, and make decisions. The school will use the NCDPI online forms to document the evaluation and the IEP. Testing will be provided by recommendations of the EC Coordinator and parents/guardians by written request to the Principal.

Q79. Provide a plan detailing how the records of students with disabilities and 504 Accommodation plans will be properly managed, including the following:
a. Requesting Records from previous schools
b. Record Confidentiality (on site)
c. Record Compliance (on site)

a. Requesting Records

To identify students who have previously been found to be eligible for special education services or 504 Accommodations, when a student enrolls at Falcon Academy, the EC staff and classroom teachers will review the enrollment documents to screen for previously diagnosed disabilities, eligibility under Section 504, and/or Individual Education Plans. The EC staff will contact the previous school in writing and by telephone to request the current IEP or 504 Plan along with other pertinent student information. The EC staff will then continue any services or programs outlined in the IEP or 504 Plan until the school is able to conduct its own evaluation of the student at which time the school could adopt the most current IEP or 504 Plan or develop a new IEP or 504 Plan.

b. Record Confidentiality

Falcon Academy plan for student records and students with disabilities, 504 accommodation plans, and IEPs will be properly managed in our main office. In compliance with confidentiality requirements for student records, all records will be kept in a locked file cabinet and room only accessible by the Principal and Educational Team. Written documentation in the form of a check-out form will be required to review any records of students. The school will provide special education and related services according to the federal mandates of the IDEA and regulations of the North Carolina Public School Law, Article 9.



c. Record Compliance

The school will ensure record compliance by implementing a record compliance monitoring system. The IEP team will complete a compliance checklist for all records of students with disabilities. Each record will be reviewed, and if any non-compliance is found, corrective action of noncompliance will be completed immediately. A verification of correction will be the final action to ensure the noncompliance was corrected by the Principal. The 504 Coordinator/EC Coordinator will monitor the 504 Accommodation Plan for compliance as required by Section 504 of the Rehabilitation Act of 1973. The school has outside service providers for psychological testing and services, speech, occupational therapy, and physical therapy.

Q80. Exceptional Children's Programming Explain how you will meet the learning needs of students with mild, moderate, and severe disabilities in the least restrictive environment possible.

Meeting the Needs of All Students

Falcon Academy will meet the learning needs of students with mild, moderate, and severe disabilities in the least restrictive environment possible. The school will provide educational opportunities throughout the learning environment. The EC Coordinator and regular classroom teacher will collaborate monthly on creating plans that challenge and meet the needs of each EC student in order to co-serve all students. In an inclusive setting, the student will have the benefit of learning to collaborate with peers and be held to high standards with accommodations. The EC Coordinator will provide supplemental assistance with one-to-one or small group support while being cognizant of the IEP/504 and modifying instruction, independent practice, and assessment when applicable. For all students, their reading goal will be individualized and based on growth, and the classroom teacher and the EC Coordinator will work with them in collaborative groups and literacy assignments with text on their instructional level.

During Reading/English, the student will work with a modified rubric with clear, measurable goals that hold the expectations to a high level of learning. EC students will work at their individual pace on the goals presented in their IEP during Math and will receive support from the classroom teacher and EC Coordinator when needed. All EC students will be challenged to reach ambitious goals and held to high expectations in character development and work ethics.

It is estimated that 12 to 15 percent of our school population will need EC services, and plans are being made to adapt the educational staffing and budget accordingly. Depending on enrollment, the school will employ an EC Coordinator and additional EC Teachers. The school has access to Occupational Therapists,



Physical Therapists, Speech Therapists, and a psychologist in Cumberland County and surrounding areas that provide testing, reporting, and therapeutic services for our students.

There will be students at Falcon Academy who are residents of Falcon Children's Home. These students are placed by the Department of Social Services from various counties, and the Home serves in place of their guardians. These students receive all the needed EC services while attending Falcon Academy, but most of the funding would be paid directly to providers from the Department of Social Services.

Q81. Describe the specific educational programs, strategies, and additional supports the school will provide to ensure a full continuum of services for students with disabilities. How will the school ensure students' access to the general education curriculum?

Ensuring a Full Continuum of Services

Falcon Academy's classrooms are equipped with necessary materials to ensure that all students have full access to the curriculum. Instructional accommodations may include assistive technology tools, preferential seating, reduction of distractions, and diverse response types. Assessment accommodations may include extended time, questions read orally, typed responses, and small group environment.

Every nine weeks, the EC Coordinator will meet with students' subject/classroom teachers to discuss and plan progress with parents/guardians to ensure the student's progress. The school considers parents/guardians to be partners in their students' education and are full members of the IEP team.

The school will have an EC Coordinator who provide push-in services to the general education classroom unless a child's IEP stipulates that he or she requires self-contained placement. Additional EC staffing will be hired as needed depending on the caseloads of the EC department.

Q82. Describe the methods and support systems that will be in place to ensure students with disabilities receive a Free and Appropriate Public Education (FAPE).

Ensuring FAPE

Falcon Academy will ensure that all exceptional children have access to a public education that follows the State Standards. To ensure students with disabilities receive a Free and Appropriate Education, the implementation of services will be a collaborative effort between the parent/guardians, classroom teacher, EC Coordinator, and Principal. Regular meetings will be held every month, or as dictated by the



IEP, to monitor growth and progress towards individualized goals and to ensure that accommodations and services mentioned above are being provided to help the student meet their highest potential. The EC team will work together on determining the time, place, and activities in which the IEP goals are best addressed in the regular classroom. Classroom teachers will be supported and equipped to make accommodations and adjustments based on the student's IEP with support from the EC Coordinator. The EC Coordinator will assist the regular education teacher to ensure that the materials the EC students use are appropriately leveled. When the EC Coordinator amends the goals, progress monitoring, or accommodations in the student's IEP, they will include a description of the proposal in a written notice to all parties concerned. The EC Coordinator and classroom teacher will provide documented evidence in forms of work samples, rubrics, and observation notes in order to modify any IEP services.

The focus on special education goals and services will ensure that they acquire a challenging education and are well prepared for the next steps in their education and adult life. All federal and state laws and regulations will be implemented and followed relating to the education of students with disabilities. All teachers and staff members are educated about the laws and will be trained for any changes through professional development to ensure the highest education for the students.

The school will grant students due process rights, which includes the opportunity for a hearing before the Administrator, in accordance with the state law, in the event that a suspension or expulsion is being considered. While a suspension or expulsion might be deemed necessary for students with disabilities, before those students will be suspended for more than 10 school days in a given school year, the IEP team will hold a manifestation determination meeting to decide if the students' disability caused the misbehavior. The outcome of the manifestation meeting may determine further disciplinary action to be taken in an effort to ensure that the student will not be denied FAPE per federal law.

Q83. Describe how implementation of the Individualized Education Plan (IEP) will be monitored and reported to the student, parents and relevant staff.

Implementing IEPs

Falcon Academy will measure progress toward the student's IEP goals to assure that there has been effective implementation of the IEP services and accommodations. This will give the IEP team concrete evidence as to whether the IEP is designed effectively or whether adjustments to services or instruction need to be made. Every IEP will include a description of how the student's progress towards their goals will be measured and when that information will be provided to the IEP team, including parents/guardians. The evaluative criteria and assessments used will be as similar to their peers as



possible, utilizing growth measures such as rubrics and assessments with appropriate modifications. Teacher observation and anecdotal notes, classwork, homework, and assessment data will be used to monitor progress towards goals and effective implementation and will be reported during quarterly IEP meetings. The Principal will be responsible for ensuring appropriate implementation through observation of the EC Coordinator and the Classroom Teacher.

Q84. Describe the proposed plan for providing related services and to have qualified staffing adequate for the anticipated special needs population.

Providing Related Services and Adequate Staffing

At Falcon Academy, if related services need to be provided and are not available, the school will partner with Cumberland County Schools or contracted service providers to ensure the students with an IEP to receive their full services during school hours. Falcon Academy will ensure that the EC Coordinator is qualified with a minimum of a bachelor's degree in special education and at least 2 years of teaching experience with students with special needs. Teachers will be provided Professional Development learning opportunities about Gifted and At-Risk Students at annual intervals.

9.4. Student Performance Standards

Q85. Describe the student performance standards for the school as a whole.

Schoolwide Student Performance Standards

Through high expectations and rigorous instruction, the students at Falcon Academy will achieve the highest possible performance standards. These goals will be based on growth and mastery of the State Standard Course of Study and clearly communicated with students, parents/guardians at the beginning of each semester. Students and parents/guardians will receive progress reports to highlight areas of strength and areas of needed improvement along with ideas to help with continued progress. FA will uphold the following performance standards:

- In year one 75% of students in grades K-8 will master all grade-level reading and math standards with 80% mastery on benchmark assessments aligned to the EOG.
- In 2023-2024, 85% of students in grades 3-8 will score proficient in math and reading NC EOG, 90% in 2024-2025, and 90% in 2025-2026.
- Annually, FA will exceed academic growth in these areas.

Q86. Explain the use of any evaluation tool or assessment that the proposed charter school will use in addition to any state or federally mandated tests. Describe how this data will be used to drive instruction



and improve the curriculum over time for the benefit of students.

Evaluation Tool

Falcon Academy will use the iReady platform to monitor the progress of our students. Data will be provided from iReady Assessments to each teacher to develop and create lesson plans and visualize the gaps that occur in students' work. At this time the students' progress according to iReady and individualized goals will drive the content of school conferences with teacher-parent/guardian involvement.

Students that are at-risk or are exceptional will also have individualized goals and lesson plans that shall be met to be promoted to the next level. Social promotion will not be allowed with the exception of unique circumstances and in the event that the grade level for which the student is applying is not appropriate. In this occurrence, the Principal will request that the student is given assessments to ensure the proper placement and grade level for them.

Training will be provided to our teachers on how to analyze the iReady Assessment data to understand and plan lessons for their students. They will learn to identify these students and develop lesson plans to ensure the State Standard Course of Study are included in their daily classwork instruction.

Falcon Academy will use this data from iReady to drive instruction to meet the needs of individual students. Students will work according to their level of support in small group settings and/or one-on-one instruction. Teachers will use visual aids, modeling, call/recall, and repetition techniques daily in classwork instruction. Teachers will develop grade-level and subject-specific lessons with common assessments using iReady data that target specific skills and standards. Using common assessments are an essential part of the planning process and are an important method by which to measure that grade level is reached within the curriculum.

Q87. Explain the policies and standards for promoting students, including students with special needs, from one grade level to the next. Discuss how and when promotion criteria will be communicated to parents and students.

Promotion



Through a student support system, the Principal will lead the decision-making process to promote or retain a student using all sources of data. The factors considered when promoting or retaining a student include, but not limited to, growth according to iReady data, grades, attainment of IEP goals, teacher recommendations, and attendance.

The Principal makes the final decision about promotions or retention, and the criteria for promotion will be communicated to parents/guardians at the beginning of the school year. When a student is not making adequate progress or showing signs that he or she is at-risk for retention, the school will notify parents/guardians at the earliest opportunity but not later than the beginning of the fourth quarter. At this time, a plan will be implemented to provide additional support and instruction in an effort to provide needed individualized adjustments in order to be successful. The following guidelines will be used for evaluations;

- Teachers will finalize a portfolio of student work, sample assessments, anecdotal notes, and the promotion rubric that demonstrates areas of strength and weakness.
- Though parents/guardians have been inconsistent communication regarding the student's invention throughout the school year, they will be invited to a meeting with the Principal. All documentation and the student portfolio are presented and reviewed, taking into account the student's history, past retention, IEPs(if applicable), EOG/EOC results, grades, academic growth, social skills/maturity, and attendance.
- Based on evidence and teacher recommendations, the Principal will make a decision regarding retention or promotion. The parent/guardian will be notified with a written explanation of the decision.
- FA will uphold the state mandates for Read to Achieve legislation and will retain Any 3rd graders who do not meet the criteria for promotion.
- ELL Students below grade level due to language deficiencies with less than 2 years of ESL instruction will be promoted unless a strong case can be made of the benefits of retention.
- EC Students who have met their goals will be promoted regardless of their Achievement on grade level assignments and standardized assessments.

Q88. Provide the public charter school's exit standards for graduating ALL students. These standards should set forth what students in the last grade served will know and be able to do. Be sure to include plans for students at risk of dropping out.

Exit Standards

The Principal will ensure that all teachers are teaching with effective teaching strategies and classroom management procedures. They will be including informal and formal observations along with meeting sessions that will provide improvement in setting goals and strategies for teachers in need of these skills. Professional Development will be provided if iReady indicates that improvements are not being made by students through a deficit in the teacher. The school will develop an "Indicators of Dropping Out" as a



monitoring tool used by teachers and the Principal to identify and respond to those students that are at risk to ensure that the student can create a plan of action in partnership with the student's parent/guardian to move forward in completing the school year and into the next grade level. Falcon Academy graduates will have Exit Interviews conducted upon completion of the 12th Grade.

9.5. School Culture and Discipline

Q89. Describe the culture or ethos of the proposed school. Explain how it will promote a positive academic environment and reinforce student intellectual and social development

School Culture

Falcon Academy believes that all students can succeed at high levels and that all students can and will behave appropriately. Students will exceed expectations when given access to an engaging, rigorous, meaningful curriculum and when provided the support with encouragement to excel. Teachers will be trained in how chronic stress and trauma apply in their classroom and how to manage the negative behaviors associated with stress and trauma. Approaching classroom management in this proactive manner reduces problem behaviors and emotional difficulties. Within this environment, teachers will create a safe, supportive climate that develops resilience and wellness for each student.

The center of student's motivation and behavior in the classroom is the relationship built on mutual respect and trust that the teacher has with his or her student. Falcon Academy teachers will participate in a course entitled Classroom Management Success. This course provides teachers the mindset and skills to encourage their students to be responsible, respectful, and resourceful members of the classroom community. The school encourages students to not only willfully comply but to make a choice to do the right thing at all times. Students will engage in scenarios of mistakes and problems led by teachers during a lesson to give students the opportunity to learn and grow. Teachers will empower students with conflict resolutions and self-regulation skills, so they may build problem-solving skills for real-life situations. Discipline at the school is considered a learning process that builds student character and not just rewards and punishments.

Teachers will create a classroom environment for students to be motivated and invested in setting their goals to accomplish their pathways. Teachers will teach, model, and practice behavioral expectations, systems, and procedures at the beginning of the year using the expectations of the school.



Q90. Explain how you will create and implement this culture for students, teachers, administrators, and parents starting from the first day of school. Describe the plan for acculturating students who enter the school mid-year.

Creation and Implementation of School Culture

Falcon Academy's C.A.R.E. (character, achievement, respect, empower) will be Implemented through teaching and academic and behavioral expectations that are aligned with C.A.R.E. values.

Falcon Academy will develop and display character in its students. The students will strive for daily goals of achievement. They will respect themselves And others and together empowerment will grow to reach for the universe. These expectations will be normalized in the school throughout the year with behavior-specific and location-specific displays in halls and classrooms. School expectations and values will be practiced and reinforced at all times. Students will be celebrated for embracing the expectations and values through a recognition system.

Q91. Provide a brief narrative that delineates how student conduct will be governed at the proposed charter school and how this plan aligns with the overall mission and proposed Education Plan of the charter school. Be sure to include:
a. Practices the school will use to promote effective discipline.
b. A preliminary list and definitions of the offenses which may result in suspension or expulsion of students.
c. An explanation of how the school will take into account the rights of students with disabilities in regard to these actions that may or must lead to suspension and expulsion.
d. Policies and procedures disseminating due process rights, including grievance procedures, for when a student is suspended or expelled.

Student Conduct

When a student misbehaves or commits an off-task behavior, the teacher will bring the student's attention back to the core values by conducting a quick and private conference. The teacher will question which value was breached and ask the student what they need to do to mend the situation. The student may need a moment to practice mindful breathing, change seating, or time and space away from the conflict. The teacher will quickly and quietly attempt to get to the root cause of the distraction. The teacher will remind the student of their goals and help the student feel invested in working hard through a positive incentive.

If the student continues to violate the core and classroom values, the teacher will follow the protocol outlined in the Student Handbook Code of Conduct. The following consequences will accrue:



Falcon Academy Discipline Plan

The goals of discipline at Falcon Academy have several targets. The safety and well-being of all the students and staff are paramount. In addition, teaching respect for self and others, coping skills, and self-control are part of the aim. Providing an environment for learning to flourish without distractions and disruptions benefits all students and staff and enhances our mission.

Offenses depending on their nature and frequency may be met with Detention, In School Suspension (ISS) or Out of School Suspension (OSS), and in some circumstances, require notification of local law enforcement officials.

LEVEL I (General Classroom Disruptive Behavior)

Examples, but not limited to:

- Talking in class without being recognized.
- Leaving your seat without permission.
- Not Keeping your hands, feet, and other things to yourself.
- Being disrespectful in what you say to others and to your teacher.
- Failing to follow instructions or discipline from a teacher.
- Refusing to work or participate in class.
- Eating or drinking in class.
- Using profanity

1st Offense: Verbal warning

2nd Offense: Detention

3rd Offense: Conference with the principal, with possible In-School Suspension or Out of School Suspension

LEVEL II (General School Behavior)



Offenses, depending on their nature and frequency, may be met with detention, In-School Suspension (ISS), or Out of School Suspension (OSS).

- Physical contact between students.
- Horse playing
- Continual Dress Code Violations (3rd offense OSS for 1 day).
- Excessive tardies.
- Repeated violations of the same offense or nature.

LEVEL III

- Fighting
- Cheating
- Plagiarism
- Theft
- Disrespect or dishonor toward faculty
- Lying or deceitful behavior
- Endangering the safety of personnel and students
- Profanity
- Misuse of any electronic device (laptop, computer, cell phone)
- Skipping Class
- Leaving class without permission (leaving the FCA Building without permission)
- Harassment, intimidation or bullying
- Sexual harassment

For purpose of this policy, the definitions of harassment, intimidation, or bullying found in the section entitled "Definition of Discipline" will apply.

LEVEL IV

- Weapons
- Drug possession/use
- Threats toward staff and faculty or other students
- Assault
- Continued pattern of disruptive behavior (in which case an Individual Behavior Plan will be constituted).
- Sexual immorality (this includes any form of inappropriate touching, physical contact of any nature, suggestive language, or any behavior that can be interpreted as sexual in nature)



Definitions of Discipline

Detention: Students who are given detention will go to the designated detention classroom after school from 3:20 - 4:30 pm. The number of days will be assigned by the teacher and/or principal. The student will do assigned work (written or work detailed) during detention time. A discipline referral form will be sent to the parents.

In-School Suspension (ISS): Students given ISS are isolated from other students during the school day. They will receive their assignments from their teachers while in detention. This and any other work instructions will be completed during the ISS time. Students will eat lunch in isolation from the student body. A discipline referral form will be sent to the parents.

Out of School Suspension (OSS): Students given OSS will not be allowed to come to school for the assigned OSS days. OSS can be anywhere between 1-10 days. Students who are suspended from school may make up tests and other graded work during the period of suspension. Parents of students being suspended from school (OSS) will receive a Notice of Charges and Hearing Form, who will meet with the principal at the assigned time to discuss the behavior and the consequences. At that time, the student and parents will receive the Notice of Suspension Form identifying the behavior violation, the length of the suspension, and the day and date the student may return to school. Residential students may be brought to the school to meet with their counselor, at time of appointment, but should be delivered to the counselor, and picked up at the counselor's location and go to no other part of the campus.

Temporary Suspension: Students who commit an infraction that shocks the conscience or is of a nature that necessitates the removal of the student(s) from school immediately will receive a Temporary Suspension Form to be taken to the parents explaining the reason for the temporary suspension. In addition, a Notice of Charges and Hearing Form will accompany the Temporary Suspension Form designating a date and time for the house parent/parents to meet with the principal to discuss the behavior violations and the possible consequences for the student's actions. A determination will be made at the hearing regarding further discipline.



Bullying and Harassment: Acts or written or spoken words intended to intimidate or harass a person or to cause physical harm to a person or his or her property.

1. Verbal bullying is saying or writing mean things. Verbal bullying includes:
2. Teasing
3. Name-calling
4. Inappropriate sexual comments
5. Taunting
6. Threatening to cause harm.
7. Social bullying, sometimes referred to as relational bullying, involves hurting someone's reputation or relationships. Social bullying includes:
8. Leaving someone out on purpose
9. Telling other children not to be friends with someone
10. Spreading rumors about someone
11. Embarrassing someone in public
12. Physical bullying involves hurting a person's body or possessions.
13. Physical bullying includes:
14. Hitting/kicking/pinching
15. Spitting
16. Tripping/pushing
17. Taking or breaking someone's things
18. Making mean or rude hand gestures

"Harassment" also includes sexual advances, requests for sexual favors, inappropriate jokes and innuendoes, offensive touching and other verbal, graphic, physical conduct, or electronic communications of a sexual nature involving either member of the opposite or the same sex.

Note: Falcon Academy reserves the right to suspend or dismiss a student for misconduct without regard for whether the form of misconduct is identified specifically herein.

9.6. Certify

Q92. **This subsection is entirely original and has not been copied, pasted, or otherwise reproduced from any other application**

- Yes
 No



Q93. Explanation (optional):



10. Governance and Capacity

10.1. School Governing Body

Q94. Name of Private Non-profit

- Private Non-profit Corporation (NCGS 115C-218.1)
- The nonprofit corporation must be officially authorized by the NC Secretary of State upon application submission.

The name of the private non-profit is Falcon Children's Home and Family Services.

Q95. Mailing Address

The mailing address is as follows:

Falcon Children's Home and Family Services

7569 North West Street

Falcon, NC 28342

Q96. Street Address

The street address is as follows:

Falcon Children's Home and Family Services

7569 North West Street

Q97. City/State/Zip

The city/state/zip is as follows:

Falcon, NC 28342

Q98. Phone (xxx-xxx-xxxx)

The phone number is 910-980-1065.

Q99. Fax: (xxx-xxx-xxxx)

The fax number is 910-980-1161.



Q100. Name of Registered Agent and Address

The name of the registered agent is

Dr. Michael Stewart

7569 North West Street

Falcon, NC 28342

Q101. The private non-profit listed as the responsible organization for the proposed charter school has 501(c)(3) status.

- Federal Tax-Exempt Status (NCGS 115C-218.15)
- If the non-profit organization has yet to obtain 501(c)(3) status, the tax-exempt status must be obtained from the Internal Revenue Service within twenty-four (24) months of the date the Charter Application is given final approval.

- Yes
- No
- N/A. The applicant is a tax-exempt municipality

Q102. If applicable, attach Appendix F Federal Documentation of Tax-Exempt Status

Please find attached Appendix F Federal Documentation of Tax-Exempt Status.

Evidence :

| |
|---|
|  |
| Appendix F.pdf |

Q103. Federal Tax ID:

The federal tax ID for Falcon Children's Home and Family Services is 56-0582024.

10.2. Governance

The private nonprofit corporation or municipality is the legal entity that has responsibility for all aspects of the proposed charter school. Its members should reflect the ability to operate a charter school from both business and education perspectives.



Q104. Using the attached resource as a template, please complete the table depicting the initial members of the nonprofit organization


Please find attached the table depicting the initial members of Falcon Academy.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 3

Resources :



Evidence :

| |
|---|
|  |
| Initial Members of the Nonprofi... |

Q105. Describe the governance structure of the proposed charter school, including the governing board's functions, primary duties, roles and responsibilities as it relates to overseeing the charter school. Include how the board will recruit, hire, and supervise the lead administrator

Governance Structure

Falcon Academy (FA) will report to Falcon Children's Home and Family Services (FCHFS), a 501(c)(3), community-based organization, and both organizations will operate independently under each organization's respective bylaws.

The governing board's functions, primary duties, roles, and responsibilities for overseeing the charter school include the following:

- Advancing FA's mission, vision, goals, policies, programs, services, strengths, and needs.
- Serving as a leader for FA and commit to serving in any capacity needed with a willing and enthusiastic spirit.
- Providing operational, governance, and fiduciary oversight of the agency and securing legal representation as needed.
- Overseeing the hiring and evaluation of the principal.
- Setting annual goals to ensure that the FA reaches its mission and vision.
- Remaining open to understanding all perspectives of an issue prior to making a decision.



- Urging staff members and parents of enrolled students to follow the established grievance process, recognizing that all significant matters must be brought to the attention of the principal and/or board chair as appropriate.
- Staying informed in the legislative changes, educational trends, and community changes that could impact the school.
- Continuously recruiting for the board members of the community with skill sets and dispositions that will further the mission of the school.
- Avoiding even the appearance of a conflict of interest to maintain the integrity and reputation of the school.
- Exercising prudence in the management of funds, recognizing that taxpayer dollars must only be spent in direct support of the school and the furtherance of its mission.
- Representing FA responsibly and diligently within the community by sharing success stories and current needs and challenges in an effort to build partnerships and financial support.

Falcon Academy will report operational, governance, and financial updates to Falcon Children's Home and Family Services' Board of Directors. FA's Board will be responsible for developing and reviewing all school policies, school operations, hirings and firings, all governance, operations, and finance decisions, including policy development, oversight of the principal, and fundraising efforts.

The principal will report to and be hired by the Falcon Academy board, and the Falcon Academy board's Chair will report to the Falcon Children's Home and Family Services' Board of Directors.

Falcon Academy has a Principal in place. Mike Stewart has served as the school's principal since 2017, possesses a Doctor of Ministry in Leadership from Assemblies of God Theological Seminary. In addition to his leadership role with Falcon Christian Academy, He is also currently an adjunct professor at Richmond Graduate University and has served as a pastor in Roanoke, Danville, Franklin Springs, Winston-Salem, and Raleigh; as the Executive Director of Ministries of North Carolina District Council of the Assemblies of God; and as President of Emmanuel College. He was selected as principal for Falcon Academy due to his extensive leadership roles where he has repeatedly demonstrated his ability to lead an organization to meet its mission and to achieve the annual goals set by the Board of Directors.

Q106. Describe the size, current and desired composition, powers, and duties of the governing board
Governing Board



The Falcon Academy board is currently comprised of seven members and could be comprised of as few as five members and as many as nine members. The Executive Board consists of the Chairman, Vice-Chairman, Secretary, and Treasurer along with a Finance and Academic Committee that report to the FA board.

The Falcon Academy board is tasked with all tasks related to the governance, operations, and finances of Falcon Academy, including completing the aforementioned tasks in Question 155, approving the annual audit, and reviewing financial statements. The board also reviews suggestions for and introduces discussion regarding new programs, the continuation of current programs, potential grant funding, and strategic planning for the organization. Ultimately, the FA board is charged with ensuring that the school reaches its mission, stays financially viable, and is serving the student population both academically and socially-emotionally through reporting submitted on a regular schedule by the principal.

Q107. Describe the founding board's individual and collective qualifications for implementing the school design successfully, including capacity in such areas as school leadership, administration, and governance; curriculum, instruction, and assessment; performance management; and parent/community engagement.

Founding Board's Qualifications

The demographics of the Falcon Academy board include two educators, an office administrator, a business owner, two current mayors, and the CEO of Falcon Children's Home. Each of them not only brings skills necessary to govern a public charter school, but they are also each dedicated to serving the needs of children, especially at-risk and underserved children, the current and targeted population of Falcon Academy.

Specifically, Mr. Hill and Mr. Strickland are educators who have led or currently lead public schools, bringing with them the understanding of the skills, experience, and perspective needed to operate a school that not only meets the academic needs of students but also the social-emotional needs of students so that they can become successful community members. As educators, they bring with them an understanding of high-quality instruction, the importance of using data to drive instruction, and the connection between strong school culture and student achievement. They have also worked with boards of education previously, thereby giving them a strong understanding of how to develop healthy, long-lasting relationships that engender success for a school.



Mrs. Clark-Dunn and Mrs. Thomas have both worked as office administrators and are highly skilled at creating systems that support the general operation of an organization, vital skills when operating a public charter school.

Mr. Burnette and Mr. Turpin currently respectively serve as long-time Mayors of the Town of Godwin and the Town of Falcon. In this role, they both balance public policy with public demand, ensuring the fiscal viability of their towns and peaceful accord among its members, a fine balance to maintain. They will bring parent and community engagement skills, ensuring that policies, academic and programming decisions, hiring decisions, and fiscal decisions are all made by including the voices and opinions of stakeholders.

Finally, Mr. Leggett serves as the CEO of Falcon Children's Home and has spearheaded the conversion of Falcon Christian Academy to Falcon Academy due to his desire to remove the barrier to entry for those students whose families are unable to pay tuition for a high-quality education. Being a school that has traditionally served foster children and other at-risk children who live in and around the community, Falcon's Christian Academy has always been a small school with big aspirations. They endeavor and will continue to endeavor to provide a high-quality education to all children that is individualized to each student's needs and strengths. Mr. Leggett has worked tirelessly to ensure that the school has been equipped to do that in the past and will continue that effort once the school transitions to a public charter school.

Q108. Explain how this governance structure and composition will help ensure that a. The school will be an educational and operational success; b. The board will evaluate the success of the school and school leader; and c. There will be active and effective representation of key stakeholders, including parents.

Ensuring Appropriate Governance Oversight

While preparing for school opening, the board will complete all tasks both required and necessary to ensure that the FA is prepared to open as a public charter school in August 2021. The school has a committed Principal who will remain with Falcon Academy as it converts from a private school to a public charter school. To ensure that enrollment is made available to all interested and eligible students in and around Cumberland County, the FA board will host both virtual and live (as is deemed safe and legal) community events and advertise the school within the community through mailers, social media posts, and speaking events, clarifying the programming, meal, transportation, and therapeutic options that make FA a great school choice.



We will build upon the partnerships we currently have in place, which include the following:

- Fayetteville Technical Community College.
- Lighthouse Counseling Services.
- Coats Health Services.
- Lions Club.
- Several High Schools in Fayetteville
- Local Churches.

The ideal partner is one whose work is in alignment with the mission and vision of FA. The partnerships will not only serve as sources for monetary and in-kind donations but will also serve as a means to connect with students who will most benefit from FA and also as a way of creating a source of volunteers from the community who are mission-aligned with FA.

The board will develop processes and procedures for its standing committees and take all necessary steps to provide financial oversight, which is the fiduciary responsibility of the board to the school.

As a conversion, the school already operates well and currently serves 82 students. The FA board will assist the principal in navigating all the regulatory and compliance issues related to operating a public charter school. Once the principal demonstrates an understanding of these new responsibilities, the FA board will transition to a full governing board and will do it at a pace that ensures the viability of the school, its programs, and its services.

The FA board is legally responsible for all transactions and decisions of the charter school. This encompasses all aspects of the school, including the following:

- Student outcomes;
- School policies and procedures;
- Developing, approving, and implementing an annual Principal evaluation;
- Approval of all contracts, including those for hiring and firing of staff and for agreements with third parties;
- Setting the school's goals;
- Evaluating, monitoring, and making necessary changes to the school's plan;



- Developing, implementing, and modifying a governance model that recruits and retains effective board members; and
- Overseeing and managing the school's finances.

Membership on the FA board involves fiduciary duties to the organization that include the following duties: care, loyalty and obedience. The duty of care includes exercising good faith judgment in all decisions related to the school, its stakeholders, and its partners. The duty of loyalty requires board members to act in the best interest of the school at all times, and the duty of obedience dictates that board members must follow the spirit and the letter of all policies, laws, and regulations while governing the charter school. The FA board demonstrates care, loyalty, and obedience through its committed actions in managing finances, attending board members, developing a strong relationship with the principal, communicating about the school, setting policy, and participating in board retreats and board trainings.

Through the principal, the board will regularly review school-based data, including academic, attendance, and behavioral data, to ensure its understanding of whether or not students are making continuous progress in all areas and that the programming and services are operating in an optimal manner and reflect the mission of the school. The data collected includes benchmark testing results in both ELA and Math; retention rates; disciplinary records, attendance, and evidence of students living the school's values.

To ensure that parents' perspectives are key components of the FA board's strategic planning, the school will regularly survey the parents and invite parents to apply for board membership.

Q109. Explain the procedure by which the founding board members have been recruited and selected. If a position is vacant, how and on what timeline will new members be recruited and added to the board?

Founding Board Recruitment and Selection

Falcon Academy board members were recruited and selected through the following process:

Two of the members have served on the current school's advisory board for several years. Those two nominated the additional board members from their personal and professional networks due to their interest in supporting school choice, especially for at-risk students. Once nominated, the board member and the principal discussed with them the vision and mission of the school and the application process to convert from a private school to a public charter school. They were also informed of the critical governance role of an active charter school board. They were given time to review documents and decide



if they would accept the position. Ultimately, each board member made the decision to join the board and to commit to ensuring the proper oversight and guidance that is required of a board of directors of a public charter school.

Falcon Academy board recruitment will be conducted on a continual basis, and the Falcon Academy board will develop a succession plan that includes each member being responsible for replacing him- or herself and also recruiting a minimum of one additional board prospect. In the event that a board position becomes available, new members may be elected onto the board within three months of the vacancy, depending on the skills needed of the current board. Otherwise, they will be elected on the board at the board's annual meeting. The Nominating Committee would determine whether the needs of the school were such that electing new members during the school year was helpful and necessary. While prospective members are awaiting the invitation to join the Falcon Academy board, they will be invited to join a board committee so that they will gain insight into the work of the board and the FA board will have an opportunity to work with the candidate to see if she or he is a good fit for the Falcon Academy board.

Q110. Describe the group's ties to and/or knowledge of the target community.

Community Ties

The currently operating school has established strong relationships with the guidance counselors of Cumberland County Schools, regularly working with them to serve at-risk students. In addition, the school works with social workers and other professionals who work with the Department of Social Services to understand the needs of every child who is placed in the Falcon Children's Home. Furthermore, the school has developed a strong relationship with Fayetteville Technical Community College whereby students can co-enroll in Falcon Christian Academy and the community college, earning college credits and/or professional certificates and licenses that will ensure employment immediately after graduation.

Q111. Outline the strategic board calendar detailing how often the board will meet according to the bylaws established.

Strategic Board Calendar

On a monthly basis, the Falcon Academy board will hold regular meetings and will follow a strategic calendar developed annually by the Falcon Academy board to ensure that it is providing the appropriate oversight to all aspects of operating a public charter school. Committees will meet at designated times between the regular monthly board meetings to consider new developments, conduct analysis, discuss all aspects of a topic, and develop a list of decisions to recommend to the full board during the regular meetings to ensure that all aspects of the charter school continue to develop toward reaching Falcon Academy's mission.



Q112. What kinds of orientation or training will new board members receive, and what kinds of ongoing professional development will existing board members receive? The plan for training and development should include a timetable, specific topics to be addressed, and requirements for participation.

Board Training

Since it is critical to the success of Falcon Academy, all Falcon Academy board members will participate in board orientation training so that they understand the roles and responsibilities of board membership. When new board members are elected to the board, they will be assigned a mentor who is currently serving the board or who has rotated off the board within the previous two years. The mentor will serve as a resource for answering both logistical questions and for understanding more complex issues, such as fiduciary duties and the separation of governance and operational duties.

The board will share directions with new board members on how to access the policy manual, the charter application, the board's bylaws, a board calendar, access to Open Meeting Law, board roles and responsibilities, and the conflict of interest form. with which all new board members will be required to familiarize themselves.

The board will conduct governance training each year during its annual, required retreat. Board members will be encouraged to avail themselves of additional board trainings made available during sessions led by the Office of Charter Schools or the Department of Public Instruction that involve pertinent topics, such as strategic planning, charter-related legal considerations, and nonprofit best practices. These trainings will not only prepare new and current board members, they will also provide clarity to the FA board about their roles, resulting in higher engagement and focus in their work for the school.

The FA board will hire an attorney on retainer who is familiar with public charter school law and will offer consulting services to the board on legal matters relevant to operating a public charter school, including Open Meetings law, public records requests, Exceptional Children programming, and other legal matters that the FA board understands as a matter of course in operating a public charter school.

Training topics will include the following list along with ad hoc topics that arise when operating a public charter school:



1. Strategic Planning Training: To ensure that board members regularly implement strategic planning when developing the goals, programming, and policies for FA, the FA board will undergo strategic planning training so that they have a common process for discussing an idea, developing a plan for its full implementation, and implementing a monitoring process to ensure long-term success.
2. Finance Training: This training will focus on teaching participants how to create, present, monitor, and implement a balanced financial plan, including an approved budget. Participants will understand the organization's financial viability; they will understand financial planning and getting a return on investment; and they will understand enrollment projection in direct relation to revenue growth. As key indicators of charter school success and failure, Falcon Academy board members will be trained how to recognize both the signs of trouble and signs of success.
3. Roles and Responsibilities Training: Annually, the board will participate in training that clarifies the fiduciary duties of all board members and the difference between governance and operations to ensure that the board develops goals and supports programming that meets the needs of everyone involved, including students, staff, and stakeholders.
4. Legal Compliance Training: In this training, the board will review, clarify, build understanding, and assess for implementation of the school's mission statement, bylaws, policies, and federal, statutory, and regulatory requirements.

Q113. Describe the board's ethical standards and procedures for identifying and addressing conflicts of interest. Identify any existing relationships that could pose actual or perceived conflicts if the application is approved; discuss specific steps that the board will take to avoid any actual conflicts and to mitigate perceived conflicts

Ethical Standards

In compliance with Non-Profit Corporation Law NCGS 55A-8-31, the board of directors shall comply with voting and disclosure provisions of the Conflict of Interest policy. Falcon Academy's bylaws and policies will define the procedure for identifying and addressing conflicts. The proposed bylaws are submitted as part of this application.

Addressing Conflicts of Interest

This Conflicts of Interest policy is directed not only to Directors and Officers, but to all employees who can influence the actions of the school or its Board, or make commitments on their behalf. This will include all who make purchasing decisions, all persons who might be described as "administrative personnel" and all who have proprietary information concerning the school.

Disclosure Requirements



Full disclosure of the identity of any relationships of the governing board, charter school employees, or potential contracts shall be communicated and will be vetted openly. In compliance with the law, the following procedures will be implemented and will apply to Falcon Academy board members and all school personnel.

Disclosure will be made as soon as a potential conflict is discovered. When a possible conflict has been disclosed, the Board will determine whether a conflict actually exists and whether it is material. Where a material conflict exists, the Board will determine whether the proposed transaction or other conflicting involvement may be authorized as just, fair, and reasonable to the school. The decisions of the Board will be guided by independent counsel as appropriate, and their guiding principle will reflect the integrity and best interests of the school and the advancement of the school's mission.

The Board will determine whether the recommended transaction or other conflicting involvement may be authorized as just, fair, and reasonable to the school. The decisions of the Board will be guided by independent counsel as appropriate, and their guiding principle will be the integrity and best interests of the school and the advancement of its purposes.

Procedures

When dealing with a potential conflict of interest, the Board will follow these procedures:

1. Any Board member having a possible conflict of interest on any matter will not vote or use his or her personal influence on the matter, and he or she will be recused from the final discussion and voting after answering all Board questions and fully inform the Board of all pertinent detail.
2. The Chair of the Board will appoint a neutral person or committee to investigate alternatives to the proposed transaction.
3. After exercising due diligence, the Board will determine whether or not the school shall proceed with the proposed transaction. The Board meeting minutes will reflect all conflicts of interest disclosure, abstentions from voting, and the existence of a quorum.

Q114. Explain the decision-making processes the board will use to develop school policies.

Decision-Making Process



As an authorized group, the Board will use deliberation for its primary decision-making process. Deliberation includes the use of research, analysis, feedback from legal counsel, and the Board's professional and personal experiences. These will all be used in regular, special, and/or emergency meetings to address the governance of a public charter school. This will ensure Board effectiveness in making prudent decisions for the school that has considered all options prior to proceeding.

Board meetings will be organized in such a way as to invite debate and discussion that is tempered by managing conflicts as they arise so that the discourse is healthy and works to solve/address issues. The board will work with stakeholders, including parents, community members, the lead administrator, to ensure that they understand all points of view when considering a policy, operational, governance, or financial decision.

Furthermore, the Board recognizes the benefit of leveraging the experience of other charter school boards and will, therefore, contact, other successful charter school boards to ask them about specific issues and general perspectives so that Falcon Academy is operating at an optimal level. The most important driver of all decision-making will be supporting the mission and goals of Falcon Academy.

The school's policies will be mission-driven and values-oriented. They will be legal and will not deny constitutional rights, and they will be communicated to all stakeholders. The Board will capture all policies in a policy handbook that is available for public review after they have been adopted with the full authority of the Board.

Initial recommendations for policies will come from Board committees, the principal, and parents. The Board will first determine whether the current school policies meet the desired purpose of the policy and are compliant with all laws and regulations. Once it is determined that a new policy is needed, the following process will be followed:

1. A need will be identified.
2. Data will be collected.
3. Recommendations will be made.



4. Policy language will be drafted.
5. Policy will be introduced for stakeholder input.
6. Policy will be presented to the board for discussion and a vote.
7. Policy will be embedded into the school's policy manual, shared with stakeholders, and communicated with stakeholders.
8. Policy will be reviewed annually or as deemed necessary.

Q115. Describe any advisory bodies, councils, or associations listed in the organization chart or to be formed, including the roles and duties of that body, and the reporting structure as it relates to the school's governing body and leadership.

Advisory Bodies

Although the board has the authority to make decisions and take action in these four areas listed above, the board will seriously consider input from the following advisory bodies:

- Parent-Teacher Organization: This group will support the teachers and staff in their mission. They will be their own entity and report to the Principal.
- The Academic Committee: This committee will consist of board members and the curriculum experts from Falcon Academy's elementary, middle, and high school. This committee will also ensure that the mission of the school is coming to life in the classroom, and they will measure this by analyzing test data, completing site observations, and gathering input from the school community. They will report their findings and make recommendations to the board.
- The Finance Committee: This committee will consist of board members and stakeholders with relevant professional experience. The members of this committee should possess a strong financial background. They will review and make recommendations on the budget proposed by the principal; in addition, this committee will make recommendations for significant financial decisions that will impact the school. This committee will report directly to the board.
- The Personnel Committee: This committee will consist of board members and will work with the principal on personnel matters. The principal will recommend the hiring of staff and teachers, and the final hiring decisions rest with the board. This committee will also work in a coordinated fashion with the Finance Committee in relation to employee compensation and benefits.

Q116. Discuss the school's grievance process for parents and staff members

Falcon Academy is committed to maintaining a positive learning environment, and it encourages open discussions among employees, administrators, board members, parents, and students. Occasionally, concerns or questions may arise among members of our school community. If a parent has a problem with regard to a teacher or other employee following steps should be taken as needed:

1. Discuss the problem with the relevant person immediately.



2. If there is no resolution to the issue, communicate the concern to the Principal. This may result in an additional meeting with the relevant person and the Principal. As appropriate, the Principal would then reach out to the Board Chair to both make him or her aware and to get advice.
3. If there is no resolution to the issue, the parent may file a grievance by following the board's policy and grievance process.
4. The board or appointed committee will receive the grievance and determine the next steps, including contacting the CMO for insight and guidance regarding the grievance.

If an employee has a concern or complaint, then the employee should follow the steps outlined below.

1. Share his or her concern or complaint with the Principal. When appropriate, the Principal will then reach out to the Board Chair to both make him or her aware and to get advice.
2. If the matter concerns the Principal or if the matter remains unresolved after the meeting with the Principal, then the employee may follow the board's policy and grievance process, which includes communicating in writing with the Chair of the Governance Committee appointed specifically to respond to grievances. This committee will then contact the Board Chair for insight and guidance regarding the grievance. Ultimately, the board decides on any responses or action steps as responses to the grievance.

Q117. [Attach Appendix G Organizational Chart](#)

- A well-defined organizational chart showing the relationship of the Board of Directors to the parents and staff of the proposed charter school. This chart should also include lines of authority to and from any outside entity that will play a role in managing or supporting the charter school (such as educational service providers, advisory bodies or parent/teacher councils).

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Evidence :



Q118. [Attach Appendix H Charter School Board Member Information Form and Resume](#)


- A one-page resume from each founding board member and responses to the questions found on the Charter School Board Member Form

Upload Required File Type: pdf, excel, word Max File Size: 30 Total Files Count: 50

Resources :



Evidence :

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| Appendix H.pdf |

Q119. Attach Appendix I Charter School Board Member Background Certification Statement and Completed Background Check for Each Board Member

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 50

Resources :



Evidence :

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| Appendix I.pdf |

Q120. Attach Appendix J Proposed By-Laws of the Nonprofit Organization or MunicipalityThe proposed by-laws, which must include a Conflict of Interest Policy for board members and a stated commitment to the NC Open Meetings Law.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 3

Evidence :

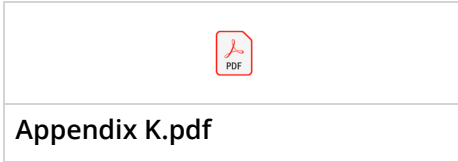
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| Appendix J.pdf |

Q121. Attach Appendix K Articles of Incorporation or Municipal CharterIf the applicant is a non-profit board of directors, attach a copy of the articles of incorporation from the NC Department of the Secretary of State.If the applicant is a municipality, attach a copy of the municipal charter.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5



Evidence :



10.3. Staffing Plans, Hiring, and Management

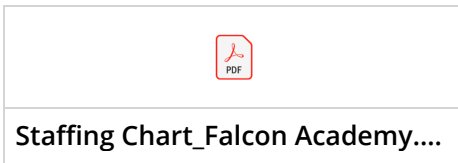
Q122. **Projected Staff** Complete the staffing chart below outlining your staffing projections. Adjust or add functions and titles as needed to reflect variations in school models. Be mindful that your predicted administration and staff match the projected enrollment noted in Section I, course offerings, and align with the proposed budget.

Please find attached the staffing chart for Falcon Academy.

Resources :



Evidence :



Q123. **Staffing Plans, Hiring, and Management.** Explain the board's strategy for recruiting and retaining high-performing teachers.

Recruitment and Retention of High-Performing Teachers

Falcon Academy has received a commitment from all but one of its current teachers to continue at the school when it converts from a private school to a public charter school. The one who will not remain with the school is concerned about the additional responsibilities that she will bear as a public school teacher.

Teachers are supported with professional development and mentoring by the principal. We are striving to provide teachers with a competitive salary and to pay them commensurate to their expertise and experience. The school will offer both health and retirement benefits to full-time employees, and the costs



of mandatory unemployment and workers' compensation insurance will be incurred by the school.

Q124. If already identified, describe the principal/head of school candidate and explain why this individual is well-qualified to lead the proposed school in achieving its mission. Provide specific evidence that demonstrates the capacity to design, launch, and manage a high-performing charter school. If the proposed leader has never run a school, describe any leadership training programs that (s)he has completed or is currently participating in. If no candidate has been identified, provide the job description or qualifications, and discuss the timeline, criteria, and recruiting/selection process for hiring the school leader

Current and Future Principal

The current Principal of Falcon Christian Academy, Dr. Michael Stewart, has been identified as the future Principal of Falcon Academy because he is uniquely suited to lead our school with an at-risk population because he has earned advanced degrees in both counseling and leadership and has a history of work in programs for abused, neglected, and underserved children. He's served as FCA's K-12 Principal for the past three years.

Furthermore, Dr. Stewart is the former Dean of a Graduate School and led the effort to design and create online degree programs. Developing new and effective programs is a proven skillset in previous jobs and with FCA.

Finally, he's the former President of a liberal arts college where he was involved in every aspect of the college from curriculum selection and personnel management to business and finance decisions.

Q125. Attach in Appendix O the School Leader's Resumelf school leader has been identified, include the school leader's one-page resume in Appendix O.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Evidence :

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|  |
| Appendix O.pdf |

Q126. Provide a description of the relationship that will exist between the charter school employees and the school's board of directors.

Board and Charter Employee Relationship



Falcon Academy has a Principal in place who will remain in this leadership position as the school transitions from a private school to a public charter school. The current relationship between the board and the Principal is one that involves a balance of trust and accountability. The principal is responsible for making hiring and firing recommendations to the board and evaluating all employees. The Principal shares data and recommendations for renewals and raises to the Falcon Academy board for discussion and approval. The Board Chair and the Principal are in regular communication regarding all matters related to the school's operations and its impact within the larger community. All employees will direct their communications to the principal, and the FA board will communicate with the employees through the principal.

Based on enrollment and revenues, Falcon Academy will follow a salary schedule and bonus plan that has been developed to help retain high performing teachers. The FA board's responsibility is to provide governance, oversight, and leadership that attracts high-quality staff and to provide the support and resources the principal needs to build instructional capacity to improve student learning. The hiring of all employees must align with the mission and immediate needs of the school.

Q127. Outline the school's proposed salary range and employment benefits for all levels of employment.

Proposed Salary Range and Benefits

- Principal: \$75,000 - \$80,000
- Assistant Principal: \$50,000 - \$60,000
- Full Time Core Teachers: \$35,000 - \$50,000
- Elective/Specialty Teachers: \$35,000 - \$50,000
- Administrative Assistant: \$25,000 - \$32,000
- Teacher Assistant: \$15,000 - \$25,000
- Exceptional Children's Teacher: \$35,000 - \$50,000

Falcon Academy will not participate in the state retirement plan; however, Falcon Academy will offer a 403(b) program with matching contributions up to 3%, the option to enroll in a health care program, and the option to purchase life insurance to all full-time employees. The school will not offer retirement, health insurance, or life insurance to part-time employees.

Q128. Provide the procedures for handling employee grievances and/or termination

Employee Grievances and/or Termination



Falcon Academy's Principal retains the discretion at all times to recommend termination employment and/or to decide what type of response, if any, is warranted and appropriate in the event that a grievance is filed against an employee. All FA employees are at will employees, and employment can be terminated at any time. There is no guarantee of implementing any disciplinary action prior to termination. The Principal is not required to use any of the following steps of discipline, and the school retains the discretion at all times to determine the type of discipline to apply or to recommend termination.

In the event that it becomes necessary to discipline an employee, the Principal will determine the appropriate action, which could include the following steps:

1. Verbal Warning
2. Written Warning
3. Suspension, with or without pay
4. Final Warning and/or Probation
5. Termination

The Falcon Academy board retains the discretion to determine if the circumstances of a particular case warrant the principal's recommendation for termination for the first offense, or whether another response is warranted and appropriate. Further, if an employee's conduct, performance, work habits, or attitude becomes unsatisfactory or unacceptable in the judgment of the principal, which includes but is not limited to the following: violations of any school policies, rules, guidelines, regulations, or rules of conduct, whether contained herein or in other documents, they will be subject to disciplinary action that could include termination.

Grievances shall follow this process:

1. The employee meets with the principal to discuss the grievance in an attempt to reach a resolution and/or to enact any necessary disciplinary actions.
2. If a satisfactory resolution is not reached, then the employee will submit a formal grievance in writing to the FA Board Chair or designee.
3. The chair or designee will convene an ad hoc board subcommittee to investigate the grievance, whose investigation includes interviews with all involved parties as appropriate. The subcommittee will recommend a resolution within 30 days of receipt of the written grievance.
4. The subcommittee's decision will be final.



Q129. Identify any positions that will have dual responsibilities and the funding source for each position

Dual Responsibilities

Because we anticipate funding from State Funding, Local Funding, State, and Federal EC Funding, and other Federal funding, FA anticipates a budget that will require innovative thinking to meet the needs of all of its students. The majority of Falcon Academy employees will have dual positions in our first three-five years of operation as a public charter school.

Positions potentially impacted include:

- EC Director could serve as FA's sole EC Teacher.
- Office Manager could serve as PowerSchool Manager, Registrar, Financial Services support, and McKinney-Vento contact.
- PE Teacher could also serve as Athletic Director and Beginning Teacher Mentor.
- Content Teacher could serve as Testing Coordinator and MTSS Coordinator.

Q130. Describe the plans to have qualified staffing adequate for the anticipated special needs population and means for providing qualified staffing for EL and gifted students

Qualified Staff

Falcon Academy will hire only North Carolina certified and experienced teachers for our special needs, English Learner, and gifted student populations. If deemed necessary, Falcon Academy will hire and make adjustments to the budget for an experienced part-time EL teacher to assist with any child that is an English Learner. Falcon Academy will also provide all full- and part-time teachers with the proper training and staff development to provide the appropriate education for both EL and gifted students.

Q131. Provide a narrative detailing the roles and responsibilities, qualifications, and appropriate licenses that each position must have to be hired by the school's board of directors and effectively perform the job function(s).

Roles and Responsibilities, Qualifications, and Licenses

FA will ensure that staff is held to high-quality standards by ensuring that steps are taken each day to meet and exceed the FA mission. All staff members are expected to communicate clear expectations and goals to students and parents; uphold all legal, professional, and ethical requirements of a North Carolina educator; create an environment conducive to learning and supportive of students' socio-emotional development; and commit to contributing to a positive school culture focused on results and moving forward.



FA's detailed expectations for each role are outlined below:

- Principal:
- Hold a Master's Degree in Administration or equivalent education and experience and must have five years of administrative experience.
- Ensure that the curricula are taught in alignment with the NC Essential Standards on a daily basis.
- Supervise and manage the staff and report on the school's overall operation to the board of directors every month.
- Responsible for handling student and staff conduct in accordance with student and staff handbooks.
- Active in developing and implementing the professional development plan.
- Oversee the creation and implementation of the school's marketing plan.
- Ensure that the school operates within the budget and be responsible for all fiduciary requirements.
- Assistant Principal:
- Hold a Master's Degree in Administration or equivalent education and experience.
- Coordinate and maintain the teacher licensure program.
- Have two years or more of administrative experience.
- Assist in coordinating the professional development plan.
- The lead person to whom all contract positions report; this includes being the point of contact for the PowerSchool administrator.
- Reports to the principal.
- Core, EL, EC, Physical Education, and Elective Teachers:
- Hold a bachelor's degree or equivalent education experience.
- Teach the curricula in alignment with the NC Essential Standards.
- Create a classroom climate that is conducive to learning.
- Create and maintain open lines of communication with parents.
- Offer tutoring and enrichment activities to students as needs arise.
- Communicate clear expectations, goals, and grading requirements to both parents and students.
- Differentiate lesson plans to fit the needs of individual scholars.
- Maintain and keep current records on all students, including portfolio work and grades.
- Reports to the principal.
- Office Manager:
- Hold an Associate's degree or equivalent experience.
- Have at least two years of experience as an administrative assistant.
- Coordinate and run the school's front office and complete all necessary duties.
- Coordinate school volunteers.
- Assist the assistant administrator and the lead administrator as the need arises.
- Assist in marketing.
- Assistant Teacher:
- Preferably hold a Bachelor's degree.
- Preferably hold teacher licensure or be working towards it.



- Work with "At-Risk" students both in small groups and one-on-one.
- Support classroom teachers through tutoring, small group instruction and any other needs that may arise.
- Be trained in the school's curricula.

10.4. Staff Evaluations and Professional Development

Q132. Identify the positions responsible for maintaining teacher license requirements and professional development.

Licensure Maintenance

The principal will be responsible for ensuring that there are systems and procedures for making teachers aware of licensure renewal opportunities and their renewal status. The principal will appoint a teacher to drive the renewal process, to track teachers' licenses to ensure that the school has an accurate record of all teachers' licenses, and to provide appropriate notification that will allow teachers to secure the appropriate training prior to the expiration of their license. However, it is the duty of each teacher to monitor his or her licensure status and ensure that the school has a correct accounting of their license.

Q133. Provide a detailed plan noting how the school will mentor, retain and evaluate staff in a format that matches the school's mission and educational program. Plan should also describe how the school will meet the teacher certification and licensure requirements for teachers as prescribed by state and federal law. Be sure this overview matches with the projected staff and funding of the proposed budget section.

Staff Mentorship, Retention, and Evaluation

Falcon Academy works hard to recruit, hire, and retain teachers who are skilled to deliver instructional using the school's innovative strategies that bring the school's mission to life. Working with a mentor, beginning staff and teachers will develop initiatives, plan engaging lessons, and develop classroom management strategies in alignment with the school's vision for each of those areas. The mentor teachers will also observe and provide feedback to assigned developing teachers at a minimum of four times each school year. Supportive instead of evaluative, this mentoring program will provide teachers the guidance and encouragement that they need, resulting in higher teacher retention and satisfaction ratings.

With the input of teachers, Falcon Academy will develop a teacher evaluation instrument that will evaluate a teacher's ability to implement the curricula in a way that results in academic achievement for FA's students. By inviting teacher input, FA will develop solution-oriented teachers who will proactively seek



mission-aligned solutions when problems arise or when opportunities arise. Falcon Academy views these as leadership skills that the school will promote and use when deciding who to promote into administrative roles when they become available.

Falcon Academy administration and staff will work closely with NCDPI to ensure that the school's teachers meet the teacher licensure renewal criteria. When hired, teachers will be required to provide their teacher's license from NCDPI. Each teacher is responsible for keeping his or her licensure and certifications up to date so that they meet the requirements for teaching at their level as defined by NCDPI and the SBE policies. In compliance with state law and policy, at least 50% of FA's teachers will hold a current North Carolina teaching license.

Beginning teachers at FA will follow the school's NCDPI approved Beginning Teacher Support Plan, which includes the following elements:

- a teacher self-assessment;
- a professional development plan;
- a pre-observation conference;
- three formal observations with post-conferences;
- a peer observation with post-conference;
- summative evaluation conference; and
- a summary rating form.

The Principal will evaluate administrative and support staff a minimum of one time per year with the goal of completing an evaluation twice a year, using a rubric that was developed by the staff and is in alignment with their job description.

Q134. Describe the core components of the professional development plan and how these components will support the effective implementation of the educational program. Describe the extent to which professional development will be conducted internally or externally and will be individualized or uniform.

Core Components of Professional Development Plan

Our professional development plans include CPR and diabetic training and will be done together by an outside source, school safety, and monthly drills training will be reviewed and completed by the first day of school (internally). The school will participate in trainings for PowerSchool, learning styles, teaching



strategies, and discipline training (including de-escalation). This will be done using internal and external trainers. Acadia is one of the outside trainers for Powerschool. We will also have external trainers come in for training for instance Leadership training by Habitudes.

Q135. Provide a schedule and explanation of professional development that will take place prior to school opening. Explain what will be covered during this induction period and how teachers will be prepared to deliver any unique or particularly challenging aspects of the curriculum and instructional methods.

Profesional Development and Explanation

Prior to school opening teachers will attend professional development training during the first five days (week).

In addition, professional development will be done quarterly during teacher workdays, and the school leaders and teachers will register for workshops pertaining to curriculum and instruction for teachers online as well as in person, to use as professional development. Teachers will also be encouraged to explore workshops individually based on their professional learning goals and evaluation feedback sessions.

Q136. Describe the expected number of days/hours for professional development throughout the school year, and explain how the school's calendar, daily schedule, and staffing structure accommodate this plan.

Days/Hours of Professional Development

Falcon Academy expects to have approximately 10 days designated to professional development throughout each year. Including the first week of school and one day each quarter on the teacher workdays provided.

The teaching staff and school leadership currently attend ACSI workshops because we are a Christian private school, but we will replace this with North Carolina Association of Public Charter Schools Conferences for our entire staff. We will also make sure there is a transition from private school operation and instruction to charter school operation and instruction to ensure that we are operating as a secular charter school that prepares students to be successful in the North Carolina Standard Course of Study.

10.5. Marketing, Recruitment, and Enrollment



Reaching the full capacity for enrollment will be critical to obtaining the necessary financial resources to keep your school viable and operating efficiently. In addition, it is required by law that charter schools provide equal access to all students. Read the charter school state statute regarding admissions 115C-218.45 carefully.

Q137. Marketing Plan Marketing to potential students and parents is vital to the survival of a charter school. Provide a plan indicating how the school will market to potential students and parents in order to reasonably reflect the racial/ethnic and demographic composition of the district in which the charter school will be located or of the special population the school seeks to serve: (G.S.115C-218.45(e)).

Marketing to Potential Students

Falcon Academy is mindful of the fact that we not only have to meet our enrollment targets, we also have to take the necessary steps to ensure that students who reside outside of Falcon Children's Home are both made aware of the opportunity to enroll at Falcon Academy and are made to feel welcome to enroll at Falcon Academy.

Through the collaboration of the Falcon Academy board and Principal, the school will be successful in achieving a student demographic that reflects a combination of students from Falcon's Children Home and the larger community.

The school will continue to develop its digital outreach efforts through our social media platforms which include Facebook, Instagram, and Twitter, and through the school website. Each of those platforms will be used to engage the community and inform/educate stakeholders as it relates to the school's mission, vision, and goals.

In addition, we will participate in virtual and in-person community events and continue to hold virtual or in-person community meetings, and when we are able to meet in-person, we will meet in locations that are in the same neighborhood or in close proximity to our target population. Each meeting will be advertised in the local newspapers, flyer distribution, social media, text, and email.

Q138. Describe how parents and other members of the community will be informed about the school.

Informing Parents and the Community



The Falcon Academy board will inform parents and other members of the community about the school by targeting churches, businesses, and events that serve families with children in grades K-12. children. This includes going to churches to talk with families in fellowship halls and to have flyers available to hand out ourselves and for church deacons to hand out as well.

Members of the board and the school leader engaged the community and families will host face-to-face and online information sessions to introduce Falcon Academy as a public charter school to the community.

In addition, guidance counselors at local schools and social workers with the Department of Social Services have referred students to us in the past, and we will ask them to continue doing this on an escalated scale given our anticipated new capacity as a public charter school.

Q139. Describe your plan to recruit students during the planning year, including the strategies, activities, events, and responsible parties. Include a timeline and plan for student recruitment/engagement and enrollment, with benchmarks that will indicate and demonstrate suitable recruitment and enrollment practices over time.

Student Recruitment During the Planning Year

Falcon Academy's marketing plan includes the following:

- Charter Application Phase, February 2020-July 2020:
- Goal:
- Gather additional information regarding the need or interest for a public charter school from families.
- Recruit additional board members.
- Seek potential community partnerships.
- Action Steps:
- Hold community information sessions and meet and greets.
- Publicize the school to the community at large so that interested parties will be aware of the school's upcoming application submission.
- Strengthen the social media presence, email blasts, and communication with the local community regarding application submission dates and processes.
- Receive surveys and letters of support from parents.
- Ready to Open Period, August 2020 - January 2021:
- Goal:



- Obtain 150 Letters of Intent (LOI)
- Educate parents as to what Letters of Intent are, how they can be utilized, and how they differ from applications for enrollment.
- Action Steps:
- Collect contact information and recruit prospective volunteers, board, and committee members.
- Mobilize committed families to market the school.
- Host community information sessions and employment fairs.
- Members of the board of directors and community advisory committee will visit local preschools, daycares, churches, other child-related organizations, and community organizations to distribute information.
- Open Enrollment and final RTO Period, January 2021-July 2021:
- Goal:
- Secure a minimum of 200 applications for enrollment.
- Action Step:
- Send postcards to households in Cumberland County and surrounding counties.
- Continue to host community meet and greets and employment fairs, if necessary.
- First 20 Days of School, August 2021:
- Goal:
- Build and sustain waitlist that is 25% above capacity per grade.
- Action Step:
- After testing marketing strategies that worked best, FA will focus its attention on the top three strategies and continue to promote the school in the community in an effort to build partnerships and future enrollment.

Q140. Describe how students will be given an equal opportunity to attend the school. Specifically, describe any plans for outreach to: families in poverty, academically low-achieving students, students with disabilities, English learners, and other students at-risk of academic failure. If your school has a specific area of focus, describe the plan to market that focus.

Falcon Academy is targeting students who live within a 10-15 mile radius from the school's location with a specific focus on at-risk students, especially those who have struggled with attendance and consistently passing their classes. Because of the character education, emotional supports, and individualized education that Falcon Academy provides, we will continue our relationships with guidance counselors in local public schools and social workers with the Department of Health and Human Services so that they will continue to refer these students to Falcon Academy. These students include those with disabilities and English learners in addition to students at-risk of academic failure.

Q141. What established community organizations would you target for marketing and recruitment?

Through the school's history of serving at-risk students from in and around Cumberland County, the school has developed working partnerships with the following organizations:



- Fayetteville Technical Community College-High School Connections program allows students to dual enroll in college courses.
- Lighthouse Counseling Services provides support services to our current students.
- Coats Health Services provides medical services to our current students.
- Lions Club regularly provides school supplies.
- Several High Schools in Fayetteville work with FA to support the needs of at-risk students.
- Local Churches provide school supplies and maintenance items.

Falcon Academy will continue the partnership with these organizations and specifically request their assistance in marketing the school to students who would benefit from our program.

10.6. Parent and Community Involvement

Q142. Describe how you will communicate with and engage parents and community members from the time that the school is approved through opening.

Falcon Academy believes that educating a student, especially an at-risk student, involves many members of the community. Falcon Academy commits to fostering a partnership between parents, teachers, students, and the greater community to create an environment in which parents can engage in school activities, teachers are given the freedom to be innovative, and students are provided the structure and the opportunity to learn.

We believe that it is essential that we reach as many prospective students and their families as possible. We have engaged community members through surveys, social media, and our school website in an effort to make sure that we are able to attract the students who would benefit from our school.

Our volunteers will be the driving force behind continuously engaging families in the community and constantly keeping them informed about our school. We will host Open Houses regularly from the time the school is approved until it the school is opened, and we will continue communicating updates about Falcon Academy via face-to-face conversations, flyers, email, the school website, and social media.

Q143. Describe how you will engage parents in the life of the public charter school. Explain the plan for building engaging partnerships between the family and school that strengthen support for student learning.

Parent Engagement



Parent engagement can be a transformative factor in a child's success at school. Because of this, Falcon Academy will invite parents to participate in the life of the school in a variety of ways. This includes attending special events, volunteering at the school, or completing activities for teachers at home. By inviting parents to contribute their time to the school, Falcon Academy endeavors to help parents feel like a vital part of the school community that they are. Some parents will have specific skills and resources to share, while other parents will have time and a willing spirit. We will endeavor to offer volunteer opportunities that suit every skill level and comfort level. All of these provide vital support for the school, its students, and its teachers. We will ask every parent to complete an engagement survey so that the school has a good idea about the different ways parents are able to engage and the days and times that they are available.

Falcon Academy believes that engagement includes strong communication between home and school. To this end, the school will provide parents with meaningful information about their child's progress and special events, such as testing programs, field trips, after-school activities, and opportunities for remediation and enrichment. The school welcomes parent input into the decisions made about their child. In turn, we will seek information from parents about their child's strengths, talents, and needs, and we will ask parents to keep their child's teacher informed of absences, medication issues, and family changes. If parents are not getting the information they need from school or have information to share that will improve our ability to teach their child, we will encourage parents to contact our teachers or administrators to rectify the situation. Falcon Academy commits to active participation from parents and is open to feedback.

Q144. If already identified, describe any programs you will offer to parents and/or the community and how they may benefit students and support the school mission and vision.

At this time, Falcon Academy has not developed programs that the school will offer the parents and/or community.

10.7. Admissions Policy

Q145. Provide the school's proposed policies and the procedures for admitting students to the proposed charter school, including:a. Tentative dates for the open enrollment application period, enrollment deadlines and procedures. *Please be advised schools cannot accept applications until after final approval from the SBE.b. Clear policies and procedures detailing the open enrollment lottery plan, including policies regarding statutory permitted student enrollment preferences.c. Clear policies and procedures for student waiting lists, withdrawals, re-enrollment, and transfers.d. Explanation of the purpose of any pre-admission



activities (if any) for students or parents.e. Clear policies and procedures for student withdrawals and transfers.

Admissions to Falcon Academy.

Falcon Academy will market the school so that the school population reflects the demographics of Cumberland and surrounding counties. The school's open enrollment period will begin on the first Monday in February each year, and applications will be available on the school's website and in the school's front office. The school will host online and in-person open house sessions and will post those dates on the school's website and social media pages. We'll also share this information with our community partners. Open enrollment will run until the third Monday in March. If the number of registrants exceeds the number of openings, a public lottery will be held to determine admissions.

The lottery will be open to the public, will be conducted in public, and will occur during the school's regular board meetings in March unless a more suitable time and place have been suggested and deemed appropriate by the Falcon Academy Board. The lottery process will be provided to the parents in advance and will be explained prior to the beginning of the lottery process. After the explanation, time will be allowed for questions from parents and members of the community.

All names will be assigned a registration number when the registration was received, and on the day of the lottery, each number will be randomly drawn by grade level. Students will be admitted based on the order of selection beginning with Kindergarten. Falcon Academy will have a segregation of duties in the lottery process whereby one Board member draws the name or number, one records it, and another announces it. If possible, a non-affiliated community member will be asked to assist in one of the aforementioned roles. The lottery will continue until all names are drawn, and students who have not been accepted will be placed on a waiting list in the order in which their names are drawn. If spaces become available due to withdrawal or transfer, the school will contact students on the waiting list in the order in which they appear and offer the seats to those students.

If Falcon Academy becomes aware of an error after the lottery process, the Board will take steps to rectify that situation up to re-doing the grade-level lottery to ensure fairness of all involved stakeholders.



Falcon Academy will give one registration number to families who have registered two or more children, so if their number is drawn in the lottery, all children in the family will be offered a space in the school. Registrations will be date and time stamped upon submission, and students will be admitted in the order in which the registrations are received. Falcon Academy will give priority registration to children of the school's principal, teachers, staff, and members of the board of directors.

If openings remain available after the close of open enrollment or become available, registrations will be accepted on a first-come, first-served basis until there are no further openings. Registrations received once the openings have been filled will be placed on a waiting list in the order in which they were received.

Annually, the members of the board will analyze student demographic enrollment statistics and revise the marketing plan to ensure that Falcon Academy reflects the demographics of the community in which we serve.

Falcon Academy will not discriminate against any student on the basis of ethnicity, national origin, gender, or ability. The school will not limit admission to students on the basis of intellectual ability, physical ability, measures of achievement or aptitude, athletic performance, race, creed, gender, national origin, religion, or ancestry.

Q146. Weighted Lottery Does your school plan to use a weighted lottery?

The State Board of Education may approve an applicant's request to utilize a special weighted, or otherwise limited, lottery in certain circumstances. If the charter applicant wishes to deviate in any way from the open lottery normally utilized by charter schools, the following requirements must be met:

1. In no event may a lottery process illegally discriminate against a student on the basis of race, religion, ethnicity, gender, or disability.
2. A lottery process may not be based upon geographic boundaries, such as zip code or current public school attendance zones, unless the charter school is operated by a municipality OR the charter school was converted from a traditional public school. Municipal charter schools may give enrollment priority to domiciliaries of the municipality in which the school is located (G.S. 115C-218.45(f)(7)), and charter schools that were converted from traditional public schools shall give admission preference to students who reside within the former attendance area of the school (G.S. 115C- 218.45(c)).
3. A lottery process that deviates from the standard lottery must be based upon the school's unique mission and must be based upon educationally, psychometrically, and legally sound practices, protocol, and research.



Yes

No

Q147. This subsection is entirely original and has not been copied, pasted, or otherwise reproduced from any other application

Yes

No

Q148. Explanation (optional):



11. Operations

Q149. I certify that this subsection is entirely original and has not been copied, pasted, or otherwise reproduced from any other application

Yes

No

Q150. Explanation (optional):

11.1. Transportation Plan

Q151. Describe in detail the transportation plan that will ensure that no child is denied access to the school due to lack of transportation. Include budgetary assumptions and the impact of transportation on the overall budget. The details of this plan should align with the mission, identified need for the charter school, targeted student population, and the budget proposal.

If you plan to provide transportation, include the following: a. Describe the plan for oversight of transportation options (e.g., whether the school will provide its own transportation, contract out for transportation, attempt to contract with a district, or a combination thereof) and who on the staff will provide this daily oversight. b. Describe how the school will transport students with special transportation needs and how that will impact your budget. c. Describe how the school will ensure compliance with state and federal laws and regulations related to transportation services

Transportation Plan

To ensure that transportation to and from the school is not a barrier to enrollment for any student, Falcon Academy has developed a transportation plan that includes a number of choices from which families may choose.

Since many of our students will be foster children from the Falcon Children's Home, the board concentrated its transportation plan on ensuring that those students who are not foster children who choose Falcon Academy because of its rigorous, individualized program will be provided a means of transportation to the school. As such, Falcon Academy has developed an agreement with Falcon Children's Home whereby Falcon Academy may use the vehicles owned and operated by Falcon's Children's Home to provide transportation to students, and FA will have access to the Home's drivers who are CDL licensed drivers with bus certification. Please see Appendix M for the details of the agreement.



Currently, the Home has two 60-passenger buses, one 24-passenger people mover, and one 20-passenger people mover. With our projected enrollment numbers, Falcon Academy is confident that the school's cluster bus stop plan will ensure that any child who requires transportation will have access to it.

The board estimates that one-third of our students will require transportation to the school. We will implement a plan of cluster stops of which families may choose the one most convenient for them. For those cluster stops, we will provide a school bus. Approximately fifty students will utilize the bus system when we are at full enrollment.

To determine the location of the cluster bus stops, we will upload family addresses and utilize an online mapping program, such as eSpatial mapping or Mapline, that will allow the school to determine the locations of the cluster bus stops.

During the planning year, the board will determine how students will require bus transportation through the school, communicating with all parents but particularly focusing families whose home is a far distance from the school, a family who qualifies for Free or Reduced Price Lunch, or special circumstances, such as having McKinney Vento status. Falcon Academy will work with each family to ensure that transportation is not a barrier to enrollment.

Falcon Academy will also fund support initiatives within our operating budget to provide gas cards to families who qualify for Free or Reduced Priced Lunch and request assistance. We will also budget for emergency circumstances that could necessitate the use of other transportation services on a short term basis until such time that a carpool or bus service can be provided.

In the event that one of our enrolled students has an IEP that indicates that related services include transportation to school, the school will ensure that appropriate transportation support is provided to each student for whom transportation is a related service. In an effort to serve this child appropriately, the school will pay for private transportation; the school will either include these costs in the school's operating budget or through monies obtained through a request for funding through the State's reserve funds.



Our budget for transportation includes costs associated with gas for which the school has allotted \$5,000 each school year.

11.2. School Lunch Plan

Q152. Describe in detail the school lunch plan that will ensure that no child is lacking a daily meal. The details of this plan should align with the targeted student population and school budget proposal. If the school intends to participate in the National School Lunch Program, include the following components in the response: a. How the school will comply with applicable local, state, and federal guidelines and regulations; b. Any plans to meet the needs of low-income students; and c. Include how the school intends to collect free- and reduced-price lunch information from qualified families. If a school intends to participate in the Community Eligibility Provision, describe the methodology the school will use to determine eligibility.

School Lunch

Falcon Academy will ensure that every student at the school will have access to a nutritious breakfast and lunch on a daily basis. Currently, Falcon Children's Home operates its school lunch program under the guidelines of the National School Lunch Program, and the home uses the Free and Reduced Price School Meals Household Application and the Standard Selection Verification Plan. Falcon Children's Home will continue to provide meals to the school through the National School Lunch program.

Each meal consists of a protein, vegetable choices, fruit choices, a grain, and a milk choice. We have a cashier at the Point of Sale to determine if each student has a reimbursable meal or not. For those students who do not qualify for a Free or Reduced Price meal, the cashier will collect payment for the meal. Teachers and school staff receive meals as part of their salary agreement.

Falcon Children's Home had an Audit on April 16th, 2019, and the home was found to be in Compliance with the Nation School Lunch Program guidelines. Also, on August 19th, 2019 there was a Technical Assistant review and Falcon was found to be in Compliance for the upcoming school year.



Parents will complete the annual Free or Reduced Priced Lunch (F/RL) qualifying form provided by the school. To ensure that all students who could qualify for F/RL does indeed receive F/RL, teachers and teacher assistants will be present during meal times and will be responsible for monitoring students during lunch in an effort to identify students who are in need of meals but have not yet been formally identified. The school will begin providing meals once the need is identified and will cover the cost of these meals.

Paying students parents pay monthly directly to the school office, and their payment is communicated to the cafeteria staff. The cafeteria staff then adds them to the lunch roll. Every student going through the line (free or paid) must stop and give their name, and it is checked off. Therefore, no one knows who pays for lunch and who receives a free lunch.

For those times when the number of additional prepared meals is insufficient for the number of students who forgot or weren't provided a meal, the school will discretely share foods with these students that the school has pulled from the food pantry that the school will maintain at all times for these purposes. This will serve as an emergency resource to ensure that every child eats a meal at school. This meal could include a sandwich, fruit, and a vegetable. Ultimately, all students who need access to Free or Reduced-Priced meals will be identified and will be provided meals in a way that doesn't identify them publicly.

11.3. Civil Liability and Insurance

The Nonprofit shall name the SBE as an Additional Named Insured to their liability coverage for operation of a charter school while obtaining and maintaining insurance at a minimum in the following amounts:

1. Errors and Omissions: one million dollars (\$1,000,000) per occurrence;
2. General Liability: one million dollars (\$1,000,000) per occurrence;
3. Property Insurance: For owned building and contents, including boiler and machinery coverage, if owned;
4. Crime Coverage: no less than two hundred fifty thousand dollars (\$250,000) to cover employee theft and dishonesty;
5. Automobile Liability: one million dollars (\$1,000,000) per occurrence; and
6. Workers' Compensation: as specified by Chapter 97 of NC General Statute, Workers' Compensation Law

Q153. Complete the attached table, indicating the amount of each type of coverage as outlined in a quote obtained from an insurance provider.

