

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.
Asheville, North Carolina

Consolidated Financial Statements

For the Years Ended
December 31, 2022 and 2021

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.
Asheville, North Carolina

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Asheville-Buncombe Community Christian Ministry, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Asheville-Buncombe Community Christian Ministry, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Asheville-Buncombe Community Christian Ministry, Inc. as of December 31, 2022 and 2021, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Asheville-Buncombe Community Christian Ministry, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Asheville-Buncombe Community Christian Ministry, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Asheville-Buncombe Community Christian Ministry, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Asheville-Buncombe Community Christian Ministry, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2023, on our consideration of Asheville-Buncombe Community Christian Ministry, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Asheville-Buncombe Community Christian Ministry, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Asheville-Buncombe Community Christian Ministry, Inc.'s internal control over financial reporting and compliance.

Goldsmith Molis & Gray, PLLC

Goldsmith Molis & Gray, PLLC
Asheville, North Carolina
May 12, 2023

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Consolidated Statements of Financial Position

December 31, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,916,332	\$ 1,856,955
Investments	66,820	66,623
Receivables:		
Promises to give, net	207,165	490,017
Grants	1,470,694	745,303
Other receivables	96,884	91,262
Prepaid expenses	148,922	147,186
Inventory	1,655,805	2,495,621
Other current assets	17,883	41,162
Total current assets	<u>5,580,505</u>	<u>5,934,129</u>
Property and equipment, net:	<u>22,473,766</u>	<u>22,348,372</u>
Other assets:		
Restricted cash	681,991	708,581
Investments	204,459	204,152
Promises to give, net	126,160	269,801
Property held for resale	3,329,812	3,329,812
Operating lease right-of-use asset	504,858	-
Beneficial interests in assets held by others	1,649,098	2,005,351
Total other assets	<u>6,496,378</u>	<u>6,517,697</u>
Total assets	<u>\$ 34,550,649</u>	<u>\$ 34,800,198</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Current portion of notes payable	\$ 2,026,701	\$ 161,400
Current portion of operating lease liability	127,618	-
Accounts payable	439,471	210,106
Accrued expenses	646,728	432,601
Other current liabilities	4,457	4,000
Total current liabilities	<u>3,244,975</u>	<u>808,107</u>
Long-term liabilities:		
Long-term portion of notes payable	1,019,639	4,823,973
Operating lease liability, net of current portion	379,818	-
Total long-term liabilities	<u>1,399,457</u>	<u>4,823,973</u>
Total liabilities	<u>4,644,432</u>	<u>5,632,080</u>
Net assets:		
Without donor restrictions	26,764,325	25,679,731
With donor restrictions	3,141,892	3,488,387
Total net assets	<u>29,906,217</u>	<u>29,168,118</u>
Total liabilities and net assets	<u>\$ 34,550,649</u>	<u>\$ 34,800,198</u>

The accompanying notes are an integral part of these financial statements.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Consolidated Statement of Activities
For the Year Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Public support and grants	\$ 1,587,914	\$ 2,625,381	\$ 4,213,295
In-kind support	4,927,162	-	4,927,162
Special events	473,232	-	473,232
Government grants	-	10,960,281	10,960,281
Investment income	1,773	79,990	81,763
Change in beneficial interest	-	(356,253)	(356,253)
Gain on sale of assets	778,724	-	778,724
Other	372,980	-	372,980
Total revenue, gains and other support	<u>8,141,785</u>	<u>13,309,399</u>	<u>21,451,184</u>
Net assets released from restrictions	<u>13,655,894</u>	<u>(13,655,894)</u>	<u>-</u>
Total revenue, gains and other support	<u>21,797,679</u>	<u>(346,495)</u>	<u>21,451,184</u>
Expenses:			
Program services	19,531,257	-	19,531,257
Support services:			
Management and general	461,035	-	461,035
Fundraising	720,793	-	720,793
Total expenses	<u>20,713,085</u>	<u>-</u>	<u>20,713,085</u>
Change in net assets	1,084,594	(346,495)	738,099
Net assets, beginning of year	<u>25,679,731</u>	<u>3,488,387</u>	<u>29,168,118</u>
Net assets, end of year	<u>\$ 26,764,325</u>	<u>\$ 3,141,892</u>	<u>\$ 29,906,217</u>