Please find attached the required table indicating the amount of each type of coverage Falcon Academy will have for the school.



Resources :



Evidence :



Q154. [Attach Appendix L: Insurance Quotes](#)

- The applicant must provide a quote from an insurance provider as part of this application (as Appendix L) to demonstrate the levels of insurance coverage and projected cost.

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Evidence :



11.4. Health and Safety Requirements

All public charter schools are required to follow the regulations regarding health and safety as stated in G.S. 115C 218.75.

Q155.

[We, the Board members will develop a written safety plan and policies to be shared with staff, parents and students and be available upon inspection from the Department of Public Instruction and local Health Departments.](#)

The Board Chair must sign this question.

Signature



Q156. Start-Up Plan Provide a detailed start-up plan for the proposed school, specifying tasks, timelines, and responsible individuals (including compensation for those individuals, if applicable).

Since Falcon Academy has been in operation for 9 years as a private school, the start-up plan involves making the necessary changes so that the school is compliant with all aspects of the charter application and is compliant with all federal, state, and local regulations regarding public school operations. This includes

Q157. Describe what the board anticipates will be the challenges of starting a new school and how it expects to address these challenges. Submit a Start-up (Year 0) Budget as Appendix O, if applicable.

The anticipated challenges for starting a new school include ensuring compliance with operating a secular public charter school and ensuring that the community is aware that the school is open for enrollment for any child eligible for enrollment in school in the state of North Carolina in grades K-12.

To overcome the challenge of becoming a secular school. Falcon Academy will remove all religious symbols and artifacts from view in the school buildings. In addition, the school will ask an independent third party to audit the facility to ensure that all symbols and artifacts have been removed and that the school presents as a secular school.

Falcon Academy has developed a robust marketing plan and will implement that with fidelity and continuously monitor the effectiveness of the plan by measuring its success through the number of letters of intent. (LOI) that the school receives prior to the open enrollment period. In the event that the number of LOIs is insufficient, the school will reevaluate its plan to consider other outreach methodologies.

11.5. Facility



Q158. What is your plan to obtain a building? Identify specific steps the board will take to acquire a facility and obtain the Educational Certificate of Occupancy. Present a timeline with reasonable assumptions for facility selection, requisition, state fire marshal and health inspections, and occupation
Note that the SBE may approve a charter school prior to the school's obtaining a facility; however, students may not attend school and no funds will be allocated until the school has obtained a valid Certificate of Occupancy for Educational use to the Office of Charter Schools

Falcon Academy currently operates as a private school and will continue to operate in the same facility, which has an Educational Certificate of Occupancy and has passed all requirements from the State fire marshal and for all health and occupational inspections.

Q159. Describe the school's facility needs based on the educational program and projected enrollment, including: number of classrooms, square footage per classroom, classroom types, common areas, overall square footage, and amenities. Discuss both short-term and long-term facility plans. Demonstrate that the estimate included in your budget is reasonable.

Facility Needs

The Falcon Academy facility consists two buildings that both house classrooms for our students. The first building has 6 classrooms, a computer lab, a small cafe (for snack not lunch), bathrooms, two offices, storage room, and a big activity room. The second building has 8 classrooms, a storage room, bathrooms, offices for the principal and secretary. We also have a chapel (auditorium) which is used for awards ceremonies. We have a gymnasium and a pool outside of the gym (the campus uses the pool, the school does not). Outdoors there are several large fields, a baseball field, tennis courts, soccer field, and two playgrounds. The cafeteria can hold 150 people at a time.

Q160. Describe school facility needs, including: science labs, art room, computer labs, library/media center, performance/dance room, gymnasium and athletic facilities, auditorium, main office and satellite offices, work room/copy room, supplies/storage, teacher work rooms, and other spaces

Facility Needs

Falcon Academy's facility needs are met by its current facility as described in Q210.

Q161. What is the breakdown of cost per square foot for the proposed facility? Outline how this cost is comparable to the commercial and educational spaces for the proposed school location

Falcon Academy has access to approximately 35,000 square feet on the campus between the two school buildings and the gymnasium.



With an average of \$15/square feet for commercial property in Cumberland County, access to this facility without the requirement of a rent payment is reasonable. Because Falcon Academy has an existing working relationship with Falcon Children's Home and Family Services, the Board is confident that the relationship will continue to be a good partnership that focuses on the well-being of children and the agreement to access to the buildings and transportation and providing lunch will continue for the foreseen future.

Q162. Facility Contingency Plan: Describe the method of finding a facility if the one the board has identified will not be ready by the time the public charter school will be opening. Include information regarding the immediate spatial needs of the school and identify any programs that will not be immediately offered because a permanent facility has yet to open

Contingency Plan

In the unlikely event that Falcon Academy will not have access to its current facility, the school will have access to a church conference building that is located one-quarter of a mile from the school location. The conference building has multiple classrooms, a cafeteria, an auditorium, meeting rooms, and outdoor fields that are more than sufficient for Falcon Academy to maintain regular operations in the event it had to move from its current location to the conference building.

Q163. Describe the board's capacity and experience in facilities acquisition and management, including managing build-out and/or renovations, as applicable.

Board's Capacity

The Falcon Academy Board of Directors includes seven dedicated professionals with a wide variety of skills and experiences. They include the following:

- Assistant Superintendent
- High School Principal
- Administrative Assistant
- Former member of the local school board and Secretary/Bookkeeper
- Mayor of the Town of Godwin and owner/operator of Willie's Garage
- Mayor of the Town of Falcon and School Maintenance
- CEO of Falcon Children's Home Family Services.

The mayors, Superintendent, Principal, and former school board member have vast experience in providing the necessary management and insight to continue the positive relationship with Falcon Children's Home and Family Services and properly manage the facility and any build-out or renovations that the facility might require in the future.



12. Financial Plan

Q164. I certify that this subsection is entirely original and has not been copied, pasted, or otherwise reproduced from any other application.

- Yes
 No


Q165. [Explanation \(optional\):](#)

12.1. Charter School Budget

Q166. If applicable, attach Appendix M: Revenue Assurances. Assurances are needed to confirm the commitment of any additional sources of revenue.

Please find attached Appendix M: Revenue Assurances that explains the financial relationship between Falcon Academy and Family Children's Home and Family Services.

Evidence :

| |
|--|
|  |
| Appendix M.pdf |

Q167. Attach Appendix N: Proposed Budget for Year 1 through Year 5


[Click "Resources" \(to the right of this text\) to access and download the Budget Template.](#)

Upload Required File Type: pdf, image, excel, word, text Max File Size: 30 Total Files Count: 5

Resources :



Evidence :

| |
|---|
|  |
| Appendix N_Falcon Academy.xlsx |

12.2. Budget Narrative



Q168. How was the student enrollment number projected?

The student enrollment number was projected based on the demand for Falcon Academy's program and the space limitations within the Falcon Academy facility.

Q169. Provide an explanation as to why you believe there is a demand for the school that will meet this enrollment projection

Demand for the School

The board believes that there is a demand for Falcon Academy and that it will be able to meet its enrollment projection because there is a great need to serve the at-risk population in Cumberland and surrounding counties. Falcon Academy is uniquely suited to do it. Falcon Academy will be the only charter school operating as an alternative school in the county, making it a public option that offers the flexibility that at-risk students require in order to be successful.

Currently, the Principal and teachers work with at-risk students and have a desire to not only continue to serve the at-risk population but do increase the number of students' lives they are able to impact on a year-to-year basis.

The school's location in the northeast corner of Cumberland Co and adjoining Harnett and Sampson County is a location that will serve many middle and high school students whose current schools are a far distance from their homes.

Most importantly, Falcon Academy has a track record of working with students who are at-risk, age-grade behind, been held back/failed, and have not been successful. This school knows how to help chronically failing students to find academic and emotional success sometimes for the first time in their lives.

Q170. Provide the break-even point of student enrollment

In Year 1, Falcon Academy's break-even number of students is 95.

Q171. Discuss the school's contingency plan to meet financial needs if anticipated revenues are not received or are lower than estimated

Falcon Academy will establish a contingency plan to ensure that the school meets any unexpected shortfall in revenues, including:

- Operating from a cash flow projection.



- Understanding that year one charters do not typically meet enrollment projections, which negatively impacts the budget.
- If the school is short enrollment, reducing personnel and cutting organizational purchases.
- Partnering with trusted vendors who understand the limitations of the initial charter cash flow.

In addition, the school will not rely on fundraising activities for the school's operating budget; however, the school will actively seek grants that will provide funding for additional and/or unanticipated programming or services costs.

Q172. Does the budget rely on sources of funds other than state, county, and federal (e.g., loans, donations, etc.)? If so, please provide the source and amount. Also, describe any committed contributions and in-kind donations of goods or services to be received by the charter school that will assist in evaluating the financial viability of the school. Clearly indicate between those grants or in-kind donations which have already been firmly committed and those the board is planning to pursue. Be sure that the appropriate assurances documentation is provided in the appendices.

While the Falcon Academy budget does not rely on sources of funding other than state, county, and federal funding, it does rely on the agreement with Falcon Children's Home and Family Services to provide the access to the facility and transportation and to provide lunch services in order for the school to maintain a positive balance.

Q173. Provide the student to teacher ratio that the budget is built on

Student : Teacher Ratio

The average student to teacher ratio is 1:8.

Q174. Describe the board's individual and collective qualifications and capacity for implementing the financial plan successfully

The Falcon Academy Board of Directors includes seven dedicated professionals with a wide variety of skills and experiences. They include the following:

- Assistant Superintendent
- High School Principal
- Administrative Assistant
- Former member of the local school board and Secretary/Bookkeeper
- Mayor of the Town of Godwin and owner/operator of Willie's Garage
- Mayor of the Town of Falcon and School Maintenance
- CEO of Falcon Children's Home Family Services.



The mayors, Superintendent, Principal, and former school board member have vast experience in providing the necessary management and insight to develop and implement a financial plan with fidelity.

Q175. Describe how one or more high needs students with disabilities might affect the budget and your plan to meet student needs that might be more than anticipated

If one or more high needs students enroll at Falcon Academy, the school will immediately apply for Special State Reserve Funds and reevaluate the budget to ensure that every staff member and support are in place on that student's first day of enrollment at Falcon Academy to Day 1 to ensure that the school provides a free and appropriate public education to the enrolling student.

Q176. If there is a plan to outsource any or all financial management areas such as payroll, benefits, audits, fundraising, accounting, etc., provide a statement on how the vendors will be selected and how the board will oversee their activities to ensure fidelity and compliance.

Outsourcing Plans

Falcon Academy plans to outsource for financial management in the areas of payroll, benefits, accounting, and audits. The board will review recommendations, review the proposals, and approved contracts based on professional knowledge and research conducted on competitive rates. At regular board meetings, an Acadia Northstar representative will be present to report the monthly operating budget as one means of sovereign the partnership with Acadia Northstar for financial management assistance.

Q177. Does the school intend to contract for services such as student accounting and financial services, exceptional children instructional support, custodial etc. Describe the criteria and procedures for the selection of contractors and large purchases

Contractual Services

The process for large purchases and contractual services would begin and end with the Board of Directors. Once approval is given to explore purchases or contracts, three bids will be obtained. The Board will then review each bid and select the most competent and effective vendor. This would require Board approval.

Q178. Explain how the budget aligns with the school's mission, curricular offerings, transportation plans, and facility needs

Falcon Academy's budget aligns with the school's mission, curricular offerings, transportation plans, and facility needs because in order for Falcon Academy to provide the quality of individualized education that our students need, the school needs to maintain a very low student to teacher ratio. This increases the number of teaching and support staff significantly to a ratio of approximately 1:8. That ratio makes it difficult to maintain and pay teachers a salary that is commensurate to their expertise and experience;



however, because the school won't pay rent and other costs, the school is able to dedicate the majority of the budget to the people who will most impact the lives of students: The teachers. Therefore, the budget's biggest expense is teacher and staff salaries, which account for an average of 81% of the overall budget.

Q179. What percentage of expenditures will be the school's goal for a general fund balance? Describe how the school will develop the fund balance.

General Fund Balance

The school's goal is a 5% fund balance each year. This is achieved through budget expenditures and fundraising efforts.

Q180. Provide a description of proposed financing structure. Include financing of facilities, other asset financing and leases

Falcon Academy will not need financing to provide for the general operation, facility, or purchase of materials due to its relationship with Falcon Children's Home and Family Services (FCHFS). For the first five years of the school's operation, FCHFS agrees to give full access to Falcon Academy to the High School and Middle/Elementary School buildings during school hours, no charge for utilities, insurance, or maintenance on the buildings. In addition, FCHFS agrees to provide cafeteria lunch service to all FA students and will provide access to FCHFS' vehicles, which include vans and buses. Please see Appendix M for a full description of the scope of the resources provided to Falcon Academy by FCHFS.

Q181. Will the school have assets from other sources (e.g. building, furniture, chairs, computers, etc.)? If yes, please provide a list. Note which are secured and which are anticipated, and include evidence of commitment for any assets on which the school's core operation depends.

Assets

The school will acquire the furniture and fixtures that are currently in the two school buildings from Falcon Children's Home Family Services.

12.3. Financial Compliance

Q182. How will the school ensure adequate internal controls, including segregation of duties, safeguarding of assets, accurate and adequate recording keeping?

Adequate Internal Controls

In compliance with General Statute 115C-218.30, the Falcon Academy Board of Directors will establish policies and procedures for financial and program audits to ensure compliance with the following:

1. The financial audits, the audit procedures, and the audit requirements adopted by the State Board of Education for charter schools. These audit requirements may include the requirements of the School



Budget and Fiscal Control Act; and
2. Reporting requirements established by the State Board of Education in the Uniform Education Reporting System.

The Board of Directors will establish two committees to oversee Falcon Academy's financial and control infrastructure: the Audit Committee and the Finance Committee.

The Audit Committee will oversee the audit work and perform the following functions:

- Solicit at least three (3) bids through the Request for Proposal Process (RFP) for audit services.
- Obtain Board of Directors' approval and appoint auditors.
- Establish audit fees.
- Approve the audit plan.
- Review all material and written communication between the external auditors and Falcon Academy.
- Review with the Board of Directors and manage annual financial statements and audit results.
- Evaluate the performance of the external auditors on an annual basis.

The Falcon Academy budget includes costs for an independent, external auditor to conduct the annual audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

The Finance Committee shall consist of non-employee board members who have the appropriate expertise and independence. Members of the Finance Committee will include but are not limited to the Chairperson and Treasurer. The responsibility of the Finance Committee is to:

- Work with the Principal and the financial services provider to prepare a detailed annual budget that aligns hiring and other variable expenses with a conservative projection of student enrollment.
- Develop strategic financial plans to ensure the financial viability and future success of Falcon Academy.
- Monitor the cash flow and overall financial health of Falcon Academy and adjust accordingly.
- Monitor General Fund Balance and ensure Falcon Academy meets its annual contribution goals.
- Obtain and monitor a contingency funding line of credit with a local financial institution.
- Monitor compliance with all reporting requirements.



Falcon Academy will have access to financial services through the Falcon Children's Home and Family Services who will be dedicated to day-to-day accounting and reporting functions including Uniform Education Reporting System (UERS), Student Information, Testing, and N.C. Employment Security Commission (ESC) reporting. He or she will ensure compliance with generally accepted standards of fiscal management and provide reasonable assurance regarding the achievement and maintenance of the standards spelled out in the Charter School Finance Guide 2017.

The budget also includes the costs of outsourcing to a 3rd party for financial services to ensure accurate accounting and reporting including training for relevant programs and reports.

Q183. Provide any known or possible related party transactions (relationship, description of transaction and estimated dollars involved)

Related Party Transactions

None are known at this time.

Q184. Provide the name of the firm approved by the NC Local Government Commission (LGC) that will conduct the audit. Include the complete mailing address, telephone number and fax number. If a firm has yet to be identified, please list the firms the board has investigated

The firm approved by the NC Local Government Commission that will conduct the audit is TRP CPAs. Their address is as follows:

110 Commerce Dr.

Dunn NC 28334.

Their phone number is 910-891-1100, and their fax number is 910-892-4418.



13. Other Forms

Q185. Sign the attached Charter School Required Signature Certification document and upload it as a PDF or image file.

Upload Required File Type: pdf, image Max File Size: 30 Total Files Count: 1

Resources :



Evidence :

| |
|---|
|  |
| Registered Signature Certificati... |


Q186. Sign the attached Contracting Certification Form document and upload it as a PDF or image file.

Upload Required File Type: pdf, image Max File Size: 30 Total Files Count: 1

Resources :



Evidence :

| |
|---|
|  |
| Contractor Signature Page_FA (1... |



14. Third-party Application Preparation

Q187. Was this application prepared with the assistance of a third-party person or group?

Yes

No

Q188. Give the name of the third-party person or group:

Leaders Building Leaders provided assistance in the preparation of this application.

Q189. Fees provided to the third-party person or group:

The fee paid to Leaders Building Leaders is \$8,000.



15. Application Fee

Pursuant to G.S. 115C-218.1(c) the charter school applicant must submit a \$1000 application fee to the Office of Charter Schools. The applicant must submit their application fee by **July 24, 2020 at 5:00 pm EST** for Fast Track and Accelerated applications, and **July 24, 2020 at 5:00 pm EST** for traditional timeline applications. Payments will be accepted in the form of a certified check. Cash is not accepted.

Q190. ***Application Note:** The applicant must mail the certified check along with the Application Fee Payment Form before or on the due date of July 24, 2020 at 5:00 pm EST for Fast Track and Accelerated applicants, and July 24, 2020 at 5:00 pm EST for traditional timeline applicants. Failure to submit payment by the stipulated timeline to the Office of Charter Schools will deem the application incomplete. Payments should be made payable to North Carolina Department of Public Instruction:

North Carolina Department of Public Instruction

Office of Charter Schools

6307 Mail Service Center

Raleigh, NC 27699-6307

I understand



16. Signature page

Q191. **Fill out the attached resource and get it signed and notarized. Then upload as a PDF or image file.**

Upload Required File Type: pdf, image Max File Size: 30 Total Files Count: 1

Resources :



Evidence :



Q192. **Complete**

I have finished the application

* Q193. **Outline the board's procedures for hiring and dismissing school personnel, including conducting criminal background checks.**

The Falcon Academy's Principal is responsible for recommending teachers and staff to hire. The Board of Directors reviews and ultimately approves the Principal's recommendation.

The hiring process includes practices that will help the Principal and his or her hiring team assess each candidates' abilities in communication, relationship building, collaboration, and a deep belief in the school's mission. We hire teachers who are coachable, are team players, and are dedicated to the mission.

Candidates will submit applications for employment that include the following:

- A sealed college/university transcript, indicating a cumulative GPA of 3.0 or higher;
- A National Criminal Background Investigation Check free from any offenses except for minor traffic infractions;
- Three letters of reference that provide evidence of leadership and community service;
- A writing sample that demonstrates superior writing skills; and
- A teaching portfolio with sample units.



Our hiring process includes an initial, interview; an opportunity to teach a sample lesson, a formal interview, and phone calls to references.

From time to time, the board may need to approve the dismissal of staff members based on the Principal's recommendation. The Principal will be responsible for creating an evaluation and accountability tool, providing effective feedback and monitoring, and making professional development opportunities available to provide necessary instruction. If progress is not noted, the Principal may place the employee on an action plan prior to his or her recommendation to the board for dismissal; however, the overall culture of the school supersedes the need of an individual. When necessary, the board may choose to take steps to verify that the Principal followed these processes with fidelity through an internal committee or external reviewer.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
FALCON, NORTH CAROLINA

INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year ended June 30, 2017

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
FALCON, NORTH CAROLINA
June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Falcon Children's Home and Family Services, Inc.
Falcon, North Carolina

We have audited the accompanying financial statements of Falcon Children's Home and Family Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

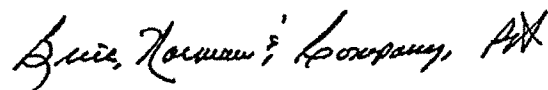
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Falcon Children's Home and Family Services, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Falcon Children's Home and Family Services, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules as listed in the table of contents are presented for purposes of additional analysis and are 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.



BUIE, NORMAN & COMPANY, P.A.
Certified Public Accountants
Fayetteville, North Carolina

October 4, 2017

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2017

(With comparative totals as of June 30, 2016)

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|--------------------------|--------------------------|
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 3,820,467 | \$ 3,578,427 |
| Accounts receivable | 399,570 | 346,245 |
| Prepaid insurance | 56,661 | 56,509 |
| Inventories | <u>101,323</u> | <u>65,480</u> |
| Total current assets | <u>4,378,021</u> | <u>4,046,661</u> |
| Fixed Assets: | | |
| Property and equipment, net | <u>7,007,584</u> | <u>7,112,550</u> |
| Other Assets: | | |
| Rental deposits | 1,195 | 1,195 |
| Long-term investments | <u>2,324,341</u> | <u>2,172,216</u> |
| | <u>2,325,536</u> | <u>2,173,411</u> |
| Total assets | <u>\$ 13,711,141</u> | <u>\$ 13,332,622</u> |
| <u>LIABILITIES</u> | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 158,390 | \$ 75,536 |
| Deferred insurance proceeds | 4,188 | - |
| Current portion of mortgage payable | <u>87,908</u> | <u>74,366</u> |
| Total liabilities | <u>250,486</u> | <u>149,902</u> |
| Long Term Liabilities: | | |
| Mortgages payable | <u>2,567,095</u> | <u>2,904,881</u> |
| <u>NET ASSETS</u> | | |
| Unrestricted: | | |
| Undesignated | 8,124,979 | 7,767,849 |
| Designated | <u>2,494,101</u> | <u>2,336,990</u> |
| Total unrestricted net assets | <u>10,619,080</u> | <u>10,104,839</u> |
| Temporarily restricted net assets | <u>274,480</u> | <u>173,000</u> |
| Total net assets | <u>10,893,560</u> | <u>10,277,839</u> |
| Total liabilities and net assets | <u>\$ 13,711,141</u> | <u>\$ 13,332,622</u> |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2017
(With comparative totals as of June 30, 2016)

| | 2017 | | | 2016 | |
|----------------------------------|---------------------|------------------------------------|-----------------------------------|---------------------|---------------------|
| | <u>Unrestricted</u> | <u>Designated Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> | <u>Total</u> |
| Support and revenue (Schedule 1) | <u>\$ 5,921,536</u> | <u>\$ 190,356</u> | <u>\$ 170,403</u> | <u>\$ 6,282,295</u> | <u>\$ 5,427,486</u> |
| Expenses: | | | | | |
| Program services (Schedule 2) | 4,831,697 | - | 68,923 | 4,900,620 | 4,659,616 |
| Supporting services (Schedule 3) | <u>732,709</u> | <u>33,245</u> | <u>-</u> | <u>765,954</u> | <u>710,228</u> |
| Total expenses | <u>5,564,406</u> | <u>33,245</u> | <u>68,923</u> | <u>5,666,574</u> | <u>5,369,844</u> |
| Increase in net assets | 357,130 | 157,111 | 101,480 | 615,721 | 57,642 |
| Net assets: | | | | | |
| Beginning of year | 7,767,849 | 2,336,990 | 173,000 | 10,277,839 | 10,220,197 |
| Interfund transfer | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| End of year | <u>\$ 8,124,979</u> | <u>\$2,494,101</u> | <u>\$ 274,480</u> | <u>\$10,893,560</u> | <u>\$10,277,839</u> |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | 2017 | | | 2016 |
|---|---------------------|------------------------|---------------------|---------------------|
| | Program Services | Supporting Services | Total | Total |
| Salaries and wages | \$ 2,180,941 | \$ 351,240 | \$ 2,532,181 | \$ 2,274,241 |
| Payroll taxes | 161,474 | 27,342 | 188,816 | 171,629 |
| Employee benefits | 499,134 | 58,432 | 557,566 | 475,833 |
| Utilities | 233,009 | 17,781 | 250,790 | 229,753 |
| Repairs and maintenance | 279,922 | 7,356 | 287,278 | 293,885 |
| General supplies and expenses | 265,455 | 75,301 | 340,756 | 353,105 |
| Dues and licenses | 15,132 | 2,443 | 17,575 | 16,432 |
| Property taxes | - | 9,574 | 9,574 | 9,574 |
| Travel, meals, and meetings | 20,472 | 15,942 | 36,414 | 27,215 |
| Rent | 9,420 | - | 9,420 | 9,420 |
| Computer supplies, maintenance, and expense | - | 40,533 | 40,533 | 39,344 |
| Board travel, meals, meetings, and fees | 233 | 13,830 | 14,063 | 16,014 |
| Investment management fees | - | 33,245 | 33,245 | 32,464 |
| Professional services | 3,101 | 29,088 | 32,189 | 36,435 |
| Telephone | 53,156 | 1,547 | 54,703 | 57,107 |
| Education and staff training | 12,980 | 6,370 | 19,350 | 15,105 |
| Clothing purchased | 58,768 | - | 58,768 | 81,895 |
| Food purchased | 251,877 | - | 251,877 | 212,119 |
| Food donated and used | 174,957 | - | 174,957 | 268,456 |
| Cost of items sold | 22,139 | - | 22,139 | 18,479 |
| Postage | - | 7,754 | 7,754 | 7,533 |
| Newsletter, office, and printing expense | 25,718 | 6,212 | 31,930 | 38,756 |
| Alumni expenses | - | 16,212 | 16,212 | 8,317 |
| Advertising and subscriptions | 7,934 | 2,882 | 10,816 | 10,291 |
| Insurance | 200,246 | 5,588 | 205,834 | 205,322 |
| Interest | 113,842 | - | 113,842 | 115,225 |
| Depreciation | 309,853 | - | 309,853 | 306,355 |
| Miscellaneous | 662 | 1,037 | 1,699 | 2,272 |
| Accreditation expense | 195 | 4,505 | 4,700 | 195 |
| Charitable contributions | - | 31,740 | 31,740 | 37,073 |
| Total expenses | \$ 4,900,620 | \$ 765,954 | \$ 5,666,574 | \$ 5,369,844 |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | 2017 | 2016 |
|---|--------------|--------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 615,721 | \$ 57,642 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 309,853 | 306,355 |
| Investment earnings | (120,879) | (135,429) |
| Realized (gain) loss on sale of fixed assets | (675) | - |
| Realized (gain) loss on investments | (53,771) | 27,911 |
| Unrealized (gain) loss on investments | (104,106) | 16,567 |
| (Increase) decrease in: | | |
| Accounts receivable | (53,325) | (27,158) |
| Prepaid insurance | (152) | (3,690) |
| Inventories | (35,843) | 12,031 |
| Rental deposits | - | 600 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 82,854 | (61,808) |
| Deferred insurance proceeds | 4,188 | - |
| Net cash provided by operating activities | 643,865 | 193,021 |
| Cash flows from investing activities: | | |
| Investment earnings | 120,879 | 135,429 |
| Sales (purchases) of investments, net | 5,752 | 420 |
| Proceeds on sale of fixed assets | 1,300 | - |
| Purchase of property and equipment | (205,512) | (1,063,968) |
| Net cash used in investing activities | (77,581) | (928,119) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of debt | - | 450,000 |
| Debt repayment | (324,244) | (60,361) |
| Net cash provided by (used in) financing activities | (324,244) | 389,639 |
| Net increase (decrease) in cash and cash equivalents | 242,040 | (345,459) |
| Cash and cash equivalents: | | |
| Beginning of year | 3,578,427 | 3,923,886 |
| End of year | \$ 3,820,467 | \$ 3,578,427 |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - ORGANIZATIONAL STRUCTURE, PURPOSE AND FUNDING

Falcon Children's Home and Family Services, Inc. (the Home) is a nonprofit organization. Since its incorporation as Falcon Orphanage in 1909, the Home has provided housing, care, counseling, guidance, ministering, and education for children who have been orphaned, abandoned, abused, or neglected; who need a more structured environment than can be found at home; or who have an environment or conditions within their home determined unsuitable by authorities for the child's continued stay. The Home accepts children regardless of race, religion, sex, age, or national origin; and serves primarily the southeastern United States ministry area of the Pentecostal Holiness Church.

Funding for the Home primarily comes from three sources: contributions from the general public, area Pentecostal Holiness churches and members, and allocations from the Pentecostal Holiness Church, Inc.; procurement contracts on a per child basis with sponsoring county departments of social services and the State of North Carolina; and efforts of the Home itself to raise needed operating revenues from the sale, fundraising, and rental of its resources. Some federal assistance is received each year as noted in the financial statements and schedules.

On October 7, 2015, the Home purchased the assets of the South Carolina Free Will Baptist Home for Children in Turbeville, South Carolina. The total purchase price was \$900,000 consisting of a \$450,000 down payment upon closing and the remaining balance of \$450,000 to be paid in monthly installments over fifteen years with no interest. The Turbeville home began operations as a department of Falcon Children's Home and Family Services, Inc. in late February of 2016. The Home's major source of revenue for the residents of the Turbeville home comes from funds from the South Carolina department of social services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Falcon Children's Home and Family Services, Inc. is presented to assist in understanding the Home's financial statements. The financial statements and notes are a representation of the Home's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The Home uses the accrual basis of accounting in order to present its financial statements in conformity with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenue when earned and expenses when incurred. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

Property and Equipment

Plant assets are stated at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable for board payments consist of amounts due from various departments of social services for services rendered during the last couple of months of the fiscal year. Based on the payment history, management believes that no allowance for possible uncollectible amounts is necessary.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Statement of Cash Flows

The Home presents its cash flow statements using the indirect method. For the purpose of cash flow presentation, the Home considers currency on hand, demand deposits at banks, and time deposits with a maturity date of 60 months or less to be cash equivalents.

Investments

Falcon Children's Home and Family Services, Inc. carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) within the reporting period in which the income and gains are recognized. Donated investments are reflected at market value at the time of investment and revalued at least annually using fair value measurements in accordance with FASB ASC 820-10-50-1.

Income Taxes

Falcon Children's Home and Family Services, Inc. is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Home has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Through the year ended June 30, 2015, Falcon Children's Home filed federal form 990, *Return of Organization Exempt from Income Tax*, on a fiscal year basis beginning July 1 and ending June 30. In 2016, the chief financial officer found a letter from the Department of the Treasury dated April 8, 2004, that states that the Home is not required to file federal income tax returns unless subject to the tax on unrelated business income; therefore, the Home has not filed a federal income tax return for the year ended June 30, 2016 and beyond.

There was no unrelated business income during the fiscal year ended June 30, 2017. On July 1, 2010, the Home adopted the recognition requirements for uncertain income tax positions as required by accounting principles generally accepted in the United States of America with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Home has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates, and it believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Home's financial condition, results of operations or cash flows. Accordingly, the Home has not recorded any reserves or related accruals for interest and penalties for income tax positions at June 30, 2017. The Home's Federal tax returns for 2014 and 2015 are subject to examination by the IRS.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Economic Dependency

Falcon Children's Home and Family Services, Inc. receives support and revenue from donations from individuals, businesses, and civic groups. Any significant change in funding from these entities could result in a material change in the Home's operations.

Advertising

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. The Home had no direct response costs during the year ended June 30, 2017. Advertising expense was \$10,173.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses (page 5), and in the functional expense schedules (Schedules 2 and 3). Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Subsequent events have been evaluated through October 4, 2017, which is the date the financial statements were available to be issued.

Comparative Data

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Home's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Falcon Children's Home and Family Services, Inc. is required by *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk*, to disclose significant concentrations of credit risk regardless of the degree of risk. The Home maintains bank deposits and certificates at four financial institutions. Two of these institutions are covered by the Federal Deposit Insurance Corporation (FDIC) and are secured up to \$250,000 per depositor. Two institutions are not insured by the FDIC. At June 30, 2017, cash deposits totaled approximately \$3,839,473 of which \$3,586,973 was uninsured.

The Securities Investor Protection Corporation also insures money market funds and mutual funds up to \$500,000 per depositor. At June 30, 2017, the Home also held mutual funds the amount of \$2,324,341 of which \$1,824,341 was uninsured.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - ACCOUNTS RECEIVABLE

The balance shown in accounts receivable consists of the following:

| | 2017 | 2016 |
|---|------------|------------|
| State of North Carolina: | | |
| Sales tax refund | \$ 7,407 | \$ 7,158 |
| Board payments | 342,142 | 270,440 |
| School lunch program | 2,582 | - |
| Steamer grant | - | 5,986 |
| State of South Carolina - board payments | 40,917 | 55,991 |
| Insurance recovery - Turbeville home ceiling | - | 6,670 |
| Insurance recovery - Hurricane Matthew damage | 6,522 | - |
| Total accounts receivable | \$ 399,570 | \$ 346,245 |

NOTE 5 - INVENTORIES

Inventory is maintained at various locations. Inventory kept on the campuses of the Home (Falcon and Turbeville) consists food and food supplies, school supplies, medical supplies, personal hygiene supplies, and donated toys and clothes. A small, immaterial amount of inventory is also located at each thrift store operated by the Home. Stores are located in Dunn, NC, and Turbeville, SC. The inventory was counted by management and valued at a replacement cost on a per unit basis. Donated items included in ending inventory were valued at what it would cost to purchase such items in like condition or whatever such items would sell for in each thrift store.

NOTE 6 - FAIR VALUE MEASUREMENTS

The Home follows the Financial Accounting Standards Board ASC 820, Fair Value Measurements ("FASB ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Home at the measurement date for identical assets and liabilities.

Level 2 - Inputs other than quoted market prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets and liabilities that are not active; (3) observable inputs other than quoted prices that are used in the valuation of assets or liabilities (e.g. interest rate and yield curve quotes at commonly quoted intervals); (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. ~~If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.~~

Level 3 - Unobservable inputs for the assets or liabilities (i.e. supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodology in recent years.

Common Stocks: Valued at closing price reported on the active market on which the individual securities are traded.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Home are open-end mutual funds that are registered with the Securities and Exchange Commission. The funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Home are deemed to be actively traded.

U.S. Government Securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Home believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 - LONG-TERM INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. During the year ended June 30, 2017, long-term investments earned \$27,494 in dividends and interest, incurred realized gains of \$53,771, and incurred management fees totaling \$33,245 to bring the net realized gain to \$48,020. As of June 30, 2017, all of the Home's financial asset fair value measurements fall within Level 1 of the fair value hierarchy. The following table sets forth the Home's assets at fair value as of June 30, 2017:

Level 1 Fair Value Measurements (active market quoted prices) - Recurring basis

| | Cost | Fair Value | Unrealized Gain |
|---|---------------------|---------------------|--------------------|
| Syntrinsic Investments : cash equivalents | \$ 48,250 | \$ 48,250 | \$ - |
| Syntrinsic Investments : mutual funds | 1,517,822 | 1,605,408 | 87,586 |
| Syntrinsic Investments: equities | 625,236 | 670,683 | 45,447 |
| | <u>\$ 2,191,308</u> | <u>\$ 2,324,341</u> | <u>\$ 133,033</u> |

NOTE 8 - PROPERTY AND EQUIPMENT

A summary of activity and changes in property and equipment for the year ended June 30, 2017, is as follows:

| | Beginning of Year | Additions During Year | Retirements During Year | Balance at End of Year |
|-----------------------------------|----------------------|--------------------------|----------------------------|---------------------------|
| Land | \$ 169,258 | \$ - | \$ - | \$ 169,258 |
| Buildings | 10,115,228 | 90,824 | - | 10,206,052 |
| Furniture, fixtures and equipment | 1,833,798 | 55,557 | 918,787 | 970,568 |
| Automotive equipment | 419,060 | 59,131 | 25,051 | 453,140 |
| Land improvements | 576,850 | - | 11,314 | 565,536 |
| | <u>13,114,194</u> | <u>205,512</u> | <u>955,152</u> | <u>12,364,554</u> |
| Less: accumulated depreciation | 6,001,644 | 309,853 | 954,527 | 5,356,970 |
| Net property and equipment | <u>\$ 7,112,550</u> | <u>\$ (104,341)</u> | <u>\$ 625</u> | <u>\$ 7,007,584</u> |

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The accounts payable and accrued expenses consist of the following:

| | 2017 | 2016 |
|---|-------------------|------------------|
| Accounts payable - trade | \$ 127,122 | \$ 46,832 |
| Payroll withholding due | 31,268 | 28,704 |
| Total accounts payable and accrued expenses | <u>\$ 158,390</u> | <u>\$ 75,536</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 - MORTGAGES PAYABLE

| | 2017 | 2016 |
|---|--------------|--------------|
| North Carolina Conference of the Pentecostal Holiness Church: | | |
| In 2013, the Home built an addition to its Falcon campus consisting of three new buildings for the Maternity Home and Mothers' and Babies' ministries. The Home secured a \$2,600,000 mortgage at The North Carolina Conference of the Pentecostal Holiness Church, Inc. dated April 3, 2014, secured by the deed of trust on the ten acre tract known as the Whitfield Family Life Center with an interest rate of 4.5% per annum. Repayment terms are as follows: (a) interest only through April 1, 2015, (b) principal and interest in the amount of \$13,174 for 83 consecutive months beginning May 1, 2015, and (c) a final payment of all unpaid principal and interest due on April 1, 2022. | \$ 2,252,503 | \$ 2,546,747 |
| South Carolina Free Will Baptist Ministries: | | |
| No-interest loan dated October 7, 2015, for \$450,000 for the purchase of the Children's Home in Turbeville, SC; 180 equal monthly payments of \$2,500 beginning December 1, 2015; with the property secured as collateral. | 402,500 | 432,500 |
| | 2,655,003 | 2,979,247 |
| Less: current maturities | 87,908 | 74,366 |
| | \$ 2,567,095 | \$ 2,904,881 |

Maturities of mortgages payable are as follows:

| <u>Year ending June 30,</u> | | |
|-------------------------------|----|--------------|
| 2018 (in current liabilities) | \$ | 87,908 |
| 2019 | | 90,568 |
| 2020 | | 93,351 |
| 2021 | | 96,261 |
| 2022 | | 2,286,915 |
| | | \$ 2,655,003 |

NOTE 11 - FINANCIAL STATEMENT PRESENTATION

The Home reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. In addition, the Home presents a statement of cash flows. At June 30, 2017, unrestricted net assets consisted of undesignated net assets of \$8,124,979 and designated assets of \$2,494,101. Also, at June 30, 2017, temporarily restricted net assets were \$274,480. There were no permanently restricted net assets at year-end.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 12 - DESIGNATED UNRESTRICTED NET ASSETS

The detail of the Home's designated, unrestricted net asset categories at June 30, 2017, is as follows:

| | |
|-----------------------|---------------------|
| Long-term investments | \$ 2,324,341 |
| Plant expansion | <u>169,760</u> |
| | <u>\$ 2,494,101</u> |

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017, temporarily restricted net assets were \$274,480. Of this amount, \$126,200 represents amounts designated by individuals for the express purpose of college scholarships, \$27,204 for placement of children from the state of Georgia, \$29,135 for a wood working vocational program at FCA, \$52,827 for improvements to the recreational ballfield at the Home, \$12,202 for a playground at the Whitfield Life campus, \$4,677 for household items at the Whitfield Life campus, \$4,800 to make an area of the Home's campus a camper park for off-duty houseparents, and \$17,435 for upkeep of the cemetery owned by the Home.

NOTE 14 - CONTRIBUTIONS

The Home records contributions as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. For the year ended June 30, 2017, temporarily restricted contributions received and not used prior to its fiscal year-end totaled \$74,801, and were restricted as follows: \$410 for the David Arnn Scholarship fund, \$2,000 for the cemetery upkeep, \$50,827 for the recreational ballfield, \$4,686 for FCA's wood working vocational program, \$12,202 for a playground at the Whitfield Life campus, and \$4,676 for household items for the Whitfield Life campus. No permanently restricted contributions were received during the fiscal year.

NOTE 15 - DONATED ITEMS AND SERVICES

Management has valued those items of food, clothes, toys, and other supplies donated during the year ended June 30, 2017, and consumed by the Home at \$300,978. Of this amount, approximately \$136,346 of commodities was received during the Home's annual Harvest Train Program. Donated items received are reflected as unrestricted contributions in the accompanying statements at their estimated fair value at date of receipt. Donated services do not meet the criteria for recording an amount in the financial statements. The Home, however, does receive some support through donated services each year.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2017

NOTE 16 - RENT RECEIVED – GOLDEN YEARS NURSING HOME

Falcon Children’s Home owns and leases a nursing home facility, Golden Years Nursing Home, in Falcon, North Carolina, to an unrelated organization which operates the nursing home and pays rent on the facility to the Home. The rents received by the Home are incorporated into operating funds during the year. The Home is responsible for property taxes on the real property and personal property owned by the Home.

The present lease has a five-year term beginning October 1, 2013 and calls for payments of \$15,277 per month with a two percent annual increase thereafter. For the year ended June 30, 2017, lease payments totaled \$197,469. Future minimum rental payments to be received under the current lease are as follows:

| | |
|---------------------------|------------------|
| Year ending June 30, 2018 | <u>\$ 49,610</u> |
|---------------------------|------------------|

NOTE 17 - FUND RAISING ACTIVITIES

Those costs that were clearly for fundraising activities have been classified to this supporting service category. However, joint costs of the printing room and monthly newsletter printing and mailing expense of \$6,212 for 2017 have been prorated between the administrative and fund-raising functions based on the number of actual appeals for funds and special mailings during this fiscal period. Such activities averaged fifty percent. The other fifty percent of the mailings, printings, and newsletters contained no appeals for funds, however, but rather served only informational or internal purposes.

NOTE 18 - RETIREMENT PLAN

The Home participates in a defined contribution pension plan with the International Pentecostal Holiness Church. The Home contributes either 3% or 6% of employee compensation, depending on length of service. Employees may contribute to the plan if they so choose. The Home's contribution to the plan for the year ended June 30, 2017, was \$92,425.

NOTE 19 - LEASE AND SUBSCRIPTION COMMITMENTS

The Home leases various office machines and software under operating leases. Lease and software license expense for the year ended June 30, 2017, was \$25,601 and is included in office expenses and dues and licenses on the statement of functional expenses. Future minimum lease payments are as follows:

| | |
|-----------------------------|------------------|
| <u>Year ending June 30,</u> | |
| 2018 | \$ 23,786 |
| 2019 | 2,893 |
| 2020 | 414 |
| 2021 | - |
| | <u>\$ 27,093</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 20 - COMPENSATED ABSENCES

Compensated absences for sick pay and personal time have not been accrued since they are determined to be immaterial. The Home's policy is to recognize these costs when actually paid.

NOTE 21 - GRANTS, COMMITMENTS, AND CONTINGENCIES

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although this is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grants. For the year ended June 30, 2017, the Home received a grant from the United Way of Cumberland County for \$21,500 for its wood working vocational program at FCA. The funds had not been expended at the end of the year and are included in temporarily restricted net assets on the statement of financial condition and in note 13.

NOTE 22 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest amounted to \$113,842 and \$115,225 during the years ended June 30, 2017 and 2016, respectively.

NOTE 23 - RELATED PARTY TRANSACTION

During the fiscal year ended June 30, 2016, the Board of Directors approved a motion to sell a portion of existing Home property to Mr. Joseph Leggett, the superintendent of Falcon Children's Home and Family Services, Inc., for the express purpose of constructing his residence. The land has been appraised, and the Board agreed to sell the property for a value of \$15,000 which approximated appraisal value. Mr. Leggett purchased the property in April of 2017 for the appraised value, \$15,000.

NOTE 24 - SUBSEQUENT EVENTS

During August of 2017, the Home granted a second extension on the Guaranty Agreement in the amount of \$100,000 with the Ministerial Church and Extension Loan Fund (MCELFF) to which it had entered on August 6, 2015 and had extended in August of 2016. The purpose of this agreement was to induce MCELFF to serve as guarantor of a letter of credit from Northeast Georgia Bank to Emmanuel College, Inc. in the amount of \$1,680,300. The Home's total obligation under this agreement would be the \$100,000 deposited with MCELFF plus any and all expenses incurred by MCELFF in connection with the enforcement of its rights under this Guaranty as set forth in section 7 of this Guaranty Agreement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 24 - SUBSEQUENT EVENTS (CONTINUED)

Falcon Children's Home and Family Services, Inc. is the sole beneficiary of the estate of E.D. Eldrange Draughton who died in September of 2010. The probate process was not begun until November of 2016, the current audit year. This estate consists of two parcels of real estate and the remainder on a lease to purchase contract with a balance of \$28,500 payable at \$500 per month. One parcel of real estate is an undivided in interest in 0.34 acres identified as Tract 1 Alice J Draughton Heirs in Fayetteville, NC (Pin# 0468-25-3703-). The other parcel was his residence, 507 Cecil Street, Fayetteville, NC (Pin# 0466-04-1950-) valued at \$100,500. A lifetime estate on the residence was granted to an occupant of the property at the owner's death with the Home holding a remainder interest. It is anticipated the estate administration will be completed by the end of the current calendar year.

SUPPLEMENTARY INFORMATION

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

DETAILED SCHEDULE OF SUPPORT AND REVENUE

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | 2017 | | | Total | 2016 |
|---------------------------------------|--------------------|----------------------------|---------------------------|--------------------|--------------------|
| | Unrestricted | Designated Unrestricted | Temporarily Restricted | | Total |
| SUPPORT AND REVENUE | | | | | |
| State and Counties: | | | | | |
| Regular care | \$3,310,596 | \$ - | \$ - | \$3,310,596 | \$3,396,463 |
| Regular care - Turbeville | 825,577 | - | - | 825,577 | 117,419 |
| Maternity funds | 52,156 | - | - | 52,156 | 174,898 |
| Foster care funds | 34,685 | - | - | 34,685 | 25,012 |
| | <u>4,223,014</u> | <u>-</u> | <u>-</u> | <u>4,223,014</u> | <u>3,713,792</u> |
| Federal: | | | | | |
| National School Lunch Program | 47,029 | - | - | 47,029 | 36,463 |
| New Life Christian Adoption | 5,520 | - | - | 5,520 | 26,596 |
| Falcon Christian Academy | 51,142 | - | 23,250 | 74,392 | 44,430 |
| Thrift Store | 18,811 | - | - | 18,811 | 18,479 |
| Contributions: | | | | | |
| Harvest Train | 269,031 | - | - | 269,031 | 303,646 |
| Individuals | 173,372 | - | 44,940 | 218,312 | 197,387 |
| Other religious | 116,521 | - | 27,200 | 143,721 | 121,846 |
| Turbeville Children's Home | 95,165 | - | 500 | 95,665 | 40,267 |
| School | 8,792 | - | 2,400 | 11,192 | 5,904 |
| Maternity home | 169,327 | - | 29,175 | 198,502 | 171,802 |
| Donated items | 300,978 | - | - | 300,978 | 351,955 |
| Civic groups and businesses | 23,736 | - | 38,250 | 61,986 | 65,935 |
| Bequeaths from estates | 58,889 | - | - | 58,889 | 3,500 |
| Total contributions | <u>1,215,811</u> | <u>-</u> | <u>142,465</u> | <u>1,358,276</u> | <u>1,262,242</u> |
| Rent received: | | | | | |
| Land and facility usage | 11,196 | - | - | 11,196 | 5,988 |
| Golden Years Nursing Home | 197,469 | - | - | 197,469 | 193,597 |
| Total rent received | <u>208,665</u> | <u>-</u> | <u>-</u> | <u>208,665</u> | <u>199,585</u> |
| Other income: | 67,832 | - | - | 67,832 | 34,948 |
| Investment income: | | | | | |
| Interest and dividends received | 83,712 | 32,479 | 4,688 | 120,879 | 135,429 |
| Realized gain (loss) on investments | - | 53,771 | - | 53,771 | (27,911) |
| Unrealized gain (loss) on investments | - | 104,106 | - | 104,106 | (16,567) |
| Net investment income | <u>83,712</u> | <u>190,356</u> | <u>4,688</u> | <u>278,756</u> | <u>90,951</u> |
| Total support and revenue | <u>\$5,921,536</u> | <u>\$ 190,356</u> | <u>\$ 170,403</u> | <u>\$6,282,295</u> | <u>\$5,427,486</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

DETAILED SCHEDULE OF PROGRAM SERVICE EXPENSES

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | Social Services | Household Services | Dietary and Food Service | Health Service | Recreation Service | Christian Academy | Religious Activities | Plant and Motor Service |
|----------------------------------|--------------------|-----------------------|--------------------------------|-------------------|-----------------------|----------------------|-------------------------|-------------------------------|
| Salaries and wages | \$ 172,862 | \$ 696,517 | \$ 128,872 | \$ 11,578 | \$ 52,596 | \$ 323,738 | \$ - | \$ 89,214 |
| Payroll taxes | 13,973 | 49,591 | 9,728 | 886 | 4,150 | 25,156 | - | 6,252 |
| Employee benefits | 29,198 | 219,158 | 29,756 | - | 7,201 | 73,086 | - | 13,177 |
| Utilities | 4,554 | 72,635 | 25,715 | - | 8,897 | 26,745 | 4,103 | 13,816 |
| Repairs and maintenance | 44 | 13,135 | 8,757 | 1,100 | 422 | 14,256 | 686 | 159,536 |
| General supplies and expense | 198 | 47,454 | 7,059 | 10,678 | 48,298 | 51,815 | - | - |
| Dues and licenses | 11,250 | - | - | - | - | 1,347 | - | - |
| Travel, meals, and meetings | 3,100 | 75 | 344 | - | - | 8,251 | - | 1,602 |
| Board travel and meetings | - | - | - | - | - | - | - | - |
| Rent | - | - | - | - | - | - | - | - |
| Professional services | - | - | - | - | - | 3,429 | - | - |
| Advertising | - | - | - | - | - | 1,122 | - | 886 |
| Telephone | 6,082 | 33,521 | 1,357 | 135 | 1,557 | 6,494 | - | - |
| Office and printing | 465 | - | - | - | - | 3,468 | - | 173 |
| Education and staff training | 235 | 3,091 | 325 | - | 173 | 195 | - | - |
| Accreditation expense | - | - | - | - | - | 6,960 | - | - |
| Clothing purchased | - | 46,247 | - | - | - | - | - | - |
| Food purchased | - | - | 206,526 | - | - | - | - | - |
| Food donated and used | - | - | 172,707 | - | - | - | - | - |
| Cost of items sold | - | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - |
| Insurance | 2,750 | 11,082 | 2,050 | 184 | 837 | 14,560 | - | 141,704 |
| Depreciation | - | - | - | - | - | 48,524 | - | 178,635 |
| Total service by category | \$ 244,711 | \$1,192,506 | \$ 593,196 | \$ 24,561 | \$124,131 | \$ 609,146 | \$ 4,789 | \$ 604,995 |

Schedule 2

| 2017 | | | | | | | | 2016 |
|--------------------------|--------------------|-------------------|------------------------|------------------|------------------|--------------------|------------------------------|---------------------|
| Mothers and Babies | Adoption Agency | Maternity Home | Transitional Living | Foster Care | Thrift Store | Turbeville Home | Total Program Services | Total |
| \$ 151,195 | \$ 13,197 | \$ 104,593 | \$ 59,152 | \$ 30,449 | \$ - | \$ 346,978 | \$ 2,180,941 | \$ 1,975,115 |
| 11,448 | 390 | 7,427 | 3,995 | 2,329 | - | 26,149 | 161,474 | 145,752 |
| 32,843 | 1,621 | 18,799 | 14,777 | 1,685 | - | 57,833 | 499,134 | 432,073 |
| 12,757 | - | 8,096 | 16,029 | - | 2,605 | 37,057 | 233,009 | 218,015 |
| 19,505 | - | 12,316 | 3,438 | - | 5 | 46,722 | 279,922 | 280,963 |
| 19,794 | 24 | 7,324 | 9,291 | 18,246 | 17 | 45,257 | 265,455 | 262,299 |
| 200 | - | 500 | - | 525 | - | 1,310 | 15,132 | 14,584 |
| 1,993 | 277 | 2,701 | 18 | 317 | - | 1,794 | 20,472 | 18,270 |
| 81 | - | 128 | - | - | - | 24 | 233 | 636 |
| - | 2,820 | - | - | - | 6,600 | - | 9,420 | 9,420 |
| - | - | - | - | - | - | 3,101 | 3,101 | 1,998 |
| 1,562 | 106 | 2,436 | - | 20 | - | 381 | 7,934 | 4,194 |
| 270 | 1,665 | 1,352 | 990 | 406 | - | 3,813 | 53,156 | 55,841 |
| 5,079 | 1,147 | 5,521 | - | 901 | - | 6,111 | 25,718 | 27,517 |
| 265 | 88 | 273 | 80 | 385 | - | 4,424 | 12,980 | 10,040 |
| - | - | - | - | - | - | - | 195 | 195 |
| 2,571 | - | 580 | 2,410 | - | - | - | 58,768 | 81,895 |
| - | - | 7,735 | - | - | - | 37,616 | 251,877 | 212,119 |
| - | - | - | - | - | - | 2,250 | 174,957 | 268,456 |
| - | - | - | - | - | 15,978 | 6,161 | 22,139 | 18,479 |
| 72,859 | - | 40,983 | - | - | - | - | 113,842 | 115,225 |
| - | - | - | - | - | 588 | 74 | 662 | 645 |
| 2,406 | 210 | 4,766 | 941 | 484 | 213 | 18,059 | 200,246 | 199,530 |
| 35,481 | - | 20,328 | - | - | - | 26,885 | 309,853 | 306,355 |
| <u>\$ 370,309</u> | <u>\$ 21,545</u> | <u>\$ 245,858</u> | <u>\$ 111,121</u> | <u>\$ 55,747</u> | <u>\$ 26,006</u> | <u>\$ 671,999</u> | <u>\$ 4,900,620</u> | <u>\$ 4,659,616</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
DETAILED SCHEDULE OF SUPPORTING SERVICE EXPENSES

For the year ended June 30, 2017
(With comparative totals as of June 30, 2016)

| | 2017 | | Total Supporting Services | 2016 |
|---|-----------------------------------|------------------|---------------------------------|-------------------|
| | Administrative and Clerical | Fundraising | | Total |
| Salaries and wages | \$ 351,240 | \$ - | \$ 351,240 | \$ 299,126 |
| Payroll taxes | 27,342 | - | 27,342 | 25,877 |
| Employee benefits | 58,432 | - | 58,432 | 43,760 |
| Utilities | 17,781 | - | 17,781 | 11,738 |
| Repairs and maintenance | 7,356 | - | 7,356 | 12,922 |
| General supplies and expenses | 35,916 | 39,385 | 75,301 | 90,806 |
| Dues and licenses | 2,443 | - | 2,443 | 1,848 |
| Property taxes | 9,574 | - | 9,574 | 9,574 |
| Superintendent travel, meals, and meetings | 6,324 | - | 6,324 | 3,828 |
| Computer supplies, maintenance, and expense | 40,533 | - | 40,533 | 39,344 |
| Board travel, meals, meetings, and fees | 13,830 | - | 13,830 | 15,378 |
| Investment management fees | 33,245 | - | 33,245 | 32,464 |
| Professional services | 29,088 | - | 29,088 | 34,437 |
| Telephone | 1,547 | - | 1,547 | 1,266 |
| Education and staff training | 6,370 | - | 6,370 | 5,065 |
| Postage | 6,381 | 1,373 | 7,754 | 7,533 |
| Newsletter and printing expense | 3,106 | 3,106 | 6,212 | 11,239 |
| Alumni expenses | 16,212 | - | 16,212 | 8,317 |
| Advertising and subscriptions | 2,882 | - | 2,882 | 6,097 |
| Insurance | 5,588 | - | 5,588 | 5,792 |
| Miscellaneous | 1,037 | - | 1,037 | 1,627 |
| Accreditation expense | 4,505 | - | 4,505 | - |
| Employee mileage and meals | 9,618 | - | 9,618 | 5,117 |
| Charitable contributions and sponsorships | 31,740 | - | 31,740 | 37,073 |
| Total service by category | \$ 722,090 | \$ 43,864 | \$ 765,954 | \$ 710,228 |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

JUNE 30, 2018

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

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JUNE 30, 2018

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TRP CPAs, PLLC
certified public accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Falcon Children's Home and Family Services, Inc.
Falcon, North Carolina

We have audited the accompanying financial statements of Falcon Children's Home and Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Falcon Children's Home and Family Services, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules as listed in the table of contents are presented for purposes of additional analysis and are 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.



TRP CPAs, PLLC
Fayetteville, North Carolina
November 8, 2018

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018

ASSETS:

CURRENT ASSETS:

| | |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 3,583,114 |
| Accounts receivable | 542,392 |
| Prepaid insurance | 57,650 |
| Inventories | <u>125,636</u> |
| Total current assets | 4,308,792 |

OTHER ASSETS:

| | |
|--|------------------|
| Cash - board designated | 328,603 |
| Rental deposits | 1,195 |
| Investment in limited liability company | 250,000 |
| Long-term investments - board designated | <u>2,490,346</u> |
| Total other assets | 3,070,144 |

PROPERTY AND EQUIPMENT - NET

6,831,173

TOTAL ASSETS

\$ 14,210,109

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES:

| | |
|---|---------------|
| Accounts payable and accrued expenses | \$ 85,978 |
| Accrued payroll liabilities | 111,466 |
| Current maturities of long-term mortgages payable | <u>90,545</u> |
| Total current liabilities | 287,989 |

LONG-TERM MORTGAGES PAYABLE - net of current maturities

2,472,637

NET ASSETS:

| | |
|---------------------------------|-------------------|
| Unrestricted | 8,403,407 |
| Unrestricted - board designated | 2,818,949 |
| Temporarily restricted | <u>227,127</u> |
| Total net assets | <u>11,449,483</u> |

TOTAL LIABILITIES AND NET ASSETS

\$ 14,210,109

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|----------------------|-----------------------------------|----------------------|
| SUPPORT AND REVENUE (SCHEDULE 1) | \$ 6,452,679 | \$ 74,379 | \$ 6,527,058 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 121,732 | (121,732) | - |
| EXPENSES: | | | |
| Program services (schedule 2) | 5,086,297 | - | 5,086,297 |
| Supporting services (schedule 3): | | | |
| Administrative and clerical | 764,605 | - | 764,605 |
| Fundraising | 63,742 | - | 63,742 |
| Total supporting services | <u>828,347</u> | <u>-</u> | <u>828,347</u> |
| TOTAL EXPENSES | <u>5,914,644</u> | <u>-</u> | <u>5,914,644</u> |
| INCREASE (DECREASE) IN NET ASSETS | 659,767 | (47,353) | 612,414 |
| NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED | 10,619,080 | 274,480 | 10,893,560 |
| CUMULATIVE EFFECT OF CORRECTION OF AN ERROR | (56,491) | - | (56,491) |
| NET ASSETS, BEGINNING OF YEAR, AS RESTATED | <u>10,562,589</u> | <u>274,480</u> | <u>10,837,069</u> |
| NET ASSETS, END OF YEAR | <u>\$ 11,222,356</u> | <u>\$ 227,127</u> | <u>\$ 11,449,483</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Program Services</u> | <u>Supporting Services</u> | <u>Total</u> |
|---|-----------------------------|--------------------------------|---------------------|
| Salaries and wages | \$ 2,201,870 | \$ 358,352 | \$ 2,560,222 |
| Employee benefits | 467,876 | 54,789 | 522,665 |
| General supplies and expenses | 368,006 | 91,322 | 459,328 |
| Depreciation | 320,665 | - | 320,665 |
| Repairs and maintenance | 305,450 | 10,983 | 316,433 |
| Utilities | 251,174 | 13,546 | 264,720 |
| Food purchased | 255,480 | - | 255,480 |
| Insurance | 209,257 | 5,723 | 214,980 |
| Payroll taxes | 162,207 | 25,894 | 188,101 |
| Food donated and used | 125,273 | - | 125,273 |
| Clothing purchased | 117,708 | - | 117,708 |
| Interest | 96,265 | - | 96,265 |
| Travel, meals, and meetings | 56,053 | 17,671 | 73,724 |
| Charitable contributions | 100 | 69,230 | 69,330 |
| Telephone | 50,753 | 1,016 | 51,769 |
| Computer supplies, maintenance, and expense | 9,632 | 31,335 | 40,967 |
| Investment management fees | - | 38,530 | 38,530 |
| Professional services | 787 | 29,668 | 30,455 |
| Newsletter, office, and printing expense | 24,862 | 2,715 | 27,577 |
| Board travel, meals, meetings, and fees | 2,183 | 24,732 | 26,915 |
| Advertising and subscriptions | 13,723 | 7,121 | 20,844 |
| Education and staff training | 13,972 | 6,859 | 20,831 |
| Dues and licenses | 18,971 | 1,591 | 20,562 |
| Property taxes | 350 | 10,874 | 11,224 |
| Alumni expenses | - | 10,836 | 10,836 |
| Rent | 9,420 | - | 9,420 |
| Postage | 3,290 | 5,966 | 9,256 |
| Accreditation expense | 195 | 8,110 | 8,305 |
| Miscellaneous | 775 | 1,484 | 2,259 |
| Total expenses | <u>\$ 5,086,297</u> | <u>\$ 828,347</u> | <u>\$ 5,914,644</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | |
|--|----|----------------|
| Increase in net assets | \$ | 612,414 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | | 320,665 |
| Loss on sale of fixed assets | | 3,466 |
| Gain on investments | | (158,376) |
| Unrealized investment loss | | 95,011 |
| Donated property and equipment | | (9,500) |
| Decrease (increase) in assets: | | |
| Accounts receivable | | (142,822) |
| Prepaid insurance | | (989) |
| Inventories | | (24,313) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | | (41,144) |
| Accrued payroll liabilities | | 23,707 |
| Deferred insurance proceeds | | (4,188) |
| Net cash provided by operating activities | | <u>673,931</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|------------------|
| Sales (purchases) of investments, net | (150,874) |
| Purchase of investment in limited liability company | (250,000) |
| Proceeds from sale of property and equipment | 2,276 |
| Purchase of property and equipment | <u>(140,512)</u> |
| Net cash used by investing activities | (539,110) |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|---------------------------------------|-----------------|
| Repayment of long-term debt | <u>(91,821)</u> |
| Net cash used by financing activities | <u>(91,821)</u> |

NET INCREASE IN CASH 43,000

CASH - BEGINNING OF YEAR 3,868,717

CASH - END OF YEAR \$ 3,911,717

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for interest \$ 96,265

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Falcon Children's Home and Family Services, Inc. (the Home) is a nonprofit organization. Since its incorporation as Falcon Orphanage in 1909, the Home has provided housing, care, counseling, guidance, ministering, and education for children who have been orphaned, abandoned, abused, or neglected; who need a more structured environment than can be found at home; or who have an environment or conditions within their home determined unsuitable by authorities for the child's continued stay. The Home accepts children regardless of race, religion, sex, age, or national origin; and serves primarily the southeastern United States ministry area of the Pentecostal Holiness Church.

Funding for the Home primarily comes from the following sources: contributions from the public, area Pentecostal Holiness churches and members, allocations from the Pentecostal Holiness Church, Inc., procurement contracts on a per child basis with sponsoring county departments of social services and the State of North Carolina, and efforts of the Home itself to raise needed operating revenues from the sale, fundraising, and rental of its resources. Some federal assistance is received each year as noted in the financial statements and schedules.

On October 7, 2015, the Home purchased the assets of the South Carolina Free Will Baptist Home for Children in Turbeville, South Carolina. The Turbeville home began operations as a department of Falcon Children's Home and Family Services, Inc. in late February of 2016. The Home's major source of revenue for the residents of the Turbeville home comes from funds from the South Carolina Department of Social Services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Home is presented to assist the reader in understanding The Home's financial statements. The financial statements and notes are representations of the Home's management, who is responsible for their integrity and objectivity.

Basis of Accounting

The Home uses the accrual basis of accounting in order to present its financial statements in conformity with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenue when earned and expenses when incurred.

Basis of Presentation

The Home is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

continued...

Cash and Cash Equivalents

The Home considers short-term, interest bearing, highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of financial statement presentation.

Accounts Receivable

Accounts receivable primarily consist of amounts due from various departments of social services for services rendered during the last couple of months of the fiscal year. Based on the payment history, management believes that no allowance for possible uncollectible amounts is necessary. It is the Home's policy to charge off uncollectible accounts receivable when management determines the receivable to be uncollectable.

Investments

The Home carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) within the reporting period in which the income and gains are recognized. Donated investments are reflected at market value at the time of investment.

Inventory

Inventory is maintained at various locations. Inventory kept on the campuses of the Home (Falcon and Turbeville) consists of food and food supplies, school supplies, medical supplies, personal hygiene supplies, and donated toys and clothes. The inventory maintained by the Home is not for resale but rather for internal use by the Home. The inventory was counted by management and valued at a replacement cost on a per unit basis. Donated items included in ending inventory were valued at what it would cost to purchase such items in like condition.

Property and Equipment

The Home capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Assets are depreciated using the straight-line method over the following estimated useful lives:

| | |
|-----------------------------------|---------------|
| Buildings and improvements | 5 - 50 years |
| Furniture, fixtures and equipment | 3 - 20 years |
| Vehicles | 5 - 7 years |
| Land improvements | 10 - 40 years |

continued...

Expenses for maintenance and repairs are charged against operations. Renewals and improvements that materially extend the lives of the assets are capitalized. When items of property and equipment are sold and retired, the related cost and accumulated depreciation are removed from the accounts and any net gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets.

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Home and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Home and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that must be maintained permanently.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are recognized.

Functional Allocation of Expenses

The costs of providing program services and other activities are reflected on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

The Home uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

continued...

Income Taxes

The Home is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income during the year ended June 30, 2018.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates relate to depreciation expense and in-kind contribution revenues and expenses.

Subsequent Events

The Home has evaluated subsequent events through November 8, 2018 the date at which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements other than the events described in Note 17.

2. CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents that potentially subject the Home to concentrations of credit risk consist principally of accounts in financial institutions. The Home maintains cash balances at four financial institutions. Accounts at two of these institutions are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The other two financial institutions used by the Home are uninsured by the FDIC. At June 30, 2018, the Home's uninsured cash balance was \$3,518,011. The Home has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

A significant amount of the Home's support and revenues comes from state and local governmental agencies. A significant reduction in the level of this support, if this were to occur, may have a considerable effect on the Home's programs and activities. The Home received 69% of its revenues as a result of these agencies for the year ended June 30, 2018.

3. ACCOUNTS RECEIVABLE

The balance shown in accounts receivable as of June 30, 2018 consist of the following:

| | |
|---|-------------------|
| State of North Carolina: | |
| Board payments | \$ 463,274 |
| Sales tax refund | 10,014 |
| School lunch program | 2,069 |
| State of South Carolina- board payments | 64,760 |
| Other | 2,275 |
| Total accounts receivable | <u>\$ 542,392</u> |

continued...

4. INVESTMENT IN LIMITED LIABILITY COMPANY

During 2018, the Home invested \$250,000 to purchase a membership interest in Carolina Education & Ministry Investors Two, LLC. The Home owns a 2.967% interest in the LLC and this investment is recorded on the cost method.

5. FAIR VALUE MEASUREMENTS

The Home follows the Financial Accounting Standards Board ASC 820, Fair Value Measurements. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Home at the measurement date for identical assets and liabilities.

Level 2 - Inputs other than quoted market prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets and liabilities that are not active; (3) observable inputs other than quoted prices that are used in the valuation of assets or liabilities (e.g. interest rate and yield curve quotes at commonly quoted intervals); (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs for the assets or liabilities (i.e. supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

continued...

6. LONG-TERM INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. As of June 30, 2018, all of the Home's financial asset fair value measurements fall within Level I of the fair value hierarchy. It is the intent of the Home to hold these investments for more than one year. The following table sets forth the Home's assets at fair value as of June 30, 2018:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation</u> |
|-------------------|---------------------|---------------------|--------------------------------|
| Mutual funds | \$ 2,162,873 | \$ 2,185,566 | 22,693 |
| Equities | 289,451 | 304,780 | 15,329 |
| Total investments | <u>\$ 2,452,324</u> | <u>\$ 2,490,346</u> | <u>\$ 38,022</u> |

Investment income for the year ended June 30, 2018 consists of the following:

| | |
|---------------------------------|-------------------|
| Realized gain on investments | \$ 158,376 |
| Interest and dividends received | 138,536 |
| Unrealized loss on investments | <u>(95,011)</u> |
| | <u>\$ 201,901</u> |

7. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2018 consist of the following:

| | |
|-----------------------------------|---------------------|
| Land | \$ 169,258 |
| Buildings and improvements | 10,149,001 |
| Furniture, fixtures and equipment | 979,085 |
| Vehicles | 518,802 |
| Land improvements | <u>565,536</u> |
| Total property and equipment | 12,381,682 |
| Less: Accumulated depreciation | <u>(5,550,509)</u> |
| Property and equipment - net | <u>\$ 6,831,173</u> |

continued...

8. MORTGAGES PAYABLE

The mortgages payable consist of the following at June 30, 2018:

| | <u>Original Loan Amount</u> | <u>Balance</u> |
|---|---------------------------------|----------------------------|
| Mortgage payable with the repayment terms of: (a) interest only through April 1, 2015, (b) principal and interest in the amount of \$13,174 for 83 consecutive months beginning May 1, 2015, and (c) a final payment of all unpaid principal and interest due on April 1, 2022, including 4.5% interest, secured by the deed of trust on the ten acre tract known as the Whitfield Family Life Center | \$ 2,600,000 | \$ 2,190,682 |
| Mortgage payable in monthly installments of \$2,500 through November 2030 , 0.0% interest, secured by Turbeville property | 450,000 | <u>372,500</u> |
| Total mortgages payable | | 2,563,182 |
| Less: Current portion | | <u>(90,545)</u> |
| Long-term mortgages payable, less current portion | | <u><u>\$ 2,472,637</u></u> |

Maturities of mortgages payable are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|---------------------------------|----------------------------|
| 2019 | \$ 90,545 |
| 2020 | 93,326 |
| 2021 | 96,235 |
| 2022 | 2,030,576 |
| 2023 | 30,000 |
| Thereafter | <u>222,500</u> |
| Total | <u><u>\$ 2,563,182</u></u> |

9. DESIGNATED UNRESTRICTED NET ASSETS

At June 30, 2018, the board of directors have designated unrestricted net assets to be used for the following purposes:

| | |
|--|----------------------------|
| Long-term investments | \$ 2,643,134 |
| Plant expansion | <u>175,815</u> |
| Total unrestricted - board designated net assets | <u><u>\$ 2,818,949</u></u> |

continued...

10. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018, net assets were temporarily restricted for the following purposes:

| | |
|--|-------------------|
| College scholarships | \$ 119,618 |
| Improvements to ballfield at the Home | 59,913 |
| Upkeep of cemetery | 20,560 |
| Wood working program at FCA | 15,660 |
| Camper park for house parents | 4,800 |
| Household items at Whitfield Life campus | 3,619 |
| Student recreation | 2,957 |
| Total temporarily restricted net assets | <u>\$ 227,127</u> |

11. DONATED ITEMS AND SERVICES

The Home records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

During the year ended June 30, 2018, the Home received non-cash donations such as food, clothes, toys, and other supplies valued at \$256,865. Of this amount, approximately \$103,920 of commodities were received during the Home's annual Harvest Train Program. Donated items received are reflected as unrestricted contributions in the accompanying statements at their estimated fair value at date of donation.

A substantial number of volunteers have donated significant amounts of their time to the Home and its programs. However, these donated services are not reflected in the financial statements since these services do not require specialized skills.

12. RENTAL INCOME- GOLDEN YEARS NURSING HOME

Falcon Children's Home owns and leases a nursing home facility, Golden Years Nursing Home, in Falcon, North Carolina, to an unrelated organization which operates the nursing home and pays rent on the facility to the Home. The property and equipment under this operating lease totaled \$93,644 as of June 30, 2018 and is included in property, plant and equipment in the accompanying statement of financial position. Accumulated depreciation on property and equipment under this operating lease was \$93,644 as of June 30, 2018.

The rents received by the Home are incorporated into operating funds during the year. The Home is responsible for property taxes on the real property and personal property owned by the Home. The lease has a five-year term beginning October 1, 2013 through September 30, 2018. Subsequent to June 30, 2018, the lease was extended through September 30, 2023. As of June 30,

continued...

2018, the lease calls for payments of \$16,868 per month with a two percent annual increase thereafter. For the year ended June 30, 2018, lease payments totaled \$201,418.

Future minimum rental payments to be received under the lease as extended through September 2023 are as follows:

| Year ending June 30, | Amount |
|-------------------------|---------------------|
| 2019 | \$ 206,459 |
| 2020 | 210,588 |
| 2021 | 214,800 |
| 2022 | 219,096 |
| 2023 | <u>223,478</u> |
| Total | <u>\$ 1,074,421</u> |

13. FUNDRAISING ACTIVITIES

Those costs that were clearly for fundraising activities have been classified to this supporting service category. However, joint costs of the printing room and monthly newsletter printing and mailing expense of \$2,715 for 2018 have been prorated between the administrative and fundraising functions based on the number of actual appeals for funds and special mailings during this fiscal period. Such activities averaged fifty percent. The other fifty percent of the mailings, printings, and newsletters contained no appeals for funds and was only used for informational or internal purposes.

14. RETIREMENT PLAN

The Home participates in a defined contribution pension plan with the International Pentecostal Holiness Church. The Home contributes either 3% or 6% of employee compensation, depending on length of service. Employees may contribute to the plan if they so choose. The Home's contribution to the plan for the year ended June 30, 2018 was \$81,133.

15. OPERATING LEASES

The Home leases various office machines and software under operating leases. Lease and software license expense for the year ended June 30, 2018 was \$36,132 and is included in newsletter, office, and printing expenses, repairs and maintenance, and dues and licenses on the statement of functional expenses. Future minimum lease payments are as follows:

| Year ending June 30, | Amount |
|-------------------------|-----------------|
| 2019 | \$ 3,949 |
| 2020 | <u>275</u> |
| Total | <u>\$ 4,224</u> |

continued...

16. PRIOR PERIOD ADJUSTMENT

Unrestricted net assets at the beginning of the year has been adjusted for accrued uncompensated absences that were not recorded in the prior years. The correction has no effect on the results of the current year's activities. However, the cumulative effect decreases beginning unrestricted net assets by \$56,491.

17. SUBSEQUENT EVENTS

During August of 2017, the Home granted a second extension on the Guaranty Agreement in the amount of \$100,000 with the Ministerial Church and Extension Loan Fund (MCELF). The original Guaranty Agreement began on August 6, 2015 and was extended in August of 2016. The purpose of this agreement was to induce MCELF to serve as guarantor of a letter of credit from Northeast Georgia Bank to Emmanuel College, Inc. in the amount of \$1,680,300. The Home's total obligation under this agreement would be the \$100,000 deposited with MCELF plus any and all expenses incurred by MCELF in connection with the enforcement of its rights under this guaranty as set forth in section 7 of the Guaranty Agreement. On July 31, 2018, the Home was released from their guaranty obligation.

Falcon Children's Home and Family Services, Inc. is the sole beneficiary of the estate of E.D. Eldrange Draughton who died in September of 2010. The probate process was not begun until November of 2016. This estate consists of two parcels of real estate and the remainder on a lease to purchase contract with a balance of \$28,500 payable at \$500 per month. One of the parcels of real estate is an undivided interest in 0.34 acres identified as Tract 1 Alice J Draughton Heirs in Fayetteville, NC (Pin# 0468-25-3703-). The other parcel was his residence, 507 Cecil Street, Fayetteville, NC (Pin# 0466-04-1950-) valued at \$100,500. A lifetime estate on the residence was granted to an occupant of the property at the owner's death with the Home holding a remainder interest. It is anticipated the estate administration will be completed by the end of the subsequent fiscal year.

In July 2018, the Home purchased a building located on their property for \$50,000. The Home plans to use this property to operate a daycare facility. The Home anticipates that the daycare will be in operation during the 2019 calendar year.

In September 2018, the Home signed an agreement to purchase another building in Falcon, NC. They have agreed to purchase the property for \$165,000 during the subsequent fiscal year.