The accompanying notes are an integral part of these financial statements.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Consolidated Statement of Activities
For the Year Ended December 31, 2021

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues, gains and other support:			
Public support and grants	\$ 1,311,900	\$ 3,007,311	\$ 4,319,211
In-kind support	4,908,892	-	4,908,892
Special events	445,652	-	445,652
Government grants	-	8,116,215	8,116,215
Investment income	892	77,850	78,742
Gain on sale of assets	47,176	-	47,176
Change in beneficial interest	-	98,387	98,387
Gain on extinguishment of debt - PPP loan	270,000	-	270,000
Other	344,853	-	344,853
Total revenue, gains and other support	<u>7,329,365</u>	<u>11,299,763</u>	<u>18,629,128</u>
Net assets released from restrictions	<u>11,359,620</u>	<u>(11,359,620)</u>	<u>-</u>
Total revenue, gains and other support	<u>18,688,985</u>	<u>(59,857)</u>	<u>18,629,128</u>
Expenses:			
Program services	15,471,772	-	15,471,772
Support services:			
Management and general	417,760	-	417,760
Fundraising	631,415	-	631,415
Total expenses	<u>16,520,947</u>	<u>-</u>	<u>16,520,947</u>
Change in net assets	2,168,038	(59,857)	2,108,181
Net assets, beginning of year	<u>23,511,693</u>	<u>3,548,244</u>	<u>27,059,937</u>
Net assets, end of year	<u>\$ 25,679,731</u>	<u>\$ 3,488,387</u>	<u>\$ 29,168,118</u>

The accompanying notes are an integral part of these financial statements.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2022

	2022				
	Crisis	Jail	Medical	Transformation Village	Veterans' Restoration Quarters
Salaries and contract labor	\$ 524,830	\$ 64,168	\$ 725,343	\$ 1,011,196	\$ 1,672,242
Payroll taxes	26,863	85	67,004	73,239	120,514
Group insurance	40,625	7,891	77,803	95,026	159,974
Retirement	10,493	1,854	15,693	13,615	27,244
Total salaries and related expenses	602,811	73,998	885,843	1,193,076	1,979,974
Food benevolence	44,415	-	-	103,181	251,825
Utility assistance benevolence	122,167	-	-	-	-
Medical benevolence	16	-	16,283	6,435	5,509
Pharmacy benevolence	-	-	4,655,840	-	-
Miscellaneous benevolence	76,167	2,173	-	10,054	18,583
Rent/mortgage benevolence	190,558	-	-	-	-
Contributed services - volunteers	-	-	628,062	-	-
Donated facility usage	-	-	54,000	-	-
Facility rental	63,973	-	-	-	-
Utilities	39,220	-	10,289	87,956	191,136
Meals	59	288	21	93	426
Auto and travel	21,794	1,938	88	5,468	43,587
Office supplies and equipment	7,364	154	12,609	12,997	40,064
IT support, maintenance and equipment	36,681	-	46,649	44,920	113,726
Postage and mailing	861	27	667	491	1,172
Promotion	1,426	27	168	308	-
Repairs and maintenance	33,704	-	10,053	63,782	138,530
Telephone	12,411	17	11,793	7,626	9,834
Housekeeping	626	-	1,681	11,697	28,128
Insurance	25,652	573	12,518	24,572	45,172
Professional fees	93,404	991	38,717	69,773	88,045
Dues and subscriptions	9,630	400	5,084	1,241	1,029
Miscellaneous	2,130	551	1,493	4,545	6,569
Total expenses before interest, finance charges, taxes, amortization and depreciation	1,385,069	81,137	6,391,858	1,648,215	2,963,309
Interest	-	-	-	91,813	28,769
Finance charges	-	-	-	-	-
Taxes	-	-	-	-	-
Amortization	-	-	-	7,295	5,747
Depreciation	74,426	34	33,116	329,262	132,353
Total other expenses	74,426	34	33,116	428,370	166,869
Total expenses	\$ 1,459,495	\$ 81,171	\$ 6,424,974	\$ 2,076,585	\$ 3,130,178