SUPPLEMENTAL INFORMATION

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

**SCHEDULE 1: DETAILED SCHEDULE OF SUPPORT AND REVENUE
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|--------------------|
| SUPPORT AND REVENUE | | | |
| State and Counties: | | | |
| Regular care | \$3,498,407 | \$ - | \$3,498,407 |
| Regular care - Turbeville | 892,302 | - | 892,302 |
| Foster care funds | 75,665 | - | 75,665 |
| Maternity funds | <u>38,148</u> | - | <u>38,148</u> |
| Total state and counties | 4,504,522 | - | 4,504,522 |
| Federal: National School Lunch Program | 45,330 | - | 45,330 |
| New Life Christian Adoption | 3,742 | - | 3,742 |
| Falcon Christian Academy | 80,046 | 12,655 | 92,701 |
| Thrift store | 18,017 | - | 18,017 |
| Contributions: | | | |
| Harvest Train | 289,614 | - | 289,614 |
| Individuals | 239,655 | 37,120 | 276,775 |
| Donated items | 256,865 | - | 256,865 |
| Maternity home | 180,963 | 471 | 181,434 |
| Civic groups and businesses | 130,615 | - | 130,615 |
| Turbeville Children's Home | 121,115 | - | 121,115 |
| Other religious | 103,012 | - | 103,012 |
| Bequeaths from estates | 25,000 | - | 25,000 |
| Mothers and Babies | - | 17,560 | 17,560 |
| Falcon Christian Academy | <u>2,249</u> | - | <u>2,249</u> |
| Total contributions | 1,349,088 | 55,151 | 1,404,239 |
| Rent received: | | | |
| Golden Years Nursing Home | 201,418 | - | 201,418 |
| Land and facility usage | <u>8,388</u> | - | <u>8,388</u> |
| Total rent received | 209,806 | - | 209,806 |
| Other income | 46,800 | - | 46,800 |
| Investment income: | | | |
| Realized gain on investments | 158,376 | - | 158,376 |
| Interest and dividends received | 131,963 | 6,573 | 138,536 |
| Unrealized loss on investments | <u>(95,011)</u> | - | <u>(95,011)</u> |
| Net investment income | <u>195,328</u> | <u>6,573</u> | <u>201,901</u> |
| Total support and revenue | <u>\$6,452,679</u> | <u>\$ 74,379</u> | <u>\$6,527,058</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

**SCHEDULE 2: DETAILED SCHEDULE OF PROGRAM SERVICE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

| | Social Services | Household Services | Dietary and Food Service | Plant and Motor Service | Health Service | Recreation Service | Religious Activities | Christian Academy | Mothers and Babies | Adoption Agency | Maternity Home | Transitional Living | Foster Care | Thrift Store | Turbeville Home | Total Program Services |
|--|-------------------|---------------------|--------------------------|-------------------------|------------------|--------------------|----------------------|-------------------|--------------------|------------------|-------------------|---------------------|------------------|-----------------|-------------------|------------------------|
| Salaries and wages | \$ 146,014 | \$ 673,812 | \$ 126,709 | \$ 91,341 | \$ 11,875 | \$ 25,407 | \$ - | \$ 347,131 | \$ 141,965 | \$ 596 | \$ 108,080 | \$ 65,758 | \$ 42,071 | \$ - | \$ 421,111 | \$ 2,201,870 |
| Employee benefits | 15,857 | 170,245 | 31,961 | 16,227 | - | 5,417 | - | 71,852 | 34,218 | 3,641 | 12,974 | 17,305 | 3,290 | - | 84,889 | 467,876 |
| General supplies and expenses | 145 | 105,986 | 21,134 | - | 8,531 | 39,694 | - | 64,193 | 17,936 | 1,000 | 6,455 | 10,607 | 25,134 | 21 | 67,170 | 368,006 |
| Depreciation | - | - | - | 201,048 | - | - | - | 48,890 | 21,040 | - | 19,243 | - | - | - | 30,444 | 320,665 |
| Repairs and maintenance | - | 19,075 | 7,703 | 175,317 | - | 8,532 | 554 | 6,145 | 15,287 | - | 7,688 | 2,186 | - | - | 62,963 | 305,450 |
| Utilities | 4,939 | 80,150 | 24,524 | 13,808 | - | 11,193 | 5,275 | 29,700 | 9,486 | - | 7,569 | 17,385 | - | 1,587 | 45,558 | 251,174 |
| Food purchased | - | - | 216,225 | - | - | - | - | - | - | - | - | - | - | - | 39,255 | 255,480 |
| Insurance | 2,361 | 10,896 | 2,049 | 144,606 | 192 | 411 | - | 16,365 | 2,296 | 10 | 4,958 | 1,063 | 680 | 214 | 23,156 | 209,257 |
| Payroll taxes | 11,208 | 49,447 | 9,555 | 6,103 | 908 | 2,429 | - | 24,937 | 10,497 | - | 7,309 | 4,985 | 3,218 | - | 31,611 | 162,207 |
| Food donated and used | - | - | 125,273 | - | - | - | - | - | - | - | - | - | - | - | - | 125,273 |
| Clothing purchased | - | 92,688 | - | - | - | - | - | 5,873 | 4,228 | - | 700 | 2,034 | - | - | 12,185 | 117,708 |
| Interest | - | - | - | - | - | - | - | 32,730 | - | - | 32,730 | 30,805 | - | - | - | 96,265 |
| Travel, meals, and meetings | 2,491 | 29,309 | 809 | 2,820 | - | 75 | - | 9,837 | 2,538 | 536 | 2,346 | 66 | 874 | - | 4,352 | 56,053 |
| Charitable contributions | - | - | - | - | - | - | - | - | - | - | 100 | - | - | - | - | 100 |
| Telephone | 5,078 | 32,860 | 1,240 | 694 | 113 | 854 | - | 1,382 | 226 | 1,508 | 1,128 | 556 | 339 | - | 4,775 | 50,753 |
| Computer supplies and maintenance | - | - | - | - | - | - | - | 2,361 | 270 | - | 87 | - | - | - | 6,914 | 9,632 |
| Professional services | - | - | - | - | - | - | - | 73 | - | - | - | - | - | - | 714 | 787 |
| Newsletter, office, and printing expense | 344 | - | - | - | - | - | - | 6,991 | 3,780 | 283 | 3,718 | - | 3,712 | - | 6,034 | 24,862 |
| Board travel, meals, meetings, and fees | - | - | - | - | - | - | - | 82 | - | - | 82 | - | - | - | 2,019 | 2,183 |
| Advertising and subscriptions | - | - | - | - | - | - | - | 1,757 | 4,556 | 551 | 4,556 | - | 794 | - | 1,509 | 13,723 |
| Education and staff training | 1,016 | 4,594 | 135 | 85 | 45 | 465 | - | 540 | 355 | 28 | 37 | 80 | 1,521 | - | 5,071 | 13,972 |
| Dues and licenses | 13,450 | - | - | - | - | - | - | 3,117 | - | - | - | - | - | - | 2,404 | 18,971 |
| Property taxes | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 350 | 350 |
| Rent | - | - | - | - | - | - | - | - | - | 2,820 | - | - | - | 6,600 | - | 9,420 |
| Postage | - | - | - | - | - | - | - | 18 | 1,240 | 88 | 1,210 | - | 18 | - | 716 | 3,290 |
| Accreditation expense | - | - | - | - | - | - | - | 195 | - | - | - | - | - | - | - | 195 |
| Miscellaneous | - | - | - | - | - | - | - | 631 | - | - | - | - | - | - | 144 | 775 |
| Total expenses | \$ 202,903 | \$ 1,269,062 | \$ 567,317 | \$ 652,049 | \$ 21,664 | \$ 94,477 | \$ 5,829 | \$ 641,988 | \$ 302,730 | \$ 11,061 | \$ 220,970 | \$ 152,830 | \$ 81,651 | \$ 8,422 | \$ 853,344 | \$ 5,086,297 |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

**SCHEDULE 3: DETAILED SCHEDULE OF SUPPORTING SERVICE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Administrative and Clerical</u> | <u>Fundraising</u> | <u>Total Supporting Services</u> |
|--|--|--------------------|--------------------------------------|
| Salaries and wages | \$ 358,352 | \$ - | \$ 358,352 |
| Employee benefits | 54,789 | - | 54,789 |
| General supplies and expenses | 30,451 | 60,871 | 91,322 |
| Repairs and maintenance | 10,983 | - | 10,983 |
| Utilities | 13,546 | - | 13,546 |
| Insurance | 5,723 | - | 5,723 |
| Payroll taxes | 25,894 | - | 25,894 |
| Travel, meals, and meetings | 17,671 | - | 17,671 |
| Charitable contributions | 69,230 | - | 69,230 |
| Telephone | 1,016 | - | 1,016 |
| Computer supplies and maintenance | 31,335 | - | 31,335 |
| Investment management fees | 38,530 | - | 38,530 |
| Professional services | 29,668 | - | 29,668 |
| Newsletter, office, and printing expense | 1,358 | 1,357 | 2,715 |
| Board travel, meals, meetings, and fees | 24,732 | - | 24,732 |
| Advertising and subscriptions | 7,121 | - | 7,121 |
| Education and staff training | 6,859 | - | 6,859 |
| Dues and licenses | 1,591 | - | 1,591 |
| Property taxes | 10,874 | - | 10,874 |
| Alumni expenses | 10,836 | - | 10,836 |
| Postage | 4,452 | 1,514 | 5,966 |
| Accreditation expense | 8,110 | - | 8,110 |
| Miscellaneous | 1,484 | - | 1,484 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total expenses | <u>\$ 764,605</u> | <u>\$ 63,742</u> | <u>\$ 828,347</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2019

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

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JUNE 30, 2019

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TRP CPAs, PLLC
certified public accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Falcon Children's Home and Family Services, Inc.
Falcon, North Carolina

We have audited the accompanying financial statements of Falcon Children's Home and Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Falcon Children's Home and Family Services, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Falcon Children's Home and Family Services, Inc. June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "TRP CPAs, PLLC". The signature is written in a cursive, flowing style.

TRP CPAs, PLLC
Fayetteville, North Carolina
October 31, 2019

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019
(With comparative totals as of June 30, 2018)

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| ASSETS: | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 3,756,435 | \$ 3,583,114 |
| Accounts receivable | 573,654 | 542,392 |
| Prepaid insurance | 63,232 | 57,650 |
| Inventories | 143,134 | 125,636 |
| Total current assets | <u>4,536,455</u> | <u>4,308,792</u> |
| OTHER ASSETS: | | |
| Cash - board designated | 326,609 | 328,603 |
| Rental deposits | 2,835 | 1,195 |
| Investment in limited liability company | 250,000 | 250,000 |
| Long-term investments - board designated | 2,617,188 | 2,490,346 |
| Property held for sale - net | 79,095 | - |
| Total other assets | <u>3,275,727</u> | <u>3,070,144</u> |
| PROPERTY AND EQUIPMENT - NET | <u>6,935,511</u> | <u>6,831,173</u> |
| TOTAL ASSETS | <u>\$ 14,747,693</u> | <u>\$ 14,210,109</u> |
| LIABILITIES AND NET ASSETS: | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 109,514 | \$ 85,978 |
| Accrued payroll liabilities | 91,854 | 111,466 |
| Deferred lease liability | 2,600 | - |
| Current maturities of long-term mortgages payable | 93,326 | 90,545 |
| Total current liabilities | <u>297,294</u> | <u>287,989</u> |
| LONG-TERM MORTGAGES PAYABLE - NET OF CURRENT MATURITIES | <u>2,383,845</u> | <u>2,472,637</u> |
| Total liabilities | <u>2,681,139</u> | <u>2,760,626</u> |
| NET ASSETS: | | |
| Without donor restrictions | 8,872,406 | 8,403,407 |
| Without donor restrictions - board designated | 2,943,796 | 2,818,949 |
| Total net assets without donor restrictions | <u>11,816,202</u> | <u>11,222,356</u> |
| With donor restrictions | 250,352 | 227,127 |
| Total net assets | <u>12,066,554</u> | <u>11,449,483</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 14,747,693</u> | <u>\$ 14,210,109</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

| | 2019 | | | 2018 |
|--|-------------------------------|----------------------------|----------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| SUPPORT AND REVENUE (Note 20) | \$ 6,623,025 | \$ 120,878 | \$ 6,743,903 | \$ 6,488,528 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 97,653 | (97,653) | - | - |
| EXPENSES: | | | | |
| Program services (Note 21) | 5,331,484 | - | 5,331,484 | 5,097,171 |
| Supporting services (Note 22): | | | | |
| Administrative and clerical | 715,581 | - | 715,581 | 715,201 |
| Fundraising | 79,767 | - | 79,767 | 63,742 |
| Total supporting services | <u>795,348</u> | <u>-</u> | <u>795,348</u> | <u>778,943</u> |
| TOTAL EXPENSES | <u>6,126,832</u> | <u>-</u> | <u>6,126,832</u> | <u>5,876,114</u> |
| INCREASE IN NET ASSETS | 593,846 | 23,225 | 617,071 | 612,414 |
| NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED | 11,222,356 | 227,127 | 11,449,483 | 10,893,560 |
| CUMULATIVE EFFECT OF CORRECTION OF AN ERROR | - | - | - | (56,491) |
| NET ASSETS, BEGINNING OF YEAR, AS RESTATED | <u>11,222,356</u> | <u>227,127</u> | <u>11,449,483</u> | <u>10,837,069</u> |
| NET ASSETS, END OF YEAR | <u>\$ 11,816,202</u> | <u>\$ 250,352</u> | <u>\$ 12,066,554</u> | <u>\$ 11,449,483</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

| | <u>2019</u> | | | <u>2018</u> |
|---|-----------------------------|--------------------------------|---------------------|---------------------|
| | <u>Program Services</u> | <u>Supporting Services</u> | <u>Total</u> | <u>Total</u> |
| Salaries and wages | \$ 2,323,563 | \$ 388,147 | \$ 2,711,710 | \$ 2,560,222 |
| General supplies and expenses | 454,725 | 123,773 | 578,498 | 459,328 |
| Employee benefits | 444,780 | 48,363 | 493,143 | 522,665 |
| Repairs and maintenance | 389,683 | 16,504 | 406,187 | 316,433 |
| Depreciation | 324,290 | - | 324,290 | 320,665 |
| Utilities | 255,997 | 19,150 | 275,147 | 264,720 |
| Insurance | 210,855 | 7,330 | 218,185 | 214,980 |
| Food purchased | 217,903 | - | 217,903 | 255,480 |
| Payroll taxes | 163,620 | 38,232 | 201,852 | 188,101 |
| Food donated and used | 171,748 | - | 171,748 | 125,273 |
| Interest | 102,074 | - | 102,074 | 96,265 |
| Clothing purchased | 69,043 | - | 69,043 | 117,708 |
| Travel, meals, and meetings | 40,369 | 18,720 | 59,089 | 73,724 |
| Telephone | 44,994 | 1,058 | 46,052 | 51,769 |
| Computer supplies, maintenance, and expense | 5,237 | 34,779 | 40,016 | 40,967 |
| Charitable contributions | 300 | 32,417 | 32,717 | 69,330 |
| Newsletter, office, and printing expense | 25,301 | 2,637 | 27,938 | 27,577 |
| Professional services | 3,993 | 21,559 | 25,552 | 30,455 |
| Dues and licenses | 22,738 | 2,661 | 25,399 | 20,562 |
| Education and staff training | 17,010 | 7,540 | 24,550 | 20,831 |
| Advertising and subscriptions | 12,010 | 8,813 | 20,823 | 20,844 |
| Rent | 15,895 | - | 15,895 | 9,420 |
| Property taxes | 11,966 | - | 11,966 | 11,224 |
| Alumni expenses | - | 10,592 | 10,592 | 10,836 |
| Board travel, meals, meetings, and fees | 341 | 7,291 | 7,632 | 26,915 |
| Postage | 2,162 | 5,314 | 7,476 | 9,256 |
| Miscellaneous | 692 | 68 | 760 | 2,259 |
| Accreditation expense | 195 | 400 | 595 | 8,305 |
| Total expenses | <u>\$ 5,331,484</u> | <u>\$ 795,348</u> | <u>\$ 6,126,832</u> | <u>\$ 5,876,114</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase in net assets | \$ 617,071 | \$ 612,414 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 324,290 | 320,665 |
| (Gain) loss on sale of fixed assets | (21,027) | 3,466 |
| (Gain) loss on investments | 31,586 | (158,376) |
| Unrealized investment (gain) loss | (85,423) | 95,011 |
| Donated property and equipment | (100,817) | (9,500) |
| Decrease (increase) in assets: | | |
| Accounts receivable | (31,262) | (142,822) |
| Prepaid insurance | (5,582) | (989) |
| Inventories | (17,498) | (24,313) |
| Rent deposit | (1,640) | - |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 23,536 | (41,144) |
| Accrued payroll liabilities | (19,612) | 23,707 |
| Deferred insurance proceeds | 2,600 | (4,188) |
| Net cash provided by operating activities | <u>716,222</u> | 673,931 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sales (purchases) of investments, net | (73,005) | (150,874) |
| Purchase of investment in limited liability company | - | (250,000) |
| Proceeds from sale of property and equipment | 23,341 | 2,276 |
| Purchase of property and equipment | (409,220) | (140,512) |
| Net cash used by investing activities | <u>(458,884)</u> | (539,110) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repayment of long-term debt | (86,011) | (91,821) |
| Net cash used by financing activities | <u>(86,011)</u> | (91,821) |
| NET INCREASE IN CASH | 171,327 | 43,000 |
| CASH - BEGINNING OF YEAR | <u>3,911,717</u> | 3,868,717 |
| CASH - END OF YEAR | <u>\$ 4,083,044</u> | <u>\$ 3,911,717</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the year for interest | <u>\$ 102,074</u> | <u>\$ 96,265</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Falcon Children's Home and Family Services, Inc. (the Home) is a nonprofit organization. Since its incorporation as Falcon Orphanage in 1909, the Home has provided housing, care, counseling, guidance, ministering, and education for children who have been orphaned, abandoned, abused, or neglected; who need a more structured environment than can be found at home; or who have an environment or conditions within their home determined unsuitable by authorities for the child's continued stay. The Home accepts children regardless of race, religion, sex, age, or national origin; and serves primarily the southeastern United States ministry area of the Pentecostal Holiness Church.

Funding for the Home primarily comes from the following sources: contributions from the public, area Pentecostal Holiness churches and members, allocations from the Pentecostal Holiness Church, Inc., procurement contracts on a per child basis with sponsoring county departments of social services and the State of North Carolina, and efforts of the Home itself to raise needed operating revenues from the sale, fundraising, and rental of its resources. Some federal assistance is received each year as noted in the financial statements and schedules.

On October 7, 2015, the Home purchased the assets of the South Carolina Free Will Baptist Home for Children in Turbeville, South Carolina. The Turbeville home began operations as a department of Falcon Children's Home and Family Services, Inc. in late February of 2016. The Home's major source of revenue for the residents of the Turbeville home comes from funds from the South Carolina Department of Social Services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Home is presented to assist the reader in understanding The Home's financial statements. The financial statements and notes are representations of the Home's management, who is responsible for their integrity and objectivity.

Basis of Accounting

The Home uses the accrual basis of accounting in order to present its financial statements in conformity with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenue when earned and expenses when incurred.

Basis of Presentation

The Home is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

continued...

Cash and Cash Equivalents

The Home considers short-term, interest bearing, highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of financial statement presentation.

Accounts Receivable

Accounts receivable primarily consist of amounts due from various departments of social services for services rendered during the last couple of months of the fiscal year. Based on the payment history, management believes that no allowance for possible uncollectible amounts is necessary. It is the Home's policy to charge off uncollectible accounts receivable when management determines the receivable to be uncollectable.

Investments

The Home carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) within the reporting period in which the income and gains are recognized. Donated investments are reflected at market value at the time of investment.

Inventory

Inventory is maintained at various locations. Inventory kept on the campuses of the Home (Falcon and Turbeville) consists of food and food supplies, school supplies, medical supplies, personal hygiene supplies, and donated toys and clothes. The inventory maintained by the Home is not for resale but rather for internal use by the Home. The inventory was counted by management and valued at a replacement cost on a per unit basis. Donated items included in ending inventory were valued at what it would cost to purchase such items in like condition.

Property and Equipment

The Home capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Assets are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 40 years.

Expenses for maintenance and repairs are charged against operations. Renewals and improvements that materially extend the lives of the assets are capitalized. When items of property and equipment are sold and retired, the related cost and accumulated depreciation are removed from the accounts and any net gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets.

continued...

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Home and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Home and/or the passage of time.

Contributions

Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are recognized.

Functional Allocation of Expenses

The costs of providing program services and other activities are reflected on the statement of activities. Most expenses are charged directly to program services and supporting services based on specific identification. Salaries and wages, employee benefits, payroll taxes and a portion of insurance are allocated based on estimated time spent for each function.

Advertising

The Home uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

Income Taxes

The Home is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income during the year ended June 30, 2019.

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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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates relate to depreciation expense and in-kind contribution revenues and expenses.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Department has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Comparative Data

The amounts shown for the year ended June 30, 2018 in the accompanying financial statements are included to provide a basis for comparison with 2019 and present summarized totals only. Accordingly, the 2018 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Home's financial statements for the year ended June 30, 2018, from which summarized information was derived.

Reclassification

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent Events

The Home has evaluated subsequent events through October 31, 2019, the date at which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements other than the events described in Note 19.

continued...

2. CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents that potentially subject the Home to concentrations of credit risk consist principally of accounts in financial institutions. The Home maintains cash balances at four financial institutions. Accounts at two of these institutions are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The other two financial institutions used by the Home are uninsured by the FDIC. At June 30, 2019, the Home's uninsured cash balance was \$3,714,242. The Home has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

A significant amount of the Home's support and revenues comes from state and local governmental agencies. A significant reduction in the level of this support, if this were to occur, may have a considerable effect on the Home's programs and activities. The Home received 66% of its revenues as a result of these agencies for the year ended June 30, 2019.

3. ACCOUNTS RECEIVABLE

The balance shown in accounts receivable as of June 30, 2019 consists of the following:

| | |
|---|-------------------|
| State of North Carolina: | |
| Board payments | \$ 482,858 |
| Sales tax refund | 9,597 |
| School lunch program | 4,787 |
| State of South Carolina- board payments | 40,412 |
| Other | 36,000 |
| Total accounts receivable | <u>\$ 573,654</u> |

4. INVESTMENT IN LIMITED LIABILITY COMPANY

During 2018, the Home invested \$250,000 to purchase a membership interest in Carolina Education & Ministry Investors Two, LLC. The Home owns a 2.967% interest in the LLC and this investment is recorded on the cost method. This investment has not been evaluated for impairment because management did not identify any events or changes in circumstances that might have an adverse effect on fair value.

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5. FAIR VALUE MEASUREMENTS

The Home follows the Financial Accounting Standards Board ASC 820, Fair Value Measurements. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Home at the measurement date for identical assets and liabilities.

Level 2 - Inputs other than quoted market prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets and liabilities that are not active; (3) observable inputs other than quoted prices that are used in the valuation of assets or liabilities (e.g. interest rate and yield curve quotes at commonly quoted intervals); (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs for the assets or liabilities (i.e. supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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6. LONG-TERM INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. As of June 30, 2019, all of the Home's financial asset fair value measurements fall within Level I of the fair value hierarchy. It is the intent of the Home to hold these investments for more than one year. The following table sets forth the Home's assets at fair value as of June 30, 2019:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation</u> |
|-------------------|---------------------|---------------------|--------------------------------|
| Mutual funds | \$ 2,115,949 | \$ 2,193,638 | \$ 77,689 |
| Equities | <u>377,794</u> | <u>423,550</u> | <u>45,756</u> |
| Total investments | <u>\$ 2,493,743</u> | <u>\$ 2,617,188</u> | <u>\$ 123,445</u> |

7. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2019 consist of the following:

| | |
|-----------------------------------|---------------------|
| Land | \$ 148,488 |
| Buildings and improvements | 10,297,515 |
| Furniture, fixtures and equipment | 974,736 |
| Vehicles | 529,156 |
| Land improvements | <u>630,332</u> |
| Total property and equipment | 12,580,227 |
| Less: Accumulated depreciation | <u>(5,644,716)</u> |
| Property and equipment - net | <u>\$ 6,935,511</u> |

8. PROPERTY HELD FOR SALE

Details of the statement of financial position caption Property held for sale, net, are as follows:

| | |
|--------------------------------|------------------|
| Salemburg, NC property | \$ 226,964 |
| Chocowinity, NC property | <u>38,000</u> |
| Property held for sale | 264,964 |
| Less: Accumulated depreciation | <u>(185,869)</u> |
| Property held for sale - net | <u>\$ 79,095</u> |

The property in Salemburg, NC is no longer needed for the Home's operations. As of June 30, 2019, this property is currently listed for sale through a realtor. This property is listed at a selling price in excess of its carrying value.

The property in Chocowinity, NC was donated to the Home during the year ended June 30, 2019. This property is not needed for the Home's operations and was sold subsequent to year end at a selling price equal to its carrying value.

9. MORTGAGES PAYABLE

The mortgages payable consist of the following at June 30, 2019:

| | <u>Original Loan Amount</u> | <u>Balance</u> |
|---|---------------------------------|---------------------|
| Mortgage payable with the repayment terms of: (a) interest only through April 1, 2015, (b) principal and interest in the amount of \$13,174 for 83 consecutive months beginning May 1, 2015, and (c) a final payment of all unpaid principal and interest due on April 1, 2022, including 4.5% interest, secured by the deed of trust on the ten acre tract known as the Whitfield Family Life Center | \$ 2,600,000 | \$ 2,134,671 |
| Mortgage payable in monthly installments of \$2,500 through November 2030, 0.0% interest, secured by Turbeville property | 450,000 | <u>342,500</u> |
| Total mortgages payable | | 2,477,171 |
| Less: Current portion | | <u>(93,326)</u> |
| Long-term mortgages payable, less current portion | | <u>\$ 2,383,845</u> |

Maturities of mortgages payable are as follows:

| Year ending <u>June 30,</u> | <u>Amount</u> |
|--------------------------------|---------------------|
| 2020 | \$ 93,326 |
| 2021 | 96,235 |
| 2022 | 2,035,110 |
| 2023 | 30,000 |
| 2024 | 30,000 |
| Thereafter | 192,500 |
| Total | <u>\$ 2,477,171</u> |

continued...

10. NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

At June 30, 2019, the board of directors has designated net assets without donor restrictions to be used for the following purposes:

| | |
|--|---------------------|
| Long-term investments | \$ 2,761,704 |
| Plant expansion | <u>182,092</u> |
| Net assets without donor restrictions - board designated | <u>\$ 2,943,796</u> |

11. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2019, net assets with donor restrictions were restricted for the following purposes:

| | |
|--|-------------------|
| College scholarships | \$ 126,001 |
| Weight room | 47,082 |
| Upkeep of cemetery | 33,761 |
| Mom's Hands | 10,814 |
| FCA special fund | 10,000 |
| Wood working program at FCA | 7,508 |
| Covenant Love | 5,155 |
| Camper park for house parents | 4,800 |
| Household items at Whitfield Life campus | 3,316 |
| Catholic grant | <u>1,915</u> |
| Net assets with donor restrictions | <u>\$ 250,352</u> |

12. DONATED ITEMS AND SERVICES

The Home records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

During the year ended June 30, 2019, the Home received non-cash donations such as food, clothes, toys, and other supplies valued at \$454,814. Of this amount, approximately \$106,862 of commodities were received during the Home's annual Harvest Train Program. Donated items received are reflected as unrestricted contributions in the accompanying statements at their estimated fair value at date of donation.

A substantial number of volunteers have donated significant amounts of their time to the Home and its programs. However, these donated services are not reflected in the financial statements since these services do not require specialized skills.

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13. RENTAL INCOME

Golden Years Nursing Home

Falcon Children's Home owns and leases a nursing home facility, Golden Years Nursing Home, in Falcon, North Carolina, to an unrelated organization which operates the nursing home and pays rent on the facility to the Home. The property and equipment under this operating lease totaled \$93,644 as of June 30, 2019 and is included in property, plant and equipment in the accompanying statement of financial position. Accumulated depreciation on property and equipment under this operating lease was \$93,644 as of June 30, 2019.

The rents received by the Home are incorporated into operating funds during the year. The Home is responsible for property taxes on the real property and personal property owned by the Home. The lease had an initial five-year term beginning October 1, 2013 through September 30, 2018. During the current year, the lease was extended through September 30, 2023. As of June 30, 2019, the lease calls for payments of \$17,205 per month with a two percent annual increase thereafter. For the year ended June 30, 2019, lease payments totaled \$205,447.

Harnett Health Systems, Inc.

The Home leases medical office space to Harnett Health System, Inc. under an operating lease with a three year term beginning June 1, 2019 through May 31, 2022. This lease calls for annual lease payments of \$2,600.

Future minimum rental payments to be received under the leases are as follows:

| Year ending | |
|-------------|-------------------|
| June 30, | Amount |
| 2020 | \$ 212,155 |
| 2021 | 216,347 |
| 2022 | 220,622 |
| 2023 | 222,382 |
| 2024 | 55,869 |
| Total | <u>\$ 927,375</u> |

14. FUNDRAISING ACTIVITIES

Those costs that were clearly for fundraising activities have been classified to this supporting service category. However, joint costs of the printing room and monthly newsletter printing and mailing expense of \$2,637 for 2019 have been prorated between the administrative and fundraising functions based on the number of actual appeals for funds and special mailings during this fiscal period. Such activities averaged fifty percent. The other fifty percent of the mailings, printings, and newsletters contained no appeals for funds and was only used for informational or internal purposes.

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15. RETIREMENT PLAN

The Home participates in a defined contribution pension plan with the International Pentecostal Holiness Church. The Home contributes either 3% or 6% of employee compensation, depending on length of service. Employees may contribute to the plan if they so choose. The Home's contribution to the plan for the year ended June 30, 2019 was \$94,883.

16. OPERATING LEASES

The Home leases various office machines under operating leases. Lease expense for the year ended June 30, 2019 was \$21,048 and is included in newsletter, office, and printing expenses, and dues and licenses on the statement of functional expenses. Future minimum lease payments are as follows:

| Year ending June 30, | Amount |
|-------------------------|------------------|
| 2020 | \$ 14,336 |
| 2021 | 14,061 |
| Total | <u>\$ 28,397</u> |

17. PRIOR PERIOD ADJUSTMENT

Unrestricted net assets at the beginning of the prior year have been adjusted for accrued uncompensated absences that were not recorded in the prior years. The correction has no effect on the results of the current year's activities. However, the cumulative effect decreases the prior year's beginning net assets without donor restrictions by \$56,491.

18. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Home's financial assets at June 30, 2019:

| | |
|--|---------------------|
| Financial assets at year end: | |
| Cash and cash equivalents | \$ 3,756,435 |
| Accounts receivable | 573,654 |
| Cash - board designated | 326,609 |
| Long-term investments - board designated | <u>2,617,188</u> |
| Total financial assets | 7,273,886 |
| Less amounts not available to be used within one year: | |
| Net assets with donor restrictions | (250,352) |
| Net assets without donor restrictions - board designated | <u>(2,943,796)</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 4,079,738</u> |

continued...

At June 30, 2019, the balance of board designated net assets was \$2,943,796. This reserve, designated by the board of directors, may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress.

19. SUBSEQUENT EVENTS

Falcon Children's Home and Family Services, Inc. is the sole beneficiary of the estate of E.D. Eldrange Draughon who died in September of 2010. This estate consists of two properties. One of the properties was his residence which includes a lifetime estate granted to an occupant of the property at the owner's death with the Home holding a remainder interest. The other property is a remainder on a lease to purchase contract with the property's tenant at the time of Mr. Draughon's death. This property was deeded from the Home to the tenant subsequent to the year ended June 30, 2019.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

20. SUPPORT AND REVENUE

Details of support and revenue for the year ended June 30, 2019 (with comparative totals for the year ended June 30, 2018) are as follows:

| | 2019 | | | 2018 |
|--|-------------------------------|----------------------------|--------------|-------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| SUPPORT AND REVENUE | | | | |
| State and Counties: | | | | |
| Regular care | \$ 3,325,790 | \$ - | \$ 3,325,790 | \$3,498,407 |
| Regular care - Turbeville | 889,163 | - | 889,163 | 892,302 |
| Foster care funds | 151,344 | - | 151,344 | 75,665 |
| Maternity funds | 14,067 | - | 14,067 | 38,148 |
| Total state and counties | 4,380,364 | - | 4,380,364 | 4,504,522 |
| Federal: National School Lunch Program | 49,111 | - | 49,111 | 45,330 |
| New Life Christian Adoption | 14,652 | - | 14,652 | 3,742 |
| Falcon Christian Academy | 68,626 | 35,102 | 103,728 | 92,701 |
| Thrift store | 17,178 | - | 17,178 | 18,017 |
| Contributions: | | | | |
| Donated items | 454,814 | - | 454,814 | 256,865 |
| Individuals | 239,510 | 66,781 | 306,291 | 276,775 |
| Harvest Train | 222,858 | - | 222,858 | 289,614 |
| Maternity home | 174,246 | 18,995 | 193,241 | 181,434 |
| Other religious | 145,429 | - | 145,429 | 103,012 |
| Turbeville Children's Home | 134,284 | - | 134,284 | 121,115 |
| Civic groups and businesses | 110,636 | - | 110,636 | 130,615 |
| Bequeaths from estates | 45,377 | - | 45,377 | 25,000 |
| Mothers and Babies | 3,400 | - | 3,400 | 17,560 |
| Falcon Christian Academy | 3,046 | - | 3,046 | 2,249 |
| Total contributions | 1,533,600 | 85,776 | 1,619,376 | 1,404,239 |
| Rent received: | | | | |
| Golden Years Nursing Home | 205,447 | - | 205,447 | 201,418 |
| Land and facility usage | 10,188 | - | 10,188 | 8,388 |
| Total rent received | 215,635 | - | 215,635 | 209,806 |
| Other income | 114,401 | - | 114,401 | 46,800 |
| Investment income: | | | | |
| Realized gain (loss) on investments | (31,586) | - | (31,586) | 158,376 |
| Interest and dividends received | 215,021 | - | 215,021 | 138,536 |
| Unrealized loss on investments | 85,423 | - | 85,423 | (95,011) |
| Investment management fees | (39,400) | - | (39,400) | (38,530) |
| Net investment income | 229,458 | - | 229,458 | 163,371 |
| Total support and revenue | \$ 6,623,025 | \$ 120,878 | \$ 6,743,903 | \$6,488,528 |

continued...

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

21. PROGRAM SERVICES EXPENSES

Details of program services expenses for the year ended June 30, 2019 (with comparative totals for the year ended June 30, 2018) are as follows:

| | 2019 | | | | | | | | | | | 2018 | | | | | |
|---|------------------|--------------------|--------------------------|-------------------------|-----------------|--------------------|----------------------|-------------------|--------------------|-----------------|------------------|---------------------|-------------------|-----------------|------------------|------------------------|---------------------|
| | Social Services | Household Services | Dietary and Food Service | Plant and Motor Service | Health Service | Recreation Service | Religious Activities | Christian Academy | Mothers and Babies | Adoption Agency | Maternity Home | Transitional Living | Foster Care | Thrift Store | Turbeville Home | Total Program Services | Total |
| Salaries and wages | \$120,197 | \$ 729,363 | \$ 126,042 | \$112,165 | \$ 8,185 | \$ 35,991 | \$ - | \$313,162 | \$187,970 | \$12,988 | \$112,016 | \$ 77,270 | \$ 38,465 | \$ - | \$ 450,349 | \$2,323,563 | \$ 2,201,870 |
| General supplies and expenses | 424 | 102,621 | 21,702 | 75 | 2,143 | 51,114 | - | 77,254 | 64,300 | - | 11,463 | 6,534 | 58,347 | 343 | 58,407 | 454,727 | 368,006 |
| Employee benefits | 15,468 | 162,134 | 32,698 | 16,116 | - | 222 | - | 73,412 | 34,967 | 3,686 | 15,277 | 16,194 | 3,379 | - | 71,227 | 444,780 | 467,876 |
| Repairs and maintenance | - | 24,660 | 18,071 | 207,465 | 211 | 1,437 | 906 | 8,474 | 21,519 | - | 9,879 | 1,326 | - | - | 95,735 | 389,683 | 305,450 |
| Depreciation | - | - | - | 196,018 | - | - | - | 52,232 | 21,274 | - | 19,242 | - | - | - | 35,524 | 324,290 | 320,665 |
| Utilities | 4,685 | 84,831 | 24,206 | 15,451 | - | 8,326 | 5,438 | 30,133 | 9,368 | - | 8,648 | 16,011 | - | - | 48,900 | 255,997 | 251,174 |
| Food purchased | - | - | 154,503 | - | - | - | - | - | - | - | 12,941 | - | - | - | 50,459 | 217,903 | 255,480 |
| Insurance | 1,612 | 9,780 | 1,690 | 148,907 | 110 | 475 | - | 15,159 | 2,520 | 174 | 4,842 | 1,036 | 516 | 210 | 23,824 | 210,855 | 209,257 |
| Food donated and used | - | - | 159,943 | - | - | - | - | - | - | - | - | - | - | - | 11,805 | 171,748 | 125,273 |
| Payroll taxes | 9,006 | 57,022 | 8,969 | 7,719 | 608 | 1,860 | - | 22,642 | 10,859 | 98 | 7,396 | 3,631 | 3,618 | - | 30,192 | 163,620 | 162,207 |
| Interest | - | - | - | - | - | - | - | - | 37,497 | - | 31,914 | 32,663 | - | - | - | 102,074 | 96,265 |
| Clothing purchased | - | 47,288 | - | - | - | - | - | 2,970 | 4,015 | - | 881 | 568 | - | - | 13,321 | 69,043 | 117,708 |
| Telephone | 5,288 | 27,715 | 1,256 | 936 | 118 | 308 | - | 401 | 235 | 1,515 | 1,175 | 410 | 353 | - | 5,284 | 44,994 | 50,753 |
| Travel, meals, and meetings | 3,317 | 18,486 | 1,318 | 1,452 | - | 665 | - | 6,667 | 2,662 | 38 | 2,711 | 95 | 1,431 | - | 1,527 | 40,369 | 56,053 |
| Newsletter, office, and printing | 506 | - | - | - | - | - | - | 9,369 | 4,416 | 451 | 3,391 | - | 2,549 | - | 4,619 | 25,301 | 24,862 |
| Dues and licenses | 14,333 | - | - | - | - | - | - | 1,508 | - | - | 100 | - | 840 | - | 5,957 | 22,738 | 18,971 |
| Education and staff training | 275 | 5,274 | 245 | - | 122 | 250 | - | 1,431 | 215 | 12 | 135 | 55 | 3,445 | - | 5,551 | 17,010 | 13,972 |
| Rent | - | - | - | - | - | - | - | - | - | 2,820 | - | - | - | 6,600 | 6,475 | 15,895 | 9,420 |
| Advertising and subscriptions | - | - | - | - | - | - | - | 1,395 | 4,109 | 525 | 4,109 | - | 786 | - | 1,086 | 12,010 | 13,723 |
| Property taxes | - | - | - | 11,966 | - | - | - | - | - | - | - | - | - | - | - | 11,966 | 11,224 |
| Computer supplies and maintenance | - | - | - | - | - | - | - | 1,555 | - | - | 140 | - | - | - | 3,542 | 5,237 | 9,632 |
| Professional services | - | - | - | - | - | - | - | - | - | 1,500 | - | - | - | - | 2,493 | 3,993 | 787 |
| Postage | - | - | - | - | - | - | - | - | 618 | 121 | 618 | - | - | - | 805 | 2,162 | 3,290 |
| Miscellaneous | - | - | - | - | - | - | - | 596 | - | - | - | - | - | - | 94 | 690 | 775 |
| Board travel, meals, meetings, and fees | - | - | - | - | - | - | - | - | 64 | - | 64 | - | - | - | 213 | 341 | 2,183 |
| Charitable contributions | - | - | - | - | - | - | - | - | - | 200 | - | - | - | - | 100 | 300 | 100 |
| Accreditation expense | - | - | - | - | - | - | - | 195 | - | - | - | - | - | - | - | 195 | 195 |
| Total expenses | \$175,111 | \$1,269,174 | \$ 550,643 | \$718,270 | \$11,497 | \$ 100,048 | \$ 6,344 | \$618,555 | \$406,608 | \$23,928 | \$247,142 | \$ 155,793 | \$ 113,729 | \$ 7,153 | \$927,489 | \$5,331,484 | \$ 5,097,171 |

continued...

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
 NOTES TO THE FINANCIAL STATEMENTS - CONCLUDED

22. SUPPORTING SERVICES EXPENSES

Details of supporting services expenses for the year ended June 30, 2019 (with comparative totals for the year ended June 30, 2018) are as follows:

| | 2019 | | | 2018 |
|--|--------------------------------|------------------|------------------------------|-------------------|
| | Administrative and Clerical | Fundraising | Total Supporting Services | Total |
| Salaries and wages | \$ 388,147 | \$ - | \$ 388,147 | \$ 358,352 |
| General supplies and expenses | 45,325 | 78,449 | 123,774 | 91,322 |
| Employee benefits | 48,363 | - | 48,363 | 54,789 |
| Payroll taxes | 38,232 | - | 38,232 | 25,894 |
| Computer supplies and maintenance | 34,779 | - | 34,779 | 31,335 |
| Charitable contributions | 32,417 | - | 32,417 | 69,230 |
| Professional services | 21,559 | - | 21,559 | 29,668 |
| Utilities | 19,150 | - | 19,150 | 13,546 |
| Travel, meals, and meetings | 18,720 | - | 18,720 | 17,671 |
| Repairs and maintenance | 16,504 | - | 16,504 | 10,983 |
| Alumni expenses | 10,592 | - | 10,592 | 10,836 |
| Advertising and subscriptions | 8,813 | - | 8,813 | 7,121 |
| Education and staff training | 7,540 | - | 7,540 | 6,859 |
| Insurance | 7,330 | - | 7,330 | 5,723 |
| Board travel, meals, meetings, and fees | 7,291 | - | 7,291 | 24,732 |
| Postage | 5,313 | - | 5,313 | 5,966 |
| Dues and licenses | 2,661 | - | 2,661 | 1,591 |
| Newsletter, office, and printing expense | 1,319 | 1,318 | 2,637 | 2,715 |
| Telephone | 1,058 | - | 1,058 | 1,016 |
| Accreditation expense | 400 | - | 400 | 8,110 |
| Miscellaneous | 68 | - | 68 | 1,484 |
| Total expenses | <u>\$ 715,581</u> | <u>\$ 79,767</u> | <u>\$ 795,348</u> | <u>\$ 778,943</u> |



Alternative Learning PROGRAMS & SCHOOLS

APPLICATION

Establishment of an Alternative Learning Program or School



Public Schools of North Carolina
State Board of Education
Department of Public Instruction

Alternative Learning Programs & Schools Proposal

This process will help to ensure proper planning, development, and implementation of effective alternative learning programs and schools. The State Board of Education will use these documents to approve or disapprove new alternative learning programs and schools. The proposal checklist is the guideline for completion of the application process. All documents (including the checklist) must be submitted to the State Board of Education for review.

Legislation

SECTION 2. Article 8C of Chapter 115C of the General Statutes is amended by adding the following new section to read:

"§ 115C-105.47A. Proposals to establish alternative learning programs or alternative schools.

(a) Before establishing any alternative learning program or alternative school, the local board of education shall develop a proposal to implement the program or school that includes all of the following:

- (1) The educational and behavioral goals for students assigned to the program or school.
- (2) The policies and procedures for the operation of the program or school based on the State Board's standards adopted under G.S. 115C-12(24). The policies and procedures shall address the assignment of students to the program or school.
- (3) Identified strategies that will be used to improve student achievement and behavior.
- (4) Documentation that similar programs and schools in or out of the State, or both, have demonstrated success in improving the academic achievement and behavior of students assigned to them.
- (5) The estimated actual cost of operating the program or school. To the extent practicable, this shall include the cost of:
 - a. Staffing the program or school with teachers who have at least four years' teaching experience and who have received an overall rating of at least above standard on a formal evaluation and are certified in the areas and grade levels being taught;
 - b. Providing optimum learning environments, resources and materials, and high quality, ongoing professional development that will ensure students who are placed in the program or school are provided enhanced educational opportunities in order to achieve their full potential;
 - c. Providing support personnel, including school counselors, psychiatrists, clinical psychologists, social workers, nurses, and other professionals to help students and their families work out complex issues and problems;
 - d. Maintaining safe and orderly learning environments; and
 - e. Providing transitional supports for students exiting the program or school and reentering the referring school.
- (6) Documented support of school personnel and the community for the

implementation of the program or school.

(b) After the local board completes the proposal under subsection (a) of this section, the board shall submit the proposal to the State Board of Education for its review. The State Board shall review the proposal expeditiously and, if appropriate, may offer recommendations to modify the proposal. The local board shall consider any recommendations made by the State Board before implementing the alternative learning program or alternative school."

Program Types (Two Options)

- **Alternative Learning Program**

An alternative learning program is one option for an alternative learning program. It is established in affiliation with a traditional accredited school. The information that is generated by the participants of the program becomes a part of the history and documentation of a traditional school. A program may be housed within a school, on the same site, or at a different location within the district.

- **Alternative Learning School**

An alternative learning school is the second option for an alternative education program. It serves at-risk students and has an organizational designation based on the DPI assignment of an official school code. An alternative school is different from a regular public school and provides choices of routes to completion of school. For the majority of students, the goal is to return to the regular public school. Alternative schools may vary from other schools in such areas as teaching methods, hours, curriculum, or sites, and they are intended to meet particular learning needs.

| IMPORTANT NOTE |
|--|
| <i>Each school (including Alternative Learning Schools) in the state of North Carolina is required to develop a school improvement plan that includes a safe school plan. Additionally, programs that are established in accord with or operate as quasi-independent entities should also have school improvement and safety plans. Reference G.S. (115C-105.27)</i> |

PROPOSAL DATA SHEET

| | |
|--|---|
| School District: | Falcon Christian Academy |
| District Code: | N/A |
| Mailing Address: | 7569 N. West Street Falcon, NC 28342 |
| District Website: | https://www.falconchildrenshome.com/fca |
| Primary Contact for Proposed Alternative Learning Program or School: | Dr. Michael Stewart |
| Phone: | 910-980-1136 |
| Email: | Mstewart@fchfs.org |
| Proposed Alternative Learning Program or School Principal (Provide CV/Resume in Addendum): | Dr. Michael Stewart |
| CV/Resume Provided? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

ASSURANCES

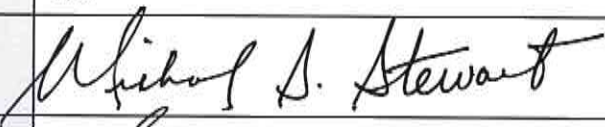
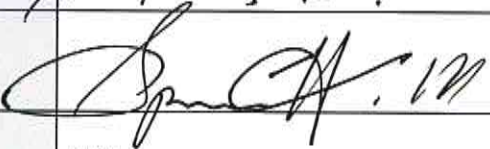
Employees assigned to the Alternative Learning Program or School are employees of the local school administrative unit with the protections provided by Part 3 of Article 22 of Chapter 115C.

The Alternative Learning Program or School remains under the control of the local Board of Education.

The Alternative Learning Program or School operates with the same exemptions from statutes and rules as a charter school authorized under Article 14A of Chapter 115C.

The Alternative Learning Program or School and local Board of Education will comply with such annual reporting requirements as established by the State Board of Education for Alternative Learning Programs and Schools as provided by G.S. 115C-105.37B(b) or successor statute.

It shall be the duty of local Boards of Education to provide students with the opportunity to receive a sound basic education and to make all policy decisions with that objective in mind, including employment decisions, budget development, and other administrative actions, within their respective local school administrative units, as directed by law.

| | |
|---|--|
| School District: | N/A |
| School District Board Chair Signature: |  |
| Superintendent Signature: |  |
| LEA Chief Financial Officer Signature: | N/A |

| | |
|--|--|
| Will the program or school be operated by an Educational Management Organization? | |
| <input type="checkbox"/> Yes | If yes, provide an attachment that describes in detail the review process for selection of the EMO. |
| <input checked="" type="checkbox"/> No | |
| Identify the EMO (if applicable): | Click here to enter text. |

Application for Establishment of an Alternative Learning Program or School

| Check One | |
|-------------------------------------|---|
| PROGRAM <input type="checkbox"/> | SCHOOL <input checked="" type="checkbox"/> |

Program or School Name Falcon Academy

The following components have been considered and included as part of this application:

- Assessment of Program Needs
- Plan for Evaluation of Staffing and Staff Development
- Plan for Evaluation of Student Outcomes
- Plan for Evaluation of Program Process and Outcomes



Superintendent's Signature

7/22/2020

Date

For NCDPI Use Only

Received in Innovative and
Alternative Learning Support

Click here to enter text.

Initials

Click here to enter text.

Date

Proposal Checklist for Establishing an Alternative Learning Program or School

| | |
|--|--|
| LEA Name <u> N/A </u> | LEA# <u> N/A </u> |
|--|--|

The following checklist serves as a guide for completion of the application.

| Requirement | Check | Comments |
|---|-------------------------------------|---------------------------|
| Set education and behavior goals for students assigned to the program or school. | <input checked="" type="checkbox"/> | Click here to enter text. |
| Set policies and procedures for the operation of the program or school (based on the State Board's standards) addressing the assignment of students to the program or school. | <input checked="" type="checkbox"/> | Click here to enter text. |
| Identify strategies that will be used to improve student achievement and behavior. | <input checked="" type="checkbox"/> | Click here to enter text. |
| Document similar programs and schools, in or out of the State, that have demonstrated success in improving the academic achievement and behavior of students assigned to them. | <input checked="" type="checkbox"/> | Click here to enter text. |
| Estimate actual cost of operating the program or school. | <input checked="" type="checkbox"/> | Click here to enter text. |
| Staff the program or school with teachers who have at least four years' teaching experience and who have received an overall rating of at least above standard on a formal evaluation and are certified in the areas and grade levels being taught | <input checked="" type="checkbox"/> | Click here to enter text. |
| Provide optimum learning environments, resources and materials, and high quality, ongoing professional development that will ensure students who are placed in the program or school are provided enhanced educational opportunities in order to achieve their full potential | <input checked="" type="checkbox"/> | Click here to enter text. |

| Requirement | Check | Comments |
|---|-------------------------------------|---------------------------|
| Provide support personnel, including school counselors, psychiatrists, clinical psychologists, social workers, nurses, and other professionals to help students and their families work out complex issues and problems | <input checked="" type="checkbox"/> | Click here to enter text. |
| Maintain safe and orderly learning environments | <input checked="" type="checkbox"/> | Click here to enter text. |
| Provide transitional supports for students exiting the program or school and reentering the referring school | <input checked="" type="checkbox"/> | Click here to enter text. |
| Document support of school personnel and the community for the implementation of the program or school | <input checked="" type="checkbox"/> | Click here to enter text. |



 Superintendent's Signature

7/22/2020

 Date

This signature assures the Department of Public Instruction that all the information provided was locally approved and submitted according to the ALPS Standards and Governing Policy/Legislation.

PROPOSAL TO ESTABLISH AN ALTERNATIVE LEARNING PROGRAM OR SCHOOL

Type information in boxes below (boxes will expand as necessary as you type)

1. Describe the education and behavioral goals for students assigned to the proposed program or school. (Goals should be measurable.)

- In year one 75% of students in grades K-8 will master all grade-level reading and math standards with 80% mastery on benchmark assessments aligned to the EOG.
- In 2023-2024, 85% of students in grades 3-8 will score proficient in math and reading NC EOG, 90% in 2024-2025, and 90% in 2025-2026.
- Annually, FA will exceed academic growth in these areas.
- Students with two or more teacher write-ups will develop a behavior plan in collaboration with teachers and parents.
- There will be 25% less ISS and/or OSS from the previous year.

2. Describe the policies and procedures for the operation of the program or school. Address the assignment of students to the program or school.

Falcon Academy is applying for conversion from a private school to a public charter school and will comply with enroll all students to eligible for enrollment in the State of North Carolina.

3. Describe strategies that will be used to improve student achievement and behavior.

Overall Instructional Program

Falcon Academy serves at-risk students many of whom are foster children, residents of Falcon Children's Home, or residents of the local community. The students that Falcon Christian Academy serves are from low-income families who are behind two to three grade levels in academic performance and/or have had numerous behavioral issues resulting in suspension or expulsion from school. To meet their needs, Falcon Christian Academy offers small classes, individualized instruction, and access to appropriate therapies when needed. All of our current high school students receive therapy on a regular basis due to their emotional and psychological needs.

The school's academic focus is to provide each student with the appropriate education and life skills to succeed in our community. We will provide each student with educational opportunities to support their achievement goals and help them towards their goal of graduation and career readiness. At FA, we expect to see a large percent of our population as at-risk. We will serve these students by providing remedial instruction as well as higher-level objectives in each subject through means of tiered learning and direct instruction. We will instill in them not only educational concepts but the knowledge and skills that they need to live productive lives.

Opportunities for our students to succeed in the community will be targeted in the areas, but not limited to these areas; finances, time management, and leadership skills that students can use to be successful in their next chapter of life. These skills will be taught through a variety of ways in courses such as Personal Finance and Leadership where students are taught communication techniques and how to spend and invest their money in order to be more successful after graduation.

FA will include but not limit itself to using the universal design for learning which is a set of principles to follow in designing curriculum which includes a wide range of techniques that accommodate a diverse population of students with varying abilities, to promote the academic achievement of each individual student. These techniques include how lessons are prepared, how the material is presented in various ways instead of one unique way, and more student engagement. Material may be presented by lecture-style for traditional learning, but may also be accompanied by a video for those who need to see and hear, and maybe be presented with hands-on activities to get students involved in real-world engagement. We will provide students with the best instruction for a diverse student population regardless of ability, background or gender which will be determined by assessments throughout the year and how the teacher sees students benefitting from certain styles.

Even though FA will be using a universal design model, we will continue to support individual education plans for each student to provide support through this differentiated instruction, including having multiple means of representation when presenting materials such as videos, organizers and mapping diagrams, vocal presentations, PowerPoints, and manipulatives, etc. Furthermore, in our attempt to meet each individual student's needs FA would use multiple means of action and expression in our learning styles. Assignments will not be just written, you will see a variety of options in for assignments including projects using technology using Chromebooks in the high school grades and tablets in the elementary and middle grades. Our inclusion of technology supplements lessons and provides ways for more project-based learning. The use of technology broadens the spectrum for learning for each student because they are able to engage in things for themselves more independently while being guided by their teacher. It also aids in helping teachers use different methods to rely on the information.

FA will use various means of engagement including small group activities and technology FA will post the learning targets in each classroom so that students are able to connect what their objects of learning are what the content material. It is important for our students to be involved in their education and for them to recognize their achievement and success in reaching goals. Goals will be measured by Individualized Learning Plans, Standardized Assessments, and student's grades. FA will also help the student to set academic and character-based goals for themselves and support their journey towards them. Student's academic goals are important for guiding their future. For our at-risk students, timing and accomplishment while they are enrolled are pertinent for fostering long term success. We encourage and enable the best environment for them to gain the skills that they need for accomplishing their goals.

4. Describe the accountability model that will be used to monitor and help facilitate student growth and achievement.

Falcon Academy will use Option A: Alternative schools may participate in School Performance Grades as defined by G.S. 115C-83.15

5. Describe the pathways that will be available to students to return to traditional settings or to earn high school diplomas and/or certifications through your program or school.

In order to graduate from Falcon Academy, students must accumulate a minimum of 24 credits in the required courses, which align directly with the North Carolina State Credits Requirements. While North Carolina requires 22 credits for graduation, Falcon Academy requires 24, and the additional 2 credits are in elective courses that are designed to prepare them for post-secondary opportunities in a trade school, the military, or the workforce.

Grade point averages are calculated on a 4 point scale with an A counting for 4 points, a B counting for 3 points, a C counting for 2 points, and a D counting for 1 point. These grades, their grade point average, and attendance will be on students' transcripts.

Falcon Academy offers these elective courses:

- World Language Credits
- Career and Technical Education
- Arts Education
- JROTC
- World Language
- Cross-Disciplinary courses.

Postsecondary Readiness

Falcon Academy's graduation requirements include all of the North Carolina credit requirements in the core classes, elective classes, and Health and PE. Falcon Academy also additional credits students may choose to take throughout high school, including Career and Technical Education, Arts Education, JROTC, World Language, and Cross-Disciplinary courses. Falcon Academy requires students to complete 6 credits in a selection of these courses, which is 2 more credits than North Carolina requires.

These courses are designed specifically for post-secondary opportunities in the military, trade schools, or the workforce because they provide the foundational skills in reading and writing; in addition, students receive specific skills that will transfer into one or more of these post-secondary pathways.

For students wishing to return to the LEA, Falcon Academy will collaboratively develop a plan for the student's re-entry into the LEA. Falcon Academy has a long history of receiving referrals from the LEA for at-risk students and have created the systems to ensure that students are able to matriculate back into the LEA if that's the path they choose for their education.

6. Provide documentation regarding similar programs or schools, either in- or out-of-state, that have demonstrated success in improving the achievement and behavior of

students assigned to them.

SIMILAR PROGRAM #1

Program or School Name: Thomas Academy

City, State: Lake Waccamaw, North Carolina

Description:

Thomas Academy serves at-risk students many of whom are foster children and are residents of Boys and Girls Homes of NC. The students that Thomas Academy serves are from low-income families who are behind two to three grade levels in academic performance and/or have had numerous behavioral issues resulting in suspension or expulsion from school. Additionally, 66% are minority ethnic groups. The students attending Thomas Academy also experience various psychological and psychiatric disorders, including DSM V (Diagnostic Statistic Manual) diagnostic categories, such as Attention Deficit Hyperactivity Disorder, Disruptive Behavior Disorder, Mood Disorders, Anxiety Disorders, Learning Disorders, and Personality Disorders. The secondary student population is comprised of students from the local public schools in surrounding counties who are experiencing academic and behavioral issues which are leading to suspension and/or expulsion from school. Thomas Academy is a small school environment with only 104 students for the 2019-2020 school year. In the 2018-2019 school year, they used Option C for their Alternative Accountability Model, and their scores were as follows: 87.3% for Student Persistence, 75.6% for Student Growth, and 37.8% for Student Graduation with an Overall School Score of 70.39.

SIMILAR PROGRAM #2

Program or School Name: Marjorie Williams Academy

City, State: Crossnore, NC

Description:

Marjorie Williams Academy is a public K-12 charter school serving all residential children on the Avery campus of Crossnore School and Children's Home. The school follows the Sanctuary Model of Care to provide a supportive environment for all students. Along with residential students, the Academy also serves students from the community in a K-12 learning environment. Williams Academy is a small school environment with 120 students in the 2019-2020 school year. Their NC Report Card grade for the 2018-2019 school year was a D with Reading EOG proficiency score of 30, Math EOG Proficiency score of 38, and a 4-Year Graduation Rate score of 55.

7. Use the Budget Plan (below) to estimate actual cost of operating the program or school.

To the extent practicable, this shall include the cost of:

- a. Staffing the program or school with teachers who have at least four years teaching experience and who have received an overall rating of at least above standard on a formal evaluation and are certified in the areas and grade levels being taught:
- b. Providing optimum learning environments, resources and materials, and on-going high-quality professional development to ensure students placed in the program or school are provided enhanced educational opportunities in order to achieve their full potential.
- c. Providing support personnel, including school counselors, psychiatrists, clinical psychologists, social workers, nurses, and other professionals to help students and their families work out complex issues and problems.
- d. Maintaining a safe, orderly, and caring learning environment.
- e. Providing transitional supports for students exiting the program or school and re-entering the referring school.

BUDGET PLAN

| CONSIDERATION | DESCRIPTION | BUDGET |
|--|--|------------------------------|
| a. Staffing | Staffing includes 1 Principal, 1 School Secretary, .5 Custodians, 11 Core Content Teachers, 3 Elective Teachers, 1 EC Teacher, and .5 Instructional Support Personnel. | \$ 670,273 |
| b. Resources & Materials | This includes Classroom Technology, Books and Supplies, Office Supplies, Professional Contracts, Facility Costs, Transportation, Marketing, Staff Development, and Travel costs. | \$ 96,500 |
| c. Professional Development | This includes trainings given before school starts and during the school year. | \$ 6,000 |
| d. Support Personnel | EC Services | \$25,000 |
| e. Safe Environment Assessment & Monitoring | Click here to enter text. | \$ Click here to enter text. |
| f. Transitional Support for Students Exiting & Re-entering | Click here to enter text. | \$ Click here to enter text. |
| TOTAL ANNUAL BUDGET | | |
| Estimated actual cost of operating the program or school. (TOTAL = sum of considerations a. – f.) | | \$ 797,773 |

8. List steps or strategies required for successful implementation.

SCHOOL IMPLEMENTATION PLAN

| Steps/Strategies | Person Responsible | Timeline |
|---|---|------------------------------|
| Apply for NC Charter and Receive Approval from the State Board of Education. | Dr. Mike Stewart | July 24, 2020 – January 2021 |
| Market the school as a public charter school to Cumberland County and the surrounding counties. | Dr. Mike Stewart and staff | January 2021-August 2021 |
| Enroll Students in Falcon Academy with a Public Lottery | Dr. Mike Stewart and staff | Spring 2022 |
| Prepare the school buildings for use as a secular school operation. | Dr. Mike Stewart and staff | Spring 2021-August 2021 |
| Hire EC teacher and other open positions. | Dr. Mike Stewart and the Board of Directors | Spring 2021-August 2021 |
| Purchase all necessary curricular and support materials necessary to operate as a public charter school. | Dr. Mike Stewart and office staff | Summer 2021 |
| Train staff in new processes, procedures, and requirements for teaching and operating within a public charter school. | Dr. Mike Stewart, staff, and subject matter experts | July 2021 |
| Host an Open House for returning and new students and their families | Dr. Mike Stewart, the Board of Directors, and staff | August 2021 |
| Welcome students for the first day of school. | Dr. Mike Stewart and staff | August 2021 |
| | | |

9. Provide (below or in an attachment) documentation of support by school personnel and/or the community for the implementation of the program or school.

Falcon Academy has received a commitment from all but one of its current teachers to continue at the school when it converts from a private school to a public charter school. The one who will not remain with the school is concerned about the additional responsibilities that she will bear as a public school teacher.

In addition, the school has completed a survey with community members about their support of Falcon Christian Academy becoming a public charter school, and 52.9% of the participants indicated that they were very likely to send their child to a charter school with our mission and

vision.

10. Briefly describe how the program or school will provide each student with the opportunity for a “sound basic education” as required by G.S. 115C-105.37(a1).

The Typical Day at Falcon Academy provides students with the best instruction for a diverse student population regardless of ability, background, or gender which will be determined by assessments throughout the year. Falcon Academy will be using a universal design model to create the learning pathways for all students; in addition, the school supports individual education plans for each student to provide support through this differentiated instruction outlined below.

Instructional methods include multiple means, such as videos, organizers and mapping diagrams, vocal presentations, PowerPoints, and manipulatives. Students will also see a variety of options for assignments so that they can choose one that suits their learning style best. This includes completing projects using technology. Students will also be engaged in a variety of ways. Engagement starts with posting the learning targets each day so that students are able to connect with the content.

For our at-risk population, it is important for our students to be involved in their education and for them to recognize their achievement and success in reaching goals. Goals will be measured by Individualized Learning Plans, Standardized Assessments, and student's grades. Falcon Academy will also help the student to set academic and character-based goals for themselves and support their journey towards them, which will be part of their everyday experience.

Meeting the Needs of English Learners

When parents indicate that English is an additional language in the home or when they check "Yes" to any of the determining questions on the Home Language Survey included in the school's enrollment packet, the student will be referred to the assigned ELL liaison for testing.

If the student has not been previously identified as ELL, the ELL liaison will administer the WIDA Access Placement Test (W-APT). If the student's academic records show previous ELL identification, the ELL liaison will proceed with preparing appropriate instructional plans based on the student's proficiency level.

The ELL liaison, relevant classroom teachers, and support staff will determine the appropriate means of instruction and modification or accommodations for ELLs based on the students' previous academic records, ELL placement test results, parent input, student input, student observations, and other relevant data. The school will ensure that ELL students meet the same challenge English proficiency objectives and standards required of all other students. Teachers will individualize their lesson plans for ELL students. The school will employ the necessary faculty and staff to ensure that all appropriate curricular materials and supplemental resources needed to help ELL learners become proficient in English are present in the classroom.

Falcon Academy's curriculum will be supplemented with Web-based programs with a multimedia activities, including access to a monolingual/bilingual dictionary, grammar tools, audio support, and supplementary print coursework.

Strategies and proposed services for ensuring the high achievement of ELLs include providing students with instruction that will enable them to increase academic achievement and use English language skills to meet district and state learning standards; providing instruction so that students acquire social and academic English language proficiency; and training educators on the four-hour ELL model, so students who are not proficient in English receive proper instruction based on their level and need. This English language immersion program consists of instruction through speaking, reading, writing, grammar, and vocabulary lessons. The four hours of instruction are achieved through placement of students with other English Language Learning Students or within a mainstream classroom in which students' instructional program is outlined in an Individualized Language Learning Plan (ILLP).

To ensure compliance with state and federal guidelines for ELL students, Falcon Academy staff will work closely with classroom teachers to facilitate communication and dissemination of information to parents. Communications will be sent, as it is feasible, in a language understood by the parents.

To ensure that educators are implementing the ELL strategies and procedures properly, the Principal will incorporate these elements into walk-through/informal observations as well as formal observations; furthermore, the subsequent debriefs will involve discussion around these strategies. Students who are determined to be fully English proficient will continue to be monitored for a period of two years, as required by state regulations. Parents will be notified and continued to be informed of monitoring progress. English Language Learners will be able to fully participate in experiencing Falcon Academy's curriculum and all other programs.

Identifying and Meeting the Needs of Gifted Students

Through the use of individualization and differentiation, gifted students will learn grade-based content and concepts at their instructional levels. All students who demonstrate mastery of classroom content material, motivated, and possess higher-level thinking skills will be given the opportunities during small groups to stretch their thinking beyond mastery of common core standards. Our Teachers will differentiate lesson plans according to the needs and abilities of the students and engage students in inquiry-based learning with critical thinking, higher-order questioning, collaborative group settings, and problem-solving applications.

At Falcon Academy, we expect gifted students to learn concepts outlined in the State Standards and also create and evaluate ideas given for each subject or content presented for the student to master. In addition, they will be given avenues and opportunities to analyze and create activities and projects which enforce synthesizing information and demonstrates their understanding which creates a new idea. Students will participate in school-wide events such as STEM Demonstrations, Science Fair, Spelling Bee, Student Council, Math Challenge, and Battle of the Books.

Falcon Academy will collect data from each student through the Iowa Basic Skills Testing (ITBS), and students will be assessed for exhibiting gifted abilities at the end of each academic year K-8. For these students displaying above-grade-level skills, the school will provide continuous challenges beyond grade level. Students will be evaluated to determine their eligibility as academically and intellectually gifted students. In order to qualify, students must meet the criteria in one of the following Pathways;

- Pathway 1:
- Score in the 98th percentile for age range on the Iowa Test of Basic Skills.

- Pathway 2:
- Score in the 93rd percentile for age range on the ITBS or Score in the 90th percentile for age range on the ITBS in math and Reading content; or
- Reading and math classroom grade averages are A's and a teacher, and
- Gives a recommendation letter with evidence of signs of intellectual giftedness.

Each year, the parents/guardians will receive notification of the services for which their student qualifies and will receive. Each student who is Intellectually Gifted will be placed on a Personalized Education Plan (PEP), which will include academic goals and a time frame to meet these goals. The PEP is created with the student, teacher, and parent with the new goals making them realistic and in correspondence to the North Carolina Standard Course of Study.

The progress of students who qualify as intellectually gifted students is measured through data that are the results of formative assessments, portfolio work, and anecdotal evidence.

Meeting the Needs of All Students

Falcon Academy will be meeting the learning needs of students with mild, moderate, and severe disabilities in the least restrictive environment possible. The school will provide educational opportunities throughout the learning environment. The EC Coordinator and regular classroom teacher will collaborate monthly on creating plans that challenge and meet the needs of each EC student in order to co-serve all students. In an inclusive setting, the student will have the benefit of learning to collaborate with peers and be held to high standards with accommodations. The EC Coordinator will provide supplemental assistance with one-to-one or small group support while being cognizant of the IEP/504 and modifying instruction, independent practice, and assessment when applicable. For all students, their reading goal will be individualized and based on growth, and the classroom teacher with the EC Coordinator will work with them during collaborative groups and literacy assignments with text on their instructional level.

During Reading/English, the student will work with a modified rubric with clear, measurable goals that hold the expectations to a high level of learning. EC students will work at their individual pace on the goals presented in their IEP during Math and will receive support from the classroom teacher and EC Coordinator when needed. All EC students will be challenged to reach ambitious goals and held to high expectations in character development and work ethics.

It is estimated that 12 to 15 percent of our school population will need EC services and plans are made for educational staff and budget accordingly. Depending on enrollment, FA will employ an EC Coordinator and additional EC Teachers. The school has access to Occupational Therapists, Physical Therapists, Speech Therapists, and psychologist Cumberland County and surrounding areas that provide testing, reporting, and therapeutic services for FA students.

MONITORING INSTRUMENT

The ALPS monitoring instrument is provided on the following pages. Please sign below to acknowledge your awareness and understanding of this instrument.

Philip S. Stewart

Superintendent's Signature

7/22/2020

Date

FOR REFERENCE PURPOSES ONLY



PUBLIC SCHOOL OF NORTH CAROLINA
State Board of Education
Department of Public Instruction



Alternative Learning Programs & Schools Monitoring Instrument

School / #: _____ LEA / #: _____

ALPS Name: _____

Contact Name: _____

Phone: _____ Email: _____

Date of Report: _____ Date of Monitoring: _____

| | |
|-------------------------|---|
| RATING SCALE | <p>N Does not meet requirements</p> <p>MI Meets requirements but improvements needed</p> <p>M Meets requirements</p> <p>NA Not applicable</p> |
|-------------------------|---|

Please respond to items receiving a rating of N within four weeks of receiving this report. Describe how you addressed the issue to meet requirements or how and when you plan to do so.

PART A. Student Intake / Parent Involvement

| RATING | DESCRIPTION |
|--------|--|
| | 1. School rules are communicated to students and parents and are applied consistently to guide student behavior, monitor progress, and manage the learning experience. |
| | 2. Student and parent(s) sign an agreement which specifies that they accept placement in the ALP and that they will abide by the academic, behavioral, and social expectations established by the ALP. |
| | 3. A PEP is created for each student (or a PEP is adopted from the student's previous school). Parents are encouraged to participate in the creation of and any revisions to the student's PEP. A copy of the PEP is provided if requested. All PEPs are reviewed at least annually and revised as needed. |
| | 4. Parents receive personal contacts and training regarding how to support their child to achieve maximum learning and personal success. |

PART B. Leadership/Staffing

| RATING | DESCRIPTION |
|--------|--|
| | 1. Student/teacher ratio is not to exceed 15:1, preferably 10:1. |
| | 2. Instructional support services are available for students and staff (e.g., counselor, behavior specialist, social worker, psychologist, nurse, SRO). |
| | 3. Teachers have at least four years of teaching experience, are certified in the areas and grade levels being taught and have received an overall rating of at least proficient on a formal evaluation. |
| | 4. Teachers and staff are evaluated frequently and effectively. |
| | 5. Program effectiveness evaluations include student performance outcomes for core content, non-core content areas, and non-academic variables. |
| | 6. (For alternative schools) The school tracks the data needed for the particular Alternative School Accountability Plan that was selected for the school year. |
| | 7. The alternative school (or program located at a site apart from a school) has an up-to-date crisis management plan. |

PART C. Curriculum and Student Development

| RATING | DESCRIPTION |
|--------|--|
| | 1. All students have access to the academic core curriculum regardless of academic pathway. |
| | 2. All students have opportunities to learn and/or participate in arts, life skills, and other non-core content areas. |

PART D. Instruction and Assessment

| RATING | DESCRIPTION |
|--------|--|
| | 1. Differentiated instruction informed by student PEP information is provided to accommodate varying student learning styles, and opportunities for individual instruction and feedback are maximized. |
| | 2. Teachers use multiple evaluation and assessment strategies—including formative assessments—that are frequent, rigorous, and aligned with curriculum and instruction. |
| | 3. Results of assessments are used to inform the student and parent(s) of progress and guide instruction |

PART E. Staff Professional Development

| RATING | DESCRIPTION |
|--------|---|
| | 1. Professional development, particularly in the area of working with at-risk students, is required for the continued improvement of all staff. |
| | 2. Each staff member is involved with developing a professional development plan. Individual growth needs are identified and connected with specific professional development learning opportunities. |
| | 3. Sufficient resources, such as time, substitutes, and incentives, allow all staff to participate in needed professional development. |

Mail proposals to:
NC Department of Public Instruction
Innovative and Alternative Learning Support
6319 Mail Service Center
Raleigh, NC 27699-6319

Or submit proposals electronically to:
Email address

DO NOT FAX APPLICATIONS!

For questions related to this application, contact Dr. James C. Ellerbe,
Director of Innovative & Alternative School Support:

- Phone: 984-236-2962
- Email: James.Ellerbe@dpi.nc.gov



Public Schools of North Carolina
State Board of Education
Department of Public Instruction

MICHAEL S. STEWART
PO Box 67 Falcon, NC 28342
706-498-4179
stewartm1000@gmail.com

Married to Pamela Boggs Stewart (A.A. Emmanuel '78)
Two Sons – Justin and Joshua

PROFESSIONAL EXPERIENCE

| | |
|--|-----------------------|
| HEAD OF SCHOOL/PRINCIPAL Falcon Christian Academy Falcon Children's Home and Family Services, Inc. Falcon, North Carolina | 2017- |
| ADJUNCT PROFESSOR Richmont Graduate University | 2017- |
| DEAN Richmont Graduate University Atlanta, Georgia | 2014-2017A |
| PRESIDENT Emmanuel College, Franklin Springs, Georgia | 2005 -2014 |
| EXECUTIVE DIRECTOR OF MINISTRIES North Carolina District Council of the Assemblies of God, Selma, North Carolina Founder and Dean, North Carolina School of Ministry | 2001-2005 |
| SENIOR PASTOR First Assembly of God, Raleigh, North Carolina | 1995-2001 |
| SENIOR ASSOCIATE PASTOR First Assembly of God, Winston Salem, North Carolina Dean, Harvest Bible Institute Chief of Staff 5,000 members | 1990-1995 |
| ASSOCIATE PASTOR Franklin Springs Church, Franklin Springs, Georgia | 1988-1990 |
| FOUNDING/SENIOR PASTOR Christian Heritage Church, Danville, Virginia | 1979-1988 |
| ASSOCIATE PASTOR New Life Temple, Roanoke, Virginia | 1979 (May-Oct) |

EDUCATION

Doctor of Ministry in Leadership, 2006

Assemblies of God Theological Seminary, Springfield, Missouri

Beeson Institute of Advanced Church Leadership, Certificate (27 hours), 2001

Asbury Theological Seminary, Wilmore, Kentucky

Master of Arts in Counseling, 1990

Liberty University, Lynchburg, Virginia

Associate of Arts in Religion 1977

Bachelor of Arts in Religion 1979

Emmanuel College, Franklin Springs, Georgia

Additional Graduate Studies

Houston Graduate School of Theology

University of Georgia

Southern Baptist Theological Seminary

Carolina Evangelical Divinity School

Recent Memberships and Involvement (Within the past 5 years)

Board Member, Healing Springs Retreat Ministries, Inc.

President, Franklin County Chamber of Commerce

Board of Directors, Georgia Foundation of Independent Colleges

Board of Directors, Georgia Appalachian Center for Higher Education

Member, Rotary

Member, General Board of Administration, IPH Church

Ordained Minister

Past Memberships and Involvement

Founder, Royal Family Camp of Forsyth County NC (for abused children)

Founder, Royal Family Camp of Wake County NC

Founding Director, Associates in Christian Counseling

Founding Director, Little Life Family Services

Mayor's Commission on Youth and Children

President of the Optimist Club, Danville, Virginia

Chairman of Board of Social Services, City of Danville, Virginia

Board of Directors, Mid-Atlantic Christian Education Association

Board of Directors, Church Loan Fund, Inc.

Honors

Who's Who in the South and Southeast, 1990

Outstanding Personalities in the South, 1990

John S. Benson Award for Preaching Excellence, 1979

Appendix A: Evidence of Community/Parent Support

Falcon Academy





Representative William O. Richardson

North Carolina House District 44

North Carolina General Assembly
1021 Legislative Building
Raleigh, NC 27601-1096

(919) 733-5601

William.Richardson@ncleg.net

July 23, 2020

Via Email: Chloe.Gossage@dpi.nc.com

Personal Recommendation: CHARTER FOR FALCON CHRISTIAN ACADEMY

Dear Chief Strategy Officer Gossage and Honorable Members of DPI;

My name is Billy Richardson, State Representative of North Carolina District 44. I have served the State in this capacity for over four terms, specializing in issues related to justice, education and water quality. I have had the privilege of knowing and interacting with Falcon Children's Home for over 30 years. It is a home for mothers and a beautiful place for children without families wherein they are brought in and loved. The entire Falcon organization is a special place that provides love and compassion for every child.

Falcon's director, Joey Leggett is an amazing person and wonderful administrator. His ability to provide wisdom and direction are unsurpassed and his commitment to each child, employee and to the community in general is the reason why the school has flourished. Simply put you could not have a better place for children to grow and flourish.

It is my understanding they have decided to become a charter school. I can think of no more qualified organization to attempt this process and be instantly successful. Please license them ASAP and support them. The school will be a shining example of what charter education can and ought to be. I highly support their attempt to do so and I certainly believe they are more than qualified. Please look favorable on their application and anything I can do to assist please don't hesitate to call me.

Respectfully,

A handwritten signature in blue ink that reads "Billy Richardson".

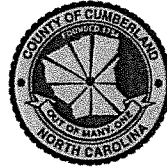
Representative Billy Richardson
District 44, Cumberland County

cc: Kevin Wilkinson, DPI Legislative Liaison

W. MARSHALL FAIRCLOTH
Chairman

GLENN B. ADAMS
Vice-Chairman

MICHAEL C. BOOSE
JEANNETTE M. COUNCIL
CHARLES E. EVANS
JIMMY KEEFE
LARRY L. LANCASTER



CUMBERLAND
COUNTY
NORTH CAROLINA

BOARD OF COMMISSIONERS

CANDICE WHITE
Clerk to the Board

KELLIE BEAM
Deputy Clerk

July 20, 2020

Dr. Michael Stewart
PO Box 39
Falcon, North Carolina 28342

Dear Dr. Stewart,

Cumberland County appreciates the partnership with Falcon Children's Academy. We recognize the critical services that the Academy provides to our foster care children who may not be performing at their grade level due to events that have impacted their emotional, mental, and physical well-being. The Academy has been successful in helping these children reach their academic potential and graduate. In fact, many of these students are offered advanced educational opportunities beyond high school.

We support the Academy's application seeking designation as a charter school which will provide access to additional financial resources, since the Academy is currently funded by the Falcon Children's Home. The Academy fills an important need in our community by providing specialized and intensive educational services to this vulnerable population.

Thank you for the Academy's dedication and commitment in ensuring a brighter and successful future for these students.

Sincerely,

W. Marshall Faircloth, Chairman
Board of County Commissioners



TOWN OF FALCON

Clifton L. Turpin, Jr., MAYOR

Post Office Box 112 • 7156 South West Street • Falcon, North Carolina 28342
Phone: (910) 980-1355 • Fax: (910) 980-5639 • E-mail: townoffalcon@embarqmail.com

July 14, 2020

Falcon Children's Home and Family Services
Attention: Dr. Michael Stewart
P. O. Box 39
Falcon, NC 28342

Dear Dr. Stewart:

SUBJECT: FALCON CHRISTIAN ACADEMY BECOMING A CHARTER SCHOOL

The Town of Falcon Board of Commissioners would like to show support for the Falcon Children's Home Christian Academy becoming a Charter School. This would be a type of program that would benefit the community and surrounding areas in this part of Cumberland County and the surrounding counties. With the success that they have had with the Falcon Christian Academy in the past, it would only be another asset to this community.

A Charter School would be so beneficial for the community because it would give students access to smaller class sizes which would give them more advantages to learn in a smaller environment. The opportunities for the students would be immeasurable. With the success that the Falcon Christian Academy already has, it would be so beneficial to any student that would be so fortunate to be able to attend. It would be so welcome in this community as well as the surrounding areas because the Falcon Children's Home has been part of this community for decades and is still going strong today. They have brought such joy and compassion for so many children over the years.

On behalf of the Falcon Board of Commissioners and citizens of the Town of Falcon, we definitely support the Falcon Christian Academy in becoming a "Charter School."

Sincerely,

TOWN OF FALCON

Clifton L. Turpin, Jr.
Mayor

cc: File Copy

TOWN COMMISSIONERS

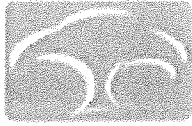
CLT/bdw
R. DWAYNE DUNNING
MAYOR PROTEM / FINANCE OFFICER

JOHN W. GIPSON
WATER SYSTEM

GERALD L. LUCAS
PARKS / RECREATION

JOHN C. WHEELER
STREETS / HIGHWAYS

Mrs. Belinda D. White, TOWN CLERK



Harnett
COUNTY
NORTH CAROLINA

Social Services Department

www.harnett.org

Harnett County Government Complex
311 Cornelius Harnett Boulevard
Lillington, NC 27546

ph: 910-893-7500

fax: 910-893-6604

Carolyn Blue

Harnett County Social Services

311 W. Cornelius Harnett Blvd.

July 13, 2020

To whom this concern:

I am writing this letter in support of the charter school. My client who attends Falcon Children Academy speak highly of his teachers and only have positive things to say about them. My client has a 504 Plan which requires that he is given extra breaks due to his special needs. A special thanks to the teachers who have provides a comfortable environment in which he freely express himself. The growth in my client self-esteem, communication and problem solving skills has tremendously improve since being at the school and the group home. It is my hopes that my client continues to blossom into the young man he can be.

Sincerely,

Carolyn Blue Foster Care Social Worker

Harnett County DSS 910 814-6650

Carolyn Blue

Foster Care Supervisor/Program Manager

Virginia Smith

Harnett County DSS



**Cumberland County
SHERIFF'S OFFICE**
Ennis W. Wright, Sheriff



Internationally Accredited Law Enforcement Agency

July 14, 2020

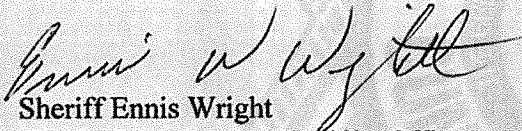
To Whom It May Concern:

I am writing to you in support of the academy at Falcon Children's Home becoming a Charter school. Falcon Children's Home has long supported the community in the work they do, offering many services.

They have had great success with the students who attend Falcon Christian Academy. As a Charter school, they will be able to continue to work with disadvantaged students who thrive in the smaller school setting, as well as allow them to help more students. Students receive more one on one attention and assistance.

I believe this academy becoming a Charter school will be invaluable to the community.

Sincerely,


Sheriff Ennis Wright
Cumberland County Sheriff's Office



Harnett
COUNTY

NORTH CAROLINA

Social Services Department

www.harnett.org

Paul Polinski, Director

Harnett County Government Complex

P.O. Box 2169

311 Cornelius Harnett Boulevard

Lillington, NC 27546

ph: 910-893-7500

fax: 910-893-6604

July 13, 2020

To: Dr. M. Stewart
Falcon Christian Academy
7555 N West Street
Falcon N C 28342

Dear Dr. Stewart

I am writing this letter of support on behalf of Falcon Christian Academy. I have worked with Falcon Christian Academy since 2003 and the majority of my clients have had a great experience with their education. The children I have worked with over the years often speak on how much they enjoy the smaller classroom settings and the hands on teaching techniques.

A number of the children were failing prior to enrolling into Falcon Christian Academy however a huge number of the children have advanced to their next level and some even graduated earlier than their anticipated graduation date.

Harnett County Department of Social Services has enjoyed working with Falcon Christian Academy and we appreciate having the children reside on campus and attend school on campus. The department also appreciates Falcon Children's home serving our children that have behavior issues to include running away, oppositional behaviors and the children that are dependent.

Thank you in advance for all you do. Please feel free to contact us should you need anything in addition. 910-814-6691.

Sincerely,

Social Worker

Program Manager

Mission Statement

To provide services to individuals and families to achieve self-sufficiency, safety, and improve their quality of life.

strong roots • new growth

TOWN OF GODWIN

PO BOX 10
7827 Royal St.
GODWIN, NC 28344
Ph. 910-980-1000
tog@ncrbiz.com

MAYOR
Willie Junius Burnette

TOWN CLERK
Jacqueline Cooper-Kelley

MAYOR PRO TEM
Joseph Smith-Streets
TOWN COMMISSIONERS
Ronald McNeill-Deputy Finance Officer
George Cooper, Jr.-Park
Donald McIntyre-Water

July 14, 2020

Falcon Children's Home and Family Services
Attention: Dr. Michael Stewart
P. O. Box 39
Falcon, NC 28342

Dear Dr. Stewart:

SUBJECT: FALCON CHRISTIAN ACADEMY BECOMING A CHARTER SCHOOL

The Town of Godwin Board of Commissioners would like to show support for the Falcon Children's Home Christian Academy becoming a Charter School. This would be a type of program that would benefit the community and surrounding areas in this part of Cumberland County and the surrounding counties. With the success that they have had with the Falcon Christian Academy in the past, it would only be another asset to this community.

A Charter School would be so beneficial for the community because it would give students access to smaller class sizes which would give them more advantages to learn in a smaller environment. The opportunities for the students would be immeasurable. With the success that the Falcon Christian Academy already has, it would be so beneficial to any student that would be so fortunate to be able to attend. It would be so welcome in this community as well as the surrounding areas because the Falcon Children's Home has been part of this community for decades and is still going strong today. They have brought such joy and compassion for so many children over the years.

On behalf of the Godwin Board of Commissioners and citizens of the Town of Godwin, we definitely support the Falcon Christian Academy in becoming a "Charter School."

Sincerely,

TOWN OF GODWIN



Willie J. Burnette
Mayor

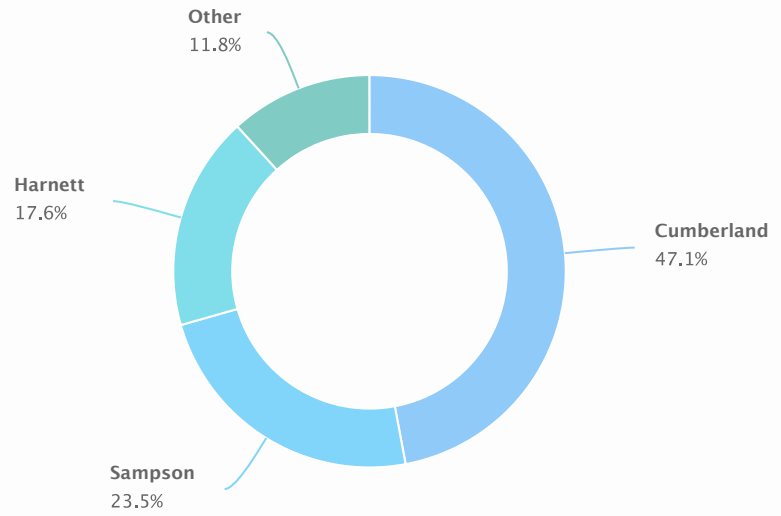
WJB/jck

Falcon Academy Survey

Created on July 03, 2020

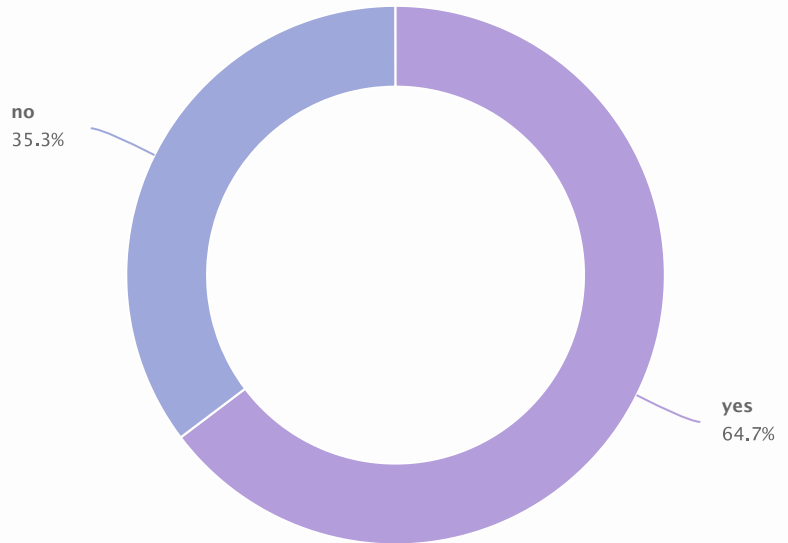
In which county do you reside?

17 answers



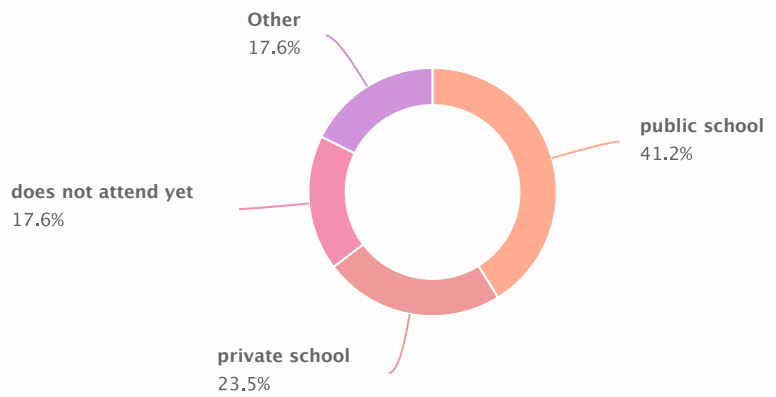
Do you have children that are currently in grades Kindergarten through 12th?

17 answers



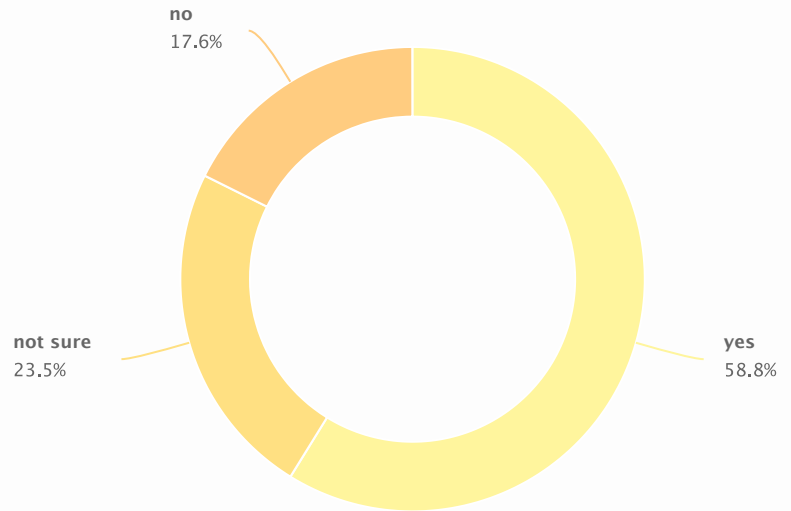
Where do your children attend school?

17 answers



Are you satisfied with your school options?

17 answers



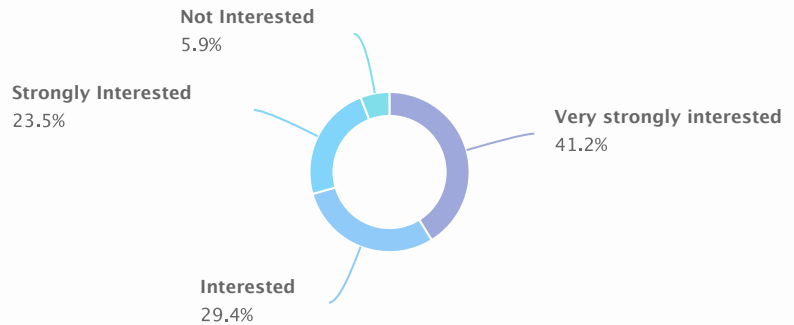
If a charter school was available in your community, would you seek to enroll your child?

17 answers



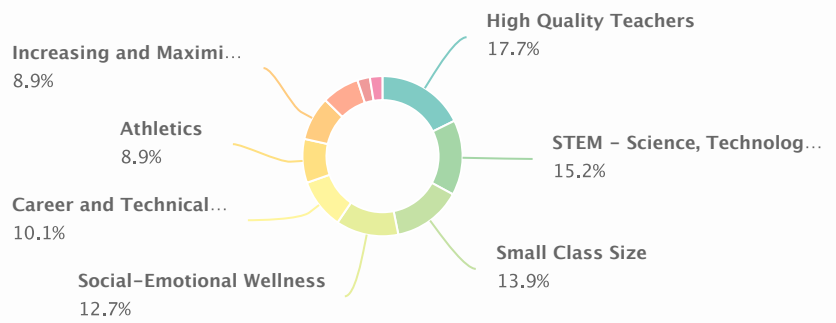
How strong do you feel that there should be a charter school in your community?

17 answers



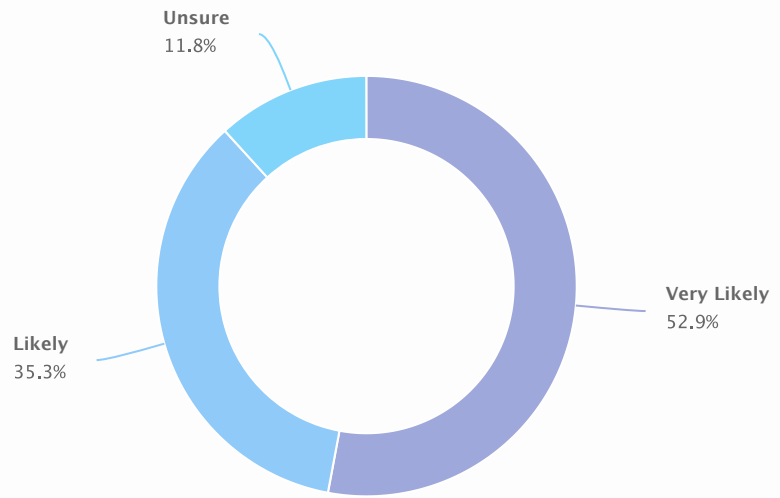
If a new charter school opens in your area, what kinds of programs or services would be important to you?

17 answers - 79 votes



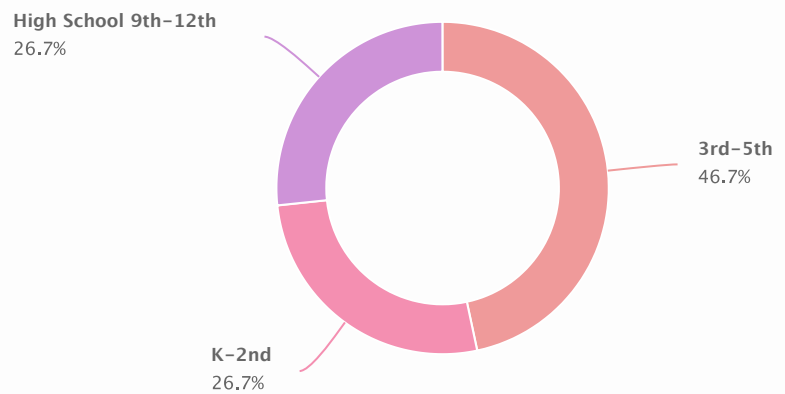
How likely are you to send your child to a charter school, whose mission is to provide individualized education, in a caring and diverse environment, that addresses students' unique needs, and promotes academic achievement, character development, and life skills for their future?

17 answers



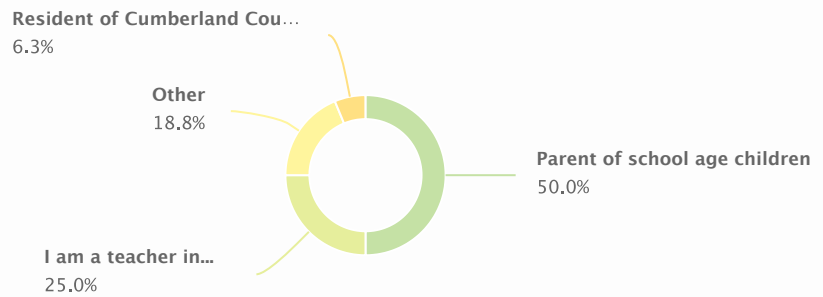
For the 2021-2022 school year, what grades will your students enroll?

15 answers



Check which applies best, I am a

16 answers



Please provide any additional information or comments.

4 answers

I have 4 kids and would be interested in sending all 4. One has an IEP, so I would hope to be able to get services for him (speech and OT).

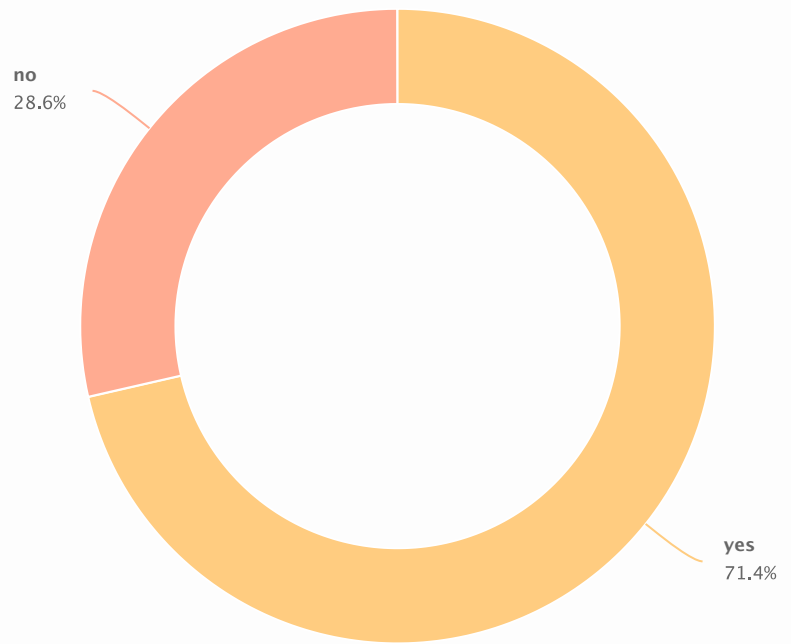
N/A

A charter school would be absolutely fantastic and I would send all 3 of my children there!!

I will have one child in high school and 1 starting kindergarten for the 2021-2022 school year.

Are you willing to offer a letter of support for this charter school? If yes, please email: mjohnson@fchfs.org

14 answers



Appendix A1: Acceleration Evidences

Falcon Academy



Memorandum of Understanding

Between

Falcon Children's Home and Family Services, Inc. (FCHFS)

And

Falcon Academy (FA)

Use of Buildings

FCHFS agrees that buildings commonly known as the High School building and the Middle/Elementary School building shall be used by FA for school purposes.

During the first five years of operation, FCHFS will not charge rent or utilities on stated buildings. After the first five years of operation, the parties would come to agreeable terms for rent and/or utilities.

FCHFS agrees to provide basic insurance on the buildings and grounds as required by statute for the operation of a public charter school in the State of North Carolina.

FCHFS agrees to provide general maintenance and repairs to the buildings as needed.

FA agrees for FCHFS's use of the Middle/Elementary School building and Activity Room during times when school is not operating and during the summer.

Food Services

FCHFS agrees to provide cafeteria services for lunch for all students of FA.

The FCHFS food service will follow the mandatory school lunch program following state and federal guidelines for the National School Lunch Program.

FA will collect application forms from students for the Free or Reduced Lunch Program in a timely manner and return them to the food service office. Food services will process the forms accordingly.

FA will advertise the cost of lunch for students not eligible for the Free/Reduced Program.

FCHFS food services will handle all financial transactions related to the lunch program at no additional cost to FA.

Transportation

Should FA have the need for transportation services for students attending, FCHFS transportation department agrees to provide vans, buses, or any other vehicles owned by FCHFS that are deemed necessary.

FA will be responsible for establishing reasonable cluster routes for the pick-up and delivery of students.

FA agrees to pay FCHFS per mile at the current year IRS mileage rate.

Signed: _____ Date

FA Board Chair

Signed: _____ Date

FCHFS CEO

Appendix A2.1: Public Conversion Evidences

Falcon Academy is seeking a private school conversion, so Q36 is not applicable to this application.

Appendix A2.2: Private Conversion Evidence

Falcon Academy



FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
FALCON, NORTH CAROLINA

INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year ended June 30, 2017

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
FALCON, NORTH CAROLINA
June 30, 2017

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| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
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| Schedule 3 - Detailed Schedule of Supporting Service Expenses | 21 |



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Falcon Children's Home and Family Services, Inc.
Falcon, North Carolina

We have audited the accompanying financial statements of Falcon Children's Home and Family Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

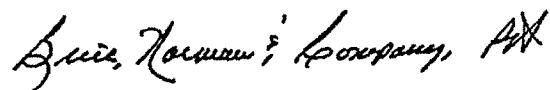
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Falcon Children's Home and Family Services, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Falcon Children's Home and Family Services, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules as listed in the table of contents are presented for purposes of additional analysis and are 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.



BUIE, NORMAN & COMPANY, P.A.
Certified Public Accountants
Fayetteville, North Carolina

October 4, 2017

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2017

(With comparative totals as of June 30, 2016)

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|--------------------------|--------------------------|
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 3,820,467 | \$ 3,578,427 |
| Accounts receivable | 399,570 | 346,245 |
| Prepaid insurance | 56,661 | 56,509 |
| Inventories | <u>101,323</u> | <u>65,480</u> |
| Total current assets | <u>4,378,021</u> | <u>4,046,661</u> |
| Fixed Assets: | | |
| Property and equipment, net | <u>7,007,584</u> | <u>7,112,550</u> |
| Other Assets: | | |
| Rental deposits | 1,195 | 1,195 |
| Long-term investments | <u>2,324,341</u> | <u>2,172,216</u> |
| | <u>2,325,536</u> | <u>2,173,411</u> |
| Total assets | <u>\$ 13,711,141</u> | <u>\$ 13,332,622</u> |
| <u>LIABILITIES</u> | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 158,390 | \$ 75,536 |
| Deferred insurance proceeds | 4,188 | - |
| Current portion of mortgage payable | <u>87,908</u> | <u>74,366</u> |
| Total liabilities | <u>250,486</u> | <u>149,902</u> |
| Long Term Liabilities: | | |
| Mortgages payable | <u>2,567,095</u> | <u>2,904,881</u> |
| <u>NET ASSETS</u> | | |
| Unrestricted: | | |
| Undesignated | 8,124,979 | 7,767,849 |
| Designated | <u>2,494,101</u> | <u>2,336,990</u> |
| Total unrestricted net assets | <u>10,619,080</u> | <u>10,104,839</u> |
| Temporarily restricted net assets | <u>274,480</u> | <u>173,000</u> |
| Total net assets | <u>10,893,560</u> | <u>10,277,839</u> |
| Total liabilities and net assets | <u>\$ 13,711,141</u> | <u>\$ 13,332,622</u> |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2017
(With comparative totals as of June 30, 2016)

| | 2017 | | | 2016 | |
|----------------------------------|---------------------|------------------------------------|-----------------------------------|----------------------|----------------------|
| | <u>Unrestricted</u> | <u>Designated Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> | <u>Total</u> |
| Support and revenue (Schedule 1) | <u>\$ 5,921,536</u> | <u>\$ 190,356</u> | <u>\$ 170,403</u> | <u>\$ 6,282,295</u> | <u>\$ 5,427,486</u> |
| Expenses: | | | | | |
| Program services (Schedule 2) | 4,831,697 | - | 68,923 | 4,900,620 | 4,659,616 |
| Supporting services (Schedule 3) | <u>732,709</u> | <u>33,245</u> | <u>-</u> | <u>765,954</u> | <u>710,228</u> |
| Total expenses | <u>5,564,406</u> | <u>33,245</u> | <u>68,923</u> | <u>5,666,574</u> | <u>5,369,844</u> |
| Increase in net assets | 357,130 | 157,111 | 101,480 | 615,721 | 57,642 |
| Net assets: | | | | | |
| Beginning of year | 7,767,849 | 2,336,990 | 173,000 | 10,277,839 | 10,220,197 |
| Interfund transfer | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| End of year | <u>\$ 8,124,979</u> | <u>\$ 2,494,101</u> | <u>\$ 274,480</u> | <u>\$ 10,893,560</u> | <u>\$ 10,277,839</u> |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | 2017 | | | 2016 |
|---|---------------------|---------------------|---------------------|---------------------|
| | Program Services | Supporting Services | Total | Total |
| Salaries and wages | \$ 2,180,941 | \$ 351,240 | \$ 2,532,181 | \$ 2,274,241 |
| Payroll taxes | 161,474 | 27,342 | 188,816 | 171,629 |
| Employee benefits | 499,134 | 58,432 | 557,566 | 475,833 |
| Utilities | 233,009 | 17,781 | 250,790 | 229,753 |
| Repairs and maintenance | 279,922 | 7,356 | 287,278 | 293,885 |
| General supplies and expenses | 265,455 | 75,301 | 340,756 | 353,105 |
| Dues and licenses | 15,132 | 2,443 | 17,575 | 16,432 |
| Property taxes | - | 9,574 | 9,574 | 9,574 |
| Travel, meals, and meetings | 20,472 | 15,942 | 36,414 | 27,215 |
| Rent | 9,420 | - | 9,420 | 9,420 |
| Computer supplies, maintenance, and expense | - | 40,533 | 40,533 | 39,344 |
| Board travel, meals, meetings, and fees | 233 | 13,830 | 14,063 | 16,014 |
| Investment management fees | - | 33,245 | 33,245 | 32,464 |
| Professional services | 3,101 | 29,088 | 32,189 | 36,435 |
| Telephone | 53,156 | 1,547 | 54,703 | 57,107 |
| Education and staff training | 12,980 | 6,370 | 19,350 | 15,105 |
| Clothing purchased | 58,768 | - | 58,768 | 81,895 |
| Food purchased | 251,877 | - | 251,877 | 212,119 |
| Food donated and used | 174,957 | - | 174,957 | 268,456 |
| Cost of items sold | 22,139 | - | 22,139 | 18,479 |
| Postage | - | 7,754 | 7,754 | 7,533 |
| Newsletter, office, and printing expense | 25,718 | 6,212 | 31,930 | 38,756 |
| Alumni expenses | - | 16,212 | 16,212 | 8,317 |
| Advertising and subscriptions | 7,934 | 2,882 | 10,816 | 10,291 |
| Insurance | 200,246 | 5,588 | 205,834 | 205,322 |
| Interest | 113,842 | - | 113,842 | 115,225 |
| Depreciation | 309,853 | - | 309,853 | 306,355 |
| Miscellaneous | 662 | 1,037 | 1,699 | 2,272 |
| Accreditation expense | 195 | 4,505 | 4,700 | 195 |
| Charitable contributions | - | 31,740 | 31,740 | 37,073 |
| Total expenses | \$ 4,900,620 | \$ 765,954 | \$ 5,666,574 | \$ 5,369,844 |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | 2017 | 2016 |
|---|--------------|--------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 615,721 | \$ 57,642 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 309,853 | 306,355 |
| Investment earnings | (120,879) | (135,429) |
| Realized (gain) loss on sale of fixed assets | (675) | - |
| Realized (gain) loss on investments | (53,771) | 27,911 |
| Unrealized (gain) loss on investments | (104,106) | 16,567 |
| (Increase) decrease in: | | |
| Accounts receivable | (53,325) | (27,158) |
| Prepaid insurance | (152) | (3,690) |
| Inventories | (35,843) | 12,031 |
| Rental deposits | - | 600 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 82,854 | (61,808) |
| Deferred insurance proceeds | 4,188 | - |
| Net cash provided by operating activities | 643,865 | 193,021 |
| Cash flows from investing activities: | | |
| Investment earnings | 120,879 | 135,429 |
| Sales (purchases) of investments, net | 5,752 | 420 |
| Proceeds on sale of fixed assets | 1,300 | - |
| Purchase of property and equipment | (205,512) | (1,063,968) |
| Net cash used in investing activities | (77,581) | (928,119) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of debt | - | 450,000 |
| Debt repayment | (324,244) | (60,361) |
| Net cash provided by (used in) financing activities | (324,244) | 389,639 |
| Net increase (decrease) in cash and cash equivalents | 242,040 | (345,459) |
| Cash and cash equivalents: | | |
| Beginning of year | 3,578,427 | 3,923,886 |
| End of year | \$ 3,820,467 | \$ 3,578,427 |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - ORGANIZATIONAL STRUCTURE, PURPOSE AND FUNDING

Falcon Children's Home and Family Services, Inc. (the Home) is a nonprofit organization. Since its incorporation as Falcon Orphanage in 1909, the Home has provided housing, care, counseling, guidance, ministering, and education for children who have been orphaned, abandoned, abused, or neglected; who need a more structured environment than can be found at home; or who have an environment or conditions within their home determined unsuitable by authorities for the child's continued stay. The Home accepts children regardless of race, religion, sex, age, or national origin; and serves primarily the southeastern United States ministry area of the Pentecostal Holiness Church.

Funding for the Home primarily comes from three sources: contributions from the general public, area Pentecostal Holiness churches and members, and allocations from the Pentecostal Holiness Church, Inc.; procurement contracts on a per child basis with sponsoring county departments of social services and the State of North Carolina; and efforts of the Home itself to raise needed operating revenues from the sale, fundraising, and rental of its resources. Some federal assistance is received each year as noted in the financial statements and schedules.

On October 7, 2015, the Home purchased the assets of the South Carolina Free Will Baptist Home for Children in Turbeville, South Carolina. The total purchase price was \$900,000 consisting of a \$450,000 down payment upon closing and the remaining balance of \$450,000 to be paid in monthly installments over fifteen years with no interest. The Turbeville home began operations as a department of Falcon Children's Home and Family Services, Inc. in late February of 2016. The Home's major source of revenue for the residents of the Turbeville home comes from funds from the South Carolina department of social services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Falcon Children's Home and Family Services, Inc. is presented to assist in understanding the Home's financial statements. The financial statements and notes are a representation of the Home's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The Home uses the accrual basis of accounting in order to present its financial statements in conformity with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenue when earned and expenses when incurred. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

Property and Equipment

Plant assets are stated at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable for board payments consist of amounts due from various departments of social services for services rendered during the last couple of months of the fiscal year. Based on the payment history, management believes that no allowance for possible uncollectible amounts is necessary.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Statement of Cash Flows

The Home presents its cash flow statements using the indirect method. For the purpose of cash flow presentation, the Home considers currency on hand, demand deposits at banks, and time deposits with a maturity date of 60 months or less to be cash equivalents.

Investments

Falcon Children's Home and Family Services, Inc. carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) within the reporting period in which the income and gains are recognized. Donated investments are reflected at market value at the time of investment and revalued at least annually using fair value measurements in accordance with FASB ASC 820-10-50-1.

Income Taxes

Falcon Children's Home and Family Services, Inc. is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Home has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Through the year ended June 30, 2015, Falcon Children's Home filed federal form 990, *Return of Organization Exempt from Income Tax*, on a fiscal year basis beginning July 1 and ending June 30. In 2016, the chief financial officer found a letter from the Department of the Treasury dated April 8, 2004, that states that the Home is not required to file federal income tax returns unless subject to the tax on unrelated business income; therefore, the Home has not filed a federal income tax return for the year ended June 30, 2016 and beyond.

There was no unrelated business income during the fiscal year ended June 30, 2017. On July 1, 2010, the Home adopted the recognition requirements for uncertain income tax positions as required by accounting principles generally accepted in the United States of America with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Home has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates, and it believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Home's financial condition, results of operations or cash flows. Accordingly, the Home has not recorded any reserves or related accruals for interest and penalties for income tax positions at June 30, 2017. The Home's Federal tax returns for 2014 and 2015 are subject to examination by the IRS.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Economic Dependency

Falcon Children's Home and Family Services, Inc. receives support and revenue from donations from individuals, businesses, and civic groups. Any significant change in funding from these entities could result in a material change in the Home's operations.

Advertising

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. The Home had no direct response costs during the year ended June 30, 2017. Advertising expense was \$10,173.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses (page 5), and in the functional expense schedules (Schedules 2 and 3). Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Subsequent events have been evaluated through October 4, 2017, which is the date the financial statements were available to be issued.

Comparative Data

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Home's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Falcon Children's Home and Family Services, Inc. is required by *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk*, to disclose significant concentrations of credit risk regardless of the degree of risk. The Home maintains bank deposits and certificates at four financial institutions. Two of these institutions are covered by the Federal Deposit Insurance Corporation (FDIC) and are secured up to \$250,000 per depositor. Two institutions are not insured by the FDIC. At June 30, 2017, cash deposits totaled approximately \$3,839,473 of which \$3,586,973 was uninsured.

The Securities Investor Protection Corporation also insures money market funds and mutual funds up to \$500,000 per depositor. At June 30, 2017, the Home also held mutual funds the amount of \$2,324,341 of which \$1,824,341 was uninsured.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2017

NOTE 4 - ACCOUNTS RECEIVABLE

The balance shown in accounts receivable consists of the following:

| | 2017 | 2016 |
|---|------------|------------|
| State of North Carolina: | | |
| Sales tax refund | \$ 7,407 | \$ 7,158 |
| Board payments | 342,142 | 270,440 |
| School lunch program | 2,582 | - |
| Steamer grant | - | 5,986 |
| State of South Carolina - board payments | 40,917 | 55,991 |
| Insurance recovery - Turbeville home ceiling | - | 6,670 |
| Insurance recovery - Hurricane Matthew damage | 6,522 | - |
| Total accounts receivable | \$ 399,570 | \$ 346,245 |

NOTE 5 - INVENTORIES

Inventory is maintained at various locations. Inventory kept on the campuses of the Home (Falcon and Turbeville) consists food and food supplies, school supplies, medical supplies, personal hygiene supplies, and donated toys and clothes. A small, immaterial amount of inventory is also located at each thrift store operated by the Home. Stores are located in Dunn, NC, and Turbeville, SC. The inventory was counted by management and valued at a replacement cost on a per unit basis. Donated items included in ending inventory were valued at what it would cost to purchase such items in like condition or whatever such items would sell for in each thrift store.

NOTE 6 - FAIR VALUE MEASUREMENTS

The Home follows the Financial Accounting Standards Board ASC 820, Fair Value Measurements ("FASB ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Home at the measurement date for identical assets and liabilities.

Level 2 - Inputs other than quoted market prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets and liabilities that are not active; (3) observable inputs other than quoted prices that are used in the valuation of assets or liabilities (e.g. interest rate and yield curve quotes at commonly quoted intervals); (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. ~~If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.~~

Level 3 - Unobservable inputs for the assets or liabilities (i.e. supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodology in recent years.

Common Stocks: Valued at closing price reported on the active market on which the individual securities are traded.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Home are open-end mutual funds that are registered with the Securities and Exchange Commission. The funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Home are deemed to be actively traded.

U.S. Government Securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Home believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 - LONG-TERM INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. During the year ended June 30, 2017, long-term investments earned \$27,494 in dividends and interest, incurred realized gains of \$53,771, and incurred management fees totaling \$33,245 to bring the net realized gain to \$48,020. As of June 30, 2017, all of the Home's financial asset fair value measurements fall within Level 1 of the fair value hierarchy. The following table sets forth the Home's assets at fair value as of June 30, 2017:

Level 1 Fair Value Measurements (active market quoted prices) - Recurring basis

| | Cost | Fair Value | Unrealized Gain |
|---|---------------------|---------------------|--------------------|
| Syntrinsic Investments : cash equivalents | \$ 48,250 | \$ 48,250 | \$ - |
| Syntrinsic Investments : mutual funds | 1,517,822 | 1,605,408 | 87,586 |
| Syntrinsic Investments: equities | 625,236 | 670,683 | 45,447 |
| | <u>\$ 2,191,308</u> | <u>\$ 2,324,341</u> | <u>\$ 133,033</u> |

NOTE 8 - PROPERTY AND EQUIPMENT

A summary of activity and changes in property and equipment for the year ended June 30, 2017, is as follows:

| | Beginning of Year | Additions During Year | Retirements During Year | Balance at End of Year |
|-----------------------------------|----------------------|--------------------------|----------------------------|---------------------------|
| Land | \$ 169,258 | \$ - | \$ - | \$ 169,258 |
| Buildings | 10,115,228 | 90,824 | - | 10,206,052 |
| Furniture, fixtures and equipment | 1,833,798 | 55,557 | 918,787 | 970,568 |
| Automotive equipment | 419,060 | 59,131 | 25,051 | 453,140 |
| Land improvements | 576,850 | - | 11,314 | 565,536 |
| | <u>13,114,194</u> | <u>205,512</u> | <u>955,152</u> | <u>12,364,554</u> |
| Less: accumulated depreciation | 6,001,644 | 309,853 | 954,527 | 5,356,970 |
| Net property and equipment | <u>\$ 7,112,550</u> | <u>\$ (104,341)</u> | <u>\$ 625</u> | <u>\$ 7,007,584</u> |

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The accounts payable and accrued expenses consist of the following:

| | 2017 | 2016 |
|---|-------------------|------------------|
| Accounts payable - trade | \$ 127,122 | \$ 46,832 |
| Payroll withholding due | 31,268 | 28,704 |
| Total accounts payable and accrued expenses | <u>\$ 158,390</u> | <u>\$ 75,536</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 - MORTGAGES PAYABLE

| | 2017 | 2016 |
|---|--------------|--------------|
| North Carolina Conference of the Pentecostal Holiness Church: | | |
| In 2013, the Home built an addition to its Falcon campus consisting of three new buildings for the Maternity Home and Mothers' and Babies' ministries. The Home secured a \$2,600,000 mortgage at The North Carolina Conference of the Pentecostal Holiness Church, Inc. dated April 3, 2014, secured by the deed of trust on the ten acre tract known as the Whitfield Family Life Center with an interest rate of 4.5% per annum. Repayment terms are as follows: (a) interest only through April 1, 2015, (b) principal and interest in the amount of \$13,174 for 83 consecutive months beginning May 1, 2015, and (c) a final payment of all unpaid principal and interest due on April 1, 2022. | \$ 2,252,503 | \$ 2,546,747 |
| South Carolina Free Will Baptist Ministries: | | |
| No-interest loan dated October 7, 2015, for \$450,000 for the purchase of the Children's Home in Turbeville, SC; 180 equal monthly payments of \$2,500 beginning December 1, 2015; with the property secured as collateral. | 402,500 | 432,500 |
| | 2,655,003 | 2,979,247 |
| Less: current maturities | 87,908 | 74,366 |
| | \$ 2,567,095 | \$ 2,904,881 |

Maturities of mortgages payable are as follows:

| <u>Year ending June 30,</u> | |
|-------------------------------|--------------|
| 2018 (in current liabilities) | \$ 87,908 |
| 2019 | 90,568 |
| 2020 | 93,351 |
| 2021 | 96,261 |
| 2022 | 2,286,915 |
| | \$ 2,655,003 |

NOTE 11 - FINANCIAL STATEMENT PRESENTATION

The Home reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. In addition, the Home presents a statement of cash flows. At June 30, 2017, unrestricted net assets consisted of undesignated net assets of \$8,124,979 and designated assets of \$2,494,101. Also, at June 30, 2017, temporarily restricted net assets were \$274,480. There were no permanently restricted net assets at year-end.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2017

NOTE 12 - DESIGNATED UNRESTRICTED NET ASSETS

The detail of the Home's designated, unrestricted net asset categories at June 30, 2017, is as follows:

| | |
|-----------------------|---------------------|
| Long-term investments | \$ 2,324,341 |
| Plant expansion | <u>169,760</u> |
| | <u>\$ 2,494,101</u> |

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017, temporarily restricted net assets were \$274,480. Of this amount, \$126,200 represents amounts designated by individuals for the express purpose of college scholarships, \$27,204 for placement of children from the state of Georgia, \$29,135 for a wood working vocational program at FCA, \$52,827 for improvements to the recreational ballfield at the Home, \$12,202 for a playground at the Whitfield Life campus, \$4,677 for household items at the Whitfield Life campus, \$4,800 to make an area of the Home's campus a camper park for off-duty houseparents, and \$17,435 for upkeep of the cemetery owned by the Home.

NOTE 14 - CONTRIBUTIONS

The Home records contributions as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. For the year ended June 30, 2017, temporarily restricted contributions received and not used prior to its fiscal year-end totaled \$74,801, and were restricted as follows: \$410 for the David Arnn Scholarship fund, \$2,000 for the cemetery upkeep, \$50,827 for the recreational ballfield, \$4,686 for FCA's wood working vocational program, \$12,202 for a playground at the Whitfield Life campus, and \$4,676 for household items for the Whitfield Life campus. No permanently restricted contributions were received during the fiscal year.

NOTE 15 - DONATED ITEMS AND SERVICES

Management has valued those items of food, clothes, toys, and other supplies donated during the year ended June 30, 2017, and consumed by the Home at \$300,978. Of this amount, approximately \$136,346 of commodities was received during the Home's annual Harvest Train Program. Donated items received are reflected as unrestricted contributions in the accompanying statements at their estimated fair value at date of receipt. Donated services do not meet the criteria for recording an amount in the financial statements. The Home, however, does receive some support through donated services each year.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2017

NOTE 16 - RENT RECEIVED – GOLDEN YEARS NURSING HOME

Falcon Children’s Home owns and leases a nursing home facility, Golden Years Nursing Home, in Falcon, North Carolina, to an unrelated organization which operates the nursing home and pays rent on the facility to the Home. The rents received by the Home are incorporated into operating funds during the year. The Home is responsible for property taxes on the real property and personal property owned by the Home.

The present lease has a five-year term beginning October 1, 2013 and calls for payments of \$15,277 per month with a two percent annual increase thereafter. For the year ended June 30, 2017, lease payments totaled \$197,469. Future minimum rental payments to be received under the current lease are as follows:

| | |
|---------------------------|------------------|
| Year ending June 30, 2018 | <u>\$ 49,610</u> |
|---------------------------|------------------|

NOTE 17 - FUND RAISING ACTIVITIES

Those costs that were clearly for fundraising activities have been classified to this supporting service category. However, joint costs of the printing room and monthly newsletter printing and mailing expense of \$6,212 for 2017 have been prorated between the administrative and fund-raising functions based on the number of actual appeals for funds and special mailings during this fiscal period. Such activities averaged fifty percent. The other fifty percent of the mailings, printings, and newsletters contained no appeals for funds, however, but rather served only informational or internal purposes.

NOTE 18 - RETIREMENT PLAN

The Home participates in a defined contribution pension plan with the International Pentecostal Holiness Church. The Home contributes either 3% or 6% of employee compensation, depending on length of service. Employees may contribute to the plan if they so choose. The Home's contribution to the plan for the year ended June 30, 2017, was \$92,425.

NOTE 19 - LEASE AND SUBSCRIPTION COMMITMENTS

The Home leases various office machines and software under operating leases. Lease and software license expense for the year ended June 30, 2017, was \$25,601 and is included in office expenses and dues and licenses on the statement of functional expenses. Future minimum lease payments are as follows:

| | |
|-----------------------------|------------------|
| <u>Year ending June 30,</u> | |
| 2018 | \$ 23,786 |
| 2019 | 2,893 |
| 2020 | 414 |
| 2021 | - |
| | <u>\$ 27,093</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 20 - COMPENSATED ABSENCES

Compensated absences for sick pay and personal time have not been accrued since they are determined to be immaterial. The Home's policy is to recognize these costs when actually paid.

NOTE 21 - GRANTS, COMMITMENTS, AND CONTINGENCIES

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although this is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grants. For the year ended June 30, 2017, the Home received a grant from the United Way of Cumberland County for \$21,500 for its wood working vocational program at FCA. The funds had not been expended at the end of the year and are included in temporarily restricted net assets on the statement of financial condition and in note 13.

NOTE 22 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest amounted to \$113,842 and \$115,225 during the years ended June 30, 2017 and 2016, respectively.

NOTE 23 - RELATED PARTY TRANSACTION

During the fiscal year ended June 30, 2016, the Board of Directors approved a motion to sell a portion of existing Home property to Mr. Joseph Leggett, the superintendent of Falcon Children's Home and Family Services, Inc., for the express purpose of constructing his residence. The land has been appraised, and the Board agreed to sell the property for a value of \$15,000 which approximated appraisal value. Mr. Leggett purchased the property in April of 2017 for the appraised value, \$15,000.

NOTE 24 - SUBSEQUENT EVENTS

During August of 2017, the Home granted a second extension on the Guaranty Agreement in the amount of \$100,000 with the Ministerial Church and Extension Loan Fund (MCELFF) to which it had entered on August 6, 2015 and had extended in August of 2016. The purpose of this agreement was to induce MCELFF to serve as guarantor of a letter of credit from Northeast Georgia Bank to Emmanuel College, Inc. in the amount of \$1,680,300. The Home's total obligation under this agreement would be the \$100,000 deposited with MCELFF plus any and all expenses incurred by MCELFF in connection with the enforcement of its rights under this Guaranty as set forth in section 7 of this Guaranty Agreement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 24 - SUBSEQUENT EVENTS (CONTINUED)

Falcon Children's Home and Family Services, Inc. is the sole beneficiary of the estate of E.D. Eldrange Draughton who died in September of 2010. The probate process was not begun until November of 2016, the current audit year. This estate consists of two parcels of real estate and the remainder on a lease to purchase contract with a balance of \$28,500 payable at \$500 per month. One parcel of real estate is an undivided in interest in 0.34 acres identified as Tract 1 Alice J Draughton Heirs in Fayetteville, NC (Pin# 0468-25-3703-). The other parcel was his residence, 507 Cecil Street, Fayetteville, NC (Pin# 0466-04-1950-) valued at \$100,500. A lifetime estate on the residence was granted to an occupant of the property at the owner's death with the Home holding a remainder interest. It is anticipated the estate administration will be completed by the end of the current calendar year.

SUPPLEMENTARY INFORMATION

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

DETAILED SCHEDULE OF SUPPORT AND REVENUE

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | 2017 | | | 2016 | |
|---------------------------------------|--------------------|----------------------------|---------------------------|--------------------|--------------------|
| | Unrestricted | Designated Unrestricted | Temporarily Restricted | Total | Total |
| <u>SUPPORT AND REVENUE</u> | | | | | |
| State and Counties: | | | | | |
| Regular care | \$3,310,596 | \$ - | \$ - | \$3,310,596 | \$3,396,463 |
| Regular care - Turbeville | 825,577 | - | - | 825,577 | 117,419 |
| Maternity funds | 52,156 | - | - | 52,156 | 174,898 |
| Foster care funds | 34,685 | - | - | 34,685 | 25,012 |
| | <u>4,223,014</u> | <u>-</u> | <u>-</u> | <u>4,223,014</u> | <u>3,713,792</u> |
| Federal: | | | | | |
| National School Lunch Program | 47,029 | - | - | 47,029 | 36,463 |
| New Life Christian Adoption | 5,520 | - | - | 5,520 | 26,596 |
| Falcon Christian Academy | 51,142 | - | 23,250 | 74,392 | 44,430 |
| Thrift Store | 18,811 | - | - | 18,811 | 18,479 |
| Contributions: | | | | | |
| Harvest Train | 269,031 | - | - | 269,031 | 303,646 |
| Individuals | 173,372 | - | 44,940 | 218,312 | 197,387 |
| Other religious | 116,521 | - | 27,200 | 143,721 | 121,846 |
| Turbeville Children's Home | 95,165 | - | 500 | 95,665 | 40,267 |
| School | 8,792 | - | 2,400 | 11,192 | 5,904 |
| Maternity home | 169,327 | - | 29,175 | 198,502 | 171,802 |
| Donated items | 300,978 | - | - | 300,978 | 351,955 |
| Civic groups and businesses | 23,736 | - | 38,250 | 61,986 | 65,935 |
| Bequeaths from estates | 58,889 | - | - | 58,889 | 3,500 |
| Total contributions | <u>1,215,811</u> | <u>-</u> | <u>142,465</u> | <u>1,358,276</u> | <u>1,262,242</u> |
| Rent received: | | | | | |
| Land and facility usage | 11,196 | - | - | 11,196 | 5,988 |
| Golden Years Nursing Home | 197,469 | - | - | 197,469 | 193,597 |
| Total rent received | <u>208,665</u> | <u>-</u> | <u>-</u> | <u>208,665</u> | <u>199,585</u> |
| Other income: | 67,832 | - | - | 67,832 | 34,948 |
| Investment income: | | | | | |
| Interest and dividends received | 83,712 | 32,479 | 4,688 | 120,879 | 135,429 |
| Realized gain (loss) on investments | - | 53,771 | - | 53,771 | (27,911) |
| Unrealized gain (loss) on investments | - | 104,106 | - | 104,106 | (16,567) |
| Net investment income | <u>83,712</u> | <u>190,356</u> | <u>4,688</u> | <u>278,756</u> | <u>90,951</u> |
| Total support and revenue | <u>\$5,921,536</u> | <u>\$ 190,356</u> | <u>\$ 170,403</u> | <u>\$6,282,295</u> | <u>\$5,427,486</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

DETAILED SCHEDULE OF PROGRAM SERVICE EXPENSES

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | Social Services | Household Services | Dietary and Food Service | Health Service | Recreation Service | Christian Academy | Religious Activities | Plant and Motor Service |
|----------------------------------|--------------------|-----------------------|--------------------------------|-------------------|-----------------------|----------------------|-------------------------|-------------------------------|
| Salaries and wages | \$ 172,862 | \$ 696,517 | \$ 128,872 | \$ 11,578 | \$ 52,596 | \$ 323,738 | \$ - | \$ 89,214 |
| Payroll taxes | 13,973 | 49,591 | 9,728 | 886 | 4,150 | 25,156 | - | 6,252 |
| Employee benefits | 29,198 | 219,158 | 29,756 | - | 7,201 | 73,086 | - | 13,177 |
| Utilities | 4,554 | 72,635 | 25,715 | - | 8,897 | 26,745 | 4,103 | 13,816 |
| Repairs and maintenance | 44 | 13,135 | 8,757 | 1,100 | 422 | 14,256 | 686 | 159,536 |
| General supplies and expense | 198 | 47,454 | 7,059 | 10,678 | 48,298 | 51,815 | - | - |
| Dues and licenses | 11,250 | - | - | - | - | 1,347 | - | - |
| Travel, meals, and meetings | 3,100 | 75 | 344 | - | - | 8,251 | - | 1,602 |
| Board travel and meetings | - | - | - | - | - | - | - | - |
| Rent | - | - | - | - | - | - | - | - |
| Professional services | - | - | - | - | - | 3,429 | - | - |
| Advertising | - | - | - | - | - | 1,122 | - | 886 |
| Telephone | 6,082 | 33,521 | 1,357 | 135 | 1,557 | 6,494 | - | - |
| Office and printing | 465 | - | - | - | - | 3,468 | - | 173 |
| Education and staff training | 235 | 3,091 | 325 | - | 173 | 195 | - | - |
| Accreditation expense | - | - | - | - | - | 6,960 | - | - |
| Clothing purchased | - | 46,247 | - | - | - | - | - | - |
| Food purchased | - | - | 206,526 | - | - | - | - | - |
| Food donated and used | - | - | 172,707 | - | - | - | - | - |
| Cost of items sold | - | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - |
| Insurance | 2,750 | 11,082 | 2,050 | 184 | 837 | 14,560 | - | 141,704 |
| Depreciation | - | - | - | - | - | 48,524 | - | 178,635 |
| Total service by category | \$ 244,711 | \$1,192,506 | \$ 593,196 | \$ 24,561 | \$124,131 | \$ 609,146 | \$ 4,789 | \$ 604,995 |

Schedule 2

| 2017 | | | | | | | | 2016 |
|--------------------------|--------------------|-------------------|------------------------|------------------|------------------|--------------------|------------------------------|---------------------|
| Mothers and Babies | Adoption Agency | Maternity Home | Transitional Living | Foster Care | Thrift Store | Turbeville Home | Total Program Services | Total |
| \$ 151,195 | \$ 13,197 | \$ 104,593 | \$ 59,152 | \$ 30,449 | \$ - | \$ 346,978 | \$ 2,180,941 | \$ 1,975,115 |
| 11,448 | 390 | 7,427 | 3,995 | 2,329 | - | 26,149 | 161,474 | 145,752 |
| 32,843 | 1,621 | 18,799 | 14,777 | 1,685 | - | 57,833 | 499,134 | 432,073 |
| 12,757 | - | 8,096 | 16,029 | - | 2,605 | 37,057 | 233,009 | 218,015 |
| 19,505 | - | 12,316 | 3,438 | - | 5 | 46,722 | 279,922 | 280,963 |
| 19,794 | 24 | 7,324 | 9,291 | 18,246 | 17 | 45,257 | 265,455 | 262,299 |
| 200 | - | 500 | - | 525 | - | 1,310 | 15,132 | 14,584 |
| 1,993 | 277 | 2,701 | 18 | 317 | - | 1,794 | 20,472 | 18,270 |
| 81 | - | 128 | - | - | - | 24 | 233 | 636 |
| - | 2,820 | - | - | - | 6,600 | - | 9,420 | 9,420 |
| - | - | - | - | - | - | 3,101 | 3,101 | 1,998 |
| 1,562 | 106 | 2,436 | - | 20 | - | 381 | 7,934 | 4,194 |
| 270 | 1,665 | 1,352 | 990 | 406 | - | 3,813 | 53,156 | 55,841 |
| 5,079 | 1,147 | 5,521 | - | 901 | - | 6,111 | 25,718 | 27,517 |
| 265 | 88 | 273 | 80 | 385 | - | 4,424 | 12,980 | 10,040 |
| - | - | - | - | - | - | - | 195 | 195 |
| 2,571 | - | 580 | 2,410 | - | - | - | 58,768 | 81,895 |
| - | - | 7,735 | - | - | - | 37,616 | 251,877 | 212,119 |
| - | - | - | - | - | - | 2,250 | 174,957 | 268,456 |
| - | - | - | - | - | 15,978 | 6,161 | 22,139 | 18,479 |
| 72,859 | - | 40,983 | - | - | - | - | 113,842 | 115,225 |
| - | - | - | - | - | 588 | 74 | 662 | 645 |
| 2,406 | 210 | 4,766 | 941 | 484 | 213 | 18,059 | 200,246 | 199,530 |
| 35,481 | - | 20,328 | - | - | - | 26,885 | 309,853 | 306,355 |
| <u>\$ 370,309</u> | <u>\$ 21,545</u> | <u>\$ 245,858</u> | <u>\$ 111,121</u> | <u>\$ 55,747</u> | <u>\$ 26,006</u> | <u>\$ 671,999</u> | <u>\$ 4,900,620</u> | <u>\$ 4,659,616</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
DETAILED SCHEDULE OF SUPPORTING SERVICE EXPENSES

For the year ended June 30, 2017
(With comparative totals as of June 30, 2016)

| | 2017 | | Total Supporting Services | 2016 |
|---|-----------------------------------|------------------|---------------------------------|-------------------|
| | Administrative and Clerical | Fundraising | | Total |
| Salaries and wages | \$ 351,240 | \$ - | \$ 351,240 | \$ 299,126 |
| Payroll taxes | 27,342 | - | 27,342 | 25,877 |
| Employee benefits | 58,432 | - | 58,432 | 43,760 |
| Utilities | 17,781 | - | 17,781 | 11,738 |
| Repairs and maintenance | 7,356 | - | 7,356 | 12,922 |
| General supplies and expenses | 35,916 | 39,385 | 75,301 | 90,806 |
| Dues and licenses | 2,443 | - | 2,443 | 1,848 |
| Property taxes | 9,574 | - | 9,574 | 9,574 |
| Superintendent travel, meals, and meetings | 6,324 | - | 6,324 | 3,828 |
| Computer supplies, maintenance, and expense | 40,533 | - | 40,533 | 39,344 |
| Board travel, meals, meetings, and fees | 13,830 | - | 13,830 | 15,378 |
| Investment management fees | 33,245 | - | 33,245 | 32,464 |
| Professional services | 29,088 | - | 29,088 | 34,437 |
| Telephone | 1,547 | - | 1,547 | 1,266 |
| Education and staff training | 6,370 | - | 6,370 | 5,065 |
| Postage | 6,381 | 1,373 | 7,754 | 7,533 |
| Newsletter and printing expense | 3,106 | 3,106 | 6,212 | 11,239 |
| Alumni expenses | 16,212 | - | 16,212 | 8,317 |
| Advertising and subscriptions | 2,882 | - | 2,882 | 6,097 |
| Insurance | 5,588 | - | 5,588 | 5,792 |
| Miscellaneous | 1,037 | - | 1,037 | 1,627 |
| Accreditation expense | 4,505 | - | 4,505 | - |
| Employee mileage and meals | 9,618 | - | 9,618 | 5,117 |
| Charitable contributions and sponsorships | 31,740 | - | 31,740 | 37,073 |
| Total service by category | \$ 722,090 | \$ 43,864 | \$ 765,954 | \$ 710,228 |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

JUNE 30, 2018

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

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JUNE 30, 2018

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TRP CPAs, PLLC
certified public accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Falcon Children's Home and Family Services, Inc.
Falcon, North Carolina

We have audited the accompanying financial statements of Falcon Children's Home and Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Falcon Children's Home and Family Services, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules as listed in the table of contents are presented for purposes of additional analysis and are 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.



TRP CPAs, PLLC
Fayetteville, North Carolina
November 8, 2018

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018

ASSETS:

CURRENT ASSETS:

| | |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 3,583,114 |
| Accounts receivable | 542,392 |
| Prepaid insurance | 57,650 |
| Inventories | <u>125,636</u> |
| Total current assets | 4,308,792 |

OTHER ASSETS:

| | |
|--|------------------|
| Cash - board designated | 328,603 |
| Rental deposits | 1,195 |
| Investment in limited liability company | 250,000 |
| Long-term investments - board designated | <u>2,490,346</u> |
| Total other assets | 3,070,144 |

PROPERTY AND EQUIPMENT - NET

6,831,173

TOTAL ASSETS

\$ 14,210,109

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES:

| | |
|---|---------------|
| Accounts payable and accrued expenses | \$ 85,978 |
| Accrued payroll liabilities | 111,466 |
| Current maturities of long-term mortgages payable | <u>90,545</u> |
| Total current liabilities | 287,989 |

LONG-TERM MORTGAGES PAYABLE - net of current maturities

2,472,637

NET ASSETS:

| | |
|---------------------------------|-------------------|
| Unrestricted | 8,403,407 |
| Unrestricted - board designated | 2,818,949 |
| Temporarily restricted | <u>227,127</u> |
| Total net assets | <u>11,449,483</u> |

TOTAL LIABILITIES AND NET ASSETS

\$ 14,210,109

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|----------------------|-----------------------------------|----------------------|
| SUPPORT AND REVENUE (SCHEDULE 1) | \$ 6,452,679 | \$ 74,379 | \$ 6,527,058 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 121,732 | (121,732) | - |
| EXPENSES: | | | |
| Program services (schedule 2) | 5,086,297 | - | 5,086,297 |
| Supporting services (schedule 3): | | | |
| Administrative and clerical | 764,605 | - | 764,605 |
| Fundraising | 63,742 | - | 63,742 |
| Total supporting services | <u>828,347</u> | <u>-</u> | <u>828,347</u> |
| TOTAL EXPENSES | <u>5,914,644</u> | <u>-</u> | <u>5,914,644</u> |
| INCREASE (DECREASE) IN NET ASSETS | 659,767 | (47,353) | 612,414 |
| NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED | 10,619,080 | 274,480 | 10,893,560 |
| CUMULATIVE EFFECT OF CORRECTION OF AN ERROR | (56,491) | - | (56,491) |
| NET ASSETS, BEGINNING OF YEAR, AS RESTATED | <u>10,562,589</u> | <u>274,480</u> | <u>10,837,069</u> |
| NET ASSETS, END OF YEAR | <u>\$ 11,222,356</u> | <u>\$ 227,127</u> | <u>\$ 11,449,483</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Program Services</u> | <u>Supporting Services</u> | <u>Total</u> |
|---|-----------------------------|--------------------------------|---------------------|
| Salaries and wages | \$ 2,201,870 | \$ 358,352 | \$ 2,560,222 |
| Employee benefits | 467,876 | 54,789 | 522,665 |
| General supplies and expenses | 368,006 | 91,322 | 459,328 |
| Depreciation | 320,665 | - | 320,665 |
| Repairs and maintenance | 305,450 | 10,983 | 316,433 |
| Utilities | 251,174 | 13,546 | 264,720 |
| Food purchased | 255,480 | - | 255,480 |
| Insurance | 209,257 | 5,723 | 214,980 |
| Payroll taxes | 162,207 | 25,894 | 188,101 |
| Food donated and used | 125,273 | - | 125,273 |
| Clothing purchased | 117,708 | - | 117,708 |
| Interest | 96,265 | - | 96,265 |
| Travel, meals, and meetings | 56,053 | 17,671 | 73,724 |
| Charitable contributions | 100 | 69,230 | 69,330 |
| Telephone | 50,753 | 1,016 | 51,769 |
| Computer supplies, maintenance, and expense | 9,632 | 31,335 | 40,967 |
| Investment management fees | - | 38,530 | 38,530 |
| Professional services | 787 | 29,668 | 30,455 |
| Newsletter, office, and printing expense | 24,862 | 2,715 | 27,577 |
| Board travel, meals, meetings, and fees | 2,183 | 24,732 | 26,915 |
| Advertising and subscriptions | 13,723 | 7,121 | 20,844 |
| Education and staff training | 13,972 | 6,859 | 20,831 |
| Dues and licenses | 18,971 | 1,591 | 20,562 |
| Property taxes | 350 | 10,874 | 11,224 |
| Alumni expenses | - | 10,836 | 10,836 |
| Rent | 9,420 | - | 9,420 |
| Postage | 3,290 | 5,966 | 9,256 |
| Accreditation expense | 195 | 8,110 | 8,305 |
| Miscellaneous | 775 | 1,484 | 2,259 |
| Total expenses | <u>\$ 5,086,297</u> | <u>\$ 828,347</u> | <u>\$ 5,914,644</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | |
|--|----|----------------|
| Increase in net assets | \$ | 612,414 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | | 320,665 |
| Loss on sale of fixed assets | | 3,466 |
| Gain on investments | | (158,376) |
| Unrealized investment loss | | 95,011 |
| Donated property and equipment | | (9,500) |
| Decrease (increase) in assets: | | |
| Accounts receivable | | (142,822) |
| Prepaid insurance | | (989) |
| Inventories | | (24,313) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | | (41,144) |
| Accrued payroll liabilities | | 23,707 |
| Deferred insurance proceeds | | (4,188) |
| Net cash provided by operating activities | | <u>673,931</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|------------------|
| Sales (purchases) of investments, net | (150,874) |
| Purchase of investment in limited liability company | (250,000) |
| Proceeds from sale of property and equipment | 2,276 |
| Purchase of property and equipment | <u>(140,512)</u> |
| Net cash used by investing activities | (539,110) |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|---------------------------------------|-----------------|
| Repayment of long-term debt | <u>(91,821)</u> |
| Net cash used by financing activities | <u>(91,821)</u> |

NET INCREASE IN CASH 43,000

CASH - BEGINNING OF YEAR 3,868,717

CASH - END OF YEAR \$ 3,911,717

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for interest \$ 96,265

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Falcon Children's Home and Family Services, Inc. (the Home) is a nonprofit organization. Since its incorporation as Falcon Orphanage in 1909, the Home has provided housing, care, counseling, guidance, ministering, and education for children who have been orphaned, abandoned, abused, or neglected; who need a more structured environment than can be found at home; or who have an environment or conditions within their home determined unsuitable by authorities for the child's continued stay. The Home accepts children regardless of race, religion, sex, age, or national origin; and serves primarily the southeastern United States ministry area of the Pentecostal Holiness Church.

Funding for the Home primarily comes from the following sources: contributions from the public, area Pentecostal Holiness churches and members, allocations from the Pentecostal Holiness Church, Inc., procurement contracts on a per child basis with sponsoring county departments of social services and the State of North Carolina, and efforts of the Home itself to raise needed operating revenues from the sale, fundraising, and rental of its resources. Some federal assistance is received each year as noted in the financial statements and schedules.

On October 7, 2015, the Home purchased the assets of the South Carolina Free Will Baptist Home for Children in Turbeville, South Carolina. The Turbeville home began operations as a department of Falcon Children's Home and Family Services, Inc. in late February of 2016. The Home's major source of revenue for the residents of the Turbeville home comes from funds from the South Carolina Department of Social Services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Home is presented to assist the reader in understanding The Home's financial statements. The financial statements and notes are representations of the Home's management, who is responsible for their integrity and objectivity.

Basis of Accounting

The Home uses the accrual basis of accounting in order to present its financial statements in conformity with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenue when earned and expenses when incurred.

Basis of Presentation

The Home is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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Cash and Cash Equivalents

The Home considers short-term, interest bearing, highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of financial statement presentation.

Accounts Receivable

Accounts receivable primarily consist of amounts due from various departments of social services for services rendered during the last couple of months of the fiscal year. Based on the payment history, management believes that no allowance for possible uncollectible amounts is necessary. It is the Home's policy to charge off uncollectible accounts receivable when management determines the receivable to be uncollectable.

Investments

The Home carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) within the reporting period in which the income and gains are recognized. Donated investments are reflected at market value at the time of investment.

Inventory

Inventory is maintained at various locations. Inventory kept on the campuses of the Home (Falcon and Turbeville) consists of food and food supplies, school supplies, medical supplies, personal hygiene supplies, and donated toys and clothes. The inventory maintained by the Home is not for resale but rather for internal use by the Home. The inventory was counted by management and valued at a replacement cost on a per unit basis. Donated items included in ending inventory were valued at what it would cost to purchase such items in like condition.

Property and Equipment

The Home capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Assets are depreciated using the straight-line method over the following estimated useful lives:

| | |
|-----------------------------------|---------------|
| Buildings and improvements | 5 - 50 years |
| Furniture, fixtures and equipment | 3 - 20 years |
| Vehicles | 5 - 7 years |
| Land improvements | 10 - 40 years |

continued...

Expenses for maintenance and repairs are charged against operations. Renewals and improvements that materially extend the lives of the assets are capitalized. When items of property and equipment are sold and retired, the related cost and accumulated depreciation are removed from the accounts and any net gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets.

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Home and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Home and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that must be maintained permanently.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are recognized.

Functional Allocation of Expenses

The costs of providing program services and other activities are reflected on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

The Home uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

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Income Taxes

The Home is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income during the year ended June 30, 2018.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates relate to depreciation expense and in-kind contribution revenues and expenses.

Subsequent Events

The Home has evaluated subsequent events through November 8, 2018 the date at which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements other than the events described in Note 17.

2. CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents that potentially subject the Home to concentrations of credit risk consist principally of accounts in financial institutions. The Home maintains cash balances at four financial institutions. Accounts at two of these institutions are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The other two financial institutions used by the Home are uninsured by the FDIC. At June 30, 2018, the Home's uninsured cash balance was \$3,518,011. The Home has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

A significant amount of the Home's support and revenues comes from state and local governmental agencies. A significant reduction in the level of this support, if this were to occur, may have a considerable effect on the Home's programs and activities. The Home received 69% of its revenues as a result of these agencies for the year ended June 30, 2018.

3. ACCOUNTS RECEIVABLE

The balance shown in accounts receivable as of June 30, 2018 consist of the following:

| | |
|---|-------------------|
| State of North Carolina: | |
| Board payments | \$ 463,274 |
| Sales tax refund | 10,014 |
| School lunch program | 2,069 |
| State of South Carolina- board payments | 64,760 |
| Other | 2,275 |
| Total accounts receivable | <u>\$ 542,392</u> |

continued...

4. INVESTMENT IN LIMITED LIABILITY COMPANY

During 2018, the Home invested \$250,000 to purchase a membership interest in Carolina Education & Ministry Investors Two, LLC. The Home owns a 2.967% interest in the LLC and this investment is recorded on the cost method.

5. FAIR VALUE MEASUREMENTS

The Home follows the Financial Accounting Standards Board ASC 820, Fair Value Measurements. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Home at the measurement date for identical assets and liabilities.

Level 2 - Inputs other than quoted market prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets and liabilities that are not active; (3) observable inputs other than quoted prices that are used in the valuation of assets or liabilities (e.g. interest rate and yield curve quotes at commonly quoted intervals); (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs for the assets or liabilities (i.e. supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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6. LONG-TERM INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. As of June 30, 2018, all of the Home's financial asset fair value measurements fall within Level I of the fair value hierarchy. It is the intent of the Home to hold these investments for more than one year. The following table sets forth the Home's assets at fair value as of June 30, 2018:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation</u> |
|-------------------|---------------------|---------------------|--------------------------------|
| Mutual funds | \$ 2,162,873 | \$ 2,185,566 | 22,693 |
| Equities | 289,451 | 304,780 | 15,329 |
| Total investments | <u>\$ 2,452,324</u> | <u>\$ 2,490,346</u> | <u>\$ 38,022</u> |

Investment income for the year ended June 30, 2018 consists of the following:

| | |
|---------------------------------|-------------------|
| Realized gain on investments | \$ 158,376 |
| Interest and dividends received | 138,536 |
| Unrealized loss on investments | <u>(95,011)</u> |
| | <u>\$ 201,901</u> |

7. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2018 consist of the following:

| | |
|-----------------------------------|---------------------|
| Land | \$ 169,258 |
| Buildings and improvements | 10,149,001 |
| Furniture, fixtures and equipment | 979,085 |
| Vehicles | 518,802 |
| Land improvements | <u>565,536</u> |
| Total property and equipment | 12,381,682 |
| Less: Accumulated depreciation | <u>(5,550,509)</u> |
| Property and equipment - net | <u>\$ 6,831,173</u> |

continued...

8. MORTGAGES PAYABLE

The mortgages payable consist of the following at June 30, 2018:

| | <u>Original Loan Amount</u> | <u>Balance</u> |
|---|---------------------------------|----------------------------|
| Mortgage payable with the repayment terms of: (a) interest only through April 1, 2015, (b) principal and interest in the amount of \$13,174 for 83 consecutive months beginning May 1, 2015, and (c) a final payment of all unpaid principal and interest due on April 1, 2022, including 4.5% interest, secured by the deed of trust on the ten acre tract known as the Whitfield Family Life Center | \$ 2,600,000 | \$ 2,190,682 |
| Mortgage payable in monthly installments of \$2,500 through November 2030, 0.0% interest, secured by Turbeville property | 450,000 | <u>372,500</u> |
| Total mortgages payable | | 2,563,182 |
| Less: Current portion | | <u>(90,545)</u> |
| Long-term mortgages payable, less current portion | | <u><u>\$ 2,472,637</u></u> |

Maturities of mortgages payable are as follows:

| Year ending <u>June 30,</u> | <u>Amount</u> |
|--------------------------------|----------------------------|
| 2019 | \$ 90,545 |
| 2020 | 93,326 |
| 2021 | 96,235 |
| 2022 | 2,030,576 |
| 2023 | 30,000 |
| Thereafter | <u>222,500</u> |
| Total | <u><u>\$ 2,563,182</u></u> |

9. DESIGNATED UNRESTRICTED NET ASSETS

At June 30, 2018, the board of directors have designated unrestricted net assets to be used for the following purposes:

| | |
|--|----------------------------|
| Long-term investments | \$ 2,643,134 |
| Plant expansion | <u>175,815</u> |
| Total unrestricted - board designated net assets | <u><u>\$ 2,818,949</u></u> |

continued...

10. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018, net assets were temporarily restricted for the following purposes:

| | |
|--|-------------------|
| College scholarships | \$ 119,618 |
| Improvements to ballfield at the Home | 59,913 |
| Upkeep of cemetery | 20,560 |
| Wood working program at FCA | 15,660 |
| Camper park for house parents | 4,800 |
| Household items at Whitfield Life campus | 3,619 |
| Student recreation | 2,957 |
| Total temporarily restricted net assets | <u>\$ 227,127</u> |

11. DONATED ITEMS AND SERVICES

The Home records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

During the year ended June 30, 2018, the Home received non-cash donations such as food, clothes, toys, and other supplies valued at \$256,865. Of this amount, approximately \$103,920 of commodities were received during the Home's annual Harvest Train Program. Donated items received are reflected as unrestricted contributions in the accompanying statements at their estimated fair value at date of donation.

A substantial number of volunteers have donated significant amounts of their time to the Home and its programs. However, these donated services are not reflected in the financial statements since these services do not require specialized skills.

12. RENTAL INCOME- GOLDEN YEARS NURSING HOME

Falcon Children's Home owns and leases a nursing home facility, Golden Years Nursing Home, in Falcon, North Carolina, to an unrelated organization which operates the nursing home and pays rent on the facility to the Home. The property and equipment under this operating lease totaled \$93,644 as of June 30, 2018 and is included in property, plant and equipment in the accompanying statement of financial position. Accumulated depreciation on property and equipment under this operating lease was \$93,644 as of June 30, 2018.

The rents received by the Home are incorporated into operating funds during the year. The Home is responsible for property taxes on the real property and personal property owned by the Home. The lease has a five-year term beginning October 1, 2013 through September 30, 2018. Subsequent to June 30, 2018, the lease was extended through September 30, 2023. As of June 30,

continued...

2018, the lease calls for payments of \$16,868 per month with a two percent annual increase thereafter. For the year ended June 30, 2018, lease payments totaled \$201,418.

Future minimum rental payments to be received under the lease as extended through September 2023 are as follows:

| Year ending June 30, | Amount |
|-------------------------|---------------------|
| 2019 | \$ 206,459 |
| 2020 | 210,588 |
| 2021 | 214,800 |
| 2022 | 219,096 |
| 2023 | <u>223,478</u> |
| Total | <u>\$ 1,074,421</u> |

13. FUNDRAISING ACTIVITIES

Those costs that were clearly for fundraising activities have been classified to this supporting service category. However, joint costs of the printing room and monthly newsletter printing and mailing expense of \$2,715 for 2018 have been prorated between the administrative and fundraising functions based on the number of actual appeals for funds and special mailings during this fiscal period. Such activities averaged fifty percent. The other fifty percent of the mailings, printings, and newsletters contained no appeals for funds and was only used for informational or internal purposes.

14. RETIREMENT PLAN

The Home participates in a defined contribution pension plan with the International Pentecostal Holiness Church. The Home contributes either 3% or 6% of employee compensation, depending on length of service. Employees may contribute to the plan if they so choose. The Home's contribution to the plan for the year ended June 30, 2018 was \$81,133.