The accompanying notes are an integral part of these financial statements.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2022

2022

Recovery Living	Veterans Services of the Carolinas	Total Program Services	Management and General	Fundraising	Total Support Services	Total
\$ 525,479	\$ 2,677,347	\$ 7,200,605	\$ 229,145	\$ 401,342	\$ 630,487	\$ 7,831,092
38,193	178,478	504,376	15,841	11,001	26,842	531,218
32,887	245,312	659,518	30,520	20,344	50,864	710,382
4,207	39,602	112,708	5,909	5,309	11,218	123,926
<u>600,766</u>	<u>3,140,739</u>	<u>8,477,207</u>	<u>281,415</u>	<u>437,996</u>	<u>719,411</u>	<u>9,196,618</u>
41,261	1,145	441,827	-	-	-	441,827
-	54,827	176,994	-	-	-	176,994
310	-	28,553	-	-	-	28,553
-	-	4,655,840	-	-	-	4,655,840
892	232,851	340,720	-	-	-	340,720
-	1,048,766	1,239,324	-	-	-	1,239,324
-	-	628,062	-	-	-	628,062
178,750	-	232,750	-	-	-	232,750
-	55,914	119,887	4,500	18,162	22,662	142,549
26,299	4,994	359,894	9,488	6,942	16,430	376,324
13	19,392	20,292	3,424	28,880	32,304	52,596
215	256,601	329,691	159	266	425	330,116
5,217	24,413	102,818	1,695	3,867	5,562	108,380
665	134,589	377,230	20,199	7,221	27,420	404,650
148	4,312	7,678	39	9,637	9,676	17,354
9	3,257	5,195	59	117,056	117,115	122,310
14,337	6,846	267,252	6,830	5,178	12,008	279,260
1,590	12,417	55,688	3,582	4,160	7,742	63,430
6,257	409	48,798	276	276	552	49,350
6,748	22,073	137,308	3,299	2,987	6,286	143,594
27,142	167,776	485,848	73,656	30,955	104,611	590,459
181	136,581	154,146	21	742	763	154,909
364	109,180	124,832	1,647	25,453	27,100	151,932
<u>911,164</u>	<u>5,437,082</u>	<u>18,817,834</u>	<u>410,289</u>	<u>699,778</u>	<u>1,110,067</u>	<u>19,927,901</u>
-	-	120,582	1,741	-	1,741	122,323
-	90	90	11,469	-	11,469	11,559
-	-	-	9,660	-	9,660	9,660
-	-	13,042	1,240	-	1,240	14,282
2,110	8,408	579,709	26,636	21,015	47,651	627,360
<u>2,110</u>	<u>8,498</u>	<u>713,423</u>	<u>50,746</u>	<u>21,015</u>	<u>71,761</u>	<u>785,184</u>
<u>\$ 913,274</u>	<u>\$ 5,445,580</u>	<u>\$ 19,531,257</u>	<u>\$ 461,035</u>	<u>\$ 720,793</u>	<u>\$ 1,181,828</u>	<u>\$ 20,713,085</u>

The accompanying notes are an integral part of these financial statements.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2021