15. OPERATING LEASES

The Home leases various office machines and software under operating leases. Lease and software license expense for the year ended June 30, 2018 was \$36,132 and is included in newsletter, office, and printing expenses, repairs and maintenance, and dues and licenses on the statement of functional expenses. Future minimum lease payments are as follows:

| Year ending June 30, | Amount |
|-------------------------|-----------------|
| 2019 | \$ 3,949 |
| 2020 | <u>275</u> |
| Total | <u>\$ 4,224</u> |

continued...

16. PRIOR PERIOD ADJUSTMENT

Unrestricted net assets at the beginning of the year has been adjusted for accrued uncompensated absences that were not recorded in the prior years. The correction has no effect on the results of the current year's activities. However, the cumulative effect decreases beginning unrestricted net assets by \$56,491.

17. SUBSEQUENT EVENTS

During August of 2017, the Home granted a second extension on the Guaranty Agreement in the amount of \$100,000 with the Ministerial Church and Extension Loan Fund (MCELF). The original Guaranty Agreement began on August 6, 2015 and was extended in August of 2016. The purpose of this agreement was to induce MCELF to serve as guarantor of a letter of credit from Northeast Georgia Bank to Emmanuel College, Inc. in the amount of \$1,680,300. The Home's total obligation under this agreement would be the \$100,000 deposited with MCELF plus any and all expenses incurred by MCELF in connection with the enforcement of its rights under this guaranty as set forth in section 7 of the Guaranty Agreement. On July 31, 2018, the Home was released from their guaranty obligation.

Falcon Children's Home and Family Services, Inc. is the sole beneficiary of the estate of E.D. Eldrange Draughton who died in September of 2010. The probate process was not begun until November of 2016. This estate consists of two parcels of real estate and the remainder on a lease to purchase contract with a balance of \$28,500 payable at \$500 per month. One of the parcels of real estate is an undivided interest in 0.34 acres identified as Tract 1 Alice J Draughton Heirs in Fayetteville, NC (Pin# 0468-25-3703-). The other parcel was his residence, 507 Cecil Street, Fayetteville, NC (Pin# 0466-04-1950-) valued at \$100,500. A lifetime estate on the residence was granted to an occupant of the property at the owner's death with the Home holding a remainder interest. It is anticipated the estate administration will be completed by the end of the subsequent fiscal year.

In July 2018, the Home purchased a building located on their property for \$50,000. The Home plans to use this property to operate a daycare facility. The Home anticipates that the daycare will be in operation during the 2019 calendar year.

In September 2018, the Home signed an agreement to purchase another building in Falcon, NC. They have agreed to purchase the property for \$165,000 during the subsequent fiscal year.

SUPPLEMENTAL INFORMATION

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

**SCHEDULE 1: DETAILED SCHEDULE OF SUPPORT AND REVENUE
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|--------------------|
| SUPPORT AND REVENUE | | | |
| State and Counties: | | | |
| Regular care | \$3,498,407 | \$ - | \$3,498,407 |
| Regular care - Turbeville | 892,302 | - | 892,302 |
| Foster care funds | 75,665 | - | 75,665 |
| Maternity funds | <u>38,148</u> | - | <u>38,148</u> |
| Total state and counties | 4,504,522 | - | 4,504,522 |
| Federal: National School Lunch Program | 45,330 | - | 45,330 |
| New Life Christian Adoption | 3,742 | - | 3,742 |
| Falcon Christian Academy | 80,046 | 12,655 | 92,701 |
| Thrift store | 18,017 | - | 18,017 |
| Contributions: | | | |
| Harvest Train | 289,614 | - | 289,614 |
| Individuals | 239,655 | 37,120 | 276,775 |
| Donated items | 256,865 | - | 256,865 |
| Maternity home | 180,963 | 471 | 181,434 |
| Civic groups and businesses | 130,615 | - | 130,615 |
| Turbeville Children's Home | 121,115 | - | 121,115 |
| Other religious | 103,012 | - | 103,012 |
| Bequeaths from estates | 25,000 | - | 25,000 |
| Mothers and Babies | - | 17,560 | 17,560 |
| Falcon Christian Academy | <u>2,249</u> | - | <u>2,249</u> |
| Total contributions | 1,349,088 | 55,151 | 1,404,239 |
| Rent received: | | | |
| Golden Years Nursing Home | 201,418 | - | 201,418 |
| Land and facility usage | <u>8,388</u> | - | <u>8,388</u> |
| Total rent received | 209,806 | - | 209,806 |
| Other income | 46,800 | - | 46,800 |
| Investment income: | | | |
| Realized gain on investments | 158,376 | - | 158,376 |
| Interest and dividends received | 131,963 | 6,573 | 138,536 |
| Unrealized loss on investments | <u>(95,011)</u> | - | <u>(95,011)</u> |
| Net investment income | <u>195,328</u> | <u>6,573</u> | <u>201,901</u> |
| Total support and revenue | <u>\$6,452,679</u> | <u>\$ 74,379</u> | <u>\$6,527,058</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

**SCHEDULE 2: DETAILED SCHEDULE OF PROGRAM SERVICE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

| | Social Services | Household Services | Dietary and Food Service | Plant and Motor Service | Health Service | Recreation Service | Religious Activities | Christian Academy | Mothers and Babies | Adoption Agency | Maternity Home | Transitional Living | Foster Care | Thrift Store | Turbeville Home | Total Program Services |
|--|-------------------|---------------------|--------------------------|-------------------------|------------------|--------------------|----------------------|-------------------|--------------------|------------------|-------------------|---------------------|------------------|-----------------|-------------------|------------------------|
| Salaries and wages | \$ 146,014 | \$ 673,812 | \$ 126,709 | \$ 91,341 | \$ 11,875 | \$ 25,407 | \$ - | \$ 347,131 | \$ 141,965 | \$ 596 | \$ 108,080 | \$ 65,758 | \$ 42,071 | \$ - | \$ 421,111 | \$ 2,201,870 |
| Employee benefits | 15,857 | 170,245 | 31,961 | 16,227 | - | 5,417 | - | 71,852 | 34,218 | 3,641 | 12,974 | 17,305 | 3,290 | - | 84,889 | 467,876 |
| General supplies and expenses | 145 | 105,986 | 21,134 | - | 8,531 | 39,694 | - | 64,193 | 17,936 | 1,000 | 6,455 | 10,607 | 25,134 | 21 | 67,170 | 368,006 |
| Depreciation | - | - | - | 201,048 | - | - | - | 48,890 | 21,040 | - | 19,243 | - | - | - | 30,444 | 320,665 |
| Repairs and maintenance | - | 19,075 | 7,703 | 175,317 | - | 8,532 | 554 | 6,145 | 15,287 | - | 7,688 | 2,186 | - | - | 62,963 | 305,450 |
| Utilities | 4,939 | 80,150 | 24,524 | 13,808 | - | 11,193 | 5,275 | 29,700 | 9,486 | - | 7,569 | 17,385 | - | 1,587 | 45,558 | 251,174 |
| Food purchased | - | - | 216,225 | - | - | - | - | - | - | - | - | - | - | - | 39,255 | 255,480 |
| Insurance | 2,361 | 10,896 | 2,049 | 144,606 | 192 | 411 | - | 16,365 | 2,296 | 10 | 4,958 | 1,063 | 680 | 214 | 23,156 | 209,257 |
| Payroll taxes | 11,208 | 49,447 | 9,555 | 6,103 | 908 | 2,429 | - | 24,937 | 10,497 | - | 7,309 | 4,985 | 3,218 | - | 31,611 | 162,207 |
| Food donated and used | - | - | 125,273 | - | - | - | - | - | - | - | - | - | - | - | - | 125,273 |
| Clothing purchased | - | 92,688 | - | - | - | - | - | 5,873 | 4,228 | - | 700 | 2,034 | - | - | 12,185 | 117,708 |
| Interest | - | - | - | - | - | - | - | 32,730 | - | - | 32,730 | 30,805 | - | - | - | 96,265 |
| Travel, meals, and meetings | 2,491 | 29,309 | 809 | 2,820 | - | 75 | - | 9,837 | 2,538 | 536 | 2,346 | 66 | 874 | - | 4,352 | 56,053 |
| Charitable contributions | - | - | - | - | - | - | - | - | - | - | 100 | - | - | - | - | 100 |
| Telephone | 5,078 | 32,860 | 1,240 | 694 | 113 | 854 | - | 1,382 | 226 | 1,508 | 1,128 | 556 | 339 | - | 4,775 | 50,753 |
| Computer supplies and maintenance | - | - | - | - | - | - | - | 2,361 | 270 | - | 87 | - | - | - | 6,914 | 9,632 |
| Professional services | - | - | - | - | - | - | - | 73 | - | - | - | - | - | - | 714 | 787 |
| Newsletter, office, and printing expense | 344 | - | - | - | - | - | - | 6,991 | 3,780 | 283 | 3,718 | - | 3,712 | - | 6,034 | 24,862 |
| Board travel, meals, meetings, and fees | - | - | - | - | - | - | - | 82 | - | - | 82 | - | - | - | 2,019 | 2,183 |
| Advertising and subscriptions | - | - | - | - | - | - | - | 1,757 | 4,556 | 551 | 4,556 | - | 794 | - | 1,509 | 13,723 |
| Education and staff training | 1,016 | 4,594 | 135 | 85 | 45 | 465 | - | 540 | 355 | 28 | 37 | 80 | 1,521 | - | 5,071 | 13,972 |
| Dues and licenses | 13,450 | - | - | - | - | - | - | 3,117 | - | - | - | - | - | - | 2,404 | 18,971 |
| Property taxes | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 350 | 350 |
| Rent | - | - | - | - | - | - | - | - | - | 2,820 | - | - | - | 6,600 | - | 9,420 |
| Postage | - | - | - | - | - | - | - | 18 | 1,240 | 88 | 1,210 | - | 18 | - | 716 | 3,290 |
| Accreditation expense | - | - | - | - | - | - | - | 195 | - | - | - | - | - | - | - | 195 |
| Miscellaneous | - | - | - | - | - | - | - | 631 | - | - | - | - | - | - | 144 | 775 |
| Total expenses | \$ 202,903 | \$ 1,269,062 | \$ 567,317 | \$ 652,049 | \$ 21,664 | \$ 94,477 | \$ 5,829 | \$ 641,988 | \$ 302,730 | \$ 11,061 | \$ 220,970 | \$ 152,830 | \$ 81,651 | \$ 8,422 | \$ 853,344 | \$ 5,086,297 |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

**SCHEDULE 3: DETAILED SCHEDULE OF SUPPORTING SERVICE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Administrative and Clerical</u> | <u>Fundraising</u> | <u>Total Supporting Services</u> |
|--|--|--------------------|--------------------------------------|
| Salaries and wages | \$ 358,352 | \$ - | \$ 358,352 |
| Employee benefits | 54,789 | - | 54,789 |
| General supplies and expenses | 30,451 | 60,871 | 91,322 |
| Repairs and maintenance | 10,983 | - | 10,983 |
| Utilities | 13,546 | - | 13,546 |
| Insurance | 5,723 | - | 5,723 |
| Payroll taxes | 25,894 | - | 25,894 |
| Travel, meals, and meetings | 17,671 | - | 17,671 |
| Charitable contributions | 69,230 | - | 69,230 |
| Telephone | 1,016 | - | 1,016 |
| Computer supplies and maintenance | 31,335 | - | 31,335 |
| Investment management fees | 38,530 | - | 38,530 |
| Professional services | 29,668 | - | 29,668 |
| Newsletter, office, and printing expense | 1,358 | 1,357 | 2,715 |
| Board travel, meals, meetings, and fees | 24,732 | - | 24,732 |
| Advertising and subscriptions | 7,121 | - | 7,121 |
| Education and staff training | 6,859 | - | 6,859 |
| Dues and licenses | 1,591 | - | 1,591 |
| Property taxes | 10,874 | - | 10,874 |
| Alumni expenses | 10,836 | - | 10,836 |
| Postage | 4,452 | 1,514 | 5,966 |
| Accreditation expense | 8,110 | - | 8,110 |
| Miscellaneous | 1,484 | - | 1,484 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total expenses | <u>\$ 764,605</u> | <u>\$ 63,742</u> | <u>\$ 828,347</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2019

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

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JUNE 30, 2019

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TRP CPAs, PLLC
certified public accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Falcon Children's Home and Family Services, Inc.
Falcon, North Carolina

We have audited the accompanying financial statements of Falcon Children's Home and Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Falcon Children's Home and Family Services, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Falcon Children's Home and Family Services, Inc. June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in cursive script that reads "TRP CPAs, PLLC".

TRP CPAs, PLLC
Fayetteville, North Carolina
October 31, 2019

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019
(With comparative totals as of June 30, 2018)

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| ASSETS: | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 3,756,435 | \$ 3,583,114 |
| Accounts receivable | 573,654 | 542,392 |
| Prepaid insurance | 63,232 | 57,650 |
| Inventories | 143,134 | 125,636 |
| Total current assets | <u>4,536,455</u> | <u>4,308,792</u> |
| OTHER ASSETS: | | |
| Cash - board designated | 326,609 | 328,603 |
| Rental deposits | 2,835 | 1,195 |
| Investment in limited liability company | 250,000 | 250,000 |
| Long-term investments - board designated | 2,617,188 | 2,490,346 |
| Property held for sale - net | 79,095 | - |
| Total other assets | <u>3,275,727</u> | <u>3,070,144</u> |
| PROPERTY AND EQUIPMENT - NET | <u>6,935,511</u> | <u>6,831,173</u> |
| TOTAL ASSETS | <u>\$ 14,747,693</u> | <u>\$ 14,210,109</u> |
| LIABILITIES AND NET ASSETS: | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 109,514 | \$ 85,978 |
| Accrued payroll liabilities | 91,854 | 111,466 |
| Deferred lease liability | 2,600 | - |
| Current maturities of long-term mortgages payable | 93,326 | 90,545 |
| Total current liabilities | <u>297,294</u> | <u>287,989</u> |
| LONG-TERM MORTGAGES PAYABLE - NET OF CURRENT MATURITIES | <u>2,383,845</u> | <u>2,472,637</u> |
| Total liabilities | <u>2,681,139</u> | <u>2,760,626</u> |
| NET ASSETS: | | |
| Without donor restrictions | 8,872,406 | 8,403,407 |
| Without donor restrictions - board designated | 2,943,796 | 2,818,949 |
| Total net assets without donor restrictions | <u>11,816,202</u> | <u>11,222,356</u> |
| With donor restrictions | 250,352 | 227,127 |
| Total net assets | <u>12,066,554</u> | <u>11,449,483</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 14,747,693</u> | <u>\$ 14,210,109</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

| | 2019 | | | 2018 |
|--|-------------------------------|----------------------------|----------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| SUPPORT AND REVENUE (Note 20) | \$ 6,623,025 | \$ 120,878 | \$ 6,743,903 | \$ 6,488,528 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 97,653 | (97,653) | - | - |
| EXPENSES: | | | | |
| Program services (Note 21) | 5,331,484 | - | 5,331,484 | 5,097,171 |
| Supporting services (Note 22): | | | | |
| Administrative and clerical | 715,581 | - | 715,581 | 715,201 |
| Fundraising | 79,767 | - | 79,767 | 63,742 |
| Total supporting services | <u>795,348</u> | <u>-</u> | <u>795,348</u> | <u>778,943</u> |
| TOTAL EXPENSES | <u>6,126,832</u> | <u>-</u> | <u>6,126,832</u> | <u>5,876,114</u> |
| INCREASE IN NET ASSETS | 593,846 | 23,225 | 617,071 | 612,414 |
| NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED | 11,222,356 | 227,127 | 11,449,483 | 10,893,560 |
| CUMULATIVE EFFECT OF CORRECTION OF AN ERROR | - | - | - | (56,491) |
| NET ASSETS, BEGINNING OF YEAR, AS RESTATED | <u>11,222,356</u> | <u>227,127</u> | <u>11,449,483</u> | <u>10,837,069</u> |
| NET ASSETS, END OF YEAR | <u>\$ 11,816,202</u> | <u>\$ 250,352</u> | <u>\$ 12,066,554</u> | <u>\$ 11,449,483</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

| | <u>2019</u> | | | <u>2018</u> |
|---|-----------------------------|--------------------------------|---------------------|---------------------|
| | <u>Program Services</u> | <u>Supporting Services</u> | <u>Total</u> | <u>Total</u> |
| Salaries and wages | \$ 2,323,563 | \$ 388,147 | \$ 2,711,710 | \$ 2,560,222 |
| General supplies and expenses | 454,725 | 123,773 | 578,498 | 459,328 |
| Employee benefits | 444,780 | 48,363 | 493,143 | 522,665 |
| Repairs and maintenance | 389,683 | 16,504 | 406,187 | 316,433 |
| Depreciation | 324,290 | - | 324,290 | 320,665 |
| Utilities | 255,997 | 19,150 | 275,147 | 264,720 |
| Insurance | 210,855 | 7,330 | 218,185 | 214,980 |
| Food purchased | 217,903 | - | 217,903 | 255,480 |
| Payroll taxes | 163,620 | 38,232 | 201,852 | 188,101 |
| Food donated and used | 171,748 | - | 171,748 | 125,273 |
| Interest | 102,074 | - | 102,074 | 96,265 |
| Clothing purchased | 69,043 | - | 69,043 | 117,708 |
| Travel, meals, and meetings | 40,369 | 18,720 | 59,089 | 73,724 |
| Telephone | 44,994 | 1,058 | 46,052 | 51,769 |
| Computer supplies, maintenance, and expense | 5,237 | 34,779 | 40,016 | 40,967 |
| Charitable contributions | 300 | 32,417 | 32,717 | 69,330 |
| Newsletter, office, and printing expense | 25,301 | 2,637 | 27,938 | 27,577 |
| Professional services | 3,993 | 21,559 | 25,552 | 30,455 |
| Dues and licenses | 22,738 | 2,661 | 25,399 | 20,562 |
| Education and staff training | 17,010 | 7,540 | 24,550 | 20,831 |
| Advertising and subscriptions | 12,010 | 8,813 | 20,823 | 20,844 |
| Rent | 15,895 | - | 15,895 | 9,420 |
| Property taxes | 11,966 | - | 11,966 | 11,224 |
| Alumni expenses | - | 10,592 | 10,592 | 10,836 |
| Board travel, meals, meetings, and fees | 341 | 7,291 | 7,632 | 26,915 |
| Postage | 2,162 | 5,314 | 7,476 | 9,256 |
| Miscellaneous | 692 | 68 | 760 | 2,259 |
| Accreditation expense | 195 | 400 | 595 | 8,305 |
| Total expenses | <u>\$ 5,331,484</u> | <u>\$ 795,348</u> | <u>\$ 6,126,832</u> | <u>\$ 5,876,114</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase in net assets | \$ 617,071 | \$ 612,414 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 324,290 | 320,665 |
| (Gain) loss on sale of fixed assets | (21,027) | 3,466 |
| (Gain) loss on investments | 31,586 | (158,376) |
| Unrealized investment (gain) loss | (85,423) | 95,011 |
| Donated property and equipment | (100,817) | (9,500) |
| Decrease (increase) in assets: | | |
| Accounts receivable | (31,262) | (142,822) |
| Prepaid insurance | (5,582) | (989) |
| Inventories | (17,498) | (24,313) |
| Rent deposit | (1,640) | - |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 23,536 | (41,144) |
| Accrued payroll liabilities | (19,612) | 23,707 |
| Deferred insurance proceeds | 2,600 | (4,188) |
| Net cash provided by operating activities | <u>716,222</u> | <u>673,931</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sales (purchases) of investments, net | (73,005) | (150,874) |
| Purchase of investment in limited liability company | - | (250,000) |
| Proceeds from sale of property and equipment | 23,341 | 2,276 |
| Purchase of property and equipment | (409,220) | (140,512) |
| Net cash used by investing activities | <u>(458,884)</u> | <u>(539,110)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repayment of long-term debt | (86,011) | (91,821) |
| Net cash used by financing activities | <u>(86,011)</u> | <u>(91,821)</u> |
| NET INCREASE IN CASH | 171,327 | 43,000 |
| CASH - BEGINNING OF YEAR | <u>3,911,717</u> | <u>3,868,717</u> |
| CASH - END OF YEAR | <u>\$ 4,083,044</u> | <u>\$ 3,911,717</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the year for interest | <u>\$ 102,074</u> | <u>\$ 96,265</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Falcon Children's Home and Family Services, Inc. (the Home) is a nonprofit organization. Since its incorporation as Falcon Orphanage in 1909, the Home has provided housing, care, counseling, guidance, ministering, and education for children who have been orphaned, abandoned, abused, or neglected; who need a more structured environment than can be found at home; or who have an environment or conditions within their home determined unsuitable by authorities for the child's continued stay. The Home accepts children regardless of race, religion, sex, age, or national origin; and serves primarily the southeastern United States ministry area of the Pentecostal Holiness Church.

Funding for the Home primarily comes from the following sources: contributions from the public, area Pentecostal Holiness churches and members, allocations from the Pentecostal Holiness Church, Inc., procurement contracts on a per child basis with sponsoring county departments of social services and the State of North Carolina, and efforts of the Home itself to raise needed operating revenues from the sale, fundraising, and rental of its resources. Some federal assistance is received each year as noted in the financial statements and schedules.

On October 7, 2015, the Home purchased the assets of the South Carolina Free Will Baptist Home for Children in Turbeville, South Carolina. The Turbeville home began operations as a department of Falcon Children's Home and Family Services, Inc. in late February of 2016. The Home's major source of revenue for the residents of the Turbeville home comes from funds from the South Carolina Department of Social Services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Home is presented to assist the reader in understanding The Home's financial statements. The financial statements and notes are representations of the Home's management, who is responsible for their integrity and objectivity.

Basis of Accounting

The Home uses the accrual basis of accounting in order to present its financial statements in conformity with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenue when earned and expenses when incurred.

Basis of Presentation

The Home is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

continued...

Cash and Cash Equivalents

The Home considers short-term, interest bearing, highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of financial statement presentation.

Accounts Receivable

Accounts receivable primarily consist of amounts due from various departments of social services for services rendered during the last couple of months of the fiscal year. Based on the payment history, management believes that no allowance for possible uncollectible amounts is necessary. It is the Home's policy to charge off uncollectible accounts receivable when management determines the receivable to be uncollectable.

Investments

The Home carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) within the reporting period in which the income and gains are recognized. Donated investments are reflected at market value at the time of investment.

Inventory

Inventory is maintained at various locations. Inventory kept on the campuses of the Home (Falcon and Turbeville) consists of food and food supplies, school supplies, medical supplies, personal hygiene supplies, and donated toys and clothes. The inventory maintained by the Home is not for resale but rather for internal use by the Home. The inventory was counted by management and valued at a replacement cost on a per unit basis. Donated items included in ending inventory were valued at what it would cost to purchase such items in like condition.

Property and Equipment

The Home capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Assets are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 40 years.

Expenses for maintenance and repairs are charged against operations. Renewals and improvements that materially extend the lives of the assets are capitalized. When items of property and equipment are sold and retired, the related cost and accumulated depreciation are removed from the accounts and any net gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets.

continued...

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Home and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Home and/or the passage of time.

Contributions

Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are recognized.

Functional Allocation of Expenses

The costs of providing program services and other activities are reflected on the statement of activities. Most expenses are charged directly to program services and supporting services based on specific identification. Salaries and wages, employee benefits, payroll taxes and a portion of insurance are allocated based on estimated time spent for each function.

Advertising

The Home uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

Income Taxes

The Home is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income during the year ended June 30, 2019.

continued...

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates relate to depreciation expense and in-kind contribution revenues and expenses.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Department has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Comparative Data

The amounts shown for the year ended June 30, 2018 in the accompanying financial statements are included to provide a basis for comparison with 2019 and present summarized totals only. Accordingly, the 2018 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Home's financial statements for the year ended June 30, 2018, from which summarized information was derived.

Reclassification

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent Events

The Home has evaluated subsequent events through October 31, 2019, the date at which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements other than the events described in Note 19.

continued...

2. CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents that potentially subject the Home to concentrations of credit risk consist principally of accounts in financial institutions. The Home maintains cash balances at four financial institutions. Accounts at two of these institutions are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The other two financial institutions used by the Home are uninsured by the FDIC. At June 30, 2019, the Home's uninsured cash balance was \$3,714,242. The Home has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

A significant amount of the Home's support and revenues comes from state and local governmental agencies. A significant reduction in the level of this support, if this were to occur, may have a considerable effect on the Home's programs and activities. The Home received 66% of its revenues as a result of these agencies for the year ended June 30, 2019.

3. ACCOUNTS RECEIVABLE

The balance shown in accounts receivable as of June 30, 2019 consists of the following:

| | |
|---|-------------------|
| State of North Carolina: | |
| Board payments | \$ 482,858 |
| Sales tax refund | 9,597 |
| School lunch program | 4,787 |
| State of South Carolina- board payments | 40,412 |
| Other | 36,000 |
| Total accounts receivable | <u>\$ 573,654</u> |

4. INVESTMENT IN LIMITED LIABILITY COMPANY

During 2018, the Home invested \$250,000 to purchase a membership interest in Carolina Education & Ministry Investors Two, LLC. The Home owns a 2.967% interest in the LLC and this investment is recorded on the cost method. This investment has not been evaluated for impairment because management did not identify any events or changes in circumstances that might have an adverse effect on fair value.

continued...

5. FAIR VALUE MEASUREMENTS

The Home follows the Financial Accounting Standards Board ASC 820, Fair Value Measurements. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Home at the measurement date for identical assets and liabilities.

Level 2 - Inputs other than quoted market prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets and liabilities that are not active; (3) observable inputs other than quoted prices that are used in the valuation of assets or liabilities (e.g. interest rate and yield curve quotes at commonly quoted intervals); (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs for the assets or liabilities (i.e. supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

6. LONG-TERM INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. As of June 30, 2019, all of the Home's financial asset fair value measurements fall within Level I of the fair value hierarchy. It is the intent of the Home to hold these investments for more than one year. The following table sets forth the Home's assets at fair value as of June 30, 2019:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation</u> |
|-------------------|---------------------|---------------------|--------------------------------|
| Mutual funds | \$ 2,115,949 | \$ 2,193,638 | \$ 77,689 |
| Equities | <u>377,794</u> | <u>423,550</u> | <u>45,756</u> |
| Total investments | <u>\$ 2,493,743</u> | <u>\$ 2,617,188</u> | <u>\$ 123,445</u> |

7. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2019 consist of the following:

| | |
|-----------------------------------|---------------------|
| Land | \$ 148,488 |
| Buildings and improvements | 10,297,515 |
| Furniture, fixtures and equipment | 974,736 |
| Vehicles | 529,156 |
| Land improvements | <u>630,332</u> |
| Total property and equipment | 12,580,227 |
| Less: Accumulated depreciation | <u>(5,644,716)</u> |
| Property and equipment - net | <u>\$ 6,935,511</u> |

8. PROPERTY HELD FOR SALE

Details of the statement of financial position caption Property held for sale, net, are as follows:

| | |
|--------------------------------|------------------|
| Salemburg, NC property | \$ 226,964 |
| Chocowinity, NC property | <u>38,000</u> |
| Property held for sale | 264,964 |
| Less: Accumulated depreciation | <u>(185,869)</u> |
| Property held for sale - net | <u>\$ 79,095</u> |

The property in Salemburg, NC is no longer needed for the Home's operations. As of June 30, 2019, this property is currently listed for sale through a realtor. This property is listed at a selling price in excess of its carrying value.

The property in Chocowinity, NC was donated to the Home during the year ended June 30, 2019. This property is not needed for the Home's operations and was sold subsequent to year end at a selling price equal to its carrying value.

9. MORTGAGES PAYABLE

The mortgages payable consist of the following at June 30, 2019:

| | <u>Original Loan Amount</u> | <u>Balance</u> |
|---|---------------------------------|---------------------|
| Mortgage payable with the repayment terms of: (a) interest only through April 1, 2015, (b) principal and interest in the amount of \$13,174 for 83 consecutive months beginning May 1, 2015, and (c) a final payment of all unpaid principal and interest due on April 1, 2022, including 4.5% interest, secured by the deed of trust on the ten acre tract known as the Whitfield Family Life Center | \$ 2,600,000 | \$ 2,134,671 |
| Mortgage payable in monthly installments of \$2,500 through November 2030, 0.0% interest, secured by Turbeville property | 450,000 | <u>342,500</u> |
| Total mortgages payable | | 2,477,171 |
| Less: Current portion | | <u>(93,326)</u> |
| Long-term mortgages payable, less current portion | | <u>\$ 2,383,845</u> |

Maturities of mortgages payable are as follows:

| Year ending <u>June 30,</u> | <u>Amount</u> |
|--------------------------------|---------------------|
| 2020 | \$ 93,326 |
| 2021 | 96,235 |
| 2022 | 2,035,110 |
| 2023 | 30,000 |
| 2024 | 30,000 |
| Thereafter | 192,500 |
| Total | <u>\$ 2,477,171</u> |

continued...

10. NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

At June 30, 2019, the board of directors has designated net assets without donor restrictions to be used for the following purposes:

| | |
|--|---------------------|
| Long-term investments | \$ 2,761,704 |
| Plant expansion | <u>182,092</u> |
| Net assets without donor restrictions - board designated | <u>\$ 2,943,796</u> |

11. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2019, net assets with donor restrictions were restricted for the following purposes:

| | |
|--|-------------------|
| College scholarships | \$ 126,001 |
| Weight room | 47,082 |
| Upkeep of cemetery | 33,761 |
| Mom's Hands | 10,814 |
| FCA special fund | 10,000 |
| Wood working program at FCA | 7,508 |
| Covenant Love | 5,155 |
| Camper park for house parents | 4,800 |
| Household items at Whitfield Life campus | 3,316 |
| Catholic grant | <u>1,915</u> |
| Net assets with donor restrictions | <u>\$ 250,352</u> |

12. DONATED ITEMS AND SERVICES

The Home records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

During the year ended June 30, 2019, the Home received non-cash donations such as food, clothes, toys, and other supplies valued at \$454,814. Of this amount, approximately \$106,862 of commodities were received during the Home's annual Harvest Train Program. Donated items received are reflected as unrestricted contributions in the accompanying statements at their estimated fair value at date of donation.

A substantial number of volunteers have donated significant amounts of their time to the Home and its programs. However, these donated services are not reflected in the financial statements since these services do not require specialized skills.

continued...

13. RENTAL INCOME

Golden Years Nursing Home

Falcon Children's Home owns and leases a nursing home facility, Golden Years Nursing Home, in Falcon, North Carolina, to an unrelated organization which operates the nursing home and pays rent on the facility to the Home. The property and equipment under this operating lease totaled \$93,644 as of June 30, 2019 and is included in property, plant and equipment in the accompanying statement of financial position. Accumulated depreciation on property and equipment under this operating lease was \$93,644 as of June 30, 2019.

The rents received by the Home are incorporated into operating funds during the year. The Home is responsible for property taxes on the real property and personal property owned by the Home. The lease had an initial five-year term beginning October 1, 2013 through September 30, 2018. During the current year, the lease was extended through September 30, 2023. As of June 30, 2019, the lease calls for payments of \$17,205 per month with a two percent annual increase thereafter. For the year ended June 30, 2019, lease payments totaled \$205,447.

Harnett Health Systems, Inc.

The Home leases medical office space to Harnett Health System, Inc. under an operating lease with a three year term beginning June 1, 2019 through May 31, 2022. This lease calls for annual lease payments of \$2,600.

Future minimum rental payments to be received under the leases are as follows:

| Year ending | |
|-------------|-------------------|
| June 30, | Amount |
| 2020 | \$ 212,155 |
| 2021 | 216,347 |
| 2022 | 220,622 |
| 2023 | 222,382 |
| 2024 | 55,869 |
| Total | <u>\$ 927,375</u> |

14. FUNDRAISING ACTIVITIES

Those costs that were clearly for fundraising activities have been classified to this supporting service category. However, joint costs of the printing room and monthly newsletter printing and mailing expense of \$2,637 for 2019 have been prorated between the administrative and fundraising functions based on the number of actual appeals for funds and special mailings during this fiscal period. Such activities averaged fifty percent. The other fifty percent of the mailings, printings, and newsletters contained no appeals for funds and was only used for informational or internal purposes.

continued...

15. RETIREMENT PLAN

The Home participates in a defined contribution pension plan with the International Pentecostal Holiness Church. The Home contributes either 3% or 6% of employee compensation, depending on length of service. Employees may contribute to the plan if they so choose. The Home's contribution to the plan for the year ended June 30, 2019 was \$94,883.

16. OPERATING LEASES

The Home leases various office machines under operating leases. Lease expense for the year ended June 30, 2019 was \$21,048 and is included in newsletter, office, and printing expenses, and dues and licenses on the statement of functional expenses. Future minimum lease payments are as follows:

| Year ending June 30, | Amount |
|-------------------------|------------------|
| 2020 | \$ 14,336 |
| 2021 | 14,061 |
| Total | <u>\$ 28,397</u> |

17. PRIOR PERIOD ADJUSTMENT

Unrestricted net assets at the beginning of the prior year have been adjusted for accrued uncompensated absences that were not recorded in the prior years. The correction has no effect on the results of the current year's activities. However, the cumulative effect decreases the prior year's beginning net assets without donor restrictions by \$56,491.

18. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Home's financial assets at June 30, 2019:

| | |
|---|---------------------|
| Financial assets at year end: | |
| Cash and cash equivalents | \$ 3,756,435 |
| Accounts receivable | 573,654 |
| Cash - board designated | 326,609 |
| Long-term investments - board designated | <u>2,617,188</u> |
| Total financial assets | 7,273,886 |
| Less amounts not available to be used within one year: | |
| Net assets with donor restrictions | (250,352) |
| Net assets without donor restrictions - board designated | <u>(2,943,796)</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 4,079,738</u> |

continued...

At June 30, 2019, the balance of board designated net assets was \$2,943,796. This reserve, designated by the board of directors, may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress.

19. SUBSEQUENT EVENTS

Falcon Children's Home and Family Services, Inc. is the sole beneficiary of the estate of E.D. Eldrange Draughon who died in September of 2010. This estate consists of two properties. One of the properties was his residence which includes a lifetime estate granted to an occupant of the property at the owner's death with the Home holding a remainder interest. The other property is a remainder on a lease to purchase contract with the property's tenant at the time of Mr. Draughon's death. This property was deeded from the Home to the tenant subsequent to the year ended June 30, 2019.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

20. SUPPORT AND REVENUE

Details of support and revenue for the year ended June 30, 2019 (with comparative totals for the year ended June 30, 2018) are as follows:

| | 2019 | | | 2018 |
|--|-------------------------------|----------------------------|--------------|-------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| SUPPORT AND REVENUE | | | | |
| State and Counties: | | | | |
| Regular care | \$ 3,325,790 | \$ - | \$ 3,325,790 | \$3,498,407 |
| Regular care - Turbeville | 889,163 | - | 889,163 | 892,302 |
| Foster care funds | 151,344 | - | 151,344 | 75,665 |
| Maternity funds | 14,067 | - | 14,067 | 38,148 |
| Total state and counties | 4,380,364 | - | 4,380,364 | 4,504,522 |
| Federal: National School Lunch Program | 49,111 | - | 49,111 | 45,330 |
| New Life Christian Adoption | 14,652 | - | 14,652 | 3,742 |
| Falcon Christian Academy | 68,626 | 35,102 | 103,728 | 92,701 |
| Thrift store | 17,178 | - | 17,178 | 18,017 |
| Contributions: | | | | |
| Donated items | 454,814 | - | 454,814 | 256,865 |
| Individuals | 239,510 | 66,781 | 306,291 | 276,775 |
| Harvest Train | 222,858 | - | 222,858 | 289,614 |
| Maternity home | 174,246 | 18,995 | 193,241 | 181,434 |
| Other religious | 145,429 | - | 145,429 | 103,012 |
| Turbeville Children's Home | 134,284 | - | 134,284 | 121,115 |
| Civic groups and businesses | 110,636 | - | 110,636 | 130,615 |
| Bequeaths from estates | 45,377 | - | 45,377 | 25,000 |
| Mothers and Babies | 3,400 | - | 3,400 | 17,560 |
| Falcon Christian Academy | 3,046 | - | 3,046 | 2,249 |
| Total contributions | 1,533,600 | 85,776 | 1,619,376 | 1,404,239 |
| Rent received: | | | | |
| Golden Years Nursing Home | 205,447 | - | 205,447 | 201,418 |
| Land and facility usage | 10,188 | - | 10,188 | 8,388 |
| Total rent received | 215,635 | - | 215,635 | 209,806 |
| Other income | 114,401 | - | 114,401 | 46,800 |
| Investment income: | | | | |
| Realized gain (loss) on investments | (31,586) | - | (31,586) | 158,376 |
| Interest and dividends received | 215,021 | - | 215,021 | 138,536 |
| Unrealized loss on investments | 85,423 | - | 85,423 | (95,011) |
| Investment management fees | (39,400) | - | (39,400) | (38,530) |
| Net investment income | 229,458 | - | 229,458 | 163,371 |
| Total support and revenue | \$ 6,623,025 | \$ 120,878 | \$ 6,743,903 | \$6,488,528 |

continued...

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

21. PROGRAM SERVICES EXPENSES

Details of program services expenses for the year ended June 30, 2019 (with comparative totals for the year ended June 30, 2018) are as follows:

| | 2019 | | | | | | | | | | | | 2018 | | | | |
|---|------------------|--------------------|--------------------------|-------------------------|-----------------|--------------------|----------------------|-------------------|--------------------|-----------------|------------------|---------------------|-------------------|-----------------|------------------|------------------------|---------------------|
| | Social Services | Household Services | Dietary and Food Service | Plant and Motor Service | Health Service | Recreation Service | Religious Activities | Christian Academy | Mothers and Babies | Adoption Agency | Maternity Home | Transitional Living | Foster Care | Thrift Store | Turbeville Home | Total Program Services | Total |
| Salaries and wages | \$120,197 | \$ 729,363 | \$ 126,042 | \$112,165 | \$ 8,185 | \$ 35,991 | \$ - | \$313,162 | \$187,970 | \$12,988 | \$112,016 | \$ 77,270 | \$ 38,465 | \$ - | \$ 450,349 | \$2,323,563 | \$ 2,201,870 |
| General supplies and expenses | 424 | 102,621 | 21,702 | 75 | 2,143 | 51,114 | - | 77,254 | 64,300 | - | 11,463 | 6,534 | 58,347 | 343 | 58,407 | 454,727 | 368,006 |
| Employee benefits | 15,468 | 162,134 | 32,698 | 16,116 | - | 222 | - | 73,412 | 34,967 | 3,686 | 15,277 | 16,194 | 3,379 | - | 71,227 | 444,780 | 467,876 |
| Repairs and maintenance | - | 24,660 | 18,071 | 207,465 | 211 | 1,437 | 906 | 8,474 | 21,519 | - | 9,879 | 1,326 | - | - | 95,735 | 389,683 | 305,450 |
| Depreciation | - | - | - | 196,018 | - | - | - | 52,232 | 21,274 | - | 19,242 | - | - | - | 35,524 | 324,290 | 320,665 |
| Utilities | 4,685 | 84,831 | 24,206 | 15,451 | - | 8,326 | 5,438 | 30,133 | 9,368 | - | 8,648 | 16,011 | - | - | 48,900 | 255,997 | 251,174 |
| Food purchased | - | - | 154,503 | - | - | - | - | - | - | - | 12,941 | - | - | - | 50,459 | 217,903 | 255,480 |
| Insurance | 1,612 | 9,780 | 1,690 | 148,907 | 110 | 475 | - | 15,159 | 2,520 | 174 | 4,842 | 1,036 | 516 | 210 | 23,824 | 210,855 | 209,257 |
| Food donated and used | - | - | 159,943 | - | - | - | - | - | - | 98 | 7,396 | 3,631 | - | - | 11,805 | 171,748 | 125,273 |
| Payroll taxes | 9,006 | 57,022 | 8,969 | 7,719 | 608 | 1,860 | - | 22,642 | 10,859 | - | 31,914 | 32,663 | 3,618 | - | 30,192 | 163,620 | 162,207 |
| Interest | - | - | - | - | - | - | - | - | 37,497 | - | - | - | - | - | - | 102,074 | 96,265 |
| Clothing purchased | - | 47,288 | - | - | - | - | - | 2,970 | 4,015 | - | 881 | 568 | - | - | 13,321 | 69,043 | 117,708 |
| Telephone | 5,288 | 27,715 | 1,256 | 936 | 118 | 308 | - | 401 | 235 | 1,515 | 1,175 | 410 | 353 | - | 5,284 | 44,994 | 50,753 |
| Travel, meals, and meetings | 3,317 | 18,486 | 1,318 | 1,452 | - | 665 | - | 6,667 | 2,662 | 38 | 2,711 | 95 | 1,431 | - | 1,527 | 40,369 | 56,053 |
| Newsletter, office, and printing | 506 | - | - | - | - | - | - | 9,369 | 4,416 | 451 | 3,391 | - | 2,549 | - | 4,619 | 25,301 | 24,862 |
| Dues and licenses | 14,333 | - | - | - | - | - | - | 1,508 | - | - | 100 | - | 840 | - | 5,957 | 22,738 | 18,971 |
| Education and staff training | 275 | 5,274 | 245 | - | 122 | 250 | - | 1,431 | 215 | 12 | 135 | 55 | 3,445 | - | 5,551 | 17,010 | 13,972 |
| Rent | - | - | - | - | - | - | - | - | - | 2,820 | - | - | - | 6,600 | 6,475 | 15,895 | 9,420 |
| Advertising and subscriptions | - | - | - | - | - | - | - | 1,395 | 4,109 | 525 | 4,109 | - | 786 | - | 1,086 | 12,010 | 13,723 |
| Property taxes | - | - | - | 11,966 | - | - | - | - | - | - | - | - | - | - | - | 11,966 | 11,224 |
| Computer supplies and maintenance | - | - | - | - | - | - | - | 1,555 | - | - | 140 | - | - | - | 3,542 | 5,237 | 9,632 |
| Professional services | - | - | - | - | - | - | - | - | - | 1,500 | - | - | - | - | 2,493 | 3,993 | 787 |
| Postage | - | - | - | - | - | - | - | - | 618 | 121 | 618 | - | - | - | 805 | 2,162 | 3,290 |
| Miscellaneous | - | - | - | - | - | - | - | 596 | - | - | - | - | - | - | 94 | 690 | 775 |
| Board travel, meals, meetings, and fees | - | - | - | - | - | - | - | - | 64 | - | 64 | - | - | - | 213 | 341 | 2,183 |
| Charitable contributions | - | - | - | - | - | - | - | - | - | - | 200 | - | - | - | 100 | 300 | 100 |
| Accreditation expense | - | - | - | - | - | - | - | 195 | - | - | - | - | - | - | - | 195 | 195 |
| Total expenses | \$175,111 | \$1,269,174 | \$ 550,643 | \$718,270 | \$11,497 | \$ 100,048 | \$ 6,344 | \$618,555 | \$406,608 | \$23,928 | \$247,142 | \$ 155,793 | \$ 113,729 | \$ 7,153 | \$927,489 | \$5,331,484 | \$ 5,097,171 |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
 NOTES TO THE FINANCIAL STATEMENTS - CONCLUDED

22. SUPPORTING SERVICES EXPENSES

Details of supporting services expenses for the year ended June 30, 2019 (with comparative totals for the year ended June 30, 2018) are as follows:

| | 2019 | | | 2018 |
|--|--------------------------------|------------------|------------------------------|-------------------|
| | Administrative and Clerical | Fundraising | Total Supporting Services | Total |
| Salaries and wages | \$ 388,147 | \$ - | \$ 388,147 | \$ 358,352 |
| General supplies and expenses | 45,325 | 78,449 | 123,774 | 91,322 |
| Employee benefits | 48,363 | - | 48,363 | 54,789 |
| Payroll taxes | 38,232 | - | 38,232 | 25,894 |
| Computer supplies and maintenance | 34,779 | - | 34,779 | 31,335 |
| Charitable contributions | 32,417 | - | 32,417 | 69,230 |
| Professional services | 21,559 | - | 21,559 | 29,668 |
| Utilities | 19,150 | - | 19,150 | 13,546 |
| Travel, meals, and meetings | 18,720 | - | 18,720 | 17,671 |
| Repairs and maintenance | 16,504 | - | 16,504 | 10,983 |
| Alumni expenses | 10,592 | - | 10,592 | 10,836 |
| Advertising and subscriptions | 8,813 | - | 8,813 | 7,121 |
| Education and staff training | 7,540 | - | 7,540 | 6,859 |
| Insurance | 7,330 | - | 7,330 | 5,723 |
| Board travel, meals, meetings, and fees | 7,291 | - | 7,291 | 24,732 |
| Postage | 5,313 | - | 5,313 | 5,966 |
| Dues and licenses | 2,661 | - | 2,661 | 1,591 |
| Newsletter, office, and printing expense | 1,319 | 1,318 | 2,637 | 2,715 |
| Telephone | 1,058 | - | 1,058 | 1,016 |
| Accreditation expense | 400 | - | 400 | 8,110 |
| Miscellaneous | 68 | - | 68 | 1,484 |
| Total expenses | <u>\$ 715,581</u> | <u>\$ 79,767</u> | <u>\$ 795,348</u> | <u>\$ 778,943</u> |

Appendix A2: Financial History Supporting Documents

Falcon Academy



FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
FALCON, NORTH CAROLINA

INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year ended June 30, 2017

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
FALCON, NORTH CAROLINA
June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Falcon Children's Home and Family Services, Inc.
Falcon, North Carolina

We have audited the accompanying financial statements of Falcon Children's Home and Family Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

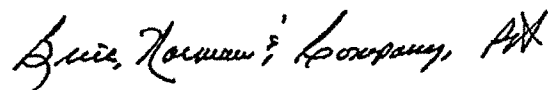
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Falcon Children's Home and Family Services, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Falcon Children's Home and Family Services, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules as listed in the table of contents are presented for purposes of additional analysis and are 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.



BUIE, NORMAN & COMPANY, P.A.
Certified Public Accountants
Fayetteville, North Carolina

October 4, 2017

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2017

(With comparative totals as of June 30, 2016)

| | <u>2017</u> | <u>2016</u> |
|---------------------------------------|--------------------------|--------------------------|
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 3,820,467 | \$ 3,578,427 |
| Accounts receivable | 399,570 | 346,245 |
| Prepaid insurance | 56,661 | 56,509 |
| Inventories | <u>101,323</u> | <u>65,480</u> |
| Total current assets | <u>4,378,021</u> | <u>4,046,661</u> |
| Fixed Assets: | | |
| Property and equipment, net | <u>7,007,584</u> | <u>7,112,550</u> |
| Other Assets: | | |
| Rental deposits | 1,195 | 1,195 |
| Long-term investments | <u>2,324,341</u> | <u>2,172,216</u> |
| | <u>2,325,536</u> | <u>2,173,411</u> |
| Total assets | <u>\$ 13,711,141</u> | <u>\$ 13,332,622</u> |
| <u>LIABILITIES</u> | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 158,390 | \$ 75,536 |
| Deferred insurance proceeds | 4,188 | - |
| Current portion of mortgage payable | <u>87,908</u> | <u>74,366</u> |
| Total liabilities | <u>250,486</u> | <u>149,902</u> |
| Long Term Liabilities: | | |
| Mortgages payable | <u>2,567,095</u> | <u>2,904,881</u> |
| <u>NET ASSETS</u> | | |
| Unrestricted: | | |
| Undesignated | 8,124,979 | 7,767,849 |
| Designated | <u>2,494,101</u> | <u>2,336,990</u> |
| Total unrestricted net assets | <u>10,619,080</u> | <u>10,104,839</u> |
| Temporarily restricted net assets | <u>274,480</u> | <u>173,000</u> |
| Total net assets | <u>10,893,560</u> | <u>10,277,839</u> |
| Total liabilities and net assets | <u>\$ 13,711,141</u> | <u>\$ 13,332,622</u> |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2017
(With comparative totals as of June 30, 2016)

| | 2017 | | | 2016 | |
|----------------------------------|---------------------|------------------------------------|-----------------------------------|----------------------|----------------------|
| | <u>Unrestricted</u> | <u>Designated Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> | <u>Total</u> |
| Support and revenue (Schedule 1) | <u>\$ 5,921,536</u> | <u>\$ 190,356</u> | <u>\$ 170,403</u> | <u>\$ 6,282,295</u> | <u>\$ 5,427,486</u> |
| Expenses: | | | | | |
| Program services (Schedule 2) | 4,831,697 | - | 68,923 | 4,900,620 | 4,659,616 |
| Supporting services (Schedule 3) | <u>732,709</u> | <u>33,245</u> | <u>-</u> | <u>765,954</u> | <u>710,228</u> |
| Total expenses | <u>5,564,406</u> | <u>33,245</u> | <u>68,923</u> | <u>5,666,574</u> | <u>5,369,844</u> |
| Increase in net assets | 357,130 | 157,111 | 101,480 | 615,721 | 57,642 |
| Net assets: | | | | | |
| Beginning of year | 7,767,849 | 2,336,990 | 173,000 | 10,277,839 | 10,220,197 |
| Interfund transfer | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| End of year | <u>\$ 8,124,979</u> | <u>\$ 2,494,101</u> | <u>\$ 274,480</u> | <u>\$ 10,893,560</u> | <u>\$ 10,277,839</u> |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | 2017 | | | 2016 |
|---|----------------------------|--------------------------|----------------------------|----------------------------|
| | Program Services | Supporting Services | Total | Total |
| Salaries and wages | \$ 2,180,941 | \$ 351,240 | \$ 2,532,181 | \$ 2,274,241 |
| Payroll taxes | 161,474 | 27,342 | 188,816 | 171,629 |
| Employee benefits | 499,134 | 58,432 | 557,566 | 475,833 |
| Utilities | 233,009 | 17,781 | 250,790 | 229,753 |
| Repairs and maintenance | 279,922 | 7,356 | 287,278 | 293,885 |
| General supplies and expenses | 265,455 | 75,301 | 340,756 | 353,105 |
| Dues and licenses | 15,132 | 2,443 | 17,575 | 16,432 |
| Property taxes | - | 9,574 | 9,574 | 9,574 |
| Travel, meals, and meetings | 20,472 | 15,942 | 36,414 | 27,215 |
| Rent | 9,420 | - | 9,420 | 9,420 |
| Computer supplies, maintenance, and expense | - | 40,533 | 40,533 | 39,344 |
| Board travel, meals, meetings, and fees | 233 | 13,830 | 14,063 | 16,014 |
| Investment management fees | - | 33,245 | 33,245 | 32,464 |
| Professional services | 3,101 | 29,088 | 32,189 | 36,435 |
| Telephone | 53,156 | 1,547 | 54,703 | 57,107 |
| Education and staff training | 12,980 | 6,370 | 19,350 | 15,105 |
| Clothing purchased | 58,768 | - | 58,768 | 81,895 |
| Food purchased | 251,877 | - | 251,877 | 212,119 |
| Food donated and used | 174,957 | - | 174,957 | 268,456 |
| Cost of items sold | 22,139 | - | 22,139 | 18,479 |
| Postage | - | 7,754 | 7,754 | 7,533 |
| Newsletter, office, and printing expense | 25,718 | 6,212 | 31,930 | 38,756 |
| Alumni expenses | - | 16,212 | 16,212 | 8,317 |
| Advertising and subscriptions | 7,934 | 2,882 | 10,816 | 10,291 |
| Insurance | 200,246 | 5,588 | 205,834 | 205,322 |
| Interest | 113,842 | - | 113,842 | 115,225 |
| Depreciation | 309,853 | - | 309,853 | 306,355 |
| Miscellaneous | 662 | 1,037 | 1,699 | 2,272 |
| Accreditation expense | 195 | 4,505 | 4,700 | 195 |
| Charitable contributions | - | 31,740 | 31,740 | 37,073 |
| Total expenses | <u>\$ 4,900,620</u> | <u>\$ 765,954</u> | <u>\$ 5,666,574</u> | <u>\$ 5,369,844</u> |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | 2017 | 2016 |
|---|--------------|--------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 615,721 | \$ 57,642 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 309,853 | 306,355 |
| Investment earnings | (120,879) | (135,429) |
| Realized (gain) loss on sale of fixed assets | (675) | - |
| Realized (gain) loss on investments | (53,771) | 27,911 |
| Unrealized (gain) loss on investments | (104,106) | 16,567 |
| (Increase) decrease in: | | |
| Accounts receivable | (53,325) | (27,158) |
| Prepaid insurance | (152) | (3,690) |
| Inventories | (35,843) | 12,031 |
| Rental deposits | - | 600 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 82,854 | (61,808) |
| Deferred insurance proceeds | 4,188 | - |
| Net cash provided by operating activities | 643,865 | 193,021 |
| Cash flows from investing activities: | | |
| Investment earnings | 120,879 | 135,429 |
| Sales (purchases) of investments, net | 5,752 | 420 |
| Proceeds on sale of fixed assets | 1,300 | - |
| Purchase of property and equipment | (205,512) | (1,063,968) |
| Net cash used in investing activities | (77,581) | (928,119) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of debt | - | 450,000 |
| Debt repayment | (324,244) | (60,361) |
| Net cash provided by (used in) financing activities | (324,244) | 389,639 |
| Net increase (decrease) in cash and cash equivalents | 242,040 | (345,459) |
| Cash and cash equivalents: | | |
| Beginning of year | 3,578,427 | 3,923,886 |
| End of year | \$ 3,820,467 | \$ 3,578,427 |

The accompanying notes to the financial statements are an integral part of this statement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - ORGANIZATIONAL STRUCTURE, PURPOSE AND FUNDING

Falcon Children's Home and Family Services, Inc. (the Home) is a nonprofit organization. Since its incorporation as Falcon Orphanage in 1909, the Home has provided housing, care, counseling, guidance, ministering, and education for children who have been orphaned, abandoned, abused, or neglected; who need a more structured environment than can be found at home; or who have an environment or conditions within their home determined unsuitable by authorities for the child's continued stay. The Home accepts children regardless of race, religion, sex, age, or national origin; and serves primarily the southeastern United States ministry area of the Pentecostal Holiness Church.

Funding for the Home primarily comes from three sources: contributions from the general public, area Pentecostal Holiness churches and members, and allocations from the Pentecostal Holiness Church, Inc.; procurement contracts on a per child basis with sponsoring county departments of social services and the State of North Carolina; and efforts of the Home itself to raise needed operating revenues from the sale, fundraising, and rental of its resources. Some federal assistance is received each year as noted in the financial statements and schedules.

On October 7, 2015, the Home purchased the assets of the South Carolina Free Will Baptist Home for Children in Turbeville, South Carolina. The total purchase price was \$900,000 consisting of a \$450,000 down payment upon closing and the remaining balance of \$450,000 to be paid in monthly installments over fifteen years with no interest. The Turbeville home began operations as a department of Falcon Children's Home and Family Services, Inc. in late February of 2016. The Home's major source of revenue for the residents of the Turbeville home comes from funds from the South Carolina department of social services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Falcon Children's Home and Family Services, Inc. is presented to assist in understanding the Home's financial statements. The financial statements and notes are a representation of the Home's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The Home uses the accrual basis of accounting in order to present its financial statements in conformity with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenue when earned and expenses when incurred. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets.

Property and Equipment

Plant assets are stated at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable for board payments consist of amounts due from various departments of social services for services rendered during the last couple of months of the fiscal year. Based on the payment history, management believes that no allowance for possible uncollectible amounts is necessary.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Statement of Cash Flows

The Home presents its cash flow statements using the indirect method. For the purpose of cash flow presentation, the Home considers currency on hand, demand deposits at banks, and time deposits with a maturity date of 60 months or less to be cash equivalents.

Investments

Falcon Children's Home and Family Services, Inc. carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) within the reporting period in which the income and gains are recognized. Donated investments are reflected at market value at the time of investment and revalued at least annually using fair value measurements in accordance with FASB ASC 820-10-50-1.

Income Taxes

Falcon Children's Home and Family Services, Inc. is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Home has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Through the year ended June 30, 2015, Falcon Children's Home filed federal form 990, *Return of Organization Exempt from Income Tax*, on a fiscal year basis beginning July 1 and ending June 30. In 2016, the chief financial officer found a letter from the Department of the Treasury dated April 8, 2004, that states that the Home is not required to file federal income tax returns unless subject to the tax on unrelated business income; therefore, the Home has not filed a federal income tax return for the year ended June 30, 2016 and beyond.

There was no unrelated business income during the fiscal year ended June 30, 2017. On July 1, 2010, the Home adopted the recognition requirements for uncertain income tax positions as required by accounting principles generally accepted in the United States of America with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Home has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates, and it believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Home's financial condition, results of operations or cash flows. Accordingly, the Home has not recorded any reserves or related accruals for interest and penalties for income tax positions at June 30, 2017. The Home's Federal tax returns for 2014 and 2015 are subject to examination by the IRS.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Economic Dependency

Falcon Children's Home and Family Services, Inc. receives support and revenue from donations from individuals, businesses, and civic groups. Any significant change in funding from these entities could result in a material change in the Home's operations.

Advertising

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. The Home had no direct response costs during the year ended June 30, 2017. Advertising expense was \$10,173.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses (page 5), and in the functional expense schedules (Schedules 2 and 3). Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Subsequent events have been evaluated through October 4, 2017, which is the date the financial statements were available to be issued.

Comparative Data

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Home's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Falcon Children's Home and Family Services, Inc. is required by *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk*, to disclose significant concentrations of credit risk regardless of the degree of risk. The Home maintains bank deposits and certificates at four financial institutions. Two of these institutions are covered by the Federal Deposit Insurance Corporation (FDIC) and are secured up to \$250,000 per depositor. Two institutions are not insured by the FDIC. At June 30, 2017, cash deposits totaled approximately \$3,839,473 of which \$3,586,973 was uninsured.

The Securities Investor Protection Corporation also insures money market funds and mutual funds up to \$500,000 per depositor. At June 30, 2017, the Home also held mutual funds the amount of \$2,324,341 of which \$1,824,341 was uninsured.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - ACCOUNTS RECEIVABLE

The balance shown in accounts receivable consists of the following:

| | 2017 | 2016 |
|---|------------|------------|
| State of North Carolina: | | |
| Sales tax refund | \$ 7,407 | \$ 7,158 |
| Board payments | 342,142 | 270,440 |
| School lunch program | 2,582 | - |
| Steamer grant | - | 5,986 |
| State of South Carolina - board payments | 40,917 | 55,991 |
| Insurance recovery - Turbeville home ceiling | - | 6,670 |
| Insurance recovery - Hurricane Matthew damage | 6,522 | - |
| Total accounts receivable | \$ 399,570 | \$ 346,245 |

NOTE 5 - INVENTORIES

Inventory is maintained at various locations. Inventory kept on the campuses of the Home (Falcon and Turbeville) consists food and food supplies, school supplies, medical supplies, personal hygiene supplies, and donated toys and clothes. A small, immaterial amount of inventory is also located at each thrift store operated by the Home. Stores are located in Dunn, NC, and Turbeville, SC. The inventory was counted by management and valued at a replacement cost on a per unit basis. Donated items included in ending inventory were valued at what it would cost to purchase such items in like condition or whatever such items would sell for in each thrift store.

NOTE 6 - FAIR VALUE MEASUREMENTS

The Home follows the Financial Accounting Standards Board ASC 820, Fair Value Measurements ("FASB ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Home at the measurement date for identical assets and liabilities.

Level 2 - Inputs other than quoted market prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets and liabilities that are not active; (3) observable inputs other than quoted prices that are used in the valuation of assets or liabilities (e.g. interest rate and yield curve quotes at commonly quoted intervals); (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. ~~If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.~~

Level 3 - Unobservable inputs for the assets or liabilities (i.e. supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodology in recent years.

Common Stocks: Valued at closing price reported on the active market on which the individual securities are traded.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Home are open-end mutual funds that are registered with the Securities and Exchange Commission. The funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Home are deemed to be actively traded.

U.S. Government Securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Home believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 - LONG-TERM INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. During the year ended June 30, 2017, long-term investments earned \$27,494 in dividends and interest, incurred realized gains of \$53,771, and incurred management fees totaling \$33,245 to bring the net realized gain to \$48,020. As of June 30, 2017, all of the Home's financial asset fair value measurements fall within Level 1 of the fair value hierarchy. The following table sets forth the Home's assets at fair value as of June 30, 2017:

Level 1 Fair Value Measurements (active market quoted prices) - Recurring basis

| | Cost | Fair Value | Unrealized Gain |
|---|---------------------|---------------------|--------------------|
| Syntrinsic Investments : cash equivalents | \$ 48,250 | \$ 48,250 | \$ - |
| Syntrinsic Investments : mutual funds | 1,517,822 | 1,605,408 | 87,586 |
| Syntrinsic Investments: equities | 625,236 | 670,683 | 45,447 |
| | <u>\$ 2,191,308</u> | <u>\$ 2,324,341</u> | <u>\$ 133,033</u> |

NOTE 8 - PROPERTY AND EQUIPMENT

A summary of activity and changes in property and equipment for the year ended June 30, 2017, is as follows:

| | Beginning of Year | Additions During Year | Retirements During Year | Balance at End of Year |
|-----------------------------------|----------------------|--------------------------|----------------------------|---------------------------|
| Land | \$ 169,258 | \$ - | \$ - | \$ 169,258 |
| Buildings | 10,115,228 | 90,824 | - | 10,206,052 |
| Furniture, fixtures and equipment | 1,833,798 | 55,557 | 918,787 | 970,568 |
| Automotive equipment | 419,060 | 59,131 | 25,051 | 453,140 |
| Land improvements | 576,850 | - | 11,314 | 565,536 |
| | <u>13,114,194</u> | <u>205,512</u> | <u>955,152</u> | <u>12,364,554</u> |
| Less: accumulated depreciation | 6,001,644 | 309,853 | 954,527 | 5,356,970 |
| Net property and equipment | <u>\$ 7,112,550</u> | <u>\$ (104,341)</u> | <u>\$ 625</u> | <u>\$ 7,007,584</u> |

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The accounts payable and accrued expenses consist of the following:

| | 2017 | 2016 |
|---|-------------------|------------------|
| Accounts payable - trade | \$ 127,122 | \$ 46,832 |
| Payroll withholding due | 31,268 | 28,704 |
| Total accounts payable and accrued expenses | <u>\$ 158,390</u> | <u>\$ 75,536</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 - MORTGAGES PAYABLE

| | 2017 | 2016 |
|---|--------------|--------------|
| North Carolina Conference of the Pentecostal Holiness Church: | | |
| In 2013, the Home built an addition to its Falcon campus consisting of three new buildings for the Maternity Home and Mothers' and Babies' ministries. The Home secured a \$2,600,000 mortgage at The North Carolina Conference of the Pentecostal Holiness Church, Inc. dated April 3, 2014, secured by the deed of trust on the ten acre tract known as the Whitfield Family Life Center with an interest rate of 4.5% per annum. Repayment terms are as follows: (a) interest only through April 1, 2015, (b) principal and interest in the amount of \$13,174 for 83 consecutive months beginning May 1, 2015, and (c) a final payment of all unpaid principal and interest due on April 1, 2022. | \$ 2,252,503 | \$ 2,546,747 |
| South Carolina Free Will Baptist Ministries: | | |
| No-interest loan dated October 7, 2015, for \$450,000 for the purchase of the Children's Home in Turbeville, SC; 180 equal monthly payments of \$2,500 beginning December 1, 2015; with the property secured as collateral. | 402,500 | 432,500 |
| | 2,655,003 | 2,979,247 |
| Less: current maturities | 87,908 | 74,366 |
| | \$ 2,567,095 | \$ 2,904,881 |

Maturities of mortgages payable are as follows:

| <u>Year ending June 30,</u> | | |
|-------------------------------|----|--------------|
| 2018 (in current liabilities) | \$ | 87,908 |
| 2019 | | 90,568 |
| 2020 | | 93,351 |
| 2021 | | 96,261 |
| 2022 | | 2,286,915 |
| | | \$ 2,655,003 |

NOTE 11 - FINANCIAL STATEMENT PRESENTATION

The Home reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. In addition, the Home presents a statement of cash flows. At June 30, 2017, unrestricted net assets consisted of undesignated net assets of \$8,124,979 and designated assets of \$2,494,101. Also, at June 30, 2017, temporarily restricted net assets were \$274,480. There were no permanently restricted net assets at year-end.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2017

NOTE 12 - DESIGNATED UNRESTRICTED NET ASSETS

The detail of the Home's designated, unrestricted net asset categories at June 30, 2017, is as follows:

| | |
|-----------------------|---------------------|
| Long-term investments | \$ 2,324,341 |
| Plant expansion | <u>169,760</u> |
| | <u>\$ 2,494,101</u> |

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017, temporarily restricted net assets were \$274,480. Of this amount, \$126,200 represents amounts designated by individuals for the express purpose of college scholarships, \$27,204 for placement of children from the state of Georgia, \$29,135 for a wood working vocational program at FCA, \$52,827 for improvements to the recreational ballfield at the Home, \$12,202 for a playground at the Whitfield Life campus, \$4,677 for household items at the Whitfield Life campus, \$4,800 to make an area of the Home's campus a camper park for off-duty houseparents, and \$17,435 for upkeep of the cemetery owned by the Home.

NOTE 14 - CONTRIBUTIONS

The Home records contributions as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. For the year ended June 30, 2017, temporarily restricted contributions received and not used prior to its fiscal year-end totaled \$74,801, and were restricted as follows: \$410 for the David Arnn Scholarship fund, \$2,000 for the cemetery upkeep, \$50,827 for the recreational ballfield, \$4,686 for FCA's wood working vocational program, \$12,202 for a playground at the Whitfield Life campus, and \$4,676 for household items for the Whitfield Life campus. No permanently restricted contributions were received during the fiscal year.

NOTE 15 - DONATED ITEMS AND SERVICES

Management has valued those items of food, clothes, toys, and other supplies donated during the year ended June 30, 2017, and consumed by the Home at \$300,978. Of this amount, approximately \$136,346 of commodities was received during the Home's annual Harvest Train Program. Donated items received are reflected as unrestricted contributions in the accompanying statements at their estimated fair value at date of receipt. Donated services do not meet the criteria for recording an amount in the financial statements. The Home, however, does receive some support through donated services each year.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2017

NOTE 16 - RENT RECEIVED – GOLDEN YEARS NURSING HOME

Falcon Children’s Home owns and leases a nursing home facility, Golden Years Nursing Home, in Falcon, North Carolina, to an unrelated organization which operates the nursing home and pays rent on the facility to the Home. The rents received by the Home are incorporated into operating funds during the year. The Home is responsible for property taxes on the real property and personal property owned by the Home.

The present lease has a five-year term beginning October 1, 2013 and calls for payments of \$15,277 per month with a two percent annual increase thereafter. For the year ended June 30, 2017, lease payments totaled \$197,469. Future minimum rental payments to be received under the current lease are as follows:

| | |
|---------------------------|------------------|
| Year ending June 30, 2018 | <u>\$ 49,610</u> |
|---------------------------|------------------|

NOTE 17 - FUND RAISING ACTIVITIES

Those costs that were clearly for fundraising activities have been classified to this supporting service category. However, joint costs of the printing room and monthly newsletter printing and mailing expense of \$6,212 for 2017 have been prorated between the administrative and fund-raising functions based on the number of actual appeals for funds and special mailings during this fiscal period. Such activities averaged fifty percent. The other fifty percent of the mailings, printings, and newsletters contained no appeals for funds, however, but rather served only informational or internal purposes.

NOTE 18 - RETIREMENT PLAN

The Home participates in a defined contribution pension plan with the International Pentecostal Holiness Church. The Home contributes either 3% or 6% of employee compensation, depending on length of service. Employees may contribute to the plan if they so choose. The Home's contribution to the plan for the year ended June 30, 2017, was \$92,425.

NOTE 19 - LEASE AND SUBSCRIPTION COMMITMENTS

The Home leases various office machines and software under operating leases. Lease and software license expense for the year ended June 30, 2017, was \$25,601 and is included in office expenses and dues and licenses on the statement of functional expenses. Future minimum lease payments are as follows:

| | |
|-----------------------------|------------------|
| <u>Year ending June 30,</u> | |
| 2018 | \$ 23,786 |
| 2019 | 2,893 |
| 2020 | 414 |
| 2021 | - |
| | <u>\$ 27,093</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 20 - COMPENSATED ABSENCES

Compensated absences for sick pay and personal time have not been accrued since they are determined to be immaterial. The Home's policy is to recognize these costs when actually paid.

NOTE 21 - GRANTS, COMMITMENTS, AND CONTINGENCIES

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although this is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grants. For the year ended June 30, 2017, the Home received a grant from the United Way of Cumberland County for \$21,500 for its wood working vocational program at FCA. The funds had not been expended at the end of the year and are included in temporarily restricted net assets on the statement of financial condition and in note 13.

NOTE 22 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest amounted to \$113,842 and \$115,225 during the years ended June 30, 2017 and 2016, respectively.

NOTE 23 - RELATED PARTY TRANSACTION

During the fiscal year ended June 30, 2016, the Board of Directors approved a motion to sell a portion of existing Home property to Mr. Joseph Leggett, the superintendent of Falcon Children's Home and Family Services, Inc., for the express purpose of constructing his residence. The land has been appraised, and the Board agreed to sell the property for a value of \$15,000 which approximated appraisal value. Mr. Leggett purchased the property in April of 2017 for the appraised value, \$15,000.

NOTE 24 - SUBSEQUENT EVENTS

During August of 2017, the Home granted a second extension on the Guaranty Agreement in the amount of \$100,000 with the Ministerial Church and Extension Loan Fund (MCELFF) to which it had entered on August 6, 2015 and had extended in August of 2016. The purpose of this agreement was to induce MCELFF to serve as guarantor of a letter of credit from Northeast Georgia Bank to Emmanuel College, Inc. in the amount of \$1,680,300. The Home's total obligation under this agreement would be the \$100,000 deposited with MCELFF plus any and all expenses incurred by MCELFF in connection with the enforcement of its rights under this Guaranty as set forth in section 7 of this Guaranty Agreement.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 24 - SUBSEQUENT EVENTS (CONTINUED)

Falcon Children's Home and Family Services, Inc. is the sole beneficiary of the estate of E.D. Eldrange Draughton who died in September of 2010. The probate process was not begun until November of 2016, the current audit year. This estate consists of two parcels of real estate and the remainder on a lease to purchase contract with a balance of \$28,500 payable at \$500 per month. One parcel of real estate is an undivided in interest in 0.34 acres identified as Tract 1 Alice J Draughton Heirs in Fayetteville, NC (Pin# 0468-25-3703-). The other parcel was his residence, 507 Cecil Street, Fayetteville, NC (Pin# 0466-04-1950-) valued at \$100,500. A lifetime estate on the residence was granted to an occupant of the property at the owner's death with the Home holding a remainder interest. It is anticipated the estate administration will be completed by the end of the current calendar year.

SUPPLEMENTARY INFORMATION

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

DETAILED SCHEDULE OF SUPPORT AND REVENUE

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | 2017 | | | 2016 | |
|---------------------------------------|--------------------|----------------------------|---------------------------|--------------------|--------------------|
| | Unrestricted | Designated Unrestricted | Temporarily Restricted | Total | Total |
| SUPPORT AND REVENUE | | | | | |
| State and Counties: | | | | | |
| Regular care | \$3,310,596 | \$ - | \$ - | \$3,310,596 | \$3,396,463 |
| Regular care - Turbeville | 825,577 | - | - | 825,577 | 117,419 |
| Maternity funds | 52,156 | - | - | 52,156 | 174,898 |
| Foster care funds | 34,685 | - | - | 34,685 | 25,012 |
| | <u>4,223,014</u> | <u>-</u> | <u>-</u> | <u>4,223,014</u> | <u>3,713,792</u> |
| Federal: | | | | | |
| National School Lunch Program | 47,029 | - | - | 47,029 | 36,463 |
| New Life Christian Adoption | 5,520 | - | - | 5,520 | 26,596 |
| Falcon Christian Academy | 51,142 | - | 23,250 | 74,392 | 44,430 |
| Thrift Store | 18,811 | - | - | 18,811 | 18,479 |
| Contributions: | | | | | |
| Harvest Train | 269,031 | - | - | 269,031 | 303,646 |
| Individuals | 173,372 | - | 44,940 | 218,312 | 197,387 |
| Other religious | 116,521 | - | 27,200 | 143,721 | 121,846 |
| Turbeville Children's Home | 95,165 | - | 500 | 95,665 | 40,267 |
| School | 8,792 | - | 2,400 | 11,192 | 5,904 |
| Maternity home | 169,327 | - | 29,175 | 198,502 | 171,802 |
| Donated items | 300,978 | - | - | 300,978 | 351,955 |
| Civic groups and businesses | 23,736 | - | 38,250 | 61,986 | 65,935 |
| Bequeaths from estates | 58,889 | - | - | 58,889 | 3,500 |
| Total contributions | <u>1,215,811</u> | <u>-</u> | <u>142,465</u> | <u>1,358,276</u> | <u>1,262,242</u> |
| Rent received: | | | | | |
| Land and facility usage | 11,196 | - | - | 11,196 | 5,988 |
| Golden Years Nursing Home | 197,469 | - | - | 197,469 | 193,597 |
| Total rent received | <u>208,665</u> | <u>-</u> | <u>-</u> | <u>208,665</u> | <u>199,585</u> |
| Other income: | <u>67,832</u> | <u>-</u> | <u>-</u> | <u>67,832</u> | <u>34,948</u> |
| Investment income: | | | | | |
| Interest and dividends received | 83,712 | 32,479 | 4,688 | 120,879 | 135,429 |
| Realized gain (loss) on investments | - | 53,771 | - | 53,771 | (27,911) |
| Unrealized gain (loss) on investments | - | 104,106 | - | 104,106 | (16,567) |
| Net investment income | <u>83,712</u> | <u>190,356</u> | <u>4,688</u> | <u>278,756</u> | <u>90,951</u> |
| Total support and revenue | <u>\$5,921,536</u> | <u>\$ 190,356</u> | <u>\$ 170,403</u> | <u>\$6,282,295</u> | <u>\$5,427,486</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

DETAILED SCHEDULE OF PROGRAM SERVICE EXPENSES

For the year ended June 30, 2017

(With comparative totals as of June 30, 2016)

| | Social Services | Household Services | Dietary and Food Service | Health Service | Recreation Service | Christian Academy | Religious Activities | Plant and Motor Service |
|----------------------------------|--------------------|-----------------------|--------------------------------|-------------------|-----------------------|----------------------|-------------------------|-------------------------------|
| Salaries and wages | \$ 172,862 | \$ 696,517 | \$ 128,872 | \$ 11,578 | \$ 52,596 | \$ 323,738 | \$ - | \$ 89,214 |
| Payroll taxes | 13,973 | 49,591 | 9,728 | 886 | 4,150 | 25,156 | - | 6,252 |
| Employee benefits | 29,198 | 219,158 | 29,756 | - | 7,201 | 73,086 | - | 13,177 |
| Utilities | 4,554 | 72,635 | 25,715 | - | 8,897 | 26,745 | 4,103 | 13,816 |
| Repairs and maintenance | 44 | 13,135 | 8,757 | 1,100 | 422 | 14,256 | 686 | 159,536 |
| General supplies and expense | 198 | 47,454 | 7,059 | 10,678 | 48,298 | 51,815 | - | - |
| Dues and licenses | 11,250 | - | - | - | - | 1,347 | - | - |
| Travel, meals, and meetings | 3,100 | 75 | 344 | - | - | 8,251 | - | 1,602 |
| Board travel and meetings | - | - | - | - | - | - | - | - |
| Rent | - | - | - | - | - | - | - | - |
| Professional services | - | - | - | - | - | - | - | - |
| Advertising | - | - | - | - | - | 3,429 | - | - |
| Telephone | 6,082 | 33,521 | 1,357 | 135 | 1,557 | 1,122 | - | 886 |
| Office and printing | 465 | - | - | - | - | 6,494 | - | - |
| Education and staff training | 235 | 3,091 | 325 | - | 173 | 3,468 | - | 173 |
| Accreditation expense | - | - | - | - | - | 195 | - | - |
| Clothing purchased | - | 46,247 | - | - | - | 6,960 | - | - |
| Food purchased | - | - | 206,526 | - | - | - | - | - |
| Food donated and used | - | - | 172,707 | - | - | - | - | - |
| Cost of items sold | - | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - | - | - | - |
| Insurance | 2,750 | 11,082 | 2,050 | 184 | 837 | 14,560 | - | 141,704 |
| Depreciation | - | - | - | - | - | 48,524 | - | 178,635 |
| Total service by category | \$ 244,711 | \$1,192,506 | \$ 593,196 | \$ 24,561 | \$124,131 | \$ 609,146 | \$ 4,789 | \$ 604,995 |

Schedule 2

| 2017 | | | | | | | | 2016 |
|--------------------------|--------------------|-------------------|------------------------|------------------|------------------|--------------------|------------------------------|---------------------|
| Mothers and Babies | Adoption Agency | Maternity Home | Transitional Living | Foster Care | Thrift Store | Turbeville Home | Total Program Services | Total |
| \$ 151,195 | \$ 13,197 | \$ 104,593 | \$ 59,152 | \$ 30,449 | \$ - | \$ 346,978 | \$ 2,180,941 | \$ 1,975,115 |
| 11,448 | 390 | 7,427 | 3,995 | 2,329 | - | 26,149 | 161,474 | 145,752 |
| 32,843 | 1,621 | 18,799 | 14,777 | 1,685 | - | 57,833 | 499,134 | 432,073 |
| 12,757 | - | 8,096 | 16,029 | - | 2,605 | 37,057 | 233,009 | 218,015 |
| 19,505 | - | 12,316 | 3,438 | - | 5 | 46,722 | 279,922 | 280,963 |
| 19,794 | 24 | 7,324 | 9,291 | 18,246 | 17 | 45,257 | 265,455 | 262,299 |
| 200 | - | 500 | - | 525 | - | 1,310 | 15,132 | 14,584 |
| 1,993 | 277 | 2,701 | 18 | 317 | - | 1,794 | 20,472 | 18,270 |
| 81 | - | 128 | - | - | - | 24 | 233 | 636 |
| - | 2,820 | - | - | - | 6,600 | - | 9,420 | 9,420 |
| - | - | - | - | - | - | 3,101 | 3,101 | 1,998 |
| 1,562 | 106 | 2,436 | - | 20 | - | 381 | 7,934 | 4,194 |
| 270 | 1,665 | 1,352 | 990 | 406 | - | 3,813 | 53,156 | 55,841 |
| 5,079 | 1,147 | 5,521 | - | 901 | - | 6,111 | 25,718 | 27,517 |
| 265 | 88 | 273 | 80 | 385 | - | 4,424 | 12,980 | 10,040 |
| - | - | - | - | - | - | - | 195 | 195 |
| 2,571 | - | 580 | 2,410 | - | - | - | 58,768 | 81,895 |
| - | - | 7,735 | - | - | - | 37,616 | 251,877 | 212,119 |
| - | - | - | - | - | - | 2,250 | 174,957 | 268,456 |
| - | - | - | - | - | 15,978 | 6,161 | 22,139 | 18,479 |
| 72,859 | - | 40,983 | - | - | - | - | 113,842 | 115,225 |
| - | - | - | - | - | 588 | 74 | 662 | 645 |
| 2,406 | 210 | 4,766 | 941 | 484 | 213 | 18,059 | 200,246 | 199,530 |
| 35,481 | - | 20,328 | - | - | - | 26,885 | 309,853 | 306,355 |
| <u>\$ 370,309</u> | <u>\$ 21,545</u> | <u>\$ 245,858</u> | <u>\$ 111,121</u> | <u>\$ 55,747</u> | <u>\$ 26,006</u> | <u>\$ 671,999</u> | <u>\$ 4,900,620</u> | <u>\$ 4,659,616</u> |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
DETAILED SCHEDULE OF SUPPORTING SERVICE EXPENSES

For the year ended June 30, 2017
(With comparative totals as of June 30, 2016)

| | 2017 | | Total Supporting Services | 2016 |
|---|-----------------------------------|------------------|---------------------------------|-------------------|
| | Administrative and Clerical | Fundraising | | Total |
| Salaries and wages | \$ 351,240 | \$ - | \$ 351,240 | \$ 299,126 |
| Payroll taxes | 27,342 | - | 27,342 | 25,877 |
| Employee benefits | 58,432 | - | 58,432 | 43,760 |
| Utilities | 17,781 | - | 17,781 | 11,738 |
| Repairs and maintenance | 7,356 | - | 7,356 | 12,922 |
| General supplies and expenses | 35,916 | 39,385 | 75,301 | 90,806 |
| Dues and licenses | 2,443 | - | 2,443 | 1,848 |
| Property taxes | 9,574 | - | 9,574 | 9,574 |
| Superintendent travel, meals, and meetings | 6,324 | - | 6,324 | 3,828 |
| Computer supplies, maintenance, and expense | 40,533 | - | 40,533 | 39,344 |
| Board travel, meals, meetings, and fees | 13,830 | - | 13,830 | 15,378 |
| Investment management fees | 33,245 | - | 33,245 | 32,464 |
| Professional services | 29,088 | - | 29,088 | 34,437 |
| Telephone | 1,547 | - | 1,547 | 1,266 |
| Education and staff training | 6,370 | - | 6,370 | 5,065 |
| Postage | 6,381 | 1,373 | 7,754 | 7,533 |
| Newsletter and printing expense | 3,106 | 3,106 | 6,212 | 11,239 |
| Alumni expenses | 16,212 | - | 16,212 | 8,317 |
| Advertising and subscriptions | 2,882 | - | 2,882 | 6,097 |
| Insurance | 5,588 | - | 5,588 | 5,792 |
| Miscellaneous | 1,037 | - | 1,037 | 1,627 |
| Accreditation expense | 4,505 | - | 4,505 | - |
| Employee mileage and meals | 9,618 | - | 9,618 | 5,117 |
| Charitable contributions and sponsorships | 31,740 | - | 31,740 | 37,073 |
| Total service by category | \$ 722,090 | \$ 43,864 | \$ 765,954 | \$ 710,228 |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

JUNE 30, 2018

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

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JUNE 30, 2018

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TRP CPAs, PLLC
certified public accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Falcon Children's Home and Family Services, Inc.
Falcon, North Carolina

We have audited the accompanying financial statements of Falcon Children's Home and Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Falcon Children's Home and Family Services, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules as listed in the table of contents are presented for purposes of additional analysis and are 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.



TRP CPAs, PLLC
Fayetteville, North Carolina
November 8, 2018

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018

ASSETS:

CURRENT ASSETS:

| | |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 3,583,114 |
| Accounts receivable | 542,392 |
| Prepaid insurance | 57,650 |
| Inventories | <u>125,636</u> |
| Total current assets | 4,308,792 |

OTHER ASSETS:

| | |
|--|------------------|
| Cash - board designated | 328,603 |
| Rental deposits | 1,195 |
| Investment in limited liability company | 250,000 |
| Long-term investments - board designated | <u>2,490,346</u> |
| Total other assets | 3,070,144 |

PROPERTY AND EQUIPMENT - NET

6,831,173

TOTAL ASSETS

\$ 14,210,109

LIABILITIES AND NET ASSETS:

CURRENT LIABILITIES:

| | |
|---|---------------|
| Accounts payable and accrued expenses | \$ 85,978 |
| Accrued payroll liabilities | 111,466 |
| Current maturities of long-term mortgages payable | <u>90,545</u> |
| Total current liabilities | 287,989 |

LONG-TERM MORTGAGES PAYABLE - net of current maturities

2,472,637

NET ASSETS:

| | |
|---------------------------------|-------------------|
| Unrestricted | 8,403,407 |
| Unrestricted - board designated | 2,818,949 |
| Temporarily restricted | <u>227,127</u> |
| Total net assets | <u>11,449,483</u> |

TOTAL LIABILITIES AND NET ASSETS

\$ 14,210,109

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|----------------------|-----------------------------------|----------------------|
| SUPPORT AND REVENUE (SCHEDULE 1) | \$ 6,452,679 | \$ 74,379 | \$ 6,527,058 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 121,732 | (121,732) | - |
| EXPENSES: | | | |
| Program services (schedule 2) | 5,086,297 | - | 5,086,297 |
| Supporting services (schedule 3): | | | |
| Administrative and clerical | 764,605 | - | 764,605 |
| Fundraising | 63,742 | - | 63,742 |
| Total supporting services | <u>828,347</u> | <u>-</u> | <u>828,347</u> |
| TOTAL EXPENSES | <u>5,914,644</u> | <u>-</u> | <u>5,914,644</u> |
| INCREASE (DECREASE) IN NET ASSETS | 659,767 | (47,353) | 612,414 |
| NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED | 10,619,080 | 274,480 | 10,893,560 |
| CUMULATIVE EFFECT OF CORRECTION OF AN ERROR | (56,491) | - | (56,491) |
| NET ASSETS, BEGINNING OF YEAR, AS RESTATED | <u>10,562,589</u> | <u>274,480</u> | <u>10,837,069</u> |
| NET ASSETS, END OF YEAR | <u>\$ 11,222,356</u> | <u>\$ 227,127</u> | <u>\$ 11,449,483</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Program Services</u> | <u>Supporting Services</u> | <u>Total</u> |
|---|-----------------------------|--------------------------------|---------------------|
| Salaries and wages | \$ 2,201,870 | \$ 358,352 | \$ 2,560,222 |
| Employee benefits | 467,876 | 54,789 | 522,665 |
| General supplies and expenses | 368,006 | 91,322 | 459,328 |
| Depreciation | 320,665 | - | 320,665 |
| Repairs and maintenance | 305,450 | 10,983 | 316,433 |
| Utilities | 251,174 | 13,546 | 264,720 |
| Food purchased | 255,480 | - | 255,480 |
| Insurance | 209,257 | 5,723 | 214,980 |
| Payroll taxes | 162,207 | 25,894 | 188,101 |
| Food donated and used | 125,273 | - | 125,273 |
| Clothing purchased | 117,708 | - | 117,708 |
| Interest | 96,265 | - | 96,265 |
| Travel, meals, and meetings | 56,053 | 17,671 | 73,724 |
| Charitable contributions | 100 | 69,230 | 69,330 |
| Telephone | 50,753 | 1,016 | 51,769 |
| Computer supplies, maintenance, and expense | 9,632 | 31,335 | 40,967 |
| Investment management fees | - | 38,530 | 38,530 |
| Professional services | 787 | 29,668 | 30,455 |
| Newsletter, office, and printing expense | 24,862 | 2,715 | 27,577 |
| Board travel, meals, meetings, and fees | 2,183 | 24,732 | 26,915 |
| Advertising and subscriptions | 13,723 | 7,121 | 20,844 |
| Education and staff training | 13,972 | 6,859 | 20,831 |
| Dues and licenses | 18,971 | 1,591 | 20,562 |
| Property taxes | 350 | 10,874 | 11,224 |
| Alumni expenses | - | 10,836 | 10,836 |
| Rent | 9,420 | - | 9,420 |
| Postage | 3,290 | 5,966 | 9,256 |
| Accreditation expense | 195 | 8,110 | 8,305 |
| Miscellaneous | 775 | 1,484 | 2,259 |
| Total expenses | <u>\$ 5,086,297</u> | <u>\$ 828,347</u> | <u>\$ 5,914,644</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | |
|--|----|----------------|
| Increase in net assets | \$ | 612,414 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | | 320,665 |
| Loss on sale of fixed assets | | 3,466 |
| Gain on investments | | (158,376) |
| Unrealized investment loss | | 95,011 |
| Donated property and equipment | | (9,500) |
| Decrease (increase) in assets: | | |
| Accounts receivable | | (142,822) |
| Prepaid insurance | | (989) |
| Inventories | | (24,313) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | | (41,144) |
| Accrued payroll liabilities | | 23,707 |
| Deferred insurance proceeds | | (4,188) |
| Net cash provided by operating activities | | <u>673,931</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|------------------|
| Sales (purchases) of investments, net | (150,874) |
| Purchase of investment in limited liability company | (250,000) |
| Proceeds from sale of property and equipment | 2,276 |
| Purchase of property and equipment | <u>(140,512)</u> |
| Net cash used by investing activities | (539,110) |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|---------------------------------------|-----------------|
| Repayment of long-term debt | <u>(91,821)</u> |
| Net cash used by financing activities | <u>(91,821)</u> |

NET INCREASE IN CASH 43,000

CASH - BEGINNING OF YEAR 3,868,717

CASH - END OF YEAR \$ 3,911,717

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for interest \$ 96,265

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Falcon Children's Home and Family Services, Inc. (the Home) is a nonprofit organization. Since its incorporation as Falcon Orphanage in 1909, the Home has provided housing, care, counseling, guidance, ministering, and education for children who have been orphaned, abandoned, abused, or neglected; who need a more structured environment than can be found at home; or who have an environment or conditions within their home determined unsuitable by authorities for the child's continued stay. The Home accepts children regardless of race, religion, sex, age, or national origin; and serves primarily the southeastern United States ministry area of the Pentecostal Holiness Church.

Funding for the Home primarily comes from the following sources: contributions from the public, area Pentecostal Holiness churches and members, allocations from the Pentecostal Holiness Church, Inc., procurement contracts on a per child basis with sponsoring county departments of social services and the State of North Carolina, and efforts of the Home itself to raise needed operating revenues from the sale, fundraising, and rental of its resources. Some federal assistance is received each year as noted in the financial statements and schedules.

On October 7, 2015, the Home purchased the assets of the South Carolina Free Will Baptist Home for Children in Turbeville, South Carolina. The Turbeville home began operations as a department of Falcon Children's Home and Family Services, Inc. in late February of 2016. The Home's major source of revenue for the residents of the Turbeville home comes from funds from the South Carolina Department of Social Services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Home is presented to assist the reader in understanding The Home's financial statements. The financial statements and notes are representations of the Home's management, who is responsible for their integrity and objectivity.

Basis of Accounting

The Home uses the accrual basis of accounting in order to present its financial statements in conformity with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenue when earned and expenses when incurred.

Basis of Presentation

The Home is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

continued...

Cash and Cash Equivalents

The Home considers short-term, interest bearing, highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of financial statement presentation.

Accounts Receivable

Accounts receivable primarily consist of amounts due from various departments of social services for services rendered during the last couple of months of the fiscal year. Based on the payment history, management believes that no allowance for possible uncollectible amounts is necessary. It is the Home's policy to charge off uncollectible accounts receivable when management determines the receivable to be uncollectable.

Investments

The Home carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) within the reporting period in which the income and gains are recognized. Donated investments are reflected at market value at the time of investment.

Inventory

Inventory is maintained at various locations. Inventory kept on the campuses of the Home (Falcon and Turbeville) consists of food and food supplies, school supplies, medical supplies, personal hygiene supplies, and donated toys and clothes. The inventory maintained by the Home is not for resale but rather for internal use by the Home. The inventory was counted by management and valued at a replacement cost on a per unit basis. Donated items included in ending inventory were valued at what it would cost to purchase such items in like condition.

Property and Equipment

The Home capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Assets are depreciated using the straight-line method over the following estimated useful lives:

| | |
|-----------------------------------|---------------|
| Buildings and improvements | 5 - 50 years |
| Furniture, fixtures and equipment | 3 - 20 years |
| Vehicles | 5 - 7 years |
| Land improvements | 10 - 40 years |

continued...

Expenses for maintenance and repairs are charged against operations. Renewals and improvements that materially extend the lives of the assets are capitalized. When items of property and equipment are sold and retired, the related cost and accumulated depreciation are removed from the accounts and any net gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets.

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Home and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Home and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that must be maintained permanently.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are recognized.

Functional Allocation of Expenses

The costs of providing program services and other activities are reflected on the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

The Home uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

continued...

Income Taxes

The Home is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income during the year ended June 30, 2018.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates relate to depreciation expense and in-kind contribution revenues and expenses.

Subsequent Events

The Home has evaluated subsequent events through November 8, 2018 the date at which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements other than the events described in Note 17.

2. CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents that potentially subject the Home to concentrations of credit risk consist principally of accounts in financial institutions. The Home maintains cash balances at four financial institutions. Accounts at two of these institutions are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The other two financial institutions used by the Home are uninsured by the FDIC. At June 30, 2018, the Home's uninsured cash balance was \$3,518,011. The Home has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

A significant amount of the Home's support and revenues comes from state and local governmental agencies. A significant reduction in the level of this support, if this were to occur, may have a considerable effect on the Home's programs and activities. The Home received 69% of its revenues as a result of these agencies for the year ended June 30, 2018.

3. ACCOUNTS RECEIVABLE

The balance shown in accounts receivable as of June 30, 2018 consist of the following:

| | |
|---|-------------------|
| State of North Carolina: | |
| Board payments | \$ 463,274 |
| Sales tax refund | 10,014 |
| School lunch program | 2,069 |
| State of South Carolina- board payments | 64,760 |
| Other | 2,275 |
| Total accounts receivable | <u>\$ 542,392</u> |

continued...

4. INVESTMENT IN LIMITED LIABILITY COMPANY

During 2018, the Home invested \$250,000 to purchase a membership interest in Carolina Education & Ministry Investors Two, LLC. The Home owns a 2.967% interest in the LLC and this investment is recorded on the cost method.

5. FAIR VALUE MEASUREMENTS

The Home follows the Financial Accounting Standards Board ASC 820, Fair Value Measurements. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Home at the measurement date for identical assets and liabilities.

Level 2 - Inputs other than quoted market prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets and liabilities that are not active; (3) observable inputs other than quoted prices that are used in the valuation of assets or liabilities (e.g. interest rate and yield curve quotes at commonly quoted intervals); (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs for the assets or liabilities (i.e. supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

continued...

6. LONG-TERM INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. As of June 30, 2018, all of the Home's financial asset fair value measurements fall within Level I of the fair value hierarchy. It is the intent of the Home to hold these investments for more than one year. The following table sets forth the Home's assets at fair value as of June 30, 2018:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation</u> |
|-------------------|---------------------|---------------------|--------------------------------|
| Mutual funds | \$ 2,162,873 | \$ 2,185,566 | 22,693 |
| Equities | 289,451 | 304,780 | 15,329 |
| Total investments | <u>\$ 2,452,324</u> | <u>\$ 2,490,346</u> | <u>\$ 38,022</u> |

Investment income for the year ended June 30, 2018 consists of the following:

| | |
|---------------------------------|-------------------|
| Realized gain on investments | \$ 158,376 |
| Interest and dividends received | 138,536 |
| Unrealized loss on investments | <u>(95,011)</u> |
| | <u>\$ 201,901</u> |

7. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2018 consist of the following:

| | |
|-----------------------------------|---------------------|
| Land | \$ 169,258 |
| Buildings and improvements | 10,149,001 |
| Furniture, fixtures and equipment | 979,085 |
| Vehicles | 518,802 |
| Land improvements | <u>565,536</u> |
| Total property and equipment | 12,381,682 |
| Less: Accumulated depreciation | <u>(5,550,509)</u> |
| Property and equipment - net | <u>\$ 6,831,173</u> |

continued...

8. MORTGAGES PAYABLE

The mortgages payable consist of the following at June 30, 2018:

| | <u>Original Loan Amount</u> | <u>Balance</u> |
|---|---------------------------------|----------------------------|
| Mortgage payable with the repayment terms of: (a) interest only through April 1, 2015, (b) principal and interest in the amount of \$13,174 for 83 consecutive months beginning May 1, 2015, and (c) a final payment of all unpaid principal and interest due on April 1, 2022, including 4.5% interest, secured by the deed of trust on the ten acre tract known as the Whitfield Family Life Center | \$ 2,600,000 | \$ 2,190,682 |
| Mortgage payable in monthly installments of \$2,500 through November 2030 , 0.0% interest, secured by Turbeville property | 450,000 | <u>372,500</u> |
| Total mortgages payable | | 2,563,182 |
| Less: Current portion | | <u>(90,545)</u> |
| Long-term mortgages payable, less current portion | | <u><u>\$ 2,472,637</u></u> |

Maturities of mortgages payable are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|---------------------------------|----------------------------|
| 2019 | \$ 90,545 |
| 2020 | 93,326 |
| 2021 | 96,235 |
| 2022 | 2,030,576 |
| 2023 | 30,000 |
| Thereafter | <u>222,500</u> |
| Total | <u><u>\$ 2,563,182</u></u> |

9. DESIGNATED UNRESTRICTED NET ASSETS

At June 30, 2018, the board of directors have designated unrestricted net assets to be used for the following purposes:

| | |
|--|----------------------------|
| Long-term investments | \$ 2,643,134 |
| Plant expansion | <u>175,815</u> |
| Total unrestricted - board designated net assets | <u><u>\$ 2,818,949</u></u> |

continued...

10. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2018, net assets were temporarily restricted for the following purposes:

| | |
|--|-------------------|
| College scholarships | \$ 119,618 |
| Improvements to ballfield at the Home | 59,913 |
| Upkeep of cemetery | 20,560 |
| Wood working program at FCA | 15,660 |
| Camper park for house parents | 4,800 |
| Household items at Whitfield Life campus | 3,619 |
| Student recreation | 2,957 |
| Total temporarily restricted net assets | <u>\$ 227,127</u> |

11. DONATED ITEMS AND SERVICES

The Home records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

During the year ended June 30, 2018, the Home received non-cash donations such as food, clothes, toys, and other supplies valued at \$256,865. Of this amount, approximately \$103,920 of commodities were received during the Home's annual Harvest Train Program. Donated items received are reflected as unrestricted contributions in the accompanying statements at their estimated fair value at date of donation.

A substantial number of volunteers have donated significant amounts of their time to the Home and its programs. However, these donated services are not reflected in the financial statements since these services do not require specialized skills.

12. RENTAL INCOME- GOLDEN YEARS NURSING HOME

Falcon Children's Home owns and leases a nursing home facility, Golden Years Nursing Home, in Falcon, North Carolina, to an unrelated organization which operates the nursing home and pays rent on the facility to the Home. The property and equipment under this operating lease totaled \$93,644 as of June 30, 2018 and is included in property, plant and equipment in the accompanying statement of financial position. Accumulated depreciation on property and equipment under this operating lease was \$93,644 as of June 30, 2018.

The rents received by the Home are incorporated into operating funds during the year. The Home is responsible for property taxes on the real property and personal property owned by the Home. The lease has a five-year term beginning October 1, 2013 through September 30, 2018. Subsequent to June 30, 2018, the lease was extended through September 30, 2023. As of June 30,

continued...

2018, the lease calls for payments of \$16,868 per month with a two percent annual increase thereafter. For the year ended June 30, 2018, lease payments totaled \$201,418.

Future minimum rental payments to be received under the lease as extended through September 2023 are as follows:

| Year ending June 30, | Amount |
|-------------------------|---------------------|
| 2019 | \$ 206,459 |
| 2020 | 210,588 |
| 2021 | 214,800 |
| 2022 | 219,096 |
| 2023 | <u>223,478</u> |
| Total | <u>\$ 1,074,421</u> |

13. FUNDRAISING ACTIVITIES

Those costs that were clearly for fundraising activities have been classified to this supporting service category. However, joint costs of the printing room and monthly newsletter printing and mailing expense of \$2,715 for 2018 have been prorated between the administrative and fundraising functions based on the number of actual appeals for funds and special mailings during this fiscal period. Such activities averaged fifty percent. The other fifty percent of the mailings, printings, and newsletters contained no appeals for funds and was only used for informational or internal purposes.

14. RETIREMENT PLAN

The Home participates in a defined contribution pension plan with the International Pentecostal Holiness Church. The Home contributes either 3% or 6% of employee compensation, depending on length of service. Employees may contribute to the plan if they so choose. The Home's contribution to the plan for the year ended June 30, 2018 was \$81,133.

15. OPERATING LEASES

The Home leases various office machines and software under operating leases. Lease and software license expense for the year ended June 30, 2018 was \$36,132 and is included in newsletter, office, and printing expenses, repairs and maintenance, and dues and licenses on the statement of functional expenses. Future minimum lease payments are as follows:

| Year ending June 30, | Amount |
|-------------------------|-----------------|
| 2019 | \$ 3,949 |
| 2020 | <u>275</u> |
| Total | <u>\$ 4,224</u> |

continued...

16. PRIOR PERIOD ADJUSTMENT

Unrestricted net assets at the beginning of the year has been adjusted for accrued uncompensated absences that were not recorded in the prior years. The correction has no effect on the results of the current year's activities. However, the cumulative effect decreases beginning unrestricted net assets by \$56,491.

17. SUBSEQUENT EVENTS

During August of 2017, the Home granted a second extension on the Guaranty Agreement in the amount of \$100,000 with the Ministerial Church and Extension Loan Fund (MCELF). The original Guaranty Agreement began on August 6, 2015 and was extended in August of 2016. The purpose of this agreement was to induce MCELF to serve as guarantor of a letter of credit from Northeast Georgia Bank to Emmanuel College, Inc. in the amount of \$1,680,300. The Home's total obligation under this agreement would be the \$100,000 deposited with MCELF plus any and all expenses incurred by MCELF in connection with the enforcement of its rights under this guaranty as set forth in section 7 of the Guaranty Agreement. On July 31, 2018, the Home was released from their guaranty obligation.

Falcon Children's Home and Family Services, Inc. is the sole beneficiary of the estate of E.D. Eldrange Draughton who died in September of 2010. The probate process was not begun until November of 2016. This estate consists of two parcels of real estate and the remainder on a lease to purchase contract with a balance of \$28,500 payable at \$500 per month. One of the parcels of real estate is an undivided interest in 0.34 acres identified as Tract 1 Alice J Draughton Heirs in Fayetteville, NC (Pin# 0468-25-3703-). The other parcel was his residence, 507 Cecil Street, Fayetteville, NC (Pin# 0466-04-1950-) valued at \$100,500. A lifetime estate on the residence was granted to an occupant of the property at the owner's death with the Home holding a remainder interest. It is anticipated the estate administration will be completed by the end of the subsequent fiscal year.

In July 2018, the Home purchased a building located on their property for \$50,000. The Home plans to use this property to operate a daycare facility. The Home anticipates that the daycare will be in operation during the 2019 calendar year.

In September 2018, the Home signed an agreement to purchase another building in Falcon, NC. They have agreed to purchase the property for \$165,000 during the subsequent fiscal year.

SUPPLEMENTAL INFORMATION

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

**SCHEDULE 1: DETAILED SCHEDULE OF SUPPORT AND REVENUE
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|--------------------|
| SUPPORT AND REVENUE | | | |
| State and Counties: | | | |
| Regular care | \$3,498,407 | \$ - | \$3,498,407 |
| Regular care - Turbeville | 892,302 | - | 892,302 |
| Foster care funds | 75,665 | - | 75,665 |
| Maternity funds | <u>38,148</u> | - | <u>38,148</u> |
| Total state and counties | 4,504,522 | - | 4,504,522 |
| Federal: National School Lunch Program | 45,330 | - | 45,330 |
| New Life Christian Adoption | 3,742 | - | 3,742 |
| Falcon Christian Academy | 80,046 | 12,655 | 92,701 |
| Thrift store | 18,017 | - | 18,017 |
| Contributions: | | | |
| Harvest Train | 289,614 | - | 289,614 |
| Individuals | 239,655 | 37,120 | 276,775 |
| Donated items | 256,865 | - | 256,865 |
| Maternity home | 180,963 | 471 | 181,434 |
| Civic groups and businesses | 130,615 | - | 130,615 |
| Turbeville Children's Home | 121,115 | - | 121,115 |
| Other religious | 103,012 | - | 103,012 |
| Bequeaths from estates | 25,000 | - | 25,000 |
| Mothers and Babies | - | 17,560 | 17,560 |
| Falcon Christian Academy | <u>2,249</u> | - | <u>2,249</u> |
| Total contributions | 1,349,088 | 55,151 | 1,404,239 |
| Rent received: | | | |
| Golden Years Nursing Home | 201,418 | - | 201,418 |
| Land and facility usage | <u>8,388</u> | - | <u>8,388</u> |
| Total rent received | 209,806 | - | 209,806 |
| Other income | 46,800 | - | 46,800 |
| Investment income: | | | |
| Realized gain on investments | 158,376 | - | 158,376 |
| Interest and dividends received | 131,963 | 6,573 | 138,536 |
| Unrealized loss on investments | <u>(95,011)</u> | - | <u>(95,011)</u> |
| Net investment income | <u>195,328</u> | <u>6,573</u> | <u>201,901</u> |
| Total support and revenue | <u>\$6,452,679</u> | <u>\$ 74,379</u> | <u>\$6,527,058</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

**SCHEDULE 2: DETAILED SCHEDULE OF PROGRAM SERVICE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

| | Social Services | Household Services | Dietary and Food Service | Plant and Motor Service | Health Service | Recreation Service | Religious Activities | Christian Academy | Mothers and Babies | Adoption Agency | Maternity Home | Transitional Living | Foster Care | Thrift Store | Turbeville Home | Total Program Services |
|--|-------------------|---------------------|--------------------------|-------------------------|------------------|--------------------|----------------------|-------------------|--------------------|------------------|-------------------|---------------------|------------------|-----------------|-------------------|------------------------|
| Salaries and wages | \$ 146,014 | \$ 673,812 | \$ 126,709 | \$ 91,341 | \$ 11,875 | \$ 25,407 | \$ - | \$ 347,131 | \$ 141,965 | \$ 596 | \$ 108,080 | \$ 65,758 | \$ 42,071 | \$ - | \$ 421,111 | \$ 2,201,870 |
| Employee benefits | 15,857 | 170,245 | 31,961 | 16,227 | - | 5,417 | - | 71,852 | 34,218 | 3,641 | 12,974 | 17,305 | 3,290 | - | 84,889 | 467,876 |
| General supplies and expenses | 145 | 105,986 | 21,134 | - | 8,531 | 39,694 | - | 64,193 | 17,936 | 1,000 | 6,455 | 10,607 | 25,134 | 21 | 67,170 | 368,006 |
| Depreciation | - | - | - | 201,048 | - | - | - | 48,890 | 21,040 | - | 19,243 | - | - | - | 30,444 | 320,665 |
| Repairs and maintenance | - | 19,075 | 7,703 | 175,317 | - | 8,532 | 554 | 6,145 | 15,287 | - | 7,688 | 2,186 | - | - | 62,963 | 305,450 |
| Utilities | 4,939 | 80,150 | 24,524 | 13,808 | - | 11,193 | 5,275 | 29,700 | 9,486 | - | 7,569 | 17,385 | - | 1,587 | 45,558 | 251,174 |
| Food purchased | - | - | 216,225 | - | - | - | - | - | - | - | - | - | - | - | 39,255 | 255,480 |
| Insurance | 2,361 | 10,896 | 2,049 | 144,606 | 192 | 411 | - | 16,365 | 2,296 | 10 | 4,958 | 1,063 | 680 | 214 | 23,156 | 209,257 |
| Payroll taxes | 11,208 | 49,447 | 9,555 | 6,103 | 908 | 2,429 | - | 24,937 | 10,497 | - | 7,309 | 4,985 | 3,218 | - | 31,611 | 162,207 |
| Food donated and used | - | - | 125,273 | - | - | - | - | - | - | - | - | - | - | - | - | 125,273 |
| Clothing purchased | - | 92,688 | - | - | - | - | - | 5,873 | 4,228 | - | 700 | 2,034 | - | - | 12,185 | 117,708 |
| Interest | - | - | - | - | - | - | - | 32,730 | - | - | 32,730 | 30,805 | - | - | - | 96,265 |
| Travel, meals, and meetings | 2,491 | 29,309 | 809 | 2,820 | - | 75 | - | 9,837 | 2,538 | 536 | 2,346 | 66 | 874 | - | 4,352 | 56,053 |
| Charitable contributions | - | - | - | - | - | - | - | - | - | - | 100 | - | - | - | - | 100 |
| Telephone | 5,078 | 32,860 | 1,240 | 694 | 113 | 854 | - | 1,382 | 226 | 1,508 | 1,128 | 556 | 339 | - | 4,775 | 50,753 |
| Computer supplies and maintenance | - | - | - | - | - | - | - | 2,361 | 270 | - | 87 | - | - | - | 6,914 | 9,632 |
| Professional services | - | - | - | - | - | - | - | 73 | - | - | - | - | - | - | 714 | 787 |
| Newsletter, office, and printing expense | 344 | - | - | - | - | - | - | 6,991 | 3,780 | 283 | 3,718 | - | 3,712 | - | 6,034 | 24,862 |
| Board travel, meals, meetings, and fees | - | - | - | - | - | - | - | 82 | - | - | 82 | - | - | - | 2,019 | 2,183 |
| Advertising and subscriptions | - | - | - | - | - | - | - | 1,757 | 4,556 | 551 | 4,556 | - | 794 | - | 1,509 | 13,723 |
| Education and staff training | 1,016 | 4,594 | 135 | 85 | 45 | 465 | - | 540 | 355 | 28 | 37 | 80 | 1,521 | - | 5,071 | 13,972 |
| Dues and licenses | 13,450 | - | - | - | - | - | - | 3,117 | - | - | - | - | - | - | 2,404 | 18,971 |
| Property taxes | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 350 | 350 |
| Rent | - | - | - | - | - | - | - | - | - | 2,820 | - | - | - | 6,600 | - | 9,420 |
| Postage | - | - | - | - | - | - | - | 18 | 1,240 | 88 | 1,210 | - | 18 | - | 716 | 3,290 |
| Accreditation expense | - | - | - | - | - | - | - | 195 | - | - | - | - | - | - | - | 195 |
| Miscellaneous | - | - | - | - | - | - | - | 631 | - | - | - | - | - | - | 144 | 775 |
| Total expenses | \$ 202,903 | \$ 1,269,062 | \$ 567,317 | \$ 652,049 | \$ 21,664 | \$ 94,477 | \$ 5,829 | \$ 641,988 | \$ 302,730 | \$ 11,061 | \$ 220,970 | \$ 152,830 | \$ 81,651 | \$ 8,422 | \$ 853,344 | \$ 5,086,297 |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

**SCHEDULE 3: DETAILED SCHEDULE OF SUPPORTING SERVICE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Administrative and Clerical</u> | <u>Fundraising</u> | <u>Total Supporting Services</u> |
|--|--|--------------------|--------------------------------------|
| Salaries and wages | \$ 358,352 | \$ - | \$ 358,352 |
| Employee benefits | 54,789 | - | 54,789 |
| General supplies and expenses | 30,451 | 60,871 | 91,322 |
| Repairs and maintenance | 10,983 | - | 10,983 |
| Utilities | 13,546 | - | 13,546 |
| Insurance | 5,723 | - | 5,723 |
| Payroll taxes | 25,894 | - | 25,894 |
| Travel, meals, and meetings | 17,671 | - | 17,671 |
| Charitable contributions | 69,230 | - | 69,230 |
| Telephone | 1,016 | - | 1,016 |
| Computer supplies and maintenance | 31,335 | - | 31,335 |
| Investment management fees | 38,530 | - | 38,530 |
| Professional services | 29,668 | - | 29,668 |
| Newsletter, office, and printing expense | 1,358 | 1,357 | 2,715 |
| Board travel, meals, meetings, and fees | 24,732 | - | 24,732 |
| Advertising and subscriptions | 7,121 | - | 7,121 |
| Education and staff training | 6,859 | - | 6,859 |
| Dues and licenses | 1,591 | - | 1,591 |
| Property taxes | 10,874 | - | 10,874 |
| Alumni expenses | 10,836 | - | 10,836 |
| Postage | 4,452 | 1,514 | 5,966 |
| Accreditation expense | 8,110 | - | 8,110 |
| Miscellaneous | 1,484 | - | 1,484 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total expenses | <u>\$ 764,605</u> | <u>\$ 63,742</u> | <u>\$ 828,347</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2019

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

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JUNE 30, 2019

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TRP CPAs, PLLC
certified public accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Falcon Children's Home and Family Services, Inc.
Falcon, North Carolina

We have audited the accompanying financial statements of Falcon Children's Home and Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Falcon Children's Home and Family Services, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Falcon Children's Home and Family Services, Inc. June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in cursive script that reads "TRP CPAs, PLLC".

TRP CPAs, PLLC
Fayetteville, North Carolina
October 31, 2019

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019
(With comparative totals as of June 30, 2018)

| | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|
| ASSETS: | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 3,756,435 | \$ 3,583,114 |
| Accounts receivable | 573,654 | 542,392 |
| Prepaid insurance | 63,232 | 57,650 |
| Inventories | 143,134 | 125,636 |
| Total current assets | <u>4,536,455</u> | <u>4,308,792</u> |
| OTHER ASSETS: | | |
| Cash - board designated | 326,609 | 328,603 |
| Rental deposits | 2,835 | 1,195 |
| Investment in limited liability company | 250,000 | 250,000 |
| Long-term investments - board designated | 2,617,188 | 2,490,346 |
| Property held for sale - net | 79,095 | - |
| Total other assets | <u>3,275,727</u> | <u>3,070,144</u> |
| PROPERTY AND EQUIPMENT - NET | <u>6,935,511</u> | <u>6,831,173</u> |
| TOTAL ASSETS | <u>\$ 14,747,693</u> | <u>\$ 14,210,109</u> |
| LIABILITIES AND NET ASSETS: | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 109,514 | \$ 85,978 |
| Accrued payroll liabilities | 91,854 | 111,466 |
| Deferred lease liability | 2,600 | - |
| Current maturities of long-term mortgages payable | 93,326 | 90,545 |
| Total current liabilities | <u>297,294</u> | <u>287,989</u> |
| LONG-TERM MORTGAGES PAYABLE - NET OF CURRENT MATURITIES | <u>2,383,845</u> | <u>2,472,637</u> |
| Total liabilities | <u>2,681,139</u> | <u>2,760,626</u> |
| NET ASSETS: | | |
| Without donor restrictions | 8,872,406 | 8,403,407 |
| Without donor restrictions - board designated | 2,943,796 | 2,818,949 |
| Total net assets without donor restrictions | <u>11,816,202</u> | <u>11,222,356</u> |
| With donor restrictions | 250,352 | 227,127 |
| Total net assets | <u>12,066,554</u> | <u>11,449,483</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 14,747,693</u> | <u>\$ 14,210,109</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

| | 2019 | | | 2018 |
|--|-------------------------------|----------------------------|----------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| SUPPORT AND REVENUE (Note 20) | \$ 6,623,025 | \$ 120,878 | \$ 6,743,903 | \$ 6,488,528 |
| NET ASSETS RELEASED FROM RESTRICTIONS | 97,653 | (97,653) | - | - |
| EXPENSES: | | | | |
| Program services (Note 21) | 5,331,484 | - | 5,331,484 | 5,097,171 |
| Supporting services (Note 22): | | | | |
| Administrative and clerical | 715,581 | - | 715,581 | 715,201 |
| Fundraising | 79,767 | - | 79,767 | 63,742 |
| Total supporting services | <u>795,348</u> | <u>-</u> | <u>795,348</u> | <u>778,943</u> |
| TOTAL EXPENSES | <u>6,126,832</u> | <u>-</u> | <u>6,126,832</u> | <u>5,876,114</u> |
| INCREASE IN NET ASSETS | 593,846 | 23,225 | 617,071 | 612,414 |
| NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED | 11,222,356 | 227,127 | 11,449,483 | 10,893,560 |
| CUMULATIVE EFFECT OF CORRECTION OF AN ERROR | - | - | - | (56,491) |
| NET ASSETS, BEGINNING OF YEAR, AS RESTATED | <u>11,222,356</u> | <u>227,127</u> | <u>11,449,483</u> | <u>10,837,069</u> |
| NET ASSETS, END OF YEAR | <u>\$ 11,816,202</u> | <u>\$ 250,352</u> | <u>\$ 12,066,554</u> | <u>\$ 11,449,483</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

| | <u>2019</u> | | | <u>2018</u> |
|---|-----------------------------|--------------------------------|---------------------|---------------------|
| | <u>Program Services</u> | <u>Supporting Services</u> | <u>Total</u> | <u>Total</u> |
| Salaries and wages | \$ 2,323,563 | \$ 388,147 | \$ 2,711,710 | \$ 2,560,222 |
| General supplies and expenses | 454,725 | 123,773 | 578,498 | 459,328 |
| Employee benefits | 444,780 | 48,363 | 493,143 | 522,665 |
| Repairs and maintenance | 389,683 | 16,504 | 406,187 | 316,433 |
| Depreciation | 324,290 | - | 324,290 | 320,665 |
| Utilities | 255,997 | 19,150 | 275,147 | 264,720 |
| Insurance | 210,855 | 7,330 | 218,185 | 214,980 |
| Food purchased | 217,903 | - | 217,903 | 255,480 |
| Payroll taxes | 163,620 | 38,232 | 201,852 | 188,101 |
| Food donated and used | 171,748 | - | 171,748 | 125,273 |
| Interest | 102,074 | - | 102,074 | 96,265 |
| Clothing purchased | 69,043 | - | 69,043 | 117,708 |
| Travel, meals, and meetings | 40,369 | 18,720 | 59,089 | 73,724 |
| Telephone | 44,994 | 1,058 | 46,052 | 51,769 |
| Computer supplies, maintenance, and expense | 5,237 | 34,779 | 40,016 | 40,967 |
| Charitable contributions | 300 | 32,417 | 32,717 | 69,330 |
| Newsletter, office, and printing expense | 25,301 | 2,637 | 27,938 | 27,577 |
| Professional services | 3,993 | 21,559 | 25,552 | 30,455 |
| Dues and licenses | 22,738 | 2,661 | 25,399 | 20,562 |
| Education and staff training | 17,010 | 7,540 | 24,550 | 20,831 |
| Advertising and subscriptions | 12,010 | 8,813 | 20,823 | 20,844 |
| Rent | 15,895 | - | 15,895 | 9,420 |
| Property taxes | 11,966 | - | 11,966 | 11,224 |
| Alumni expenses | - | 10,592 | 10,592 | 10,836 |
| Board travel, meals, meetings, and fees | 341 | 7,291 | 7,632 | 26,915 |
| Postage | 2,162 | 5,314 | 7,476 | 9,256 |
| Miscellaneous | 692 | 68 | 760 | 2,259 |
| Accreditation expense | 195 | 400 | 595 | 8,305 |
| Total expenses | <u>\$ 5,331,484</u> | <u>\$ 795,348</u> | <u>\$ 6,126,832</u> | <u>\$ 5,876,114</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase in net assets | \$ 617,071 | \$ 612,414 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 324,290 | 320,665 |
| (Gain) loss on sale of fixed assets | (21,027) | 3,466 |
| (Gain) loss on investments | 31,586 | (158,376) |
| Unrealized investment (gain) loss | (85,423) | 95,011 |
| Donated property and equipment | (100,817) | (9,500) |
| Decrease (increase) in assets: | | |
| Accounts receivable | (31,262) | (142,822) |
| Prepaid insurance | (5,582) | (989) |
| Inventories | (17,498) | (24,313) |
| Rent deposit | (1,640) | - |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 23,536 | (41,144) |
| Accrued payroll liabilities | (19,612) | 23,707 |
| Deferred insurance proceeds | 2,600 | (4,188) |
| Net cash provided by operating activities | <u>716,222</u> | <u>673,931</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Sales (purchases) of investments, net | (73,005) | (150,874) |
| Purchase of investment in limited liability company | - | (250,000) |
| Proceeds from sale of property and equipment | 23,341 | 2,276 |
| Purchase of property and equipment | (409,220) | (140,512) |
| Net cash used by investing activities | <u>(458,884)</u> | <u>(539,110)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repayment of long-term debt | (86,011) | (91,821) |
| Net cash used by financing activities | <u>(86,011)</u> | <u>(91,821)</u> |
| NET INCREASE IN CASH | 171,327 | 43,000 |
| CASH - BEGINNING OF YEAR | <u>3,911,717</u> | <u>3,868,717</u> |
| CASH - END OF YEAR | <u>\$ 4,083,044</u> | <u>\$ 3,911,717</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid during the year for interest | <u>\$ 102,074</u> | <u>\$ 96,265</u> |

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Falcon Children's Home and Family Services, Inc. (the Home) is a nonprofit organization. Since its incorporation as Falcon Orphanage in 1909, the Home has provided housing, care, counseling, guidance, ministering, and education for children who have been orphaned, abandoned, abused, or neglected; who need a more structured environment than can be found at home; or who have an environment or conditions within their home determined unsuitable by authorities for the child's continued stay. The Home accepts children regardless of race, religion, sex, age, or national origin; and serves primarily the southeastern United States ministry area of the Pentecostal Holiness Church.

Funding for the Home primarily comes from the following sources: contributions from the public, area Pentecostal Holiness churches and members, allocations from the Pentecostal Holiness Church, Inc., procurement contracts on a per child basis with sponsoring county departments of social services and the State of North Carolina, and efforts of the Home itself to raise needed operating revenues from the sale, fundraising, and rental of its resources. Some federal assistance is received each year as noted in the financial statements and schedules.

On October 7, 2015, the Home purchased the assets of the South Carolina Free Will Baptist Home for Children in Turbeville, South Carolina. The Turbeville home began operations as a department of Falcon Children's Home and Family Services, Inc. in late February of 2016. The Home's major source of revenue for the residents of the Turbeville home comes from funds from the South Carolina Department of Social Services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Home is presented to assist the reader in understanding The Home's financial statements. The financial statements and notes are representations of the Home's management, who is responsible for their integrity and objectivity.

Basis of Accounting

The Home uses the accrual basis of accounting in order to present its financial statements in conformity with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenue when earned and expenses when incurred.

Basis of Presentation

The Home is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

continued...

Cash and Cash Equivalents

The Home considers short-term, interest bearing, highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of financial statement presentation.

Accounts Receivable

Accounts receivable primarily consist of amounts due from various departments of social services for services rendered during the last couple of months of the fiscal year. Based on the payment history, management believes that no allowance for possible uncollectible amounts is necessary. It is the Home's policy to charge off uncollectible accounts receivable when management determines the receivable to be uncollectable.

Investments

The Home carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) within the reporting period in which the income and gains are recognized. Donated investments are reflected at market value at the time of investment.

Inventory

Inventory is maintained at various locations. Inventory kept on the campuses of the Home (Falcon and Turbeville) consists of food and food supplies, school supplies, medical supplies, personal hygiene supplies, and donated toys and clothes. The inventory maintained by the Home is not for resale but rather for internal use by the Home. The inventory was counted by management and valued at a replacement cost on a per unit basis. Donated items included in ending inventory were valued at what it would cost to purchase such items in like condition.

Property and Equipment

The Home capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Assets are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 40 years.

Expenses for maintenance and repairs are charged against operations. Renewals and improvements that materially extend the lives of the assets are capitalized. When items of property and equipment are sold and retired, the related cost and accumulated depreciation are removed from the accounts and any net gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets.

continued...

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Home and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Home and/or the passage of time.

Contributions

Contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are recognized.

Functional Allocation of Expenses

The costs of providing program services and other activities are reflected on the statement of activities. Most expenses are charged directly to program services and supporting services based on specific identification. Salaries and wages, employee benefits, payroll taxes and a portion of insurance are allocated based on estimated time spent for each function.

Advertising

The Home uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

Income Taxes

The Home is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business income during the year ended June 30, 2019.

continued...

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates relate to depreciation expense and in-kind contribution revenues and expenses.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Department has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Comparative Data

The amounts shown for the year ended June 30, 2018 in the accompanying financial statements are included to provide a basis for comparison with 2019 and present summarized totals only. Accordingly, the 2018 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Home's financial statements for the year ended June 30, 2018, from which summarized information was derived.

Reclassification

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent Events

The Home has evaluated subsequent events through October 31, 2019, the date at which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements other than the events described in Note 19.

continued...

2. CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents that potentially subject the Home to concentrations of credit risk consist principally of accounts in financial institutions. The Home maintains cash balances at four financial institutions. Accounts at two of these institutions are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The other two financial institutions used by the Home are uninsured by the FDIC. At June 30, 2019, the Home's uninsured cash balance was \$3,714,242. The Home has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

A significant amount of the Home's support and revenues comes from state and local governmental agencies. A significant reduction in the level of this support, if this were to occur, may have a considerable effect on the Home's programs and activities. The Home received 66% of its revenues as a result of these agencies for the year ended June 30, 2019.

3. ACCOUNTS RECEIVABLE

The balance shown in accounts receivable as of June 30, 2019 consists of the following:

| | |
|---|-------------------|
| State of North Carolina: | |
| Board payments | \$ 482,858 |
| Sales tax refund | 9,597 |
| School lunch program | 4,787 |
| State of South Carolina- board payments | 40,412 |
| Other | 36,000 |
| Total accounts receivable | <u>\$ 573,654</u> |

4. INVESTMENT IN LIMITED LIABILITY COMPANY

During 2018, the Home invested \$250,000 to purchase a membership interest in Carolina Education & Ministry Investors Two, LLC. The Home owns a 2.967% interest in the LLC and this investment is recorded on the cost method. This investment has not been evaluated for impairment because management did not identify any events or changes in circumstances that might have an adverse effect on fair value.

continued...

5. FAIR VALUE MEASUREMENTS

The Home follows the Financial Accounting Standards Board ASC 820, Fair Value Measurements. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the Home at the measurement date for identical assets and liabilities.

Level 2 - Inputs other than quoted market prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets and liabilities that are not active; (3) observable inputs other than quoted prices that are used in the valuation of assets or liabilities (e.g. interest rate and yield curve quotes at commonly quoted intervals); (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs for the assets or liabilities (i.e. supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

6. LONG-TERM INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. As of June 30, 2019, all of the Home's financial asset fair value measurements fall within Level I of the fair value hierarchy. It is the intent of the Home to hold these investments for more than one year. The following table sets forth the Home's assets at fair value as of June 30, 2019:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation</u> |
|-------------------|---------------------|---------------------|--------------------------------|
| Mutual funds | \$ 2,115,949 | \$ 2,193,638 | \$ 77,689 |
| Equities | <u>377,794</u> | <u>423,550</u> | <u>45,756</u> |
| Total investments | <u>\$ 2,493,743</u> | <u>\$ 2,617,188</u> | <u>\$ 123,445</u> |

7. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2019 consist of the following:

| | |
|-----------------------------------|---------------------|
| Land | \$ 148,488 |
| Buildings and improvements | 10,297,515 |
| Furniture, fixtures and equipment | 974,736 |
| Vehicles | 529,156 |
| Land improvements | <u>630,332</u> |
| Total property and equipment | 12,580,227 |
| Less: Accumulated depreciation | <u>(5,644,716)</u> |
| Property and equipment - net | <u>\$ 6,935,511</u> |

8. PROPERTY HELD FOR SALE

Details of the statement of financial position caption Property held for sale, net, are as follows:

| | |
|--------------------------------|------------------|
| Salemburg, NC property | \$ 226,964 |
| Chocowinity, NC property | <u>38,000</u> |
| Property held for sale | 264,964 |
| Less: Accumulated depreciation | <u>(185,869)</u> |
| Property held for sale - net | <u>\$ 79,095</u> |

The property in Salemburg, NC is no longer needed for the Home's operations. As of June 30, 2019, this property is currently listed for sale through a realtor. This property is listed at a selling price in excess of its carrying value.

The property in Chocowinity, NC was donated to the Home during the year ended June 30, 2019. This property is not needed for the Home's operations and was sold subsequent to year end at a selling price equal to its carrying value.

9. MORTGAGES PAYABLE

The mortgages payable consist of the following at June 30, 2019:

| | <u>Original Loan Amount</u> | <u>Balance</u> |
|---|---------------------------------|---------------------|
| Mortgage payable with the repayment terms of: (a) interest only through April 1, 2015, (b) principal and interest in the amount of \$13,174 for 83 consecutive months beginning May 1, 2015, and (c) a final payment of all unpaid principal and interest due on April 1, 2022, including 4.5% interest, secured by the deed of trust on the ten acre tract known as the Whitfield Family Life Center | \$ 2,600,000 | \$ 2,134,671 |
| Mortgage payable in monthly installments of \$2,500 through November 2030, 0.0% interest, secured by Turbeville property | 450,000 | <u>342,500</u> |
| Total mortgages payable | | 2,477,171 |
| Less: Current portion | | <u>(93,326)</u> |
| Long-term mortgages payable, less current portion | | <u>\$ 2,383,845</u> |

Maturities of mortgages payable are as follows:

| Year ending <u>June 30,</u> | <u>Amount</u> |
|--------------------------------|---------------------|
| 2020 | \$ 93,326 |
| 2021 | 96,235 |
| 2022 | 2,035,110 |
| 2023 | 30,000 |
| 2024 | 30,000 |
| Thereafter | 192,500 |
| Total | <u>\$ 2,477,171</u> |

continued...

10. NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

At June 30, 2019, the board of directors has designated net assets without donor restrictions to be used for the following purposes:

| | |
|--|---------------------|
| Long-term investments | \$ 2,761,704 |
| Plant expansion | <u>182,092</u> |
| Net assets without donor restrictions - board designated | <u>\$ 2,943,796</u> |

11. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2019, net assets with donor restrictions were restricted for the following purposes:

| | |
|--|-------------------|
| College scholarships | \$ 126,001 |
| Weight room | 47,082 |
| Upkeep of cemetery | 33,761 |
| Mom's Hands | 10,814 |
| FCA special fund | 10,000 |
| Wood working program at FCA | 7,508 |
| Covenant Love | 5,155 |
| Camper park for house parents | 4,800 |
| Household items at Whitfield Life campus | 3,316 |
| Catholic grant | <u>1,915</u> |
| Net assets with donor restrictions | <u>\$ 250,352</u> |

12. DONATED ITEMS AND SERVICES

The Home records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

During the year ended June 30, 2019, the Home received non-cash donations such as food, clothes, toys, and other supplies valued at \$454,814. Of this amount, approximately \$106,862 of commodities were received during the Home's annual Harvest Train Program. Donated items received are reflected as unrestricted contributions in the accompanying statements at their estimated fair value at date of donation.

A substantial number of volunteers have donated significant amounts of their time to the Home and its programs. However, these donated services are not reflected in the financial statements since these services do not require specialized skills.

continued...

13. RENTAL INCOME

Golden Years Nursing Home

Falcon Children's Home owns and leases a nursing home facility, Golden Years Nursing Home, in Falcon, North Carolina, to an unrelated organization which operates the nursing home and pays rent on the facility to the Home. The property and equipment under this operating lease totaled \$93,644 as of June 30, 2019 and is included in property, plant and equipment in the accompanying statement of financial position. Accumulated depreciation on property and equipment under this operating lease was \$93,644 as of June 30, 2019.

The rents received by the Home are incorporated into operating funds during the year. The Home is responsible for property taxes on the real property and personal property owned by the Home. The lease had an initial five-year term beginning October 1, 2013 through September 30, 2018. During the current year, the lease was extended through September 30, 2023. As of June 30, 2019, the lease calls for payments of \$17,205 per month with a two percent annual increase thereafter. For the year ended June 30, 2019, lease payments totaled \$205,447.

Harnett Health Systems, Inc.

The Home leases medical office space to Harnett Health System, Inc. under an operating lease with a three year term beginning June 1, 2019 through May 31, 2022. This lease calls for annual lease payments of \$2,600.

Future minimum rental payments to be received under the leases are as follows:

| Year ending | |
|-------------|-------------------|
| June 30, | Amount |
| 2020 | \$ 212,155 |
| 2021 | 216,347 |
| 2022 | 220,622 |
| 2023 | 222,382 |
| 2024 | 55,869 |
| Total | <u>\$ 927,375</u> |

14. FUNDRAISING ACTIVITIES

Those costs that were clearly for fundraising activities have been classified to this supporting service category. However, joint costs of the printing room and monthly newsletter printing and mailing expense of \$2,637 for 2019 have been prorated between the administrative and fundraising functions based on the number of actual appeals for funds and special mailings during this fiscal period. Such activities averaged fifty percent. The other fifty percent of the mailings, printings, and newsletters contained no appeals for funds and was only used for informational or internal purposes.

continued...

15. RETIREMENT PLAN

The Home participates in a defined contribution pension plan with the International Pentecostal Holiness Church. The Home contributes either 3% or 6% of employee compensation, depending on length of service. Employees may contribute to the plan if they so choose. The Home's contribution to the plan for the year ended June 30, 2019 was \$94,883.

16. OPERATING LEASES

The Home leases various office machines under operating leases. Lease expense for the year ended June 30, 2019 was \$21,048 and is included in newsletter, office, and printing expenses, and dues and licenses on the statement of functional expenses. Future minimum lease payments are as follows:

| Year ending June 30, | Amount |
|-------------------------|------------------|
| 2020 | \$ 14,336 |
| 2021 | 14,061 |
| Total | <u>\$ 28,397</u> |

17. PRIOR PERIOD ADJUSTMENT

Unrestricted net assets at the beginning of the prior year have been adjusted for accrued uncompensated absences that were not recorded in the prior years. The correction has no effect on the results of the current year's activities. However, the cumulative effect decreases the prior year's beginning net assets without donor restrictions by \$56,491.

18. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Home's financial assets at June 30, 2019:

| | |
|---|---------------------|
| Financial assets at year end: | |
| Cash and cash equivalents | \$ 3,756,435 |
| Accounts receivable | 573,654 |
| Cash - board designated | 326,609 |
| Long-term investments - board designated | <u>2,617,188</u> |
| Total financial assets | 7,273,886 |
| Less amounts not available to be used within one year: | |
| Net assets with donor restrictions | (250,352) |
| Net assets without donor restrictions - board designated | <u>(2,943,796)</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 4,079,738</u> |

continued...

At June 30, 2019, the balance of board designated net assets was \$2,943,796. This reserve, designated by the board of directors, may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress.

19. SUBSEQUENT EVENTS

Falcon Children's Home and Family Services, Inc. is the sole beneficiary of the estate of E.D. Eldrange Draughon who died in September of 2010. This estate consists of two properties. One of the properties was his residence which includes a lifetime estate granted to an occupant of the property at the owner's death with the Home holding a remainder interest. The other property is a remainder on a lease to purchase contract with the property's tenant at the time of Mr. Draughon's death. This property was deeded from the Home to the tenant subsequent to the year ended June 30, 2019.

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

20. SUPPORT AND REVENUE

Details of support and revenue for the year ended June 30, 2019 (with comparative totals for the year ended June 30, 2018) are as follows:

| | 2019 | | | 2018 |
|--|-------------------------------|----------------------------|--------------|-------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| SUPPORT AND REVENUE | | | | |
| State and Counties: | | | | |
| Regular care | \$ 3,325,790 | \$ - | \$ 3,325,790 | \$3,498,407 |
| Regular care - Turbeville | 889,163 | - | 889,163 | 892,302 |
| Foster care funds | 151,344 | - | 151,344 | 75,665 |
| Maternity funds | 14,067 | - | 14,067 | 38,148 |
| Total state and counties | 4,380,364 | - | 4,380,364 | 4,504,522 |
| Federal: National School Lunch Program | 49,111 | - | 49,111 | 45,330 |
| New Life Christian Adoption | 14,652 | - | 14,652 | 3,742 |
| Falcon Christian Academy | 68,626 | 35,102 | 103,728 | 92,701 |
| Thrift store | 17,178 | - | 17,178 | 18,017 |
| Contributions: | | | | |
| Donated items | 454,814 | - | 454,814 | 256,865 |
| Individuals | 239,510 | 66,781 | 306,291 | 276,775 |
| Harvest Train | 222,858 | - | 222,858 | 289,614 |
| Maternity home | 174,246 | 18,995 | 193,241 | 181,434 |
| Other religious | 145,429 | - | 145,429 | 103,012 |
| Turbeville Children's Home | 134,284 | - | 134,284 | 121,115 |
| Civic groups and businesses | 110,636 | - | 110,636 | 130,615 |
| Bequeaths from estates | 45,377 | - | 45,377 | 25,000 |
| Mothers and Babies | 3,400 | - | 3,400 | 17,560 |
| Falcon Christian Academy | 3,046 | - | 3,046 | 2,249 |
| Total contributions | 1,533,600 | 85,776 | 1,619,376 | 1,404,239 |
| Rent received: | | | | |
| Golden Years Nursing Home | 205,447 | - | 205,447 | 201,418 |
| Land and facility usage | 10,188 | - | 10,188 | 8,388 |
| Total rent received | 215,635 | - | 215,635 | 209,806 |
| Other income | 114,401 | - | 114,401 | 46,800 |
| Investment income: | | | | |
| Realized gain (loss) on investments | (31,586) | - | (31,586) | 158,376 |
| Interest and dividends received | 215,021 | - | 215,021 | 138,536 |
| Unrealized loss on investments | 85,423 | - | 85,423 | (95,011) |
| Investment management fees | (39,400) | - | (39,400) | (38,530) |
| Net investment income | 229,458 | - | 229,458 | 163,371 |
| Total support and revenue | \$ 6,623,025 | \$ 120,878 | \$ 6,743,903 | \$6,488,528 |

continued...

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

21. PROGRAM SERVICES EXPENSES

Details of program services expenses for the year ended June 30, 2019 (with comparative totals for the year ended June 30, 2018) are as follows:

| | 2019 | | | | | | | | | | | | 2018 | | | | |
|---|------------------|--------------------|--------------------------|-------------------------|-----------------|--------------------|----------------------|-------------------|--------------------|-----------------|------------------|---------------------|-------------------|-----------------|------------------|------------------------|---------------------|
| | Social Services | Household Services | Dietary and Food Service | Plant and Motor Service | Health Service | Recreation Service | Religious Activities | Christian Academy | Mothers and Babies | Adoption Agency | Maternity Home | Transitional Living | Foster Care | Thrift Store | Turbeville Home | Total Program Services | Total |
| Salaries and wages | \$120,197 | \$ 729,363 | \$ 126,042 | \$112,165 | \$ 8,185 | \$ 35,991 | \$ - | \$313,162 | \$187,970 | \$12,988 | \$112,016 | \$ 77,270 | \$ 38,465 | \$ - | \$ 450,349 | \$2,323,563 | \$ 2,201,870 |
| General supplies and expenses | 424 | 102,621 | 21,702 | 75 | 2,143 | 51,114 | - | 77,254 | 64,300 | - | 11,463 | 6,534 | 58,347 | 343 | 58,407 | 454,727 | 368,006 |
| Employee benefits | 15,468 | 162,134 | 32,698 | 16,116 | - | 222 | - | 73,412 | 34,967 | 3,686 | 15,277 | 16,194 | 3,379 | - | 71,227 | 444,780 | 467,876 |
| Repairs and maintenance | - | 24,660 | 18,071 | 207,465 | 211 | 1,437 | 906 | 8,474 | 21,519 | - | 9,879 | 1,326 | - | - | 95,735 | 389,683 | 305,450 |
| Depreciation | - | - | - | 196,018 | - | - | - | 52,232 | 21,274 | - | 19,242 | - | - | - | 35,524 | 324,290 | 320,665 |
| Utilities | 4,685 | 84,831 | 24,206 | 15,451 | - | 8,326 | 5,438 | 30,133 | 9,368 | - | 8,648 | 16,011 | - | - | 48,900 | 255,997 | 251,174 |
| Food purchased | - | - | 154,503 | - | - | - | - | - | - | - | 12,941 | - | - | - | 50,459 | 217,903 | 255,480 |
| Insurance | 1,612 | 9,780 | 1,690 | 148,907 | 110 | 475 | - | 15,159 | 2,520 | 174 | 4,842 | 1,036 | 516 | 210 | 23,824 | 210,855 | 209,257 |
| Food donated and used | - | - | 159,943 | - | - | - | - | - | - | - | - | - | - | - | 11,805 | 171,748 | 125,273 |
| Payroll taxes | 9,006 | 57,022 | 8,969 | 7,719 | 608 | 1,860 | - | 22,642 | 10,859 | 98 | 7,396 | 3,631 | 3,618 | - | 30,192 | 163,620 | 162,207 |
| Interest | - | - | - | - | - | - | - | - | 37,497 | - | 31,914 | 32,663 | - | - | - | 102,074 | 96,265 |
| Clothing purchased | - | 47,288 | - | - | - | - | - | 2,970 | 4,015 | - | 881 | 568 | - | - | 13,321 | 69,043 | 117,708 |
| Telephone | 5,288 | 27,715 | 1,256 | 936 | 118 | 308 | - | 401 | 235 | 1,515 | 1,175 | 410 | 353 | - | 5,284 | 44,994 | 50,753 |
| Travel, meals, and meetings | 3,317 | 18,486 | 1,318 | 1,452 | - | 665 | - | 6,667 | 2,662 | 38 | 2,711 | 95 | 1,431 | - | 1,527 | 40,369 | 56,053 |
| Newsletter, office, and printing | 506 | - | - | - | - | - | - | 9,369 | 4,416 | 451 | 3,391 | - | 2,549 | - | 4,619 | 25,301 | 24,862 |
| Dues and licenses | 14,333 | - | - | - | - | - | - | 1,508 | - | - | 100 | - | 840 | - | 5,957 | 22,738 | 18,971 |
| Education and staff training | 275 | 5,274 | 245 | - | 122 | 250 | - | 1,431 | 215 | 12 | 135 | 55 | 3,445 | - | 5,551 | 17,010 | 13,972 |
| Rent | - | - | - | - | - | - | - | - | - | 2,820 | - | - | - | 6,600 | 6,475 | 15,895 | 9,420 |
| Advertising and subscriptions | - | - | - | - | - | - | - | 1,395 | 4,109 | 525 | 4,109 | - | 786 | - | 1,086 | 12,010 | 13,723 |
| Property taxes | - | - | - | 11,966 | - | - | - | - | - | - | - | - | - | - | - | 11,966 | 11,224 |
| Computer supplies and maintenance | - | - | - | - | - | - | - | 1,555 | - | - | 140 | - | - | - | 3,542 | 5,237 | 9,632 |
| Professional services | - | - | - | - | - | - | - | - | - | 1,500 | - | - | - | - | 2,493 | 3,993 | 787 |
| Postage | - | - | - | - | - | - | - | - | 618 | 121 | 618 | - | - | - | 805 | 2,162 | 3,290 |
| Miscellaneous | - | - | - | - | - | - | - | 596 | - | - | - | - | - | - | 94 | 690 | 775 |
| Board travel, meals, meetings, and fees | - | - | - | - | - | - | - | - | 64 | - | 64 | - | - | - | 213 | 341 | 2,183 |
| Charitable contributions | - | - | - | - | - | - | - | - | - | 200 | - | - | - | - | 100 | 300 | 100 |
| Accreditation expense | - | - | - | - | - | - | - | 195 | - | - | - | - | - | - | - | 195 | 195 |
| Total expenses | \$175,111 | \$1,269,174 | \$ 550,643 | \$718,270 | \$11,497 | \$ 100,048 | \$ 6,344 | \$618,555 | \$406,608 | \$23,928 | \$247,142 | \$ 155,793 | \$ 113,729 | \$ 7,153 | \$927,489 | \$5,331,484 | \$ 5,097,171 |

FALCON CHILDREN'S HOME AND FAMILY SERVICES, INC.
 NOTES TO THE FINANCIAL STATEMENTS - CONCLUDED

22. SUPPORTING SERVICES EXPENSES

Details of supporting services expenses for the year ended June 30, 2019 (with comparative totals for the year ended June 30, 2018) are as follows:

| | 2019 | | | 2018 |
|--|--------------------------------|------------------|------------------------------|-------------------|
| | Administrative and Clerical | Fundraising | Total Supporting Services | Total |
| Salaries and wages | \$ 388,147 | \$ - | \$ 388,147 | \$ 358,352 |
| General supplies and expenses | 45,325 | 78,449 | 123,774 | 91,322 |
| Employee benefits | 48,363 | - | 48,363 | 54,789 |
| Payroll taxes | 38,232 | - | 38,232 | 25,894 |
| Computer supplies and maintenance | 34,779 | - | 34,779 | 31,335 |
| Charitable contributions | 32,417 | - | 32,417 | 69,230 |
| Professional services | 21,559 | - | 21,559 | 29,668 |
| Utilities | 19,150 | - | 19,150 | 13,546 |
| Travel, meals, and meetings | 18,720 | - | 18,720 | 17,671 |
| Repairs and maintenance | 16,504 | - | 16,504 | 10,983 |
| Alumni expenses | 10,592 | - | 10,592 | 10,836 |
| Advertising and subscriptions | 8,813 | - | 8,813 | 7,121 |
| Education and staff training | 7,540 | - | 7,540 | 6,859 |
| Insurance | 7,330 | - | 7,330 | 5,723 |
| Board travel, meals, meetings, and fees | 7,291 | - | 7,291 | 24,732 |
| Postage | 5,313 | - | 5,313 | 5,966 |
| Dues and licenses | 2,661 | - | 2,661 | 1,591 |
| Newsletter, office, and printing expense | 1,319 | 1,318 | 2,637 | 2,715 |
| Telephone | 1,058 | - | 1,058 | 1,016 |
| Accreditation expense | 400 | - | 400 | 8,110 |
| Miscellaneous | 68 | - | 68 | 1,484 |
| Total expenses | <u>\$ 715,581</u> | <u>\$ 79,767</u> | <u>\$ 795,348</u> | <u>\$ 778,943</u> |

Appendix B: Curriculum Outline per Grade Span

Falcon Academy



| Topics | Math 1 (9th) | Math 2 (10th) | Math 3 (11th) | Advanced Functions and Modeling (12th) |
|---------------------------|--|--|--|--|
| Real Number System | -Rewrite algebraic expressions with integer exponents using properties of exponents. | -Using properties of rational and irrational numbers. -Explain how expressions with rational exponents can be written as radical expressions. -Rewrite expressions with radicals and rational exponents into equivalent expressions using properties of exponents. | | |
| Creating Equations | -One variable that represents linear, exponential, and quadratic relationships. -Graph equations that represent two variables (linear, exponential, and quadratic). -Create linear equations or inequalities to model situations. -Create and graph equations and inequalities that represent exponential relationships and use them to solve problems. | -Create and graph equations in two variables to represent quadratic, square root, and inverse variation between quantities. -Create and solve equations in two variables to represent quadratic, square root, inverse variation, and right triangle trig relationships. -Create systems of linear, quadratic, square root, and inverse variation to model situations in context. | -Create equations and inequalities in one variable that represent absolute value, polynomial, exponential, and rational relationships and solve them algebraically. -Create and graph equations in two variables to represent absolute value, polynomial, exponential, and rational relationships. -Create systems of equations and/or inequalities to model situations. | -Create and use calculator-generated models of linear, polynomial, exponential, trigonometric, power, and logarithmic functions of bivariate data to solve problems. -Use recursively-defined functions to model and solve problems. a) Find the sum of a finite sequence. b) Find the sum of an infinite sequence. c) Determine whether a given series converges or diverges. d) Translate between recursive and explicit representations. |
| Reasoning with | -Choose method and solve | -Choose a solution method | -Choose a solution method | |

| | | | | |
|---|--|--|---|---|
| <p>Equations and Inequalities</p> | <p>linear equations and inequalities.</p> <ul style="list-style-type: none"> -Identify the graph of two variables represents a solution set. -Understanding the intersection of the graphs of two variables is the solution. -Identifying the solution of a linear inequality as a region. -Use graphs and algebraic methods (substitution and elimination) to solve systems of equations. -Understand why the x coordinates of the points of the graphs are the solutions of the equations. -Represent the solutions of a linear inequality and/or system as a region on the plane. -Justify chosen method for solving quadratic equations using mathematical reasoning. -Solve for the real solutions of quadratic equations by taking square roots and factoring. | <p>and each step of the solving process for solving quadratic, square root, and inverse variation equations.</p> <ul style="list-style-type: none"> -Solve for all solutions of quadratic expressions in one variable. -Explain when quadratic expressions have non-real solutions and express complex solutions. -Use tables, graphs, and algebraic methods to find exact solutions of systems of linear and quadratic equations. -Solve and interpret one variable inverse variation and square root equations and how extraneous solutions may be produced. | <p>for equations and explain step of the solving process.</p> <ul style="list-style-type: none"> -Solve and interpret one variable rational equations arising from context and explain how extraneous solutions may be produced. | |
| <p>Seeing Structure in Expressions</p> | <ul style="list-style-type: none"> -Identify terms, factors, and coefficients of a linear, exponential, and quadratic expression. -Identify and interpret parts | <ul style="list-style-type: none"> -Write an equivalent form of a quadratic expression by completing the square. -Interpret expressions that represent a quantity in | <ul style="list-style-type: none"> -Interpret expressions that represent a quantity in terms of its context (piecewise, absolute value, polynomial, exponential, | <ul style="list-style-type: none"> -Interpret the constants, coefficients, and bases in the context of the data. |

| | | | | |
|-------------------------------|---|---|---|---|
| | <p>of exponential expression, including exponents.</p> <p>-Write an equivalent form of a quadratic function, by factoring to reveal the solutions (zeros) of the function.</p> | <p>terms of its context.</p> <p>-Identify and interpret parts of a quadratic, square root, inverse variation, or right triangle trig expression including terms, factors, coefficients, radicands, and exponents.</p> <p>-Interpret the quadratic and square root expressions made of multiple parts as a combination of a single entity to give meaning to the term.</p> | <p>and rational expressions).</p> <p>-Interpret expressions composed of multiple parts as a single entity.</p> <p>-Write an equivalent form of an exponential expression by using the properties of exponents to transform expressions to reveal rates based on different intervals of time.</p> <p>-Use structure of an expression to identify ways to write an equivalent expression.</p> | |
| Interpreting Functions | <p>-Understanding relationship of domain and range.</p> <p>-Identify key features of graph and table to describe function (max/min, intercepts, increasing/decreasing).</p> <p>-Use function notation to represent input (domain) and output (range) for linear, exponential, and quadratic functions.</p> <p>-Recognize the terms of an arithmetic sequence are the subset of range in a linear function.</p> <p>-Recognize the terms of a</p> | <p>-Understand concept of the function to geometric functions; domain and range of a transformation functions are sets of points on a plane and the image of the transformation is a function of its pre-image.</p> <p>-Extend use of function notation to express image of a geometric figure resulting from a transformation of its pre-image.</p> <p>-Interpret key features of graphs and tables relating</p> | <p>-Use function notation to evaluate piecewise defined functions for inputs in their domains.</p> <p>-Interpret key features of graphs and tables in context to describe functions, relating discontinuity and periodicity.</p> <p>-Analyze piecewise, absolute value, polynomials, exponential, rational, and trigonometric functions using different representations to show key features such as rate</p> | <p>-Use logarithmic (common, natural), piecewise, and power functions to model and solve problems; justify results. a) Solve using tables, graphs, and algebraic properties. b) Interpret the constants, coefficients, and bases in the context of the problem.</p> <p>-Use trigonometric (sine, cosine) functions to model and solve problems; justify results. a) Solve using tables, graphs, and</p> |

| | | | | |
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| | <p>geometric sequence are the subset of range in an exponential function.</p> <ul style="list-style-type: none"> -Interpret average rate of change for an interval. -Analyze exponential functions using different representations to show different properties (decay and growth). -Rewriting the quadratic expression to reveal and explain different key features. | <p>two quantities; domain and range, rate of change, symmetries, and end behavior.</p> <ul style="list-style-type: none"> -Analyze quadratic, square root, and inverse variations using different representations to show key features. | <p>of change, increasing/decreasing, maximums/minimums, symmetries, periodicities, discontinuities.</p> <ul style="list-style-type: none"> -Extend the concept of a function by recognizing that trigonometric ratios are functions of angle measures. -Understanding radian measure of an angle (domain for trig functions, ratio of length of arc on circle and angle to its radius). -Build an understanding of trigonometric functions by using tables, graphs, and technology to represent cosine and sine functions. -Use technology to investigate the parameters of a sine function to represent periodic phenomena and key concepts. | <p>algebraic properties.</p> |
| Building Functions | <ul style="list-style-type: none"> -Build linear, exponential, and quadratic functions from relationships, sequences, or ordered pairs. -Build a linear, exponential, or quadratic function with addition or subtraction | <ul style="list-style-type: none"> -Write a function that describes the relationship between two quantities by building quadratic functions with real solutions, given a graph or ordered pairs. | <ul style="list-style-type: none"> -Write a function that describes relationship between quantities. -Understand the effects of a graph when replacing $f(x)$ with a composition function. | |

| | | | | |
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| | between two quantities. | -Understanding building new functions from existing functions; composition of functions. | -Determine if an inverse exists and what it is. -Build polynomial and exponential functions with real solutions based on a graph or ordered pairs. -Understand the inverse relationship between exponential and logarithmic, quadratic and square root, and linear functions to solve problems. | |
| Linear, Quadratic, and Exponential Models | -Interpret the terms in context of a linear and exponential function. -Identify situations that can be modeled with linear or exponential based on rate of change. -Compare the end behavior of a function using graphs that show increasing exponentially. | | -Use logarithms to express the solution to $ac^t=d$ using technology. -Compare the end behavior of functions using their rates of change over the same intervals of the same length to show increasing exponentially. | |
| Interpreting Categorical and Quantitative Data | -Represent two quantitative variables on a scatter plot. -Fit a line of regression on the scatter plot to solve problems. -Analyze the correlation of the two quantitative variables. -Using technology to | | | -Check models for goodness-of-fit; use the most appropriate model to draw conclusions and make predictions. -Summarize and analyze univariate data to solve problems. a) Apply and compare methods of data |

| | | | | |
|--|---|--|--|---|
| | <p>represent data with plots on a real number line.</p> <ul style="list-style-type: none"> -Using stats to shape the data distribution to compare data (median, mean, standard deviation). -Examine effects of extreme data outliers. | | | <p>collection. b) Apply statistical principles and methods in sample surveys. c) Determine measures of central tendency and spread. d) Recognize, define, and use the normal distribution curve. e) Interpret graphical displays of univariate data. f) Compare distributions of univariate data.</p> |
| Expressing Geometric Properties with Equations | <ul style="list-style-type: none"> -Use coordinates to compute perimeter and area. -Use coordinates to verify a table or set produces a particular type of triangle or quadrilateral. -Use slope to determine parallel, perpendicular, or neither. -Find equation of line through given points. -Use coordinates to find midpoint or endpoint of a line segment. | | | |
| Arithmetic with Polynomial and Rational Expressions | <ul style="list-style-type: none"> -Build understanding that operations with polynomials are comparable to operations with integers. -Understand the relationship between factors, solutions, and zeros of quadratic | <ul style="list-style-type: none"> -Extend the understanding that operations with polynomials are comparable to operations with integers by adding, subtracting, and multiplying polynomials. | <ul style="list-style-type: none"> -Understand and apply the Remainder Theorem. -Understand relationship among the factors, solutions, and zeros of polynomial function. -Rewrite simple rational | |

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| | functions. | | <p>equations in different forms.</p> <ul style="list-style-type: none"> -Understand the similarities between arithmetic with rational expressions and arithmetic with rational numbers. | |
| Congruence | | <ul style="list-style-type: none"> -Experiment with transformations in a plane. -Compare rigid motions that preserve distance and angle measure (translations, reflections, rotations) with those that do not (stretches and dilations). -Understand that rigid motions produce congruent figures and dilations produce similar. -Describe the rotation or reflection symmetry of a polygon. -Given the geometric figure and its image, specify a rigid motion that will transform the pre-image to its image. -Determine whether two figures are congruent by specifying the rigid motion that will transform one figure onto the other. -Use the properties of rigid | <ul style="list-style-type: none"> -Verify the properties of the centers of triangles (centroid, incenter, and circumcenter). -Prove theorems about parallelograms; diagonals, angles, sides. -Apply properties, definitions, and theorems of 2D figures to prove geometric theorems and solve problems. | |

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|---|--|--|--|--|
| | | <p>motion to show two triangles congruent if and only if corresponding sides and angles are congruent.</p> <ul style="list-style-type: none"> -Use congruence in terms of rigid motion for triangle congruence (ASA,SAS,SSS, HL). -Use theorems about lines and angles to prove relationship. | | |
| <p>Similarity, Right Triangles, and Trigonometry</p> | | <ul style="list-style-type: none"> -Verify the properties of dilations given the center and scale factor. -Understand similarity in terms of similarity transformations. -Dilations preserve angle measure. -Use transformations to justify the AA criterion for triangle similarity. -Use similarity to solve problems and to prove theorems about triangles (Pythagorean Theorem). -Verify experimentally that the side ratios in similar right triangles are properties of the angle measures in the triangle, due to the preservation of an angle measure in | | <ul style="list-style-type: none"> -Create and identify transformations with respect to period, amplitude, and vertical and horizontal shifts. -Develop and use the law of sines and the law of cosines. |

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| | | <p>similarity.</p> <ul style="list-style-type: none"> -Use trigonometric ratios and the Pythagorean Theorem to solve problems involving right triangles. -Develop properties of special right triangles 45-45-90 and 30-60-90 and use them to solve. | | |
| The Complex Number System | | <ul style="list-style-type: none"> -Know there is a complex number i such that $i^2 = -1$. | <ul style="list-style-type: none"> -Use the Fundamental Theorem of Algebra to determine the number of potential types of solutions for polynomial functions. | |
| Making Inference and Justifying Conclusions | | <ul style="list-style-type: none"> -Use simulation to determine whether the experimental probability generated by that data is consistent with the theoretical probability based on known information about the population. | <ul style="list-style-type: none"> -Understand the process of making inferences about a population based on a random sample from that population. -Recognize the purposes and differences of same surveys and randomization. -Use simulation to understand how samples can be used to estimate a population mean or margin of error. -Evaluate articles and websites that report data by indentifying the source of data, design of the | |

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| | | | study, and the way they are graphically displayed. | |
| Conditional Probability and Rules for Probability | | <ul style="list-style-type: none"> -Describe events as subsets of outcomes in a sample space using characteristics of outcomes; unions, intersections, complements. -Develop and understand independence and conditional probability. -Interpret a two way table as a sample space to calculate conditional, joint, or marginal probability. -Use rules of probability to compute probabilities of compound events in a uniform probability model. | | <ul style="list-style-type: none"> -Use theoretical and experimental probability to model and solve problems. a) Use addition and multiplication principles. b) Calculate and apply permutations and combinations. c) Create and use simulations for probability models. d) Find expected values and determine fairness. e) Identify and use discrete random variables to solve problems. f) Apply the Binomial Theorem. |
| Geometric Measure and Design | | | <ul style="list-style-type: none"> -Use the volume formulas for prisms, cylinders, pyramids, cones, and spheres to solve problems. -Apply geometric concepts to solve problems (area, volume, density, design). -Identify the shapes of a 2D cross section of 3D object, and identify 3D objects generated by rotations of 2D objects. | |
| Modeling with Geometry | | | -Apply geometric concepts in modeling situations. | |

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|--|--|--|---|--|
| Circles | | | <ul style="list-style-type: none"> -Understand and apply theorems about circles. -Using similarity, show the length of an arc for a given angle in proportional to the radius of the circle. Define radian measure of the central angle as a proportion. | |
| Expressing Geometric Properties with Equations | | | <ul style="list-style-type: none"> -Derive the equation of a circle of given center and radius using the Pythagorean Theorem, completing the square to find the center and radius of a circle by an equation. | |

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|-------|-----------------------|-----------------------|-----------------------|
| Topic | 6 th Grade | 7 th Grade | 8 th Grade |
|-------|-----------------------|-----------------------|-----------------------|

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| <p>Ratio and Proportional Relationships</p> | <ul style="list-style-type: none"> -Describe ratios as multiplicative relationship between two quantities. -Understand ratios can be expressed as equivalent unit ratios by finding and interpreting both unit ratios in context. -Use ratio reasoning with equivalent whole-number ratios to solve real number ratios. -Finding unit rate, finding percent as ratio per 100, finding the whole, given the part and percent. | <ul style="list-style-type: none"> -Compute unit rates associated with ratios of fractions. -Create equations and graphs to represent proportional relationships. -Use scale factors and unit rates in proportional relationships to solve ratio and percent problems. | |
| <p>The Number System</p> | <ul style="list-style-type: none"> -Use visual models and common denominators to compute quotients of fractions and solve real world problems involving division of fractions. -Apply an understanding of decimals and operations. -Understand prime factorization and relationships between factors (GCF and LCM). -Understand and use rational numbers (opposite directions or values, absolute value, distance). -Understand rational numbers as points on a number line and ordered pairs on a coordinate plane. -Understand ordering of rational numbers. -Solve real world and | <ul style="list-style-type: none"> -Apply and extend previous understandings of addition and subtraction, multiplication and division of rational numbers. -Solve mathematical problems involving numerical expressions with rational numbers using the four operations. | <ul style="list-style-type: none"> -Understand every number has decimal expansion and that irrational numbers are defined as non repeating non-terminating decimals. -Use rational approximations of irrational numbers to compare on a number line (square and cube roots to tenths and π to the hundredths). - |

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| | <p>mathematical problems by graphing points in all four quadrants of the coordinate plane.</p> <ul style="list-style-type: none"> -Apply and extend previous understandings of addition and subtraction (subtraction of integers as adding additive inverse). -Write and evaluate numerical expressions involving whole number exponents. -Apply properties of operations to generate equivalent expressions without exponents. -Identify when two expressions are equivalent. <p>Use substitution to determine whether a given number in a specific set that makes an equations true.</p> <ul style="list-style-type: none"> -Solve real world problems by writing and solving equations and inequalities. -Recognizing that inequalities have infinite many solutions. | | |
| Geometry | <ul style="list-style-type: none"> -Understand mathematical problems involving area, surface area, and volume. -Find the area of triangles by composing into rectangles and decomposing into right triangles. -Find the area of special | <ul style="list-style-type: none"> -Understand that in scale drawings of geometric figures, angles remain the same and the length of sides are proportional. -Use a scale factor to compute actual lengths and areas from a scale drawing. | <ul style="list-style-type: none"> -Use transformations to define congruence. -Verify properties of rotations, reflections, and translations that create congruent figures. -Use transformations to describe similarity. |

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| | <p>quadrilaterals and polygons by decomposing into triangles or rectangles.</p> | <ul style="list-style-type: none"> -Construct a scale drawing. -Understand the area and circumference of a circle and the relationships between the radius, diameter, circumference, and area. -Apply the formulas for area and circumference of a circle to solve problems. -Use facts about angles to help write and solve equations in an unknown figure. -Solve area and perimeter of 2D objects composed of triangles, quadrilaterals, and polygons. -Solve volume and surface area of 3D objects composed of cubes, pyramids, and right prisms. | <ul style="list-style-type: none"> -Recognize relationships between interior and exterior angles of a triangle, between angles created by parallel lines and a transversal, and angle-angle criterion for similarity of triangles. -Explain and apply Pythagorean Theorem and its converse to find distance between two points on a coordinate plane. -Understand the formulas for volumes of cones, cylinders, and spheres are related and use to solve mathematical problems. |
| <p>Expressions and Equations</p> | | <ul style="list-style-type: none"> -Apply properties of operations to expand linear expressions with rational coefficients. -Factor linear expressions with a GCF integer. -Solve multi-step mathematical problems with rational numbers in algebraic expressions. -Construct and solve multi-step equations and inequalities with a variable on one side. | <ul style="list-style-type: none"> -Develop and apply the properties of integer exponents to generate equivalent numerical expressions. -Use square and cube root symbols to represent solutions. -Evaluate square roots of perfect squares and cube roots of perfect cubes for positive numbers less than or equal to 400. -Use numbers expressed in scientific notation for very large or very small quantities. -Perform multiplication and division with numbers expressed in scientific notation. -Writing and solving equations |

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| | | | <p>and inequalities in one variable in multi step problem with the same variable on both sides.</p> <ul style="list-style-type: none"> -Linear equations in one variable have one solution, infinite many solutions, and or no solutions. -Analyze and solve a system of two linear equations in two variables in slope-intercept form. |
| Statistics and Probability | <ul style="list-style-type: none"> -Understand that set of data collected to answer a statistical question has a distribution which can be described by its center, spread, and overall shape. -Display numerical data in plots on a number line (histograms, dot plots, box plots). -Summarize numerical data sets in relation to their context. | <ul style="list-style-type: none"> -Recognizing that generalizations about a population are only valid if the sample is representative of the population. -Using random sampling to produce samples. -Understand the absolute mean deviation of a data set. -Understand that range describes the spread of the entire data. - Understand that the interquartile range describes the spread of the middle 50% of the data. -Understand that the probability of a chance event is a number from 0 to 1 that expresses likelihood of the event occurring. -Collect data to calculate the experimental probability of a chance event and to predict frequency. -Develop a probability model and use it to find probabilities of simple events. | <ul style="list-style-type: none"> -Construct and interpret scatter plots to associate two quantities and describe patterns as clustering or outlying, positive or negative association, linear or non linear association. -Use the equation of a linear model to solve problems. |

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| | | -Determine probability of compound events using lists, tables, tree diagrams, and simulation. | |
| Functions | | | <ul style="list-style-type: none"> -Understand that a function is a rule that assigns to each input exactly one output. -Recognize functions given a table of values or a set of ordered pairs. -Identify and compare properties of two linear functions each represented in a different way. -Analyze functions that model linear relationships. -Write an equation and construct a graph in slope-intercept form. -Interpret rate of change in terms of slope and y intercept. -Analyze a linear graph as increasing or decreasing; linear or non linear. |
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| Topic | Kindergarten | 1 st Grade | 2 nd Grade | 3 rd Grade | 4 th Grade | 5 th Grade |
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| Counting and Cardinality | <ul style="list-style-type: none"> -Counting to 100 by ones. -Counting to 100 by tens. -Counting from a given number in a sequence instead beginning at 1. -Write numbers from 0 to 20. -Counting to tell number of objects. -Identifying whether objects in one group are bigger than the other. -Compare two numbers within 10, presented as written numerals. | | | | | |
| Operations and Algebraic Thinking | <ul style="list-style-type: none"> -Represent addition and subtraction, within 10: using objects, fingers, images, drawings, etc. -To solve addition and subtraction word problems within 10. -Recognize and combine groups with totals up to 5. | <ul style="list-style-type: none"> -Represent and solve addition and subtraction word problems, within 20, by using objects, drawings, and equations for unknown numbers. -Represent and solve word problems that call for addition of three whole | <ul style="list-style-type: none"> -Represent and solve addition and subtraction word problems within 100, by using representations and equations with a symbol for the unknown. -Demonstrate fluency with addition and subtraction within | <ul style="list-style-type: none"> -For products of whole numbers with two factors up to and including 10; interpret factors and illustrate as an array. -For whole number quotients of whole numbers with one digit divisor and a one-digit quotient; | <ul style="list-style-type: none"> -Interpret a multiplication equation as a comparison. Multiply or divide to solve word problems involving multiplicative comparisons and using equations with a symbol for the unknown | <ul style="list-style-type: none"> -Write, explain, and evaluate numerical expression involving the four operations to solve up to two-step problems including; parentheses, using the order of operations. |

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| | <p>-Demonstrate fluency with addition and subtraction within 5.</p> | <p>numbers whose sum is less than or equal to 20 by using objects, drawings, and symbols.</p> <p>-Apply the commutative and associative properties as strategies for solving addition problems.</p> <p>-Solve unknown add-end problem, within 20, using addition or changing to subtraction.</p> <p>-Demonstrate fluency with addition or subtraction within 10.</p> <p>-Apply understanding of the equal sign to determine if equations involving addition or subtraction are true.</p> <p>-Determine the unknown whole</p> | <p>20.</p> <p>-Determine whether a group of objects, within 20, has an odd or even number of members: by pairing when counting by 2, whether they can be placed in groups of 2, and writing an equation to express an even number as a sum of two equal addends.</p> <p>-Use addition to find the total number of objects arranged in rectangular arrays with up to 5 rows and up to 5 columns; write an equation to express the total as a sum of equal addends.</p> | <p>interpret as representing number of equal groups of object in each group.</p> <p>-Represent, interpret, and solve one step problems involving multiplication and division.</p> <p>-Solve an unknown factor problem, by using division strategies and/or changing it to multiplication.</p> <p>-Demonstrate fluency with multiplication and division factors, quotients, and divisors up to and including 10.</p> <p>-Solve two-step word problems using addition, subtraction, and multiplication, representing problems using equations with a symbol for the unknown number.</p> | <p>number.</p> <p>-Solve two-step word problems involving the four operations with whole numbers; interpret remainders.</p> <p>-Find all factor pairs for whole numbers up to and including 50 to; recognize a whole number is a multiple of each of its factors, determine if the number is prime or composite, and whether the whole number is a multiple of a given number.</p> <p>-Generate and analyze a number or shape pattern that follows a given rule.</p> | <p>-Generate two numerical patterns using two given rules; identify relationships between corresponding terms, form ordered form and graph ordered pairs.</p> |
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| | | number in an addition or subtraction equation involving three whole numbers. | | -Interpret patterns of multiplication on a hundreds board and/or multiplication table. | | |
| Number and Operations in Base Ten | <ul style="list-style-type: none"> -Compose and decompose numbers from 11 to 19 into ten ones and some further by drawing. -Understanding that these numbers are composed of ten ones and one, etc. | <ul style="list-style-type: none"> -Count to 150 starting at any number less than 150. -Read and write numerals, and represent a number of objects with a written numeral, to 100. -Understand that the two digits of a two-digit number represent amount of tens and ones. -Compare two digit numbers using symbols $<$ $>$ $=$. -Adding two digit number to a one digit number within 100. -Adding two digit number and multiple of ten, within 100. -Given a two digit | <ul style="list-style-type: none"> -Understand that the three digit number represent amounts of hundreds, tens, and ones. -Count within 1,000; skip by 5's, 10's, and 100's. -Read and write numbers within 1,000, using base-ten numerals, number names, and expanded form. -Compare two three-digit numbers based on the value of the hundreds, tens, and ones digits, using $>$, $=$, and $<$ symbols to record the result of comparisons. -Demonstrate | <ul style="list-style-type: none"> -Add and subtract whole numbers up to and including 1,000. -Use concrete and pictorial models, based on place value and the properties of operations, to find the product of a one-digit whole number by a multiple of 10 in the range of 10-90. | <ul style="list-style-type: none"> -Explain that in a multi-digit whole number, a digit in one place represents 10 times as much as it represents in the place to its right, up to 100,000. -Read and write multi-digit whole numbers up to and including 100,000 using numerals, number names, and expanded form. -Compare two multi-digit numbers up to and including 100,000 based on the values of the digits in each place, using $>$, $<$, $=$ | <ul style="list-style-type: none"> -Explain the patterns in the place value system from one million to the thousandths place. -Read, write, and compare decimals to the thousandths. -Demonstrate fluency with the multiplication of two whole numbers up to a three-digit number by a two-digit number using the standard algorithm. -Find quotients with remainders when dividing whole numbers with up to four- |

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| | | <p>number, mentally adding or subtracting 10, without have to count.</p> <p>-Subtracting multiplies of 10 in the range of 10-90 from multiples of 10 in the range 10-90.</p> | <p>fluency with addition and subtraction, within 100.</p> <p>-Add up to three two-digit numbers using strategies based on place value and properties of operations.</p> <p>-Add and subtract, within 1,000 relating strategy to a written method; using models, properties of operations, and relationship between addition and subtraction.</p> <p>-Mentally add 10 or 100 to a given number 100-900, and mentally subtract 10 or 100 from a given number 100-900.</p> | | <p>symbols to record the results.</p> <p>-Add and subtract multi-digit whole numbers up to and including 100,000 using the standard algorithm with place value understanding.</p> <p>-Multiply a whole number of up to three digits by one-digit whole number, and multiply up to two two-digit numbers with place value understanding using area models, partial products, and properties of operations.</p> <p>-Find whole number quotients and remainders with up to three-digit dividends and</p> | <p>digit dividends and two-digit divisors using rectangular arrays, area models, repeated subtraction, and partial quotients.</p> <p>-Compute and solve real-world problems with multi-digit whole numbers and decimal numbers.</p> <p>-Add and subtract decimals to thousandths using models, drawings or strategies based on place value.</p> <p>-Multiply decimals with a product to the thousandths.</p> |
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| | | | | | one-digit divisors with place value understanding using rectangular arrays, area models, repeated subtraction, partial quotients, properties of operations, and the relationship between multiplication and division. | |
| Measurement and Data | <ul style="list-style-type: none"> -Describe measurable attributes of objects; and describe several different measurable attributes of a single object. -Compare two objects with a measurable attribute in common, which object has more or less of and describe difference. -Classify objects into given categories; count the numbers | <ul style="list-style-type: none"> -Order three objects by length; compare the lengths of 2 objects by using a third object. -Tell and write time in hours and half-hours using an analog and digital clock. -Identify quarters, dimes, and nickels and relate their value to pennies. -Organize, represent, and interpret data with up to 3 categories. | <ul style="list-style-type: none"> -Measure the length of an object in standard units by selecting and using appropriate tools such as rulers, yard sticks, meter sticks, and measuring tapes. -Measure the length of an object twice, using length units of different lengths for the two measurements; describe how the two measurements | <ul style="list-style-type: none"> -Tell and write time to the nearest minute. Solve word problems involving addition and subtraction of time intervals within the same hour. -Solve problems involving customary measurement. -Represent and interpret scaled picture and bar graphs. -Find the area of a rectangle with whole number side | <ul style="list-style-type: none"> -Know relative sizes of measurement units. Solve problems involving metric measurement. -Use multiplicative reasoning to convert metric measurements from a larger unit to a smaller unit using place value understanding, two-column tables, and length models. -Solve problems | <ul style="list-style-type: none"> -Given a conversion chart, use multiplicative reasoning to solve one-step conversion problems within a given measurement system. -Represent and interpret data; by asking a question that yields data that changes over time and make a line graph. -Recognize |

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| | <p>of objects and sort by counting.</p> | | <p>relate to the size of the unit chosen.</p> <ul style="list-style-type: none"> -Estimate lengths in using standard units of inches, feet, yards, centimeters, and meters. -Measure to determine how much longer one object is than another, expressing the length difference in terms of a standard length unit. -Use addition and subtraction, within 100, to solve word problems involving lengths that are given in the same units, using equations with a symbol for the unknown number to represent the problem. -Represent whole | <p>lengths by tiling without gaps or overlaps and counting squares.</p> <ul style="list-style-type: none"> -Relate area to the operations of multiplication and addition. -Solve problems involving perimeters of polygons, including finding the perimeter given the side lengths, and finding an unknown side length. | <p>with area and perimeter; find areas of rectilinear figures with known sides, solve problems involving a fixed area and varying perimeters, and apply the area and perimeter formulas for rectangles in real world problems.</p> <ul style="list-style-type: none"> -Represent and interpret data using whole numbers. -Develop understanding of angles and angle measurement; understand angles as geometric shapes that are formed, measure and sketch with a protractor using whole numbers, and solve addition and subtraction | <p>volume as an attribute of solid figures and measure volume by counting unit cubes, using cubic centimeters, cubic inches, cubic feet, and improvised units.</p> <ul style="list-style-type: none"> -Relate volume to the operations of multiplication and addition. |
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| | | | <p>numbers as lengths from 1 on a number line diagram with equally spaced points and represent whole numbers sums and differences, within 100, on a number line.</p> <p>-Tell and write time from analog and digital clocks to the nearest five minutes, using am and pm.</p> <p>-Solve word problems involving; quarters, dimes, nickels, and pennies within 99 cents using symbols appropriately and whole dollar amounts using the \$ symbol appropriately.</p> <p>-Organize, represent, and interpret data with up to four</p> | | <p>problems to find unknown angles on a diagram.</p> | |
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| | | | categories; draw a picture and bar graph, solve simple put together, take apart, and compare problems using this information. | | | |
| Geometry | <ul style="list-style-type: none"> -Describe objects in the environment using names of shapes and positional terms. -Correctly names squares, circles, triangles, rectangles, hexagons, cubes, cones, cylinders, and spheres. -Identify shapes as 2D or 3D. -Analyze and compare two and three dimensional shapes; similarities, differences, and attributes. -Build and draw shapes. -Compose larger shapes from simple shapes. | <ul style="list-style-type: none"> -Distinguish between defining and non-defining attributes and create shapes; building and drawing triangles, rectangles, squares, trapezoids, hexagons, circles. -Building cubes, rectangular prisms, cones, spheres, and cylinders. -Create composite shapes by making 2D and 3D shapes. -Partition circles and rectangles into two and four equal shares. | <ul style="list-style-type: none"> -Recognize and draw triangles, quadrilaterals, pentagons, and hexagons having specified attributes; recognize and describe attributes of rectangular prisms and cubes. -Partition circles and rectangles into two, three, or four equal shares; using the words halves, thirds, half of, a third of, fourths, fourth of, quarter of. | <ul style="list-style-type: none"> -Reason with two-dimensional shapes and their attributes. | <ul style="list-style-type: none"> -Draw and identify points, lines, line segments, rays, angles, and perpendicular and parallel lines. -Classify quadrilaterals and triangles based on angle measure, side lengths, and the presence or absence or parallel or perpendicular lines. -Recognize symmetry in a 2D figure, and identify and draw lines of symmetry. | <ul style="list-style-type: none"> -Graph points in the first quadrant of a coordinate plane, and identify and interpret the x and y coordinates to solve problems. -Classify quadrilateral into categories based on their properties. |

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| <p>Number and Operations - Fractions</p> | | | | <ul style="list-style-type: none"> -Interpret unit fractions with denominators of 2,3,4,6, and 8 as quantities formed when a whole is partitioned into equal parts. -Interpret fractions with denominators of 2,3,4,6, and 8 using area and length models. -Represent equivalent fractions with area and length models by; composing and decomposing fractions into equivalent fractions, explaining that a fraction with same numerator and denominator is a whole, and expressing whole numbers as fractions. -Compare two fractions with the same numerator or the same | <ul style="list-style-type: none"> -Explain why a fraction is equivalent to another fraction by using area and length fraction models, with attention to how the number and size of the parts differ even though the two fractions themselves are the same size. -Compare two fractions with different numerators and different denominators, using the denominators 2,3,4,5,6,8,10,12, and 100. -Recognize that comparisons are valid only when the two fractions refer to the same whole, record results with $<$, $>$, $=$. -Understand and | <ul style="list-style-type: none"> -Add and subtract fractions including mixed numbers, with unlike denominators using related fractions; halves, fourths and eighths; thirds, sixths, and twelfths; fifths, tenths and hundredths. -Use fractions to model and solve division problems. -Apply and extend previous understandings of multiplication to multiply a fraction or whole number by a fraction, including mixed numbers. -Solve one-step word problems involving division of unit fractions by |
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| | | | | denominator by reasoning about their size, using area and length models, and using $<$, $>$, and $=$ symbols. | justify that decompositions of fractions with denominators of 2,3,4,5,6,8,10,12, and 100; understand addition and subtraction of fractions as joining or separating parts of a whole. -Add or subtract fractions, including mixed numbers with like denominators, by replacing each mixed number with an equivalent fraction. -Apply and extend previous understandings of multiplication to model and explain how fractions can be represented by multiplying a whole number by | non-zero whole numbers and division of whole numbers by unit fractions using area and length models, and equations to represent the problem. |
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| | | | | | <p>a unit fraction.</p> <ul style="list-style-type: none">-Solve word problems involving multiplication of a fraction by a whole number.-Use decimal notation to represent fractions.-Use equivalent fractions to add two fractions with denominators of 10 to 100.-Compare two decimals to hundredths by reasoning about their size using area and length models, and recording the results of comparisons with the symbols $<$, $>$, $=$. | |
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Appendix C: 9-12 Core Content Electives

Falcon Academy



Future-Ready Course of Study: Students Entering Grade 9 in 2020-2021

| Course Area | Requirements | NC State Credits Requirement | Cumberland County Credits Requirement | Falcon Academy Credits Requirement |
|------------------------------------|---|------------------------------|---------------------------------------|------------------------------------|
| English | English I, II, III, and IV (sequential) | 4 | 4 | 4 |
| Mathematics | NC Math 1, 2, and 3, and fourth math course to be aligned with the student's post high school plans | 4 | 4 | 4 |
| Social Studies | Founding Principles of the United States and North Carolina (Civics); Economics and Personal Finance; American History; and World History | 4 | 4 | 4 |
| Science | Physical Science, Biology, and Earth/Environmental Science. Chemistry (optional) | 3 | 3 | 3 |
| Health/PE | Health and PE | 1 | 1 | 1 |
| Foreign Language (Elective) | World Language Credits (other than English) | 2 | 2 | 2 |
| Electives | Additional Credits students may choose to take throughout high school: -Career and Technical Education; Arts Education; JROTC; World Language; Cross-Disciplinary; other | 4 | 10 | 6 |
| Total | | 22 | 28 | 24 |

Future-Ready Occupational Course of Study

| Course Area | Requirements | NC State Credits Requirement | Cumberland County Credits Requirements | Falcon Academy Credits Requirements |
|--|--|------------------------------|--|-------------------------------------|
| English | English I, II, III, and IV (sequential) | 4 | 4 | 4 |
| Mathematics | Introductions to Mathematics; Math 1; Financial Mgmt. | 3 | 3 | 3 |
| Social Studies | Founding Principles of the United States and North Carolina (Civics); American History I or II | 2 | 2 | 2 |
| Science | Applied Science and Biology | 2 | 2 | 2 |
| Health/PE | Health and PE | 1 | 1 | 1 |
| Career/Technical Education Electives | Career Technical Electives | 4 | 4 | 4 |
| Occupational Prep Education Electives | Occupational Prep Electives | 6 | 6 | 6 |
| Total | | 22 | 22 | 22 |

Appendix D: Yearly Academic Calendar

Falcon Academy



Falcon Academy

2021 – 2022 School Calendar

August

9-13Teacher Workdays
 12.....Open House (6:00 – 7:30 pm)
 16.....9th Grade Orientation (9:00 am-Noon)
 17.....1st Day of School for Students

September

6.....Labor Day (Holiday)
 17.....Progress Reports Issued

October

15.....Teacher Workday (Student Holiday)
 18.....Report Cards Issued

November

3.....Academic Awards Assembly
 11.....Veteran’s Day (Holiday)
 15.....Progress Reports Issued
 20.....Har Train Req Sat Teacher Workday
 22.....Har Train Reh (Early Rel 11:30 am)
 23.....Har Train (Teacher Wkday/Stud Holiday)
 24-27.....Thanksgiving Holidays

December

13-17Student Testing Week
 22.....Report Cards Issued
 22.....Christmas Holiday (Early Rel 11:30 am)
 23-31.....Christmas Holidays

January

1.....New Year’s Day
 3-4.....Teacher Workday (Student Holiday)
 5.....Students Return to FCA
 12.....Academic Awards Assembly
 17.....Martin Luther King (Holiday)

February

4.....Teacher Workday (Student Holiday)
 9.....Progress Reports Issued
 21.....President’s Day (Holiday)

March

11.....Teacher Workday (Student Holiday)
 15.....Report Cards Issued
 30.....Academic Awards Assembly

April

15.....Good Friday (Holiday)
 18-22.....Easter/Spring Break Holidays
 23....FCH Alumni Day Req Sat Teacher Workday
 25.....Progress Reports Issued

May

6.....Jr/Sr Prom
 9-13.....Student Testing Week
 18.....Final Academic Awards Assembly
 18.....Kindergarten Graduation
 19.....Last Day of School (Early Rel 11:30 am)
 19.....Final Report Cards Issued
 20.....High School Graduation

Falcon Academy

2021 – 2022 School Calendar

1st Semester 87 days or 565.5 hours

2nd Semester 87 days or 565.5 hours

Year 174 days or 1131 hours

Falcon Academy
2022 – 2023 School Calendar

August

8-12 Teacher Workdays
11.....Open House (6:00 – 7:30 pm)
15.....9th Grade Orientation (9:00 am-Noon)
16.....1st Day of School for Students

September

5.....Labor Day (Holiday)
16.....Progress Reports Issued

October

14.....Teacher Workday (Student Holiday)
17.....Report Cards Issued

November

2.....Academic Awards Assembly
11.....Veteran’s Day (Holiday)
14.....Progress Reports Issued
19.....Har Train Req Sat Teacher Workday
21.....Har Train Reh (Early Rel 11:30 am)
22.....Har Train (Teacher Wkday/Stud Holiday)
23-25.....Thanksgiving Holidays

December

12-16.....Student Testing Week
22.....Report Cards Issued
22.....Christmas Holiday (Early Rel 11:30 am)
23-30.....Christmas Holidays

January

1.....New Year’s Day
2-3.....Teacher Workday (Student Holiday)
4.....Students Return to FCA
11.....Academic Awards Assembly
16.....Martin Luther King (Holiday)

February

3.....Teacher Workday (Student Holiday)
8.....Progress Reports Issued
21.....President’s Day (Holiday)

March

10.....Teacher Workday (Student Holiday)
15.....Report Cards Issued
30.....Academic Awards Assembly

April

7.....Good Friday (Holiday)
10-14.....Easter/Spring Break Holidays
22....FCH Alumni Day Req Sat Teacher Workday
24.....Progress Reports Issued

May

5.....Jr/Sr Prom
8-12.....Student Testing Week
17.....Final Academic Awards Assembly
17.....Kindergarten Graduation
18.....Last Day of School (Early Rel 11:30 am)
18.....Final Report Cards Issued
19.....High School Graduation

Falcon Academy
2022 – 2023 School Calendar

1st Semester 88 days or 572 hours

2nd Semester 88 days or 572 hours

Year 176 days or 1144 hours

Falcon Academy
2023 – 2024 School Calendar

August

7-11 Teacher Workdays
 10..... Open House (6:00 – 7:30 pm)
 14.....9th Grade Orientation (9:00 am-Noon)
 15.....1st Day of School for Students

September

4.....Labor Day (Holiday)
 15.....Progress Reports Issued

October

13.....Teacher Workday (Student Holiday)
 17.....Report Cards Issued

November

1.....Academic Awards Assembly
 10.....Veteran’s Day (Holiday)
 13..... Progress Reports Issued
 18.....Har Train Req Sat Teacher Workday
 20.....Har Train Reh (Early Rel 11:30 am)
 21.....Har Train (Teacher Wkday/Stud Holiday)
 22-24.....Thanksgiving Holidays

December

11-15Student Testing Week
 22..... Report Cards Issued
 22.....Christmas Holiday (Early Rel 11:30 am)
 23-29.....Christmas Holidays

January

1.....New Year’s Day
 2-3.....Teacher Workday (Student Holiday)
 4..... Students Return to FCA
 10.....Academic Awards Assembly
 15.....Martin Luther King (Holiday)

February

2.....Teacher Workday (Student Holiday)
 7.....Progress Reports Issued
 19.....President’s Day (Holiday)

March

8.....Teacher Workday (Student Holiday)
 13..... Report Cards Issued
 27.....Academic Awards Assembly
 29..... Good Friday (Holiday)

April

1-5.....Easter/Spring Break Holidays
 20....FCH Alumni Day Req Sat Teacher Workday
 23.....Progress Reports Issued

May

3.....Jr/Sr Prom
 6-10.....Student Testing Week
 15.....Final Academic Awards Assembly
 15.....Kindergarten Graduation
 16..... Last Day of School (Early Rel 11:30 am)
 16.....Final Report Cards Issued
 17.....High School Graduation

Falcon Academy
2023 – 2024 School Calendar

1st Semester 89 days or 578.5 hours

2nd Semester 86 days or 559 hours

Year 175 days or 1137.5 hours

Falcon Academy
2024 – 2025 School Calendar

August

12-16.....Teacher Workdays
 15.....Open House (6:00 – 7:30 pm)
 19.....9th Grade Orientation (9:00 am-Noon)
 20.....1st Day of School for Students

September

2.....Labor Day (Holiday)
 17.....Progress Reports Issued

October

11.....Teacher Workday (Student Holiday)
 16.....Report Cards Issued
 30.....Academic Awards Assembly

November

11.....Veteran’s Day (Holiday)
 13.....Progress Reports Issued
 23.....Har Train Req Sat Teacher Workday
 25.....Har Train Reh (Early Rel 11:30 am)
 26.....Har Train (Teacher Wkday/Stud Holiday)
 27-29.....Thanksgiving Holidays

December

16-20.....Student Testing Week
 20.....Report Cards Issued
 20.....Christmas Holiday (Early Rel 11:30 am)
 23-31.....Christmas Holidays

January

1.....New Year’s Day
 2-3.....Teacher Workday (Student Holiday)
 6.....Students Return to FCA
 8.....Academic Awards Assembly
 20.....Martin Luther King (Holiday)

February

7.....Teacher Workday (Student Holiday)
 12.....Progress Reports Issued
 17.....President’s Day (Holiday)

March

7.....Teacher Workday (Student Holiday)
 12.....Report Cards Issued
 26.....Academic Awards Assembly

April

18.....Good Friday (Holiday)
 21-25.....Easter/Spring Break Holidays
 19....FCH Alumni Day Req Sat Teacher Workday
 23.....Progress Reports Issued

May

2.....Jr/Sr Prom
 7-11.....Student Testing Week
 14.....Final Academic Awards Assembly
 14.....Kindergarten Graduation
 15.....Last Day of School (Early Rel 11:30 am)
 15.....Final Report Cards Issued
 16.....High School Graduation

Falcon Academy
2024 – 2025 School Calendar

1st Semester 85 days or 552.5 hours

2nd Semester 85 days or 552.5 hours

Year 170 days or 1105 hours

Falcon Academy

2025 – 2026 School Calendar

August

11-15.....Teacher Workdays
 14.....Open House (6:00 – 7:30 pm)
 18.....9th Grade Orientation (9:00 am-Noon)
 19.....1st Day of School for Students

September

1.....Labor Day (Holiday)
 17.....Progress Reports Issued

October

17.....Teacher Workday (Student Holiday)
 21.....Report Cards Issued

November

5.....Academic Awards Assembly
 11.....Veteran’s Day (Holiday)
 13.....Progress Reports Issued
 22.....Har Train Req Sat Teacher Workday
 24.....Har Train Reh (Early Rel 11:30 am)
 25.....Har Train (Teacher Wkday/Stud Holiday)
 26-28.....Thanksgiving Holidays

December

15-19.....Testing Week
 19.....Report Cards Issued
 19.....Christmas Holiday (Early Rel 11:30 am)
 22-31.....Christmas Holidays

January

1.....New Year’s Day
 5-6.....Teacher Workday (Student Holiday)
 7.....Students Return to FCA
 14.....Academic Awards Assembly
 19.....Martin Luther King (Holiday)

February

6.....Teacher Workday (Student Holiday)
 10.....Progress Reports Issued
 16.....President’s Day (Holiday)

March

13.....Teacher Workday (Student Holiday)
 17.....Report Cards Issued
 31.....Academic Awards Assembly

April

3.....Good Friday (Holiday)
 6-10.....Easter/Spring Break Holidays
 18....FCH Alumni Day Req Sat Teacher Workday
 22.....Progress Reports Issued

May

1.....Jr/Sr Prom
 11-15.....Student Testing Week
 19.....Final Academic Awards Assembly
 19.....Kindergarten Graduation
 20.....Last Day of School (Early Rel 11:30 am)
 20.....Final Report Cards Issued
 21.....High School Graduation

Falcon Academy

2025 – 2026 School Calendar

1st Semester 84 days or 546 hours

2nd Semester 86 days or 559 hours

Year 170 days or 1105 hours

Appendix E: Daily and Weekly Schedule

Falcon Academy



Daily Schedule for Each Grade Level

Kindergarten

| | |
|---------------|---|
| 8:00-8:30am | Character Education |
| 8:30-9:00am | Social Studies/Science |
| 9:00-9:30am | Phonics |
| 9:30-10:30am | Seatwork and Reading Groups |
| 10:30-11:00am | Handwriting |
| 11:00-12:15pm | Lunch and Recess |
| 12:15-12:30pm | Bathroom and Rest |
| 12:30-1:30pm | Numbers (Math) |
| 1:30-2:00pm | Language Enrichment (story time/poetry) |
| 2:00-2:15pm | Snack time |
| 2:15-2:20pm | Pack up/Clean Up |
| 2:25 pm | Dismissal |

First Grade

| | |
|---------------|-----------------------------|
| 8:00-8:30am | Character Education |
| 8:30-9:00am | Phonics |
| 9:00-10:00am | Seatwork and reading Groups |
| 10:00-10:30am | Penmanship |
| 10:30-11:00am | Spelling |
| 11:00-12:15pm | Lunch and Recess |
| 12:15-12:30pm | Bathroom and Rest |
| 12:30-1:30pm | Math |
| 1:30-2:00pm | Social Studies |
| 2:00-2:15pm | Snack time |
| 2:15-2:20pm | Pack up/Clean up |
| 2:25pm | Dismissal |

Second Grade

| | |
|---------------|-----------------------|
| 8:00-8:30am | Pledges |
| 8:30-9:00am | Character Education |
| 9:00-9:30am | Art MW |
| 9:00-9:30am | Social Studies T TH F |
| 9:30-10:15am | Phonics |
| 10:15-10:45am | Reading |
| 10:45-11:30am | Lunch/Bathrooms |
| 11:30-12:00pm | Recess |
| 12:00-1:00pm | Math |
| 1:00-1:30pm | Spelling |
| 1:30-1:45pm | Writing |
| 1:45-2:15pm | Science/Health |

Third Grade

| | |
|---------------|---------------------------------------|
| 8:00-9:30am | ELA (language, spelling, and reading) |
| 9:30-10:00am | Penmanship |
| 10:00-11:00am | Math |
| 11:00-11:30am | Lunch |
| 11:30-12:20pm | Recess and Bathroom |
| 12:20-1:20pm | History |
| 1:20-2:20pm | Science |

Fourth Grade

| | |
|---------------|---------------------------------------|
| 8:00-9:30am | ELA (language, spelling, and reading) |
| 9:30-10:00am | Penmanship |
| 10:00-11:00am | Math |
| 11:00-11:30am | Lunch |
| 11:30-12:20pm | Recess and Bathroom |
| 12:20-1:20pm | History |
| 1:20-2:20pm | Science |

Fifth Grade

| | |
|---------------|---------------------------------------|
| 8:00-9:30am | ELA (language, spelling, and reading) |
| 9:30-10:00am | Penmanship |
| 10:00-11:00am | Math |
| 11:00-11:30am | Lunch |
| 11:30-12:20pm | Recess and Bathroom |
| 12:20-1:20pm | History |
| 1:20-2:20pm | Science |

Sixth Grade

| | |
|---------------|-------------------------------|
| 8:00-8:45am | Character Education |
| 8:50-9:35am | History |
| 9:40-10:25am | Technology |
| 10:30-11:15am | Math |
| 11:20-11:50am | Lunch |
| 12:00-12:45pm | Art |
| 12:50-1:35pm | Science |
| 1:40-2:25pm | Journalism / Writing Workshop |
| 2:30-3:15pm | Health/PE |

Seventh Grade

| | |
|---------------|-------------------------------|
| 8:00-8:45am | Character Education |
| 8:50-9:35am | History |
| 9:40-10:25am | Technology |
| 10:30-11:15am | Math |
| 11:20-11:50am | Lunch |
| 12:00-12:45pm | Art |
| 12:50-1:35pm | Science |
| 1:40-2:25pm | Journalism / Writing Workshop |
| 2:30-3:15pm | Health/PE |

Eighth Grade

| | |
|---------------|-------------------------------|
| 8:00-8:45am | Pre-Algebra |
| 8:50-9:35am | ELA |
| 9:40-10:25am | Earth Science |
| 10:30-11:15am | Character Education |
| 11:20-11:50am | LUNCH |
| 12:00-12:45pm | History |
| 12:50-1:35pm | Technology |
| 1:40-2:25pm | Journalism / Writing Workshop |
| 2:30-3:15pm | Health/PE |

High School – 9th-12th Grade

| | |
|--------------|-------------------|
| 7:55-9:40am | First Block |
| 9:45-11:25am | Second Block |
| 11:30-1:40pm | Third Block/Lunch |
| 1:45-3:20pm | Fourth Block |

Appendix F: Federal Documentation of Tax-Exempt Status

Falcon Academy



Internal Revenue Service

District Director

Falcon Childrens Home of the Pentecostal
Holiness Church Inc. *
PO Box 39
Falcon: NC 28342

Department of the Treasury

Returns Program Management
Staff - Taxpayer Assistance
P.O. Box 1055 - Room 1109
STOP 520
401 West Peachtree St., NW
Atlanta, GA 30370

Date: JAN 25 1994

Refer Reply To:

Your Inquiry Dated: 01/06/94

EIN: 56-0582024

Parent Organization: International Pentecostal Holiness Church

Dear Taxpayer:

This is in response to your request for confirmation of your exemption from Federal income tax.

Your organization was recognized as exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Your organization is a subordinate unit of the parent organization identified above, which is covered under Group Exemption Number 1619.

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization described in section 173(b)(1)(A)(i).

Please let us know of any change in your purpose, character, or method of operation so we may consider the effect of the change on your exempt status. Also, you should inform us of any change in your name or address. If you have any questions, please write to the address shown above.

Thank you for your consideration.

Sincerely yours,

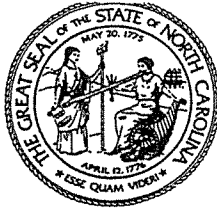


Exempt Organizations Coordinator

TPA50016r

REPLY TO: 401 WEST PEACHTREE STREET, NW, STOP 520, ATLANTA, GA 30370

PLEASE PRINT NAME AND ADDRESS OF ORGANIZATION REQUESTING CONFIRMATION OF EXEMPT STATUS
NAME OF ORGANIZATION: FALCON CHILDRENS HOME OF THE PENTECOSTAL HOLINESS CHURCH INC.
ADDRESS: PO BOX 39, FALCON, NC 28342
EIN: 56-0582024
DATE OF REQUEST: 01/06/94
DATE OF RESPONSE: 01/25/94



CORPORATE INCOME & FRANCHISE TAX

North Carolina Department of Revenue

James B. Hunt, Jr.
Governor

Janice H. Faulkner
Secretary

August 5, 1994

Falcon Children's Home, Inc.
P.O. Box 39
Falcon, NC 28342

Dear Sir:

Thank you for furnishing information concerning the subject corporation's tax status.

This Department has assigned the corporation an exempt status for franchise and income tax purposes under Sections 105-125 and 105-130.11(3), respectively, of the General Statutes of North Carolina. This determination applies only to the organization's status under the corporate income and franchise tax laws.

If it becomes subject to the tax on unrelated business income as provided in G. S. 105-130.11(b), it will be required to complete the income tax schedules of Form CD-404 and file the return on or before the 15th day of the fifth month after the close of the income year, subject to any extension of time which may be granted. It is not required to file Form CD-427, Return of Organization Exempt From Income Tax, unless requested to do so at a later date.

This exemption is contingent upon the corporation's operating within the scope of the applicable provisions of the Internal Revenue Code. This exempt status becomes invalid at the same time as, and upon a determination by the Internal Revenue Service that the organization does not qualify for a tax exempt status under the Internal Revenue Code of 1986 or corresponding provisions of any subsequent Federal Tax Laws.

In the event of any change in the Articles of Incorporation, in the nature of the functions for which exemption has been granted, or in the mailing address, this Department should be notified promptly.

C. R. Craven
Assistant Audit Supervisor
Office Examination Division
(919) 733-4644

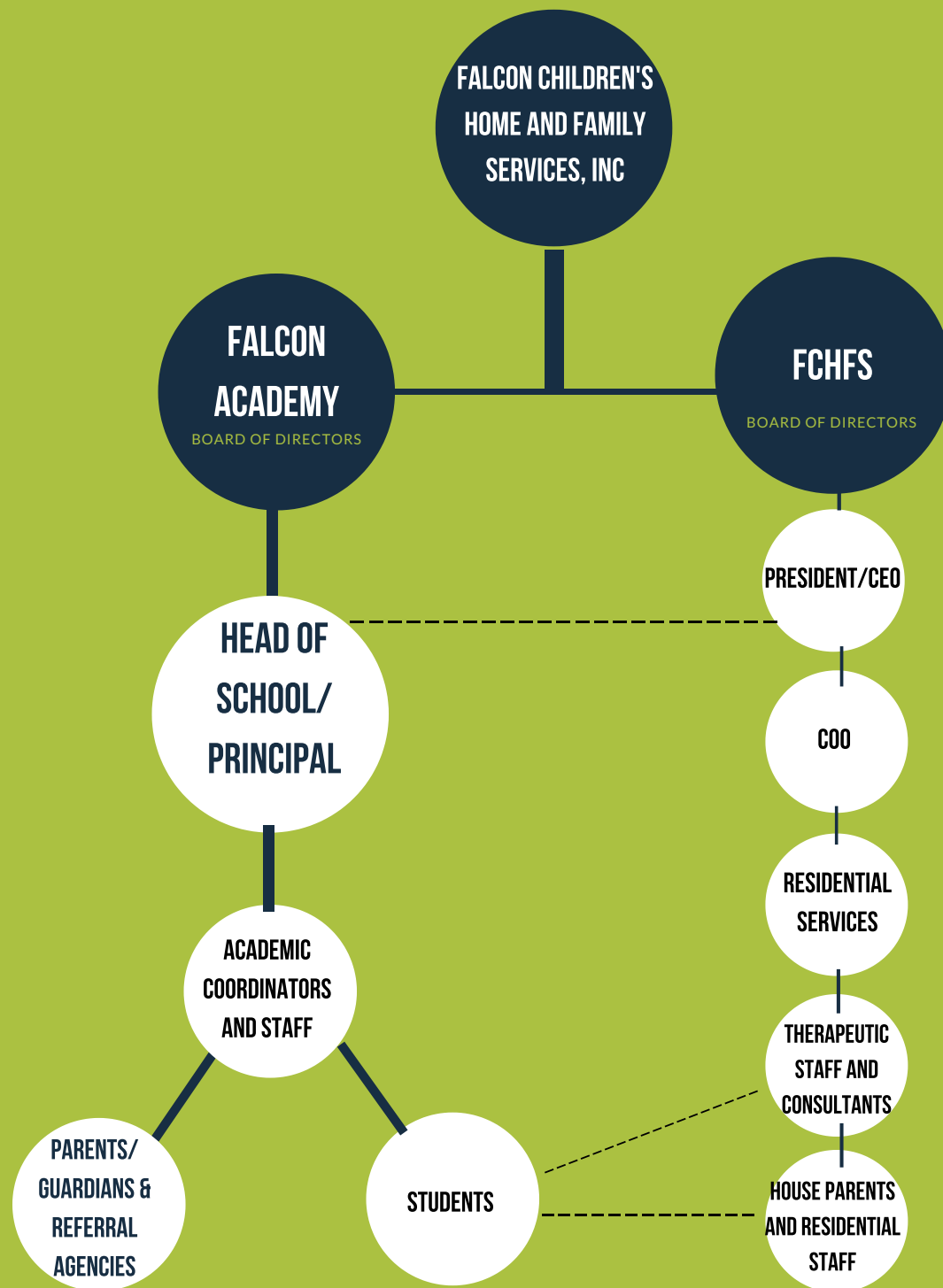
CRC/ltw

Appendix G: Organizational Chart

Falcon Academy



FALCON ACADEMY



Appendix H: Charter School Board Member Information
Form and Resume

Falcon Academy



Sprunt Hill

204 Ramblewood Drive
Mount Olive, NC 28365

919-738-5809

sprunthill@gmail.com

Education

MA Ed Campbell University 1988
BA in Driver's Education East Carolina University 1980
BA in Education University of North Carolina Chapel Hill 1973

Leadership Experience

Wayne County Public Schools Leadership Team
Wayne County Public Schools Supervision of Technology, Textbooks, Transportation, Maintenance
Department, Operations, Director of Athletics and Auxiliary Department
Supervision of new school construction and renovations
State Department of Public Department Leadership Training for Principals, Teacher Evaluation Training

Professional History

Wayne County Public Schools Assistant Superintendant 2001-2010
Wayne County Public Schools Special Assistant to the Superintendant 2000-2001
Carver Elementary School Principal 1996-2001
Grantham School Principal 1995-1996
Assistant Principal Southern Wayne High School 1990-1996
Assistant Principal James Kenan High School (Duplin County) 1988-1990
Physical Education, Driver's Education Teacher and Coach 1973-1988

Professional Memberships

Principal and Assistant Principal Association
Auxiliary Services of North Carolina Public Schools
Director of Athletics for Wayne County Public Schools Association
NCAE Education

Community Experience

Two time Rotary International Paul Harris Fellowship Award
Organized the first Alternative to Abortion golf tournament
Organized the Falcon Christian Academy golf tournament
Supervise the Handy Mart, Andy's, and the Pickle Golf tournaments
Serve on Thunder Swamp IPHC church council

Charter School Board Member Information Form

Note: To be completed individually by each proposed founding charter school board member. All forms must be signed by hand.

Serving on a public charter school board is a position of public trust and as a board member of a North Carolina public charter school; you are responsible for ensuring the quality of the school's entire program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, the State Board of Education requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the applicant team behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve: *Falcon Academy*
2. Full name: *DONALD Sprunt H-11*
- Home Address: *204 Rambleswood Dr. Mount Olive, N.C. 28565*
- Business Name and Address:
- Telephone No.: *919-738-5809*
- E-mail address: *sprunth11@gmail.com*
3. Brief educational and employment history. *Teacher, Coach, Principal, Principal*
4. Have you previously served on a board of a school district, another charter school, a non-public school or any not-for-profit corporation?
 No: Yes
5. How were you recruited to join this Board of Directors? Why do you wish to serve on the board of the proposed charter school? *I was approached by Dr. Stewart, W. Lesselt. Served on the Falcon School Advisory Bd.*
6. What is your understanding of the appropriate role of a public charter school board member?
To oversee and assure that policies are being followed -

7. Describe any previous experience you have that is relevant to serving on the charter school's board (e.g., other board service). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

Served on charter boards, Bd of Education experience - in charge of large budgets, in charge of ~~personnel~~ personnel

8. Describe the specific knowledge and experience that you would bring to the board.

Educational Background - 35 yrs.

School Mission and Program

1. What is your understanding of the school's mission and guiding beliefs?

To provide an atmosphere to meet student academic achievement, character development and life skills.

2. What is your understanding of the school's proposed educational program?

Meeting the needs of all students in a safe learning environment.

3. What do you believe to be the characteristics of a successful school?

A place where children are loved, meeting their educational goals using competent loving teachers, community support -

4. How will you know that the school is succeeding (or not) in its mission?

*Continual educational growth of all students
What gets monitored gets done!*

Governance

1. Describe the role that the board will play in the school's operation.

Evaluation of Directors and overseeing that policies are maintained

2. How will you know if the school is successful at the end of the first year of operation?

Children's educational growth

3. How will you know at the end of five years of the school's operation is successful?

Graduation rates and enrollment

4. What specific steps do you think the charter school board will need to take to ensure that the school is successful?

Constantly evaluate the educational growth of the students as well as meeting the NC DPI standards -

5. How would you handle a situation in which you believe one or more members of the school's board were acting unethically or not in the best interests of the school?

The chair should be informed

*Please include the following with your Information Form

- a one page resume

*If you responded within the application that disciplinary action has been taken against any past or present professional licenses, provide a detailed response below outlining the disciplinary action taken and the license validity. Click or tap here to enter text.

Certification

I, *April A. Cl*, certify to the best of my knowledge and ability that the information I am providing to the North Carolina State Board of Education as a prospective board member for *Falcon Academy* Charter School is true and correct in every respect.

April A. Cl
Signature _____
Date *11/10/20*

Appendix I – Board Member Background Certification Statement and Completed Background Check*

Mary Synan Clark –
Dunn, NC

Notary Public, Microsoft Word, Microsoft Excel, Word Perfect, NC Wise Program, Power School Program, Google Docs, Google Sheets

EXPERIENCE

CAPE FEAR HIGH SCHOOL – FAYETTEVILLE, NORTH CAROLINA

STUDENT SERVICES DEPARTMENT - REGISTRAR, SECRETARY AND BACK UP DATA MANAGER

OCTOBER 2005 - PRESENT

Assistant to Student Services, Counselors, Athletic Director and Data Manager. Duties include transcripts, grades, attendance with enrollment and withdrawal of students, athletic eligibility for sports and maintenance of all cumulative folders. Perform daily task of medical clerk and fill in as data manager when needed. Easily establish rapport with students, and interface well with parents and school-wide faculty members.

CUMBERLAND COUNTY SCHOOL SYSTEM – CUMBERLAND COUNTY, NORTH CAROLINA

SUBSTITUTE TEACHER

JANUARY 2002 – DECEMBER 2004

Substitute Teacher for the Cumberland County School System.

HEMRY, HEMRY AND MCDONIEL – OKLAHOMA CITY, OKLAHOMA

SECRETARY, COURIER AND LAW CLERK

JANUARY 1986 – JULY 1988

Assist Attorneys and Paralegals with legal correspondence and affidavits. Duties include opening and closing of client cases, filing said cases to subsequent courthouse, research of court cases in law library.

TEXAS OIL AND GAS COMPANY (TXO PRODUCTION) – OKLAHOMA CITY, OKLAHOMA

SECRETARY

JANUARY 1985 – JANUARY 1986

Secretary for the Regional Land Manager and Executives in the Land Department. Performed multifaceted administrative office support with main focus to the Manager. Duties include organization of meetings, scheduled appointments and a large variety of specific reports. Obtained and maintained requirements for all necessary documentation needed.

EDUCATION

PUTNAM CITY HIGH SCHOOL - OKLAHOMA CITY, OKLAHOMA

SOUTHWESTERN COLLEGE - OKLAHOMA CITY, OKLAHOMA

UNIVERSITY OF CENTRAL OKLAHOMA - EDMOND, OKLAHOMA

Charter School Board Member Information Form

Note: To be completed individually by each proposed founding charter school board member. All forms must be signed by hand.

Serving on a public charter school board is a position of public trust and as a board member of a North Carolina public charter school; you are responsible for ensuring the quality of the school's entire program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, the State Board of Education requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the applicant team behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve: *Gilcon Academy*
2. Full name: *Mary Carol Clark*
- Home Address: *1323 Sherrill Baggett Road, Dunn, N.C. 28334*
- Business Name and Address: *Cape Fear H.S., 4762 Clinton Rd., Fayetteville, N.C.*
- Telephone No.: *(910) 237-5297*
- E-mail address: *maryclark@ccs.k12.nc.us*
3. Brief educational and employment history. *Southwestern Christian University and University of Central Oklahoma. Worked at Cape Fear H.S. since 2004. Stay at home mom for 16 years prior to Cape Fear.*
4. Have you previously served on a board of a school district, another charter school, a non-public school or any not-for-profit corporation?

No: Yes

5. How were you recruited to join this Board of Directors? Why do you wish to serve on the board of the proposed charter school? *Michael Stewart asked if I would join. I have attended many Gilcon Christian Academy meetings for Lee Spruill who sat on their board.*
6. What is your understanding of the appropriate role of a public charter school board member? *To make sure school is run appropriately, to contribute ideas for improvement of school in order to serve the school system.*

If you have questions regarding the application process, please contact the Office of Charter Schools via email at darian.ionas@dpi.nc.gov.

7. Describe any previous experience you have that is relevant to serving on the charter school's board (e.g., other board service). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

I currently work for Cumberland County Public School System and can contribute through personal experience

8. Describe the specific knowledge and experience that you would bring to the board

I currently work with Power School on a daily basis and I work in Student Services as registrar and work closely with school counselors and school administrators daily.

School Mission and Program

1. What is your understanding of the school's mission and guiding beliefs? *To provide an atmosphere to meet students, academic achievement, character development and life skills.*
2. What is your understanding of the school's proposed educational program? *To provide professional classroom instruction in a smaller, more personal classroom setting.*
3. What do you believe to be the characteristics of a successful school? *Professional teachers and staff who show student growth academically, character, strong community support.*
4. How will you know that the school is succeeding (or not) in its mission? *Academic results will determine whether the school is on task meeting growth or needs improvement*

Governance

1. Describe the role that the board will play in the school's operation. *The board's job is governance. Board will evaluate the director, it is not involved in daily running of the school.*
2. How will you know if the school is successful at the end of the first year of operation? *Through academic achievement*
3. How will you know at the end of five years of the schools is successful? *Successful graduation rate*
4. What specific steps do you think the charter school board will need to take to ensure that the school is successful? *Make sure the school has met standards provided by NCDPI.*
5. How would you handle a situation in which you believe one or more members of the school's board were acting unethically or not in the best interests of the school? *It should be brought to the attention of the Chair.*

*Please include the following with your Information Form

- a one page resume

*If you responded within the application that disciplinary action has been taken against any past or present professional licenses, provide a detailed response below outlining the disciplinary action taken and the license validity. Click or tap here to enter text.

Certification

I, Mary C. Clark, certify to the best of my knowledge and ability that the information I am providing to the North Carolina State Board of Education as a prospective board member for Falcon Academy Charter School is true and correct in every respect.

Mary C. Clark

Signature _____
Date July 10, 2020

Appendix I – Board Member Background Certification Statement and Completed Background Check*

LINDA MORRIS THOMAS

P O Box 337

Vanceboro NC 28586

linda@thomasdev.com

252-244-1414

BIOGRAPHICAL INFORMATION

PERSONAL

Born September 26, 1942, in Craven County, North Carolina
Daughter of Lathon and Maggie Jones Morris.

FAMILY

Married to former State Senator Joseph Eugene Thomas since October 5, 1963.
Four children (educated in Craven County Schools):

EDUCATION

Craven County Public Schools (1960 Graduate Farm Life High School, Vanceboro NC)
Graduate Hardbarger Business College, Raleigh NC
Craven Community College – Computer/Technology Class
Numerous Leadership Courses: Stephen Covey, Facilitative Leadership, Baldrige Training
Honorary BA Degree – Emmanuel College, Franklin Springs, GA

EMPLOYMENT

Teague, Johnson & Patterson Law Firm, Raleigh, NC (Part-time as college student)
Hardbarger Business College, Raleigh NC (Secretary to President)
DuPont Company, Kinston NC (Secretary to Design Department)
Stilley Electrical Company, Vanceboro NC (Secretary/Bookkeeper)
Holiday Developers, Inc. New Bern NC (Secretary/Bookkeeper)
West Craven Middle School, New Bern, NC (Secretary/Administrative Assistant to Principal)
Thomas Development, Inc. New Bern NC (Co-owner/Corporate Secretary)

PUBLIC SERVICE HISTORY

Current Craven/Pamlico Salvation Army Advisory Board Executive Committee (Past President)
Former Falcon Children's Home Board of Directors
Former Craven County Partners in Education Board of Directors
Former New Bern Area Chamber of Commerce Board of Directors

- Chairman of Education Committee.
- Honored as 1990 MEMBER OF THE YEAR

Former New Bern-Craven County Arts Council Board of Directors
Former Boy Scouts of America Troop 58 Den Mother & Advisor

SCHOOL ACTIVITIES HISTORY

Craven County Board of Education (1992-2016) Vice-Chair 1994-2016
Craven County Schools Quality Leadership Team.
Facilitative Leadership Trainer (National Certified by Interaction Associates).
Board Member N C Partners for Excellence in Education (statewide coalition of business support for public education)
Member of North Carolina School Boards Association

- NCSBA Board of Directors (2002 - 2006)
- All State School Board Award (1996, 2002, 2007 and 2016)
- Past Member of Legislative Committee
- NCSBA Trust, Trustee (2006 to 2010)

Member of National School Boards Association

- Past NC Representative to Federal Relations Network

Member of Carolina Coastal Classrooms Board of Directors
Former Vanceboro Elementary School PTO President
Former Farm Life Elementary School Building Committee Member
Former Vanceboro Farm Life Elementary School Parent Volunteer Organizer and Coordinator (5 years)
Former West Craven High School Parent Volunteer Coordinator (3 years).
Awarded 1986 Statewide Governor's Award for North Carolina Volunteers (Governor Jim Hunt)
Former North Carolina School Volunteers Program, Inc. Board of Directors
Former Parent Volunteer Workshop Presenter for Craven County Schools
Awarded 2012 Order of Long Leaf Pine [NC's highest recognition for community service] (Governor Beverly Perdue)
Awarded North Carolina Outstanding Citizen Service Award in 2016 (Governor Pat McCrory)

OTHER EDUCATIONAL RELATED ACTIVITIES

Board of Trustees of Emmanuel College, Franklin Springs, GA. (Chairman 2008-2016)
Board of Education – Falcon Christian Academy (current)

Charter School Board Member Information Form

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Background

1. Name of charter school on whose Board of Directors you intend to serve:

Falcon Academy

2. Full name:

Linda Carolyn Morris Thomas

Home Address: *PO Box 337, Vanceboro NC 28584*

Business Name and Address: *Thomas Development, Inc, New Bern, NC.*

Telephone No.: *252-229-2910*

E-mail address: *lmoth1942@gmail.com*

3. Brief educational and employment history.

Business College

DuPont Company, Stilleys Elec. Co, Craven County Schools @ WCMS, Thomas Development, Inc.

4. Have you previously served on a board of a school district, another charter school, a non-public school or any not-for-profit corporation?

No:

Yes

5. How were you recruited to join this Board of Directors? Why do you wish to serve on the board of the proposed charter school?

- By School Director

- Support leadership & offer quality education to underprivileged children

6. What is your understanding of the appropriate role of a public charter school board member?

- Governance

- Support



- Describe any previous experience you have that is relevant to serving on the charter school's board (e.g., other board service). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.
 - 24 yrs on Craven County Schools BOE (22 as Vice-Chair) • Numerous other chair roles re- Salvation Army
 - 8 yrs chair of Emmanuel College BOT • Currently serving in 3rd term on NC IPHC Council
- Describe the specific knowledge and experience that you would bring to the board.
 - Knowledge of educational procedures
 - Knowledge of Falcon Children's Home

School Mission and Program

- What is your understanding of the school's mission and guiding beliefs?
Academic Achievement, Character Development, Life skills
- What is your understanding of the school's proposed educational program?
Follow the NC Standard Course of Study
- What do you believe to be the characteristics of a successful school?
 - Student Success
 - Financial Management
 - Strong Leadership
 - Community Buy-in
- How will you know that the school is succeeding (or not) in its mission?
 - Assessments on regular basis
 - # students at or above grade level
 - # of Graduates
 - All students supported and positioned for success

Governance

- Describe the role that the board will play in the school's operation.
 - Oversight of governance & finances
- How will you know if the school is successful at the end of the first year of operation?
 - Assessment of goals
 - Opportunities for improvement identified.
- How will you know at the end of five years of the school's operation is successful?
 - Evaluation of growth & measurements required by state
- What specific steps do you think the charter school board will need to take to ensure that the school is successful?
 - Close eye on budget
 - Provide necessary tools/equipment/technology
 - Long-term planning
 - Plan/Do/Study/Act
- How would you handle a situation in which you believe one or more members of the school's board were acting unethically or not in the best interests of the school?
 - First, contact board chair - Seek clarification thru proper channels.

*Please include the following with your Information Form

- a one page resume
(Front + back)

J. Jones



*If you responded within the application that disciplinary action has been taken against any past or present professional licenses, provide a detailed response below outlining the disciplinary action taken and the license validity. Click or tap here to enter text.

Certification

I, Linda M. Thomas, certify to the best of my knowledge and ability that the information I am providing to the North Carolina State Board of Education as a prospective board member for Falcon Academy Charter School is true and correct in every respect.

Linda M. Thomas

Signature

Date

July 9, 2020

Appendix I – Board Member Background Certification Statement and Completed Background Check*

Monty G. Strickland

6408, Allie Cooper Rd. Godwin, NC 28344

(910) 990-9684, montys@embarqmail.com

Objective

To serve on the board of Falcon Charter School.

EDUCATION

Midway High School, Dunn, NC Diploma 1992

Sampson Community College, AAS Business Administration, Accounting, 1995

Fayetteville State University, Bachelor of Science in Education, 1998

North Carolina State University, Master of School Administration, 2008

Experience

Teacher, Coach at Roseboro-Salemburg Middle School, 1998-99

Teacher, Coach at Midway Middle School, 1999-2007

Assistant Principal – Hobbton/Hargrove Elementary, 2007

Assistant Principal – Roseboro-Salemburg Middle School, 2007-2008

Assistant Principal – Lakewood High School, 2008-2012

Principal – Lakewood High School, 2012-2013

Principal – Midway High School, 2013- 2019

Principal – Sampson Early College High School, Clinton, NC 2019-Present

Organizations

North Carolina Association of Educators 1998-Present

North Carolina Association of School Administrators – 2010-Present

Member, Culbreth Memorial Pentecostal Holiness Church, Falcon, NC

Member, Midway Area Booster Club

Certificate, Future Ready Leadership development Program, 2019

Charter School Board Member Information Form

Note: To be completed individually by each proposed founding charter school board member. All forms must be signed by hand.

Serving on a public charter school board is a position of public trust and as a board member of a North Carolina public charter school; you are responsible for ensuring the quality of the school's entire program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, the State Board of Education requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the applicant team behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve:

2. Full name: Monty Gene Hall Strickland

Home Address: 6408 Allie Cooper Rd Godwin, NC 28344

Business Name and Address:

Telephone No.: 910-990-9684

E-mail address: montys@embarqmail.com

3. Brief educational and employment history. BS- Fayetteville State University 1998
MSA- NC State University 2008
Employed by Sampson County Schools since August 1998

4. Have you previously served on a board of a school district, another charter school, a non-public school or any not-for-profit corporation?

No: Yes

5. How were you recruited to join this Board of Directors? Why do you wish to serve on the board of the proposed charter school? Conversation with J. Leggett,

I wish to see Fcfl and FA continue the success that has been constant for many years.

6. What is your understanding of the appropriate role of a public charter school board member?

I serve as a board member. To support the vision/mission and to uphold the bylaws of the charter.

47

If you have questions regarding the application process, please contact the Office of Charter Schools via email at darian.jones@dpi.nc.gov.

7. Describe any previous experience you have that is relevant to serving on the charter school's board (e.g., other board service). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

I am a 22 year veteran of public education. I have served on school improvement teams throughout my career.

8. Describe the specific knowledge and experience that you would bring to the board.

22 years experience in public education - I am a good listener and

School Mission and Program

attempt to gather much information,

1. What is your understanding of the school's mission and guiding beliefs?

The mission/belief aspires to provide a quality education.

2. What is your understanding of the school's proposed educational program?

The program would serve students as needed.

3. What do you believe to be the characteristics of a successful school?

Strong leadership, great teachers, financial backing.

4. How will you know that the school is succeeding (or not) in its mission?

yearly reviews + accountability as outlined by NCDPI.
Evaluation of school personnel.

Governance

1. Describe the role that the board will play in the school's operation. Oversee the mission.
Meet to discuss the school's direction

2. How will you know if the school is successful at the end of the first year of operation?

① Surveys ② Graduation rate ③ Assessments ④ Financial stability

3. How will you know at the end of five years of the school's operation if it is successful?

Same

4. What specific steps do you think the charter school board will need to take to ensure that the school is successful?

Meetings to set goals.
Monthly check-ins } work together to solve problems.

5. How would you handle a situation in which you believe one or more members of the school's board were acting unethically or not in the best interests of the school?

I would contact the board chair.

*Please include the following with your Information Form

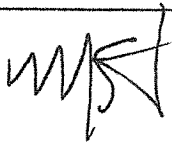
- a one page resume

*If you responded within the application that disciplinary action has been taken against any past or present professional licenses, provide a detailed response below outlining the disciplinary action taken and the license validity. Click or tap here to enter text.

Certification

I, Monty Gene Hall Strickland, certify to the best of my knowledge and ability that the information I am providing to the North Carolina State Board of Education as a prospective board member for Falcon Academy Charter School is true and correct in every respect.

Signature
Date

 July 6, 2020

Appendix I -- Board Member Background Certification Statement and Completed Background Check*

JOSEPH T. LEGGETT

EXPERIENCE

| | | |
|----------------|--|---------------|
| 2007 – Present | Falcon Children’s Home and Family Services | Falcon, NC |
| | <i>Chief Executive Officer</i> | |
| | <ul style="list-style-type: none">• Oversee the general operations of the facility• Responsible for 80 residents and a staff of over 90• Successfully maintain an annual operating budget of over \$4,000,000.00• Have successfully managed the growth of the home from 15 to over 80 students and an increase from 25 to over 90 employees• During the past seven years of the Home, we have grown from using 4 buildings on campus to utilizing all 12 buildings on campus• Just completed a new 2.6 million dollar building project for the Mothers and Babies and Maternity programs• Oversaw the starting of a new private school on campus• Just received licensure to begin licensing and operating foster homes | |
| 1991-2007 | Mary Gran Nursing Center | Clinton, NC |
| | <i>Administrator</i> | |
| | <ul style="list-style-type: none">• Oversaw the general operations of the Nursing Center• Responsible for 242 residents and managed a staff of over 270 | |
| 1997-1999 | Golden Years Nursing Home | Falcon, NC |
| | <i>Administrator</i> | |
| | <ul style="list-style-type: none">• Oversaw the general operations of the facility• Managed a staff of over 65 and responsible for 56 residents | |
| 1992-1997 | NC Department of Probation & Parole | Clinton |
| | <i>Probation/Parole Officer</i> | |
| 1992-1992 | Wayne County/Catawba County D.S.S. | Goldsboro, NC |
| | <i>Social Worker</i> | |
| 1990-1992 | Sampson County Department of Social Services | Clinton, NC |
| | <i>Social Worker</i> | |

EDUCATION

| | | |
|-----------|---|----------------------|
| 1982-1984 | Emmanuel College – Associate Degree | Franklin Springs, GA |
| 1984-1986 | Methodist College | Fayetteville, NC |
| | <ul style="list-style-type: none">• Bachelor of Science Degree in Sociology | |
| 1997 | University of North Carolina | Chapel Hill, NC |

ACHIEVEMENTS

- Outstanding Young Men of America 1991-1992
- Previous Licensed Preceptor for the training of Nursing Home Administrators in North Carolina
- Presently serving on the Board of Trustees for Emmanuel College
- Served on the Christian Education Ministries Board of the North Carolina Conference
- Member of Benchmarks, the Children’s Association of North Carolina

Charter School Board Member Information Form

Note: To be completed individually by each proposed founding charter school board member. All forms must be signed by hand.

Serving on a public charter school board is a position of public trust and as a board member of a North Carolina public charter school; you are responsible for ensuring the quality of the school's entire program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, the State Board of Education requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the applicant team behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve: Falcon Academy
2. Full name: Joseph Talmedge Leggett

Home Address: P.O. Box 51 Falcon N.C. 28342

Business Name and Address: Falcon Children's Home & Family Services

Telephone No.: 910-980-1065

E-mail address: jleggett@fchfs.org

3. **Brief educational and employment history.** Collerage Graduate from Methodist University in Fayeeteville N.C./ Former County Social Worker / State Probation Officer/ Nursing Home Administrator for 12 years and have been the CEO of Falcon Children's Home & Family Services for past 13 years
4. **Have you previously served on a board of a school district, another charter school, a non-public school or any not-for-profit corporation?**

No:

Yes

5. **How were you recruited to join this Board of Directors? Why do you wish to serve on the board of the proposed charter school?** I was recruited because of the relationship that exsists between the Children's Home and the School. I wish to serve on the Board because of my concern for the education of the children we serve at Falcon Children's Home who will be attending the school.
6. **What is your understanding of the appropriate role of a public charter school board member?** A charter school should exist to serve a certain part of the population that for whatever reason could enhance their ability to learn in a smaller school setting than a normal public school setting. It should also to help serve a particular need of students in the surrounding community.

If you have questions regarding the application process, please contact the Office of Charter Schools via email at darlan.jones@dpi.nc.gov.

7. Describe any previous experience you have that is relevant to serving on the charter school's board (e.g., other board service). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member. I have served on the Board of Falcon Christian Academy for the past 10 years. I have also helped create and managed the budget of the school during that time. I have worked with youth either as a Social Worker, Probation Officer and Now Director of a Children's Home for over 20 years.
8. Describe the specific knowledge and experience that you would bring to the board. I hope to bring to the Board the experience of working with youth who have experienced trauma in their life and how this affects their ability to learn. My service on previous Boards is a plus.

School Mission and Program

1. **What is your understanding of the school's mission and guiding beliefs?**
The school is being established to meet the needs of the young people placed at Falcon Children's Home who are many times behind in their studies. It is also serving the community
2. **What is your understanding of the school's proposed educational program?**
The proposed educational program will allow for students to not only learn in a classroom setting but also through social media and a hands on approach in a smaller class setting.
3. **What do you believe to be the characteristics of a successful school?**
The school should create an atmosphere that enhances a student's ability to learn and retain knowledge. It should also foster an environment that helps to build confidence and stability.
4. **How will you know that the school is succeeding (or not) in its mission?**
The proper assessment of end of the grade testing and a notable positive difference in the students attitudes and affection for learning. Also the retention of students from year to year.

Governance

1. **Describe the role that the board will play in the school's operation.**
The Board will provide general oversight and direction to the School and its administrators. The Board will also help set legitimate goals of assessing the success of the school
2. **How will you know if the school is successful at the end of the first year of operation?**
We will know if the school is successful at the end of the first year by the growth we see not only in our students but also our staff. Also if we managed our finances and resources well.
3. **How will you know at the end of five years of the school's operation if the school is successful?**
Test grades have shown an upward trend. Students have left our school and gone on to graduate from colleges. The school has been well accepted in the community and is solvent.
4. **What specific steps do you think the charter school board will need to take to ensure that the school is successful?** The Board will need to take steps to ensure that we all understand the mission of the school. Steps should be taken to ensure the stability of the school well into the future and just for the immediate. The Board should approve needed resources and staff.
5. **How would you handle a situation in which you believe one or more members of the school's board were acting unethically or not in the best interests of the school?**
I would contact the Superintendent of the school immediately and depending on the nature of the action ask for the school attorney to be contacted. Also notify the other Board members

***Please include the following with your Information Form**

- a **one page** resume



*If you responded within the application that disciplinary action has been taken against any past or present professional licenses, provide a detailed response below outlining the disciplinary action taken and the license validity. Click or tap here to enter text.

Certification

I, Joseph Talmedge Leggett, certify to the best of my knowledge and ability that the information I am providing to the North Carolina State Board of Education as a prospective board member for Falcon Academy Charter School is true and correct in every respect.

Signature Joseph Talmedge Leggett
Date July 17, 2020

Appendix I – Board Member Background Certification Statement and Completed Background Check*

**Clifton L. Turpin, Jr.
6151 Brooks Street
Falcon, NC 28342**

EXPERIENCE

- 2004 – Present
Cumberland County Schools Maintenance Operations
- 1980 – 2004
Turpin Associates, Incorporation

EDUCATION

- Cape Fear High School Diploma - 1980
- Fayetteville Technical Community College – Associate of Applied Science- Real Estate – 1983

LICENSES and CERTIFICATIONS

- NC Backflow and Cross Connection License – 2008
- NC B-Distribution Water System Operation – NCDER
- NC Class A, CDL Drivers License
- NC Plumbing Contractor Class II – NC Board of Examiners for Plumbing and Heating – 1992
- C Set-Up Contractor – Department of Insurance

SPECIAL TRAINING AND PROGRAMS

- Class B – Water Distribution Operator – Yearly Continuing Education
- NC Plumbing License – Yearly Continuing Education
- NC Backflow Rebuilding School – 2010
- NC Backflow and Cross Connection State School – 2007

ACTIVITIES

- Mayor of Town of Falcon – 2008 to Current
- Vice Chairman of Cumberland County Mayor's Coalition 2010 – 2017
- Mayor Pro Tem of Falcon Town Board – 1996-2008
- Water Commissioner for the Town of Falcon – 1996-2008
- Culbreth Memorial Pentecostal Holiness Church Deacon – 2000-2008
- Member Falcon Town Board – 26 Years
- Member Falcon Children's Home and Family Services Board of Directors 2010-2019
- Chairman Cumberland County Norcrest Board – 2014-2019
- Commander Culbreth Memorial Royal Rangers – 2004-2018
- Chairman of Cumberland County Mayors Coalition – 2017-Present

Honorary Membership

Boy Scouts of America – Eagle Scout - 1980

Charter School Board Member Information Form

Note: To be completed individually by each proposed founding charter school board member. All forms must be signed by hand.

Serving on a public charter school board is a position of public trust and as a board member of a North Carolina public charter school; you are responsible for ensuring the quality of the school's entire program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, the State Board of Education requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the applicant team behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve: *Falcon Academy*

2. Full name: *Clifton Laverna Turpin, Jr.*

Home Address: *P.O. Box 131 Falcon, N.C. 28342*

Business Name and Address:

Telephone No.: *910-850-5838*

E-mail address: *cliftturpin@icloud.com* *① Cape Fear High*

3. Brief educational and employment history. Degrees: *B.S.*; *① Fayetteville Tech*
② Employment: Falcon Child Care Home - Family College - Real Estate
Business 25 yrs - Cumberland County Schools 17 yrs Degree

4. Have you previously served on a board of a school district, another charter school, a non-public school or any not-for-profit corporation?

No: Yes:

5. How were you recruited to join this Board of Directors? Why do you wish to serve on the board of the proposed charter school? *I was ask to serve on this board. I wish to see a good alternative source of education in our community. Our closest choices are 70 miles away.*

6. What is your understanding of the appropriate role of a public charter school board member? *Guide and set and direct policy for the purpose of the function of the school.*

7. Describe any previous experience you have that is relevant to serving on the charter school's board (e.g., other board service). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

Served past 32 years on Town of Faison Board of Comm. serve as Mayor of Town of Faison last 12 yrs to present Past Church Deacon, Chairman of Campbell City Mayors Council etc.

8. Describe the specific knowledge and experience that you would bring to the board.

Many years of service on all kinds of different Boards.

School Mission and Program

1. What is your understanding of the school's mission and guiding beliefs?

To mold and guide young people in their Education process.

2. What is your understanding of the school's proposed educational program?

To help introduce a high standard education for our area of young people.

3. What do you believe to be the characteristics of a successful school?

High Education Standard - Great Activities offered - Teacher U.S. History - Push and strive to have exceptional sports programs.

4. How will you know that the school is succeeding (or not) in its mission?

Check our graduation numbers and the grade they carry - looking to see how far our sports programs do with

Governance

1. Describe the role that the board will play in the school's operation.

Setting's policy and guide lines - Not Day to Day operations.

2. How will you know if the school is successful at the end of the first year of operation?

If goals and guide lines and fiscal policy are all met and contained.

3. How will you know at the end of five years of the schools is successful?

It's my pray the all school will be successful much sooner. I will work for this to happen as a board member.

4. What specific steps do you think the charter school board will need to take to ensure that the school is successful?

Setting's short term goals and long range goals. Hire successful employees and teachers at staff.

5. How would you handle a situation in which you believe one or more members of the school's board were acting unethically or not in the best interests of the school?

Call for the Director of school to have a meeting and call attention to problem or issues and move accordingly.

*Please include the following with your Information Form

- a one page resume

*If you responded within the application that disciplinary action has been taken against any past or present professional licenses, provide a detailed response below outlining the disciplinary action taken and the license validity. Click or tap here to enter text.

Certification

I, Clifton Lavada Tarpia, Jr., certify to the best of my knowledge and ability that the information I am providing to the North Carolina State Board of Education as a prospective board member for Falcon Academy Charter School is true and correct in every respect.

Signature Clifton Lavada Tarpia, Jr.
Date 11-21-2020

Appendix I – Board Member Background Certification Statement and Completed Background Check*

WILLIE J BURNETTE
8511 Godwin Falcon Road
Godwin, NC 28344
910-818-5934
mayorburnette@nc.rr.com

Leadership
Communication

Strategic Planning
Team Building

Skills

Management
Negotiations

Experience

2013 – Present
Mayor
Town of Godwin, NC

- Manage town operations
- Maintain working relationships with key public officials at federal, state and local levels
- Work closely with Commissioners to ensure accuracy of the town budget and expenditure
- Responsible for enforcing town laws and ordinances
- Implement strategic policy agenda items and execute achievable goals based on performance measures set forth by the Office of the Mayor
- Conduct policy research and draft policy papers to address all matters pertaining to the Town of Godwin, NC
- Work with diverse groups of city planners, economists, and policy makers to help promote Town growth
- Attend quarterly Mayor Coalition meetings
- Active board member of Farm Service Agency
- Served as Chairman of the Cumberland County Soil and Water

1981-2013
Owner/Operator
Willies Garage
Godwin, NC

- General Manager/Owner
- Identify problems, make decisions, interpret results on a daily basis
- Continuously met business demands
- Performed vehicle maintenance tasks, such as oil changes, air-condition repair, break work, alternator repairs and engine overhauls
- Performed State Safety and Emissions Inspections
- Hire, train and mentor staff technicians
- Met with service vendors and product suppliers to facilitate delivery of parts

Charter School Board Member Information Form

Note: To be completed individually by each proposed founding charter school board member. All forms must be signed by hand.

Serving on a public charter school board is a position of public trust and as a board member of a North Carolina public charter school; you are responsible for ensuring the quality of the school's entire program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, the State Board of Education requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the applicant team behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve:

2. Full name: *Falcon Academy*

Home Address: *WILLIE BURNETTE*

Business Name and Address: *MAYOR OF GODWIN*

Telephone No.: *910 818 5934*

E-mail address: *MAYOR.BURNETTE@NC.PS.COM*

3. Brief educational and employment history. *H.S. & previous Business Owner / Operator, Godwin Town Mayor 4+ years.*

4. Have you previously served on a board of a school district, another charter school, a non-public school or any not-for-profit corporation?

No:

Yes

5. How were you recruited to join this Board of Directors? Why do you wish to serve on the board of the proposed charter school? *Superintendent of Falcon Childre home. To assist in the advancement of students in the Community.*

6. What is your understanding of the appropriate role of a public charter school board member? *high expectations with innovative academic support & develop it own structures, policies & procedures consistent w/ applicable laws.*

If you have questions regarding the application process, please contact the Office of Charter Schools via email at darian.jones@dpi.nc.gov.

7. Describe any previous experience you have that is relevant to serving on the charter school's board (e.g., other board service). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

USDA board member, NC SOIL & Water Chairman; Cumb Co. (Farm Serv agency)

8. Describe the specific knowledge and experience that you would bring to the board.

Community Knowledge, Leadership, Knowledge of various board operations & mission.
School Mission and Program

1. What is your understanding of the school's mission and guiding beliefs?

To work together in order to achieve excellence of the very best for students, expand students.

2. What is your understanding of the school's proposed educational program?

Implementing Policies concerning the school

3. What do you believe to be the characteristics of a successful school?

Achieving goals set out based on described objectives.

4. How will you know that the school is succeeding (or not) in its mission?

Based upon relevant & achieved goals to expand students regardless of their life experiences, ethnicity or socioeconomic status
Governance

1. Describe the role that the board will play in the school's operation.

Working with the community & to establish policies & regulations that the school is governed.

2. How will you know if the school is successful at the end of the first year of operation?

Improved student achievement

3. How will you know at the end of five years of the schools is successful?

Continuous improved student achievement

4. What specific steps do you think the charter school board will need to take to ensure that the school is successful?

employ teachers who believe in continuous improvement for self growth & for students.

5. How would you handle a situation in which you believe one or more members of the school's board were acting unethically or not in the best interests of the school?

Use ethical reasoning when considering how the actions will affect others. Carefully identify existing issue & discuss with appropriate members

*Please include the following with your Information Form

- a one page resume

*If you responded within the application that disciplinary action has been taken against any past or present professional licenses, provide a detailed response below outlining the disciplinary action taken and the license validity. Click or tap here to enter text.

Certification

I, Willie Burnette, certify to the best of my knowledge and ability that the information I am providing to the North Carolina State Board of Education as a prospective board member for Falcon Academy Charter School is true and correct in every respect.

Willie Burnette

Signature

Date

Appendix I – Board Member Background Certification Statement and Completed Background Check*

Appendix J: Proposed By-Laws of the Nonprofit
Organization or Municipality

Falcon Academy



Falcon Academy
BYLAWS
Board of Directors

ARTICLE I — NAME

The name of the school shall be Falcon Academy (the Academy).

ARTICLE II — PURPOSES

The purposes are:

- o To operate one or more public charter schools in the State of North Carolina;
- o To operate exclusively for charitable and educational purposes within the meaning of Sections 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding Section(s) of any future United States Revenue laws (the " Code"); and
- o To engage in any lawful activity for which may be organized under Chapter 55A of the General Statutes of North Carolina so long as the Academy does not engage in any activities not in furtherance of one or more tax exempt purposes as contemplated in Section 501(c)(3) of the Code.

ARTICLE III — OFFICES

Section 1. Principal Office. The principal office of the Corporation shall be located in Cumberland County, North Carolina.

ARTICLE IV — BOARD OF DIRECTORS

Section 1. General Powers. The business, property and affairs of the Academy shall be managed under the direction of the Board.

Section 2. Method of Selection, Number, and Election of Directors. The number of Directors on the Board (the " Directors") shall not be less than five (5) or more than eleven (11). At any annual or special meeting, the Directors may by resolution fix the number of Directors to be elected at the meeting, but in the absence of such resolution, the number of Directors elected at the meeting plus the number of Directors continuing in office shall constitute the number of Directors until the next annual meeting, unless the number is changed by action of the Directors. Directors shall be elected by a vote of a majority of the Directors at the time in office. The election of Directors shall be a part of the order of business of each annual meeting of the Board. The majority of board members and 50% or greater of the board officers for a charter school must have their primary residence in North Carolina.

Section 3. Terms. Director membership is for a minimum of 2 years or until member resigns or removed. Board is to have staggered membership where a limited number of members can voluntarily roll off the board on 6 month intervals after satisfying the 2-year requirement.

Notice must be given at least 30 days prior to allow ample time for a successor to be found. To maintain continuity at least half of the board members must remain at each 6 month interval. In the event of the death, resignation, retirement, or removal of a Director during the elected term of office, the Director's successor may be elected to serve only until the expiration of the term of the predecessor. Directors may be re-elected for a maximum of 3 terms equal to 6 years. After a minimum of a 1-year break, Directors may be reappointed to the Board.

Section 4. Director Qualifications.

Qualifications. A Director shall be willing and able to make decisions as a member of the Board in the best interests of the Academy and shall submit on an annual basis a conflict of interest disclosure as prescribed by the Board.

Excluded Persons. The following persons shall not be eligible to serve on the Board: Any director, officer, or employee of a service provider or management company that contracts with the Academy.

Section 5. Removal. A Director may be removed by the Board with written cause and a resolution duly adopted by a majority vote of the number of Directors in office.

Section 6. Resignation. A Director may resign at any time by providing written notice to the Chairman (or if the Chairman is resigning, or if the Chairman is vacant, then to the next highest-ranking Officer). The resignation shall be effective when communicated unless the notice specifies a later effective date or subsequent event upon which it will become effective.

Section 7. Board Vacancies. A vacancy in the Board shall be filled as provided in Section 2 of this Article.

Section 8. Compensation. A Director shall serve as a volunteer without compensation. By resolution of the Board, Directors may be reimbursed for their reasonable expenses incident to their duties in accordance with applicable law.

ARTICLE V — MEETINGS OF DIRECTORS

Section 1. Annual Meeting. The annual meeting of the Board shall be held in the month of May of each year for the purpose of electing Directors and officers and transacting such other business as may be properly brought before the Board. If the annual meeting is not held as designated by these Bylaws, a substitute annual meeting may be called by or at the request of the Board and such meeting shall be designated and treated for all purposes as the annual meeting.

- Section 2. Regular Meeting. The Board shall establish a schedule for the time and place of holding regular, monthly meetings.
- Section 3. Special Meeting. Special meetings of the Board may be called by or at the request of the Chairman or any two Directors.
- Section 4. Open Meetings and Public Records. All meetings of the Board shall at all times be in compliance with Article 33C of Chapter 143 (Open Meetings) and Chapter 132 (Public Records) of the North Carolina General Statutes.
- Section 5. Place of Meetings. Meetings of the Board may be held at the principal office of the Academy or at such other place, either within or without the State of North Carolina, as shall either: (a) be designated in the notice of the meeting; or (b) be agreed upon at or before the meeting by a majority of the Directors then in office. The Board shall make a good faith effort to hold meetings of the Board within close proximity to the physical location of the charter school.
- Section 6. Notice of Meetings; Waiver. The Secretary or other person or persons calling a meeting for which notice is required shall give notice by any usual means of communication at least seven (7) days before the meeting. Unless otherwise indicated in the notice, any and all business may be transacted at a meeting of the Board. A Director may waive notice of any meeting by written statement, facsimile or electronic mail sent by the Director, signed before or after the holding of the meeting. The attendance of a Director at a meeting constitutes a waiver of notice of such meeting, except where the Director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.
- Section 7. Quorum. A majority of the Directors in office immediately before a meeting begins shall constitute a quorum for the transaction of business at a meeting of the Board.
- Section 8. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board except as otherwise provided by law or in the Bylaws.
- Section 9. Meeting by Conference Telephone. Any one or more Directors or members of a committee may participate in a meeting of the Board by means of a conference telephone or similar communications device which allows all Directors participating in the meeting to simultaneously hear each other during the meeting, and such participation in a meeting shall be deemed presence in-person at such meeting. If the Board holds a meeting by use of conference telephone, it shall provide a location and means whereby members of the public may listen to the meeting, and the notice of the

meeting shall be provided as required by Article 33C of Chapter 143 (Open Meetings) of the North Carolina General Statutes.

ARTICLE VI — COMMITTEES

- Section 1. Committee Authority. The Board, by resolution, may designate one or more committees. Each committee shall consist of three (3) or more Directors elected by the Board and shall have such powers as may be delegated by the Board, except that no committee may: (i) authorize distributions to or for the benefit of Directors or Officers; (ii) approve dissolution, merger or the sale, pledge or transfer of all or substantially any of the Academy's assets; (iii) elect, appoint or remove Directors, or fill vacancies on the Board or on any of its committees, (iv) elect Officers, (v) adopt, amend, or repeal the Articles or Bylaws, or (vi) take any action the Board cannot lawfully delegate under the Articles, Bylaws or applicable law.
- Section 2. Committee Conduct. Each committee shall fix its own rules governing the conduct of its activities and shall make such reports to the Board of its activities as the Board may request. The provisions in Article V, Sections 4 through 10 applicable to meetings of the Board shall apply to meetings of committees.

ARTICLE VII — OFFICERS OF THE BOARD

- Section 1. Number and Titles. The Officers shall be the Chairman, Vice Chairman, and Secretary. Except as otherwise provided in these Bylaws, the additional Officers shall have the authority and perform the duties as from time to time may be prescribed by the Board. Any two (2) or more offices may be held by the same individual, but no Officer may act in more than one capacity where action of two (2) or more Officers is required.
- Section 2. Election and Term of Office. The Officers shall be elected by the Board at the annual meeting. If the election of Officers is not held at the annual meeting, the election shall be held as soon thereafter as may be convenient. Each Officer shall hold office until the next annual meeting and until a successor is elected and qualifies.
- Section 3. Removal. Any Officer elected or appointed by the Board may be removed at any time by the Board with written cause. Affirmative votes by the majority of board members required to remove an officer.
- Section 4. Resignation. An Officer may resign at any time by providing written notice to the Chairman (or if the Chairman is resigning or if the Chairman's office is vacant, then to the Officer holding the next highest office). The resignation shall be effective when it is communicated unless it specifies in writing a later effective date.

- Section 5. Vacancies. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.
- Section 6. Chairman. The Chairman shall be a member of the Board and shall preside at all meetings of the Board. The Chairman shall sign, with any other proper Officer, instruments which may be lawfully executed on behalf of the Academy, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution shall be delegated by the Board to some other Officer. The Chairman shall, in general, perform all duties incident to the office of Chairman as may be prescribed by the Board from time to time.
- Section 7. Vice Chairman. The Vice President shall be a member of the Board and shall exercise the powers of the Chairman during that Officer's absence or inability to act. Any action taken by a Vice Chairman in the performance of the duties of the Chairman shall be presumptive evidence of the absence or inability to act of the Chairman at the time the action was taken. The Vice Chairman shall have such powers and perform such other duties as from time to time may be assigned by the Chairman or by the Board.
- Section 8. Secretary. The Secretary shall be a member of the Board and shall be responsible for: (a) keeping the minutes of the Board meetings; and (b) seeing that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. The Secretary shall have general charge of the Academy and records. The Secretary shall sign such instruments as may require the signature of the Secretary and in general shall perform all duties incident to the office of Secretary and other duties as from time to time may be assigned to the Secretary by the Chairman or the Board.
- Section 9. Treasurer. The Board Treasurer shall be a member of the Board and shall act as a liaison between the Board and accounting office. They shall ensure that financial reports are given to the Board on a regular basis and that accountability is maintained for public monies.
- Section 10. Compensation. Officers, who are Directors, may not be compensated for their services as Officers. By resolution of the Board, Officers may be reimbursed for reasonable expenses incident to their duties in accordance with applicable law.

ARTICLE VIII — CONTRACTS, LOANS, CHECKS AND DEPOSITS; SPECIAL CORPORATE ACTS; GENERAL PROVISIONS

- Section 1. Contracts. . By resolution of the Board, when the Board authorizes the execution of a contract or of any other instrument in the name of and on behalf of the Academy, the executing Officers are the Chairman or Vice

Chairman or the, and the Secretary. Such authority may be general or confined to specific instances

Section 2. Loans. No loans shall be contracted on behalf of the Academy and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board.

Section 3. Deposits. All funds of the Academy shall be deposited from time to time to the credit of the Academy in such banks, trust companies or other depositories as the Board may select.

Section 4. Conflict of Interest. The purpose of the conflict of interest policy is to protect this tax-exempt interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to non-profit and charitable organizations. The Code of Conduct and Conflict Policy shall be reviewed by the Board on an annual basis to determine if any changes should be recommended.

A Director shall inform the Board of any direct or indirect conflict of interest which the Director has with regard to any transaction contemplated by the Board (a "Conflict of Interest"). A Conflict of Interest shall exist in Board actions including, but not be limited to, actions concerning a transaction in which the Director: (a) has a material financial interest; or (b) is presently serving, as a director, trustee, officer, or general partner of another party. Pursuant to the provisions of Section 55A-8-31 of the General Statutes of North Carolina, the Director with a Conflict of Interest may participate in the discussion, but may not vote on the transaction. The transaction is authorized, approved, or ratified by the vote of a majority of the Directors in office who have no Conflict of Interest (which must be more than one Director) and when a majority of Directors who have no Conflict of Interest so vote, a quorum is deemed to be present at the meeting for purposes of that vote.

Section 5. Contracts Between the Corporation and Related Persons. The Academy may not enter into a contract with a related person to the extent such contract and any transfers in connection therewith might cause or imply private benefit under the relevant Sections of the Code, and applicable provisions of state ethical requirements for local government officials.

ARTICLE IX — INDEMNIFICATION

It shall be the policy of the Academy to indemnify to the maximum extent permitted by Chapter 55A of the General Statutes of North Carolina each person who is or was a Director,

Officer or member of a committee of the Board and each person who serves or has served at the request of the School as a trustee, Director, Officer, partner, employee of any other corporation, partnership, joint venture, trust or other enterprise. The Academy may purchase and maintain insurance on behalf of any such person against any liability asserted against and incurred by such person in any such capacity or arising out of his/her status as such, whether or not the Academy would have power to indemnify such person against such liability under the preceding sentence. The Academy may, to the extent authorized from time to time by the Board, grant rights to indemnification to any employee of the Academy. Notwithstanding any provision of this Article to the contrary, the Academy shall not indemnify any person described in this Article if: (a) such indemnification would jeopardize the Academy's tax-exempt status under Code Section 501(c)(3); or (b) the Academy is determined to be a private foundation for federal income tax purposes, and such indemnification would cause the imposition of the federal excise tax for self-dealing under Code Section 4941 or for making a taxable expenditure under Code Section 4945. The Academy may advance expenses in connection with any proceeding to such person in accordance with applicable law. The use of funds of the Academy for indemnification or for purchase and maintenance of insurance for the benefit of the persons designated in this Article shall be deemed a proper expense of the Academy.

ARTICLE X — FISCAL YEAR

The fiscal year of the Academy shall begin on the first day of July in each year and end on June 30 of the following year. The Board may modify this schedule by vote.

ARTICLE XI — NON-DISCRIMINATION

The public charter school or schools operated by the Academy shall permit students of any race, religion, color, ethnicity, socio-economic status and national origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the charter school.

ARTICLE XII — AMENDMENTS

These Bylaws may be amended or repealed and new Bylaws may be adopted by the affirmative vote of a majority of the Directors in office at any regular or special meeting of the Board provided, that notice of the meeting shall have been given which states that the purpose or one of the purposes of the meeting is to consider a proposed amendment to the Bylaws and includes a copy or summary of the proposed amendment or states the general nature of the amendment.

Such notice may be waived as provided in these Bylaws.

SECRETARY'S CERTIFICATE

This is to certify that the foregoing Bylaws of Falcon Academy were duly adopted by resolution of the Board elective as of the

IN WITNESS WHEREOF, the undersigned, the duly elected and acting Secretary, has signed this Secretary's Certificate.

Appendix K: Articles of Incorporation of Municipal Charter

Falcon Academy



ARTICLES OF INCORPORATION
Falcon Academy, Inc.
(a nonprofit corporation)

Pursuant to N.C. Gen. Stat. Section 55A-2-02, the undersigned corporation submits these Articles of Incorporation (“Articles”) for the purpose of forming a nonprofit corporation under the laws of the State of North Carolina.

ARTICLE I

The name of the corporation is Falcon Academy, Inc. (the “Corporation”)

ARTICLE II

The period of duration of the Corporation shall be perpetual.

ARTICLE III

A. The Corporation is organized as a charitable corporation, as defined in N.C. Gen. Stat. Section 55A-1-40(4), exclusively for charitable, educational, scientific or literary purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the “Code”). As used in these Articles, references to the Code shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time, and references to a particular Code section shall include the corresponding provisions of any future United States internal revenue law.

B. The purpose for which the Corporation is organized are to establish and operate a North Carolina public charter school, chartered under Chapter 115C, Article 14A (Section 115C-218 *et seq.*; “Charter School Act”) of the North Carolina General Statutes; and to engage in any and all other lawful activities that are appropriate to carry out and fulfill any or all of the foregoing purposes.

C. The foregoing clauses shall be construed as both objects and powers, and such enumeration of specific purposes, objects, and powers shall not be deemed to limit or restrict in any manner the general powers of the Corporation and the Corporation shall have and may exercise all powers conferred on a nonprofit corporation by the laws of the State of North Carolina, now or hereafter in effect.

D. In furtherance of its purposes, the Corporation shall have the power to receive and allocate contributions, funds, property, or other benefits within the discretion of its Board of Directors (“Board”) to any organization that qualifies as an exempt organization under Section 501(c)(3) of the Code, or the corresponding provisions of any subsequent federal tax laws.

ARTICLE IV

A. Upon the filing of these articles:

The street address and county of the initial registered agent's office of the Corporation is: 7569 N. West Street, Falcon, NC. 28342, Cumberland County, North Carolina

The mailing address and county of the initial registered agent's office of the Corporation is: PO Box 39, Falcon, NC 28342, Cumberland County, North Carolina

The name of the initial registered agent of the Corporation at such address is:
Michael Stewart

B. Upon the filing of these articles:

The street address and county of the principal office of the Corporation is: 7569 N. West Street, Falcon, NC. 28342, Cumberland County, North Carolina.

The primary mailing address for the principal office of the Corporation is: PO Box 39, Falcon, NC 28342, Cumberland County, North Carolina

ARTICLE V

The name and address of the incorporator are:

Lisa Gordon Stella
4325 Swarthmore Road
Durham, NC 27707
Durham County

ARTICLE VI

The Corporation shall have no members.

ARTICLE VII

A. The Corporation is intended to qualify as tax-exempt, charitable, educational, scientific or literary organization within the meaning of Section 501(c)(3) of the Code. The affairs of the Corporation shall be conducted in such manner as to qualify for tax exemption under that Code section and any related Code section. No part of the new earning of the Corporation shall inure to the benefit of, or be distributable to its trustees, directors, officers, or other private persons, except that the Corporation shall be authorized and empower to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these Articles of Incorporation.

B. No substantial part of the activities of the Corporation shall be carrying on of propaganda, or otherwise attempting to influence legislation (provided, however, that the Corporation, in this regard, may, but is not required to, elect to be governed by the objective expenditure limits of Section 501(h) of the Code, and the Corporation shall not be participate in, or intervene in (including the publishing or distribution of statements) any political campaign of behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by the Corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

ARTICLE VIII

Upon the dissolution or final liquidation of the Corporation, after payment or provision for payment of all liabilities of the Corporation, the Corporation's remaining assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Code, or shall be distributed to the federal government, or to a state or local government, for a public purpose, or in accordance with state law pursuant to the Charter Act or successor provisions, all as the board of directors of the Corporation may determine, in accordance with the provisions of N.C. Gen. Stat. Section 55A-14-03, the Charter School Act, and other applicable laws or any successor provisions thereto. Any such assets not so disposed of shall be disposed of by the Superior Court of the county in which the principal office of the Corporation is the located, exclusively for such purposes or to such organization or organizations as such court shall determine, which are organized and operated exclusively for such exempt or public purposes.

ARTICLE IX

The number, manner of election or appointment, the qualifications and the term of the directors of the Corporation shall be as set forth in the bylaws of the Corporation adopted by the directors. Such provisions shall not be in conflict with the provisions and requirements of the North Carolina Nonprofit Corporation Act (as it may be amended from time to time).

ARTICLE X

A. To the fullest extent permitted by the North Carolina Nonprofit Corporation Act and the North Carolina Business Corporation Act to the extent that it applies, no person who is serving or who has served as a director of the Corporation shall be personally liable to the Corporation for monetary damages for breach of duty as a director. No amendment or repeal of this Article, nor the adoption of any provision to these Articles inconsistent with this Article shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repair or adoption, and the Corporation shall not participate in, or intervene in

(including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

B. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (b) by a corporation, contributions to which are deductible under the Code.

ARTICLE XI

In addition to the powers granted to corporations under the laws of the State of North Carolina, the Corporation shall have full authority to adopt bylaws, policies and programs for the regulation of its internal affairs and the conduct of its business in such form and method as are not in conflict with or in violation of such laws, except as prohibited by the provisions of these Articles.

ARTICLE XII

These Articles shall be effective upon filing

This is the 15 day of July, 2020.



Lisa Gordon Stella
Incorporator

Appendix L: Insurance Quotes

Falcon Academy



Summary of Insurance

Falcon Adacemy

Prepared on: June 23, 2020
Jones Insurance Agency, Inc.
820 Benson Road • Garner, NC 27529

Commercial Auto

| Company | Policy Number | Eff Date | Exp Date |
|-------------------------------|---------------|-----------|-----------|
| Philadelphia Indemnity Ins Co | PHPK2038465 | 9/20/2019 | 9/20/2020 |

Coverage Detail

| Description | Limits |
|---|-------------|
| Bodily Injury & Property Damage Liability | \$1,000,000 |
| Medical Payments | \$5,000 |
| Uninsured Motorists - Each Accident | \$1,000,000 |
| Hired / Borrowed Auto Liability | Included |
| Non-owned Auto Liability | Included |

Crime

| Company | Policy Number | Eff Date | Exp Date |
|-------------------------------|---------------|-----------|-----------|
| Philadelphia Indemnity Ins Co | PHPK2038465 | 9/20/2019 | 9/20/2020 |

Coverage Detail

| Description | Limit |
|---------------------|-----------|
| Employee Dishonesty | \$250,000 |

Crime

| Company | Policy Number | Eff Date | Exp Date |
|-------------------------------|---------------|-----------|-----------|
| Philadelphia Indemnity Ins Co | PHPK2038465 | 9/20/2019 | 9/20/2020 |

Coverage Detail

| Description | Limit | Deductible |
|--|-------|------------|
| Employee Dishonesty | | |
| Forgery or Alteration | | |
| Robbery & Burglary Inside the Premises | | |
| Theft of Money & Securities Inside the Premises | | |
| Theft of Money & Securities Outside the Premises | | |
| Computer Fraud | | |
| Funds Transfer Fraud | | |
| Money Orders and Counterfeit Currency | | |

Commercial Liability

| Company | Policy Number | Eff Date | Exp Date |
|-------------------------------|---------------|-----------|-----------|
| Philadelphia Indemnity Ins Co | PHPK2038465 | 9/20/2019 | 9/20/2020 |

Coverage Detail

| Coverage | Limits |
|---|-------------|
| Each Occurrence | \$1,000,000 |
| Personal and Advertising Injury | \$1,000,000 |
| General Aggregate | \$3,000,000 |
| Products / Completed Operations Aggregate | \$3,000,000 |
| Fire Damage (Any One Fire) | \$100,000 |
| Medical Expense (Any One Person) | \$5,000 |

Forms & Endorsements

| Description - \$1,000,000 Limit |
|--|
| Sexual Abuse/Molestation - \$1,000,000 Limit |

Commercial Property

| Company | Policy Number | Eff Date | Exp Date |
|-------------------------------|---------------|-----------|-----------|
| Philadelphia Indemnity Ins Co | PHPK2038465 | 9/20/2019 | 9/20/2020 |

Coverage Detail

| Loc #: | Bldg #: | 7555 N. West Street • Falcon, NC 28342 | | | | |
|------------------------------------|---------|--|---|------|-----|-------|
| Building | | \$1,331,678 | R | 100% | SPC | 2,500 |
| Business Personal Property | | \$63,124 | R | 100% | SPC | 2,500 |
| Business Income with Extra Expense | | \$63,701 | | 100% | SPC | 24 |
| Loc #: | Bldg #: | 7555 N. West Street • Falcon, NC 28342 | | | | |
| Building | | \$1,895,736 | R | 100% | SPC | 2,500 |
| Business Personal Property | | \$200,000 | R | 100% | SPC | 2,500 |

Definitions

| | | |
|----------------------|----------------------------------|------------------|
| Val = Valuation | Co-Ins% = Coinsurance Percentage | Ded = Deductible |
| R = Replacement Cost | SPC = Special Form | |

Errors & Omissions Professional Liability

| Company | Policy Number | Eff Date | Exp Date |
|-------------------------------|----------------------|-----------------|-----------------|
| Philadelphia Indemnity Ins Co | PHPK2038465 | 9/20/2019 | 9/20/2020 |

Coverage Detail

Description

Educational Services Professional Liability

Coverage Limits

\$1,000,000.00

Aggregate Limits

\$3,000,000.00

Falcon Academy

| Company | Policy Number | Eff Date | Exp Date | |
|------------------------------|----------------------|-----------------|-----------------|--|
| Cincinnati Insurance Company | EMN 0428454 | 4/8/2020 | 4/8/2021 | |

Directors and Officers Coverage Detail

| | |
|-------------------|--------------------------------|
| Description | Directors & Officers Liability |
| Retro-active Date | 4/8/2002 |
| Coverage Limits | \$2,000,000.00 |
| Aggregate Limits | \$2,000,000.00 |

Workers Compensation

| Company | Policy Number | Eff Date | Exp Date |
|------------------------------|---------------|-----------|-----------|
| Accident Fund Ins Co of Amer | WCV6178103 | 12/1/2019 | 12/1/2020 |

Named Insureds

| First Named Insured |
|---------------------|
| Falcon Academy |

Coverage Detail

| Description | Limits |
|--|-----------|
| Employers Liability: Each Accident | \$500,000 |
| Employers Liability: Disease – Policy Limit | \$500,000 |
| Employers Liability: Disease – Each Employee | \$500,000 |
| Workers Compensation: Statutory Benefit | Included |

Locations & Class Codes

| St | Code | Description | Estimated Annual Payroll |
|--|------|----------------|--------------------------|
| Loc #: 1 | | | |
| 7555 North West Street • Falcon, NC 28342 | | | |
| NC | 8868 | College/School | 330,000 |

Appendix M: Revenue Assurances

Falcon Academy



Memorandum of Understanding

Between

Falcon Children's Home and Family Services, Inc. (FCHFS)

And

Falcon Academy (FA)

Use of Buildings

FCHFS agrees that buildings commonly known as the High School building and the Middle/Elementary School building shall be used by FA for school purposes.

During the first five years of operation, FCHFS will not charge rent or utilities on stated buildings. After the first five years of operation, the parties would come to agreeable terms for rent and/or utilities.

FCHFS agrees to provide basic insurance on the buildings and grounds as required by statute for the operation of a public charter school in the State of North Carolina.

FCHFS agrees to provide general maintenance and repairs to the buildings as needed.

FA agrees for FCHFS's use of the Middle/Elementary School building and Activity Room during times when school is not operating and during the summer.

Food Services

FCHFS agrees to provide cafeteria services for lunch for all students of FA.

The FCHFS food service will follow the mandatory school lunch program following state and federal guidelines for the National School Lunch Program.

FA will collect application forms from students for the Free or Reduced Lunch Program in a timely manner and return them to the food service office. Food services will process the forms accordingly.

FA will advertise the cost of lunch for students not eligible for the Free/Reduced Program.

FCHFS food services will handle all financial transactions related to the lunch program at no additional cost to FA.

Transportation

Should FA have the need for transportation services for students attending, FCHFS transportation department agrees to provide vans, buses, or any other vehicles owned by FCHFS that are deemed necessary.

FA will be responsible for establishing reasonable cluster routes for the pick-up and delivery of students.

FA agrees to pay FCHFS per mile at the current year IRS mileage rate.

Signed:  _____ Date

FA Board Chair

Signed:  _____ Date

FCHFS CEO

Enrollment Projections Year 1 through Year 5

In the following tables, please list for each year and grade level, the numbers of students that the school receives. Please indicate any plans to increase the grade levels offered by the school over time and be sure these figures are accurate.

The numbers in the following tables are projections, or estimates, and do not bind the State to fund the school.

| | | |
|----------------|--------------------------------------|--------------------|
| LEA #1: | 260 Cumberland County Schools | What percentage of |
| LEA #2: | 430 Harnett County Schools | What percentage of |
| LEA #3: | 820 Sampson County Schools | What percentage of |

| Grade | Year 1 | | | Year 2 | | |
|--------------|--------|--------|--------|--------|--------|--------|
| | LEA #1 | LEA #2 | LEA #3 | LEA #1 | LEA #2 | LEA #3 |
| | 260 | 430 | 820 | 260 | 430 | 820 |
| Kindergarten | 8 | | | 8 | | |
| Grade 1 | 8 | 2 | | 8 | | |
| Grade 2 | 8 | | 2 | 8 | 3 | |
| Grade 3 | 8 | 2 | | 8 | | 3 |
| Grade 4 | 8 | | | 8 | 3 | |
| Grade 5 | 8 | | | 8 | | |
| Grade 6 | 8 | | | 8 | | |
| Grade 7 | 6 | | | 8 | | |
| Grade 8 | 6 | | | 6 | | |
| Grade 9 | 9 | | | 10 | | |
| Grade 10 | 9 | | | 10 | | |
| Grade 11 | 10 | | | 12 | | |
| Grade 12 | 8 | | | 10 | | |
| LEA Totals: | 104 | 4 | 2 | 112 | 6 | 3 |

For the first two years the State will fund the school up to the maximum projected enrollment for each of the subsequent years, the school may increase its enrollment only as permitted by NCGS 115C-218.7(b).



asonably expects to enroll. In addition,
 nres match those on the initial cover page.

ool at any particular level.

| | |
|---|----|
| students from the LEA selected above will qualify for EC funding? | 9% |
|---|----|

| | |
|---|----|
| students from the LEA selected above will qualify for EC funding? | 2% |
|---|----|

| | |
|---|----|
| students from the LEA selected above will qualify for EC funding? | 2% |
|---|----|

| Year 3 | | | Year 4 | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| LEA #1 260 | LEA #2 430 | LEA #3 820 | LEA #1 260 | LEA #2 430 | LEA #3 820 | LEA #1 260 |
| 9 | | | 9 | | | 10 |
| 9 | | | 9 | 2 | 2 | 10 |
| 9 | | | 9 | 2 | 2 | 10 |
| 9 | 3 | | 9 | | | 10 |
| 9 | | 3 | 9 | | | 10 |
| 9 | 3 | | 9 | | 3 | 10 |
| 8 | | | 8 | 3 | | 9 |
| 8 | | | 8 | | | 9 |
| 8 | | | 8 | | | 9 |
| 10 | | | 12 | | | 12 |
| 10 | | | 12 | | | 12 |
| 10 | | | 12 | | | 12 |
| 12 | | | 12 | | | 12 |
| 120 | 6 | 3 | 126 | 7 | 7 | 135 |

ose years as set forth and approved in the projected enrollment tables. However, in

Year 5

LEA #2 **LEA #3**
430 **820**

| | |
|---|---|
| | |
| | |
| 2 | 2 |
| 2 | 2 |
| | |
| | 3 |
| 3 | |
| 3 | |
| | |
| | |
| | |
| | |
| | |

| | |
|-----------|----------|
| 10 | 7 |
|-----------|----------|

Budget: Revenue Projections from each LEA Year 1

State Funds: Charter schools receive an equivalent amount per student as the local education agency from the State. Funding is based on the 1st month average daily membership.

In year 1: Base state allotments are determined by the LEA in which the student resides.

In year 2 and Beyond: Base State allotments are determined by the LEA in which the student resides.

Local Funds: Charter schools receive a per pupil share of the local current expense of the LEA.

State EC Funds: Charter schools receive a per pupil share of state funds per student with disabilities are limited to 12.75% of the local education agency's average daily membership (ADM).

Federal EC Funds: Charter schools must qualify and apply for the individual federal grants based on the federal funding opportunity.

REFER TO RESOURCE GUIDE FOR ADDITIONAL INFORMATION AND SOURCES

| LEA #1: | | 260 Cumberland County Schools | |
|------------------|-------------------------------|-------------------------------|--|
| Revenue | Approximate Per Pupil Funding | Projected LEA ADM | |
| State Funds | \$5,682.76 | 104 | |
| Local Funds | \$1,932.94 | 104 | |
| State EC Funds | \$4,193.22 | 9 | |
| Federal EC Funds | \$1,514.35 | 9 | |
| Total: | | | |

| LEA #2: | | 430 Harnett County Schools | |
|------------------|-------------------------------|----------------------------|--|
| Revenue | Approximate Per Pupil Funding | Projected LEA ADM | |
| State Funds | \$5,909.26 | 4 | |
| Local Funds | \$1,509.99 | 4 | |
| State EC Funds | \$4,509.25 | 0 | |
| Federal EC Funds | \$1,514.35 | 0 | |
| Total: | | | |

| LEA #3: | | 820 Sampson County Schools | |
|------------------|-------------------------------|----------------------------|--|
| Revenue | Approximate Per Pupil Funding | Projected LEA ADM | |
| State Funds | \$6,308.48 | 2 | |
| Local Funds | \$1,260.05 | 2 | |
| State EC Funds | \$4,509.25 | 0 | |
| Federal EC Funds | \$1,514.35 | 0 | |
| Total: | | | |



y (LEA) receives per student receives

nt resides.

hich the school is located.

EA in which the student resides.

s (school-aged 5 through 21). Funds

their population of students.

RCE DOCUMENTS

| Approximate funding for Year 1 | |
|--------------------------------|--------------|
| | \$591,007.04 |
| | \$201,025.76 |
| | \$39,248.54 |
| | \$14,174.32 |
| | \$845,455.66 |

| Approximate funding for Year 1 | |
|--------------------------------|-------------|
| | \$23,637.04 |
| | \$6,039.96 |
| | \$360.74 |
| | \$121.15 |
| | \$30,158.89 |

| Approximate funding for Year 1 | |
|--------------------------------|-------------|
| | \$12,616.96 |
| | \$2,520.10 |
| | \$180.37 |
| | \$60.57 |
| | \$15,378.00 |

Total Budget: Revenue Projections Year 1 through Year 5

All per pupil amounts are from the most current information and would be approximations for Year 1.

Federal funding is based upon the number of students enrolled who qualify. The applicant should use caution when relying on one to meet budgetary goals.

These revenue projection figures do NOT guarantee the charter school would receive this amount of funding in Year 1.

For local funding amounts, applicants will need to contact their local offices or LEA.

| Income: Revenue Projections | Year 1 | Year 2 | Year 3 | Year 4 |
|--------------------------------|-------------------|-------------------|---------------------|---------------------|
| State ADM Funds | \$ 627,261 | \$ 690,850 | \$ 736,312 | \$ 801,552 |
| Local Per Pupil Funds | \$ 209,586 | \$ 229,329 | \$ 244,793 | \$ 262,941 |
| State EC Funds | \$ 39,790 | \$ 43,079 | \$ 46,098 | \$ 48,814 |
| Federal EC Funds | - | \$ 14,356 | \$ 16,628 | \$ 17,597 |
| Other Funds* | | | | |
| Working Capital* | | | | |
| TOTAL REVENUE: | \$ 876,637 | \$ 977,615 | \$ 1,043,831 | \$ 1,130,903 |

*All budgets should balance indicating strong budgetary skills. Any negative fund balances will, more than likely, generate additional questions from those evaluating the application. If the applicant is depending on other funding sources or working capital to balance the operating budget, they should provide documentation such as signed statements from donors, foundations, bank documents, etc., on the commitment of those sources. If the figures are loans, the repayment needs to be explained in the narrative and found within the budget projections.

Assurances are needed to confirm the commitment of these additional sources of revenue. Please include these as Appendix



federal funding in year

| Year 5 | |
|-----------|------------------|
| \$ | 870,425 |
| \$ | 284,867 |
| \$ | 52,481 |
| \$ | 18,914 |
| | |
| | |
| \$ | 1,226,687 |

*ditional questions by
ating budget, please
ese funds. If these*

M.

Personnel Budget: Expenditure Projections

| Budget Expenditure Projections | Year 1 | | | Year 2 | | | Year 3 | | | Year 4 | | | Year 5 | | |
|--|-----------------|----------------|-------------------|-----------------|----------------|-------------------|-----------------|----------------|-------------------|-----------------|----------------|----------------------|-----------------|----------------|-------------------|
| | Number of Staff | Average Salary | Total Salary | Number of Staff | Average Salary | Total Salary | Number of Staff | Average Salary | Total Salary | Number of Staff | Average Salary | Total Salary | Number of Staff | Average Salary | Total Salary |
| Administrative & Support Personnel | | | | | | | | | | | | | | | |
| Lead Administrator | 1 | \$ 50,000 | \$ 50,000 | 1 | \$ 52,000 | \$ 52,000 | 1 | \$ 53,000 | \$ 53,000 | 1 | \$ 54,000 | \$ 54,000 | 1 | \$ 55,000 | \$ 55,000 |
| Assistant Administrator | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | 0.5 | \$ 30,000 | \$ 15,000 | 0.5 | \$ 30,000 | \$ 15,000 |
| Finance Officer | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Clerical | 1 | \$ 28,000 | \$ 28,000 | 1 | \$ 28,500 | \$ 28,500 | 1.5 | \$ 28,500 | \$ 42,750 | 1.5 | \$ 28,500 | \$ 42,750 | 1.5 | \$ 28,500 | \$ 42,750 |
| Food Service Staff | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Custodians | 0.5 | \$ 24,000 | \$ 12,000 | 0.5 | \$ 24,000 | \$ 12,000 | 0.5 | \$ 24,000 | \$ 12,000 | 0.5 | \$ 24,000 | \$ 12,000 | 0.5 | \$ 24,000 | \$ 12,000 |
| Transportation Staff | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Total Admin and Support: | 2.5 | | \$ 90,000 | 2.5 | | \$ 92,500 | 3 | | \$ 107,750 | 3.5 | | \$ 123,750 | 3.5 | | \$ 124,750 |
| Instructional Personnel | | | | | | | | | | | | | | | |
| Core Content Teacher(s) | 11 | \$ 32,000 | \$ 352,000 | 12 | \$ 35,000 | \$ 420,000 | 13 | \$ 36,000 | \$ 468,000 | 14 | \$ 38,000 | \$ 532,000 | 14 | \$ 40,000 | \$ 560,000 |
| Electives/Specialty Teacher(s) | 3 | \$ 12,000 | \$ 36,000 | 4 | \$ 12,000 | \$ 48,000 | 4 | \$ 12,000 | \$ 48,000 | 4 | \$ 12,000 | \$ 48,000 | 4 | \$ 13,000 | \$ 52,000 |
| Exceptional Children Teacher(s) | 1 | \$ 40,000 | \$ 40,000 | 1 | \$ 43,000 | \$ 43,000 | 1 | \$ 45,000 | \$ 45,000 | 1 | \$ 46,000 | \$ 46,000 | 1 | \$ 47,000 | \$ 47,000 |
| Instructional Support | 0.5 | \$ 20,000 | \$ 10,000 | 0.5 | \$ 20,000 | \$ 10,000 | 0.5 | \$ 20,000 | \$ 10,000 | 1 | \$ 10,000 | \$ 10,000 | 1 | \$ 8,000 | \$ 8,000 |
| Teacher Assistants | | \$ - | \$ - | 0.5 | \$ 20,000 | \$ 10,000 | 0.5 | \$ 20,000 | \$ 10,000 | 0.5 | \$ 20,000 | \$ 10,000 | 1 | \$ 24,500 | \$ 24,500 |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Total Instructional Personnel: | 15.5 | | \$ 438,000 | 18 | | \$ 531,000 | 19 | | \$ 581,000 | 20.5 | | \$ 646,000 | 21 | | \$ 691,500 |
| Total Admin, Support and Instructional Personnel: | 18 | | \$ 528,000 | 20.5 | | \$ 623,500 | 22 | | \$ 688,750 | 24 | | \$ 769,750.00 | 24.5 | | \$ 816,250 |

| Benefits | Year 1 | | | Year 2 | | | Year 3 | | | Year 4 | | | Year 5 | | |
|---|-----------------|------------|------------|-----------------|------------|------------|-----------------|------------|------------|-----------------|---------------|---------------|-----------------|--------------|--------------|
| | Number of Staff | Cost Per | Total | Number of Staff | Cost Per | Total | Number of Staff | Cost Per | Total | Number of Staff | Cost Per | Total | Number of Staff | Cost Per | Total |
| Administrative & Support Benefits | | | | | | | | | | | | | | | |
| Health Insurance | 2 | \$ 6,000 | \$ 12,000 | 2 | \$ 6,100 | \$ 12,200 | 2 | \$ 6,300 | \$ 12,600 | 2 | \$ 6,400 | \$ 12,800 | 2 | \$ 6,500 | \$ 13,000 |
| Retirement Plan--NC State | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Retirement Plan--Other | 2 | \$ 900 | \$ 1,800 | 2 | \$ 900 | \$ 1,800 | 2 | \$ 900 | \$ 1,800 | 2 | \$ 900 | \$ 1,800 | 2 | \$ 900 | \$ 1,800 |
| Life Insurance | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Disability | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Medicare | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Social Security | 3 | \$ 2,295 | \$ 6,885 | 3 | \$ 2,359 | \$ 7,077 | 4 | \$ 2,100 | \$ 8,400 | 5 | \$ 2,200 | \$ 11,000 | 4 | \$ 2,300 | \$ 9,200 |
| Unemployment Insurance | 3 | \$ 300 | \$ 900 | 3 | \$ 308 | \$ 924 | 4 | \$ 270 | \$ 1,080 | 5 | \$ 247 | \$ 1,235 | 4 | \$ 312 | \$ 1,248 |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Total Admin and Support Benefits: | | \$ 21,585 | \$ 21,585 | | \$ 22,001 | \$ 22,001 | | \$ 23,880 | \$ 23,880 | | \$ 26,835 | \$ 26,835 | | \$ 25,248 | \$ 25,248 |
| Instructional Personnel Benefits | | | | | | | | | | | | | | | |
| Health Insurance | 12 | \$ 6,000 | \$ 72,000 | 13 | \$ 6,100 | \$ 79,300 | 14 | \$ 6,300 | \$ 88,200 | 15 | \$ 6,400 | \$ 96,000 | 15 | \$ 6,500 | \$ 97,500 |
| Retirement Plan--NC State | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Retirement Plan--Other | 12 | \$ 900 | \$ 10,800 | 13 | \$ 900 | \$ 11,700 | 14 | \$ 900 | \$ 12,600 | 15 | \$ 900 | \$ 13,500 | 15 | \$ 900 | \$ 13,500 |
| Social Security | 16 | \$ 2,095 | \$ 33,520 | 19 | \$ 2,138 | \$ 40,622 | 20.5 | \$ 2,131 | \$ 43,686 | 20 | \$ 2,200 | \$ 44,000 | 21 | \$ 2,300 | \$ 48,300 |
| Disability | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Medicare | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Life Insurance | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Unemployment Insurance | 16 | \$ 273 | \$ 4,368 | 19 | \$ 280 | \$ 5,320 | 20.5 | \$ 286 | \$ 5,863 | 20 | \$ 318 | \$ 6,360 | 21 | \$ 330 | \$ 6,930 |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| *** Edit text as needed. *** | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - | | \$ - | \$ - |
| Total Instructional Personnel Benefits: | | \$ 120,688 | \$ 120,688 | | \$ 136,942 | \$ 136,942 | | \$ 150,349 | \$ 150,349 | | \$ 159,860 | \$ 159,860 | | \$ 166,230 | \$ 166,230 |
| Total Personnel Benefits: | | \$ 142,273 | \$ 142,273 | | \$ 158,943 | \$ 158,943 | | \$ 174,229 | \$ 174,229 | | \$ 186,695 | \$ 186,695 | | \$ 191,478 | \$ 191,478 |
| Total Admin & Support Personnel (Salary & Benefits): | 2.5 | \$ 111,585 | \$ 111,585 | 2.5 | \$ 114,501 | \$ 114,501 | 3 | \$ 131,630 | \$ 131,630 | 3.5 | \$ 150,585.00 | \$ 150,585.00 | 3.5 | \$ 149,998 | \$ 149,998 |
| Total Instructional Personnel (Salary & Benefits): | 15.5 | \$ 558,688 | \$ 558,688 | 18 | \$ 667,942 | \$ 667,942 | 19 | \$ 731,349 | \$ 731,349 | 20.5 | \$ 805,860 | \$ 805,860 | 21 | \$ 857,730 | \$ 857,730 |
| TOTAL PERSONNEL: | 18 | \$ 670,273 | \$ 670,273 | 20.5 | \$ 782,443 | \$ 782,443 | 22 | \$ 862,979 | \$ 862,979 | 24 | \$ 956,445 | \$ 956,445 | 24.5 | \$ 1,007,728 | \$ 1,007,728 |

*The personnel list below may be amended to meet the staffing of individual charter schools. This list should align with the projected staff located in the Operations Plan.

Operations Budget: Expenditure Projections

The following list of expenditure items is presented as an example. Applicants should modify to meet their needs.

| OPERATIONS BUDGET: Administrative and Support | | | |
|--|--------------|--------------|--------------|
| | Year 1 | Year 2 | Year 3 |
| Office | | | |
| Office Supplies | \$ 1,000.00 | \$ 1,000.00 | \$ 1,000.00 |
| Paper | \$ 1,000.00 | \$ 1,000.00 | \$ 1,200.00 |
| Computers & Software | \$ 5,000.00 | \$ 5,000.00 | \$ 5,000.00 |
| 0 | \$ - | | |
| Copier leases | \$ - | \$ 1,000.00 | \$ 1,000.00 |
| Other | | | |
| *** Insert rows and edit text as needed. *** | | | |
| Management Company | | | |
| Contract Fees | | | |
| Other | | | |
| *** Insert rows and edit text as needed. *** | | | |
| Professional Contract | | | |
| Legal Counsel | \$ 1,000.00 | \$ 750.00 | \$ 750.00 |
| Student Accounting | \$ 5,000.00 | \$ 5,000.00 | \$ 5,000.00 |
| Financial | \$ 12,000.00 | \$ 15,000.00 | \$ 15,000.00 |
| Audit | | \$ 8,000.00 | \$ 8,200.00 |
| Technology | \$ 2,500.00 | \$ 2,500.00 | \$ 2,500.00 |
| Facilities | | | |
| Facility Lease/Mortgage | | | |
| Maintenance | | | |
| Custodial Supplies | \$ 500.00 | \$ 500.00 | \$ 500.00 |
| Custodial Contract | | | |
| Insurance (pg19) | \$ 12,000.00 | \$ 13,000.00 | \$ 13,500.00 |
| Other | | | |
| *** Insert rows and edit text as needed. *** | | | |
| Utilities | | | |
| Electric | | | |
| Gas | | | |
| Water/Sewer | | | |
| Trash | | | |
| Other | | | |
| *** Insert rows and edit text as needed. *** | | | |
| Transportation | | | |
| Buses | | | |
| Gas | \$ 5,000.00 | \$ 5,000.00 | \$ 5,000.00 |
| Oil/Tires & Maintenance | | | |
| Other | | | |
| *** Insert rows and edit text as needed. *** | | | |

| Other | | | |
|---|---------------------|---------------------|---------------------|
| Marketing | \$ 4,000.00 | \$ 3,000.00 | \$ 3,000.00 |
| Child nutrition | | | |
| Travel | \$ 500.00 | \$ 600.00 | \$ 600.00 |
| Other | | | |
| *** Insert rows and edit text as needed. *** | | | |
| | | | |
| Total Administrative & Support Operations: | \$ 49,500.00 | \$ 61,350.00 | \$ 62,250.00 |

| OPERATIONS BUDGET: Instructional | | | |
|--|----------------------|----------------------|----------------------|
| | Year 1 | Year 2 | Year 3 |
| Classroom Technology | | | |
| Software | \$ 4,000.00 | \$ 4,000.00 | \$ 4,500.00 |
| Computers | \$ 5,000.00 | | \$ 5,000.00 |
| *** Insert rows and edit text as needed. *** | | | |
| Instructional Contract | | | |
| Staff Development | \$ 5,000.00 | \$ 6,000.00 | \$ 7,000.00 |
| EC Services | \$ 25,000.00 | \$ 25,000.00 | \$ 30,000.00 |
| *** Insert rows and edit text as needed. *** | | | |
| Books and Supplies | | | |
| Instructional Materials | \$ 20,000.00 | \$ 22,000.00 | \$ 24,000.00 |
| Curriculum/Texts | \$ 15,000.00 | \$ 17,000.00 | \$ 20,000.00 |
| Copy Paper | \$ 1,000.00 | \$ 1,000.00 | \$ 1,000.00 |
| Testing Supplies | \$ 3,000.00 | \$ 3,000.00 | \$ 3,000.00 |
| Other | | | |
| *** Insert rows and edit text as needed. *** | | | |
| Total Instructional Operations: | \$ 78,000.00 | \$ 78,000.00 | \$ 94,500.00 |
| TOTAL OPERATIONS: | \$ 127,500.00 | \$ 139,350.00 | \$ 156,750.00 |

**Applicants may amend this table and the position titles to fit their Education and Operations Plans.*

| Year 4 | | Year 5 | |
|--------|-----------|--------|-----------|
| \$ | 1,000.00 | \$ | 1,000.00 |
| \$ | 1,200.00 | \$ | 1,200.00 |
| \$ | 5,000.00 | \$ | 5,000.00 |
| | | | |
| \$ | 1,000.00 | \$ | 1,000.00 |
| | | | |
| | | | |
| | | | |
| | | | |
| \$ | 750.00 | \$ | 750.00 |
| \$ | 5,000.00 | \$ | 5,000.00 |
| \$ | 15,000.00 | \$ | 15,000.00 |
| \$ | 8,400.00 | \$ | 8,500.00 |
| \$ | 2,500.00 | \$ | 3,000.00 |
| | | | |
| | | | |
| \$ | 500.00 | \$ | 500.00 |
| | | | |
| \$ | 14,000.00 | \$ | 14,500.00 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| \$ | 5,000.00 | \$ | 5,000.00 |
| | | | |
| | | | |
| | | | |

| \$ 3,000.00 | \$ 3,500.00 |
|---------------------|---------------------|
| | |
| \$ 600.00 | \$ 600.00 |
| | |
| | |
| | |
| \$ 62,950.00 | \$ 64,550.00 |

| Year 4 | | Year 5 | |
|--------|------------|--------|------------|
| \$ | 4,500.00 | \$ | 4,500.00 |
| | | \$ | 5,000.00 |
| | | | |
| | | | |
| \$ | 8,000.00 | \$ | 9,000.00 |
| \$ | 30,000.00 | \$ | 35,000.00 |
| | | | |
| | | | |
| \$ | 25,000.00 | \$ | 25,000.00 |
| \$ | 20,000.00 | \$ | 20,000.00 |
| \$ | 1,000.00 | \$ | 1,000.00 |
| \$ | 3,000.00 | \$ | 3,000.00 |
| | | | |
| | | | |
| | | | |
| \$ | 91,500.00 | \$ | 102,500.00 |
| \$ | 154,450.00 | \$ | 167,050.00 |

Overall Budget

| SUMMARY | Logic | Year 1 | Year 2 | Year 3 | Year 4 |
|---------------------|--------------|---------------|---------------|-----------------|-----------------|
| Total Personnel | J | \$ 670,273.00 | \$ 782,443.00 | \$ 862,978.50 | \$ 956,445.00 |
| Total Operations | M | \$ 127,500.00 | \$ 139,350.00 | \$ 156,750.00 | \$ 154,450.00 |
| Total Expenditures | N = J + M | \$ 797,773.00 | \$ 921,793.00 | \$ 1,019,728.50 | \$ 1,110,895.00 |
| Total Revenue | Z | \$ 876,636.51 | \$ 977,614.85 | \$ 1,043,831.09 | \$ 1,130,903.11 |
| Surplus / (Deficit) | = Z - N | \$ 78,863.51 | \$ 55,821.85 | \$ 24,102.59 | \$ 20,008.11 |



| Year 5 | |
|--------|--------------|
| \$ | 1,007,728.00 |
| \$ | 167,050.00 |
| \$ | 1,174,778.00 |
| \$ | 1,226,686.71 |
| \$ | 51,908.71 |

Appendix O: School Leader's Resume

Falcon Academy



MICHAEL S. STEWART
PO Box 67 Falcon, NC 28342
706-498-4179
stewartm1000@gmail.com

Married to Pamela Boggs Stewart (A.A. Emmanuel '78)
Two Sons – Justin and Joshua

PROFESSIONAL EXPERIENCE

| | |
|--|-----------------------|
| HEAD OF SCHOOL/PRINCIPAL Falcon Christian Academy Falcon Children's Home and Family Services, Inc. Falcon, North Carolina | 2017- |
| ADJUNCT PROFESSOR Richmont Graduate University | 2017- |
| DEAN Richmont Graduate University Atlanta, Georgia | 2014-2017A |
| PRESIDENT Emmanuel College, Franklin Springs, Georgia | 2005 -2014 |
| EXECUTIVE DIRECTOR OF MINISTRIES North Carolina District Council of the Assemblies of God, Selma, North Carolina Founder and Dean, North Carolina School of Ministry | 2001-2005 |
| SENIOR PASTOR First Assembly of God, Raleigh, North Carolina | 1995-2001 |
| SENIOR ASSOCIATE PASTOR First Assembly of God, Winston Salem, North Carolina Dean, Harvest Bible Institute Chief of Staff 5,000 members | 1990-1995 |
| ASSOCIATE PASTOR Franklin Springs Church, Franklin Springs, Georgia | 1988-1990 |
| FOUNDING/SENIOR PASTOR Christian Heritage Church, Danville, Virginia | 1979-1988 |
| ASSOCIATE PASTOR New Life Temple, Roanoke, Virginia | 1979 (May-Oct) |

EDUCATION

Doctor of Ministry in Leadership, 2006

Assemblies of God Theological Seminary, Springfield, Missouri

Beeson Institute of Advanced Church Leadership, Certificate (27 hours), 2001

Asbury Theological Seminary, Wilmore, Kentucky

Master of Arts in Counseling, 1990

Liberty University, Lynchburg, Virginia

Associate of Arts in Religion 1977

Bachelor of Arts in Religion 1979

Emmanuel College, Franklin Springs, Georgia

Additional Graduate Studies

Houston Graduate School of Theology

University of Georgia

Southern Baptist Theological Seminary

Carolina Evangelical Divinity School

Recent Memberships and Involvement (Within the past 5 years)

Board Member, Healing Springs Retreat Ministries, Inc.

President, Franklin County Chamber of Commerce

Board of Directors, Georgia Foundation of Independent Colleges

Board of Directors, Georgia Appalachian Center for Higher Education

Member, Rotary

Member, General Board of Administration, IPH Church

Ordained Minister

Past Memberships and Involvement

Founder, Royal Family Camp of Forsyth County NC (for abused children)

Founder, Royal Family Camp of Wake County NC

Founding Director, Associates in Christian Counseling

Founding Director, Little Life Family Services

Mayor's Commission on Youth and Children

President of the Optimist Club, Danville, Virginia

Chairman of Board of Social Services, City of Danville, Virginia

Board of Directors, Mid-Atlantic Christian Education Association

Board of Directors, Church Loan Fund, Inc.

Honors

Who's Who in the South and Southeast, 1990

Outstanding Personalities in the South, 1990

John S. Benson Award for Preaching Excellence, 1979



- ❖ If contracting with a CMO/EMO, that the selected management company has reviewed with the full Board of Directors, listed within the application, all the items required and the associated management contract and operations.

- Name of the Contact for Selected EMO/CMO:
N/A
- Date of Review:

- ❖ If contracting with a financial management service provider that the selected financial service provider has reviewed with the full Board of Directors, listed within the application, all the financial processes and services provided.

- Name of the Contact:
Sarah Crain McCracken
- Name of the Selected Financial Service Provider:
Acadia Northstar
- Date of Review:
7/7/2020

- Signature of Board Members Present (Add Signature Lines as Needed):

- Mary C Clark
- Josni Jeger
- John H. Y.
- Willie Kurath
- Clifton Jeynfe
- M. Sunkler
- Linda M. Thomas

- ❖ If the proposed Board of Directors, listed within the application, is contracting with a service provider to operate PowerSchool that the service provider has reviewed all of the financial processes and services provided.

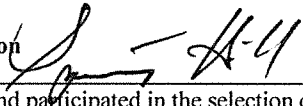
- Name of the Contact:
Sarah Crain McCracken
- Name of the Selected PowerSchool Service Provider:
Acadia Northstar
- Date of Review:
7/7/2020

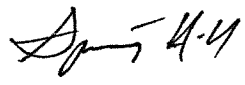
- Signature of Board Members Present (Add Signature Lines as Needed):

- Mary C Clark
- Josni Jeger
- John H. Y.
- Willie Kurath
- Clifton Jeynfe
- M. Sunkler
- Linda M. Thomas



Certification

I, , as Board Chair, certify that each Board Member has reviewed and participated in the selection of the individuals and vendors attached to this document as evidenced by the full Board of Director signatures outlined above. The information I am providing to the North Carolina State Board of Education as _____ Charter School is true and correct in every respect.

Signature  _____
Date _____

| Area of Proposed Coverage | Proposed Amount of Coverage | Cost (Quote) |
|--|------------------------------------|---------------------|
| Comprehensive General Liability | \$1,000,000.00/occurrence | \$2,000 |
| Officers and Directors/Errors and Omissions | \$1,000,000.00/occurrence | \$3,000 |
| Property Insurance | | \$6,000 |
| Automobile Liability | \$1,000,000.00/occurrence | \$2,000 |
| Crime Coverage - Minimum/Maximum Amount | \$250,000.00 \$250,000.00 | \$1,000 |
| Worker's Compensation | \$500,000.00 | \$1,500 |
| Sexual misconduct/Abuse | \$1,000,000 | included |
| Total Cost | | 15,500.00 |
| Note: Some savings will be realized by combining some coverages with the overall FCHFS policy i.e. Property insurance. | | |

Falcon Christian Academy

Spring 2019

Terra Nova Testing Results

Percentage of students at grade level proficiency

| | Reading | Vocabulary | Mathematics | Language | Science | Overall Total |
|------|---------|------------|-------------|----------|---------|------------------|
| 4th | 69% | 70% | 35% | 51% | 41% | 53% |
| 5th | 63% | 56% | 65% | 81% | 55% | 64% |
| 6th | 79% | 61% | 30% | 73% | 60% | 61% |
| 7th | 58% | 45% | 39% | 59% | 53% | 51% |
| 8th | 56% | 33% | 43% | 49% | 48% | 46% |
| 9th | 37% | 38% | 41% | 36% | 33% | 37% |
| 10th | 42% | 37% | 38% | 33% | 57% | 41% |
| 11th | 57% | 44% | 54% | 44% | 51% | 50% |
| 12th | 61% | 54% | 62% | 37% | 60% | 55% |

Falcon Christian Academy

Spring 2019

Terra Nova Testing Results

Percentage of students at grade level proficiency

| | Reading | Vocabulary | Mathematics | Language | Science | Overall Total |
|-----|---------|------------|-------------|----------|---------|------------------|
| K | 100% | | 100% | 100% | | 100% |
| 1st | 100% | 75% | 88% | 100% | 100% | 93% |
| 2nd | 100% | 100% | 100% | 100% | 100% | 100% |
| 3rd | 67% | 100% | 100% | 67% | 100% | 87% |

Falcon Christian Academy Spring 2018

Terra Nova Testing Results

Percentage of students at grade level proficiency

| | Reading | Vocabulary | Mathematics | Language | Science | Overall Total |
|------|---------|------------|-------------|----------|---------|------------------|
| K | 63% | | 65% | 62% | | 63% |
| 1st | 62% | 74% | 67% | 65% | 71% | 68% |
| 2nd | 53% | 63% | 70% | 54% | 70% | 62% |
| 3rd | 59% | 68% | 63% | 67% | 59% | 63% |
| 4th | 65% | 67% | 67% | 62% | 60% | 64% |
| 5th | 71% | 79% | 74% | 75% | 70% | 74% |
| 6th | 76% | 72% | 71% | 76% | 63% | 72% |
| 7th | 71% | 70% | 70% | 79% | 64% | 71% |
| 8th | 80% | 63% | 67% | 74% | 68% | 70% |
| 9th | 61% | 80% | 61% | 70% | 65% | 67% |
| 10th | 70% | 62% | 67% | 80% | 62% | 68% |
| 11th | 78% | 73% | 76% | 83% | 63% | 75% |
| 12th | 77% | 73% | 74% | 83% | 61% | 74% |

Falcon Christian Academy Spring 2017 ?

Terra Nova Testing Results

Percentage of students at grade level proficiency

| | Reading | Vocabulary | Mathematics | Language | Science | Overall Total |
|------|---------|------------|-------------|----------|---------|------------------|
| K | | | | | | |
| 1st | | | | | | |
| 2nd | | | | | | |
| 3rd | | | | | | |
| 4th | | | | | | |
| 5th | 70% | 73% | 85% | 63% | 67% | 72% |
| 6th | 56% | 53% | 56% | 45% | 54% | 53% |
| 7th | 50% | 40% | 50% | 45% | 47% | 46% |
| 8th | 56% | 56% | 52% | 50% | 50% | 53% |
| 9th | 49% | 48% | 57% | 53% | 50% | 51% |
| 10th | 55% | 53% | 51% | 52% | 53% | 53% |
| 11th | 50% | 45% | 55% | 50% | 50% | 50% |
| 12th | 45% | 40% | 42% | 40% | 40% | 41% |

Falcon Academy
Daily Schedule for Each Grade Level

Kindergarten

| | |
|---------------|---|
| 8:00-8:30am | Character Education |
| 8:30-9:00am | Social Studies/Science |
| 9:00-9:30am | Phonics |
| 9:30-10:30am | Seatwork and Reading Groups |
| 10:30-11:00am | Handwriting |
| 11:00-12:15pm | Lunch and Recess |
| 12:15-12:30pm | Bathroom and Rest |
| 12:30-1:30pm | Numbers (Math) |
| 1:30-2:00pm | Language Enrichment (story time/poetry) |
| 2:00-2:15pm | Snack time |
| 2:15-2:20pm | Pack up/Clean Up |
| 2:25 pm | Dismissal |

First Grade

| | |
|---------------|-----------------------------|
| 8:00-8:30am | Character Education |
| 8:30-9:00am | Phonics |
| 9:00-10:00am | Seatwork and reading Groups |
| 10:00-10:30am | Penmanship |
| 10:30-11:00am | Spelling |
| 11:00-12:15pm | Lunch and Recess |
| 12:15-12:30pm | Bathroom and Rest |
| 12:30-1:30pm | Math |
| 1:30-2:00pm | Social Studies |
| 2:00-2:15pm | Snack time |
| 2:15-2:20pm | Pack up/Clean up |
| 2:25pm | Dismissal |

Second Grade

| | |
|---------------|-----------------------|
| 8:00-8:30am | Pledges |
| 8:30-9:00am | Character Education |
| 9:00-9:30am | Art MW |
| 9:00-9:30am | Social Studies T TH F |
| 9:30-10:15am | Phonics |
| 10:15-10:45am | Reading |
| 10:45-11:30am | Lunch/Bathrooms |
| 11:30-12:00pm | Recess |
| 12:00-1:00pm | Math |
| 1:00-1:30pm | Spelling |
| 1:30-1:45pm | Writing |
| 1:45-2:15pm | Science/Health |

Third Grade

| | |
|---------------|---------------------------------------|
| 8:00-9:30am | ELA (language, spelling, and reading) |
| 9:30-10:00am | Penmanship |
| 10:00-11:00am | Math |
| 11:00-11:30am | Lunch |
| 11:30-12:20pm | Recess and Bathroom |
| 12:20-1:20pm | History |
| 1:20-2:20pm | Science |

Fourth Grade

| | |
|---------------|---------------------------------------|
| 8:00-9:30am | ELA (language, spelling, and reading) |
| 9:30-10:00am | Penmanship |
| 10:00-11:00am | Math |
| 11:00-11:30am | Lunch |
| 11:30-12:20pm | Recess and Bathroom |
| 12:20-1:20pm | History |
| 1:20-2:20pm | Science |

Fifth Grade

| | |
|---------------|---------------------------------------|
| 8:00-9:30am | ELA (language, spelling, and reading) |
| 9:30-10:00am | Penmanship |
| 10:00-11:00am | Math |
| 11:00-11:30am | Lunch |
| 11:30-12:20pm | Recess and Bathroom |
| 12:20-1:20pm | History |
| 1:20-2:20pm | Science |

Sixth Grade

| | |
|---------------|-------------------------------|
| 8:00-8:45am | Character Education |
| 8:50-9:35am | History |
| 9:40-10:25am | Technology |
| 10:30-11:15am | Math |
| 11:20-11:50am | Lunch |
| 12:00-12:45pm | Art |
| 12:50-1:35pm | Science |
| 1:40-2:25pm | Journalism / Writing Workshop |
| 2:30-3:15pm | Health/PE |

Seventh Grade

| | |
|---------------|-------------------------------|
| 8:00-8:45am | Character Education |
| 8:50-9:35am | History |
| 9:40-10:25am | Technology |
| 10:30-11:15am | Math |
| 11:20-11:50am | Lunch |
| 12:00-12:45pm | Art |
| 12:50-1:35pm | Science |
| 1:40-2:25pm | Journalism / Writing Workshop |

| | |
|---------------------|-------------------------------|
| 2:30-3:15pm | Health/PE |
| <u>Eighth Grade</u> | |
| 8:00-8:45am | Pre-Algebra |
| 8:50-9:35am | ELA |
| 9:40-10:25am | Earth Science |
| 10:30-11:15am | Character Education |
| 11:20-11:50am | LUNCH |
| 12:00-12:45pm | History |
| 12:50-1:35pm | Technology |
| 1:40-2:25pm | Journalism / Writing Workshop |
| 2:30-3:15pm | Health/PE |

High School – 9th-12th Grade

| | |
|--------------|-------------------|
| 7:55-9:40am | First Block |
| 9:45-11:25am | Second Block |
| 11:30-1:40pm | Third Block/Lunch |
| 1:45-3:20pm | Fourth Block |

| Board Member Name | Board Title | County of Residence | Current Occupation | Past or Present Professional Licenses Held | Any disciplinary action taken against any of these professional licenses? |
|--------------------------|--------------------|----------------------------|-------------------------------------|--|--|
| Sprunt Hill | Chair | Wayne County | Educator | NC Teaching and Principal Licensure | No |
| Monty Strickland | Vice-Chair | Cumberland | Educator | NC Teaching and Principal Licensure | No |
| Mary Synan Clark | Secretary | Harnett | Office Administration | | |
| Linda Morris Thomas | Director | Craven | Business Owner/Office Administrator | | |
| Willie Burnette | Director | Cumberland | Mayor of Town of Godwin | | |
| Clifton L. Turpin, Jr. | Director | Cumberland | Mayor of Town of Falcon | C Set-Up Contractor, NC Plumbing Contractor Class II, NC Class A CDL, NC B-Distribution Water System Operation, and NC Backflow and Cross Connection License | No |
| Joseph T. Leggett | Director | Cumberland | CEO | Preceptor License for the training of NC Nursing Home Administrators | No |

Signature Page

The foregoing application is submitted on behalf of Donald Sprunt Hill. The undersigned has read the application and hereby declares that the information contained in it is true and accurate to the best of his/her information and belief. The undersigned further represents that the applicant has read the Charter School Law and agrees to be governed by it, other applicable laws, and SBE regulations.

upon successful completion of a mandatory planning year. Per SBE policy "Planning Year for New and Additionally, we understand the final approval of the charter is contingent Preliminary Charter Schools– CHTR 013, all new nonprofit boards receiving a charter must participate in a year-long planning program prior to the charter school's opening for students. The planning year provides an applicant time to prepare for the implementation of the school's curricular, financial, marketing, and facility plans. During this planning year, regular meetings are held with the Board of Directors and consultants from the Office of Charter Schools to provide information on the following topics: school opening plans, staff development, finance, governance, board training, marketing, policies and procedures, securing a school site, and hiring a school administrator. Final approval of the charter will be contingent upon successfully completing all of the planning program requirements.

Print/Type Name: Donald Sprunt Hill

Board Position: Chairperson

Signature: Donald Sprunt Hill

Date: 7/22/20

Sworn to and subscribed before me this 22nd day of July, 2020.

Notary Public: Ginger B. Wheeler

Official Seal:



My commission expires: June 19, 2022.

Charter School Required Signature Certification

Note: Outlined below is a list of areas that must be certified by the proposed Board of Directors. Any forms Not Applicable to the proposed charter school indicate below with N/A and provide a brief explanation for providing such response.

- ❖ The selected Board Attorney that he/she has reviewed with the full Board of Directors, listed within the application, all the governance documents and liabilities associated with being on the Board of a Non Profit Corporation.

- Name of the Selected Board Attorney: *LISA GORDON STELLA*
- Date of Review: *7/7/2020*
- Signature of Board Members Present (Add Signature Lines as Needed):

- *Mary C. Clark*
- *John K. Jones*
- *John H. Jones*
- *William B. Smith*
- *Clifford S. Ferguson*
- *W. Bankton*
- *Linda M. Thomas*

- ❖ The selected Board Auditor that he/she has reviewed with the full Board of Directors, listed within the application, all the items required for the annual audit and 990 preparations.

- Name of the Selected Board Auditor: *TAYLOR SHEPHEMSON TRP CAA*
- Date of Review: *7/7/2020*
- Signature of Board Members Present (Add Signature Lines as Needed):

- *Mary C. Clark*
- *John K. Jones*
- *John H. Jones*
- *William B. Smith*
- *Clifford S. Ferguson*
- *W. Bankton*
- *Linda M. Thomas*

| Position | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | notes |
|--|---------------|---------------|---------------|---------------|---------------|---------------|--|
| Principal/School Leader | | 1 | 1 | 1 | 1 | 1 | |
| Assistant Principal | | | | | | | |
| Dean(s) | | | | | | | |
| Additional School Leadership | | | | | | | |
| Core Classroom Teachers | | 11 | 12 | 13 | 14 | 14 | |
| Specialized Classroom Teachers (e.g. special education, ELL, foreign language, etc.) | | 4 | 5 | 5 | 5 | 5 | 1 FT EC Coordinator, PT Specialized Teachers |
| Student Support Positions (e.g. social workers, psychologists, etc.) | | | | | | | |
| Specialized School Staff | | 0.5 | 0.5 | 0.5 | 0.5 | 1 | |
| Teaching Aides or Assistants | | | 0.5 | 0.5 | 0.5 | 1 | |
| School Operations Support Staff | | 1.5 | 1.5 | 2 | 2 | 2 | Clerical, Custodium, |