	2021				
	Crisis	Jail	Medical	Transformation Village	Veterans' Restoration Quarters
Salaries and contract labor	\$ 422,091	\$ 46,204	\$ 660,021	\$ 614,157	\$ 1,398,436
Payroll taxes	23,120	202	60,840	43,974	96,783
Group insurance	46,925	29	69,219	78,294	151,722
Retirement	8,373	1,118	15,509	6,446	27,792
Total salaries and related expenses	<u>500,509</u>	<u>47,553</u>	<u>805,589</u>	<u>742,871</u>	<u>1,674,733</u>
Dental benevolence	-	-	173	-	-
Food benevolence	42,959	-	-	72,553	191,856
Utility assistance benevolence	107,618	-	-	-	-
Medical benevolence	137	-	16,391	2,826	2,231
Pharmacy benevolence	-	-	3,926,752	-	-
Miscellaneous benevolence	33,378	1,108	-	7,040	14,261
Rent/mortgage benevolence	288,455	-	-	-	-
Contributed services - volunteers	-	-	530,170	-	-
Donated facility usage	-	-	54,000	-	-
Facility rental	50,856	-	-	3,861	-
Utilities	29,711	-	9,368	55,703	189,867
Meals	358	-	46	203	452
Auto and travel	17,942	-	-	2,978	30,462
Office supplies and equipment	7,226	104	13,332	10,072	31,098
IT support, maintenance and equipment	30,814	-	36,661	38,079	97,398
Postage and mailing	748	20	505	618	1,184
Promotion	846	40	586	1,028	290
Repairs and maintenance	27,146	-	4,882	43,055	96,680
Telephone	12,003	5	11,654	6,776	9,721
Housekeeping	1,208	-	1,398	12,722	20,370
Insurance	25,927	379	14,140	27,737	49,473
Professional fees	75,341	1,651	38,536	59,445	88,895
Dues and subscriptions	9,532	7	5,661	1,499	747
Bad debt expense	-	-	-	-	-
Miscellaneous	3,896	19	2,893	7,181	5,726
Total expenses before interest, finance charges, taxes, amortization and depreciation	<u>1,266,610</u>	<u>50,886</u>	<u>5,472,737</u>	<u>1,096,247</u>	<u>2,505,444</u>
Interest	-	-	-	155,406	36,040
Finance charges	-	-	-	-	-
Taxes	-	-	-	-	-
Amortization	-	-	-	7,295	5,399
Depreciation	67,496	43	33,138	254,311	141,293
Total other expenses	<u>67,496</u>	<u>43</u>	<u>33,138</u>	<u>417,012</u>	<u>182,732</u>
Total expenses	<u>\$ 1,334,106</u>	<u>\$ 50,929</u>	<u>\$ 5,505,875</u>	<u>\$ 1,513,259</u>	<u>\$ 2,688,176</u>

The accompanying notes are an integral part of these financial statements.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2021

2021

Veterans Services of the Carolinas	Total Program Services	Management and General	Fundraising	Total Support Services	Total
\$ 2,061,411	\$ 5,202,320	\$ 202,793	\$ 338,983	\$ 541,776	\$ 5,744,096
152,752	377,671	14,222	9,278	23,500	401,171
265,131	611,320	25,268	15,227	40,495	651,815
31,538	90,776	4,899	2,053	6,952	97,728
<u>2,510,832</u>	<u>6,282,087</u>	<u>247,182</u>	<u>365,541</u>	<u>612,723</u>	<u>6,894,810</u>
-	173	-	-	-	173
-	307,368	-	-	-	307,368
31,595	139,213	-	-	-	139,213
-	21,585	-	-	-	21,585
-	3,926,752	-	-	-	3,926,752
162,600	218,387	-	-	-	218,387
1,048,985	1,337,440	-	-	-	1,337,440
-	530,170	-	-	-	530,170
-	54,000	-	-	-	54,000
35,151	89,868	4,500	16,800	21,300	111,168
5,221	289,870	8,099	6,164	14,263	304,133
6,230	7,289	2,070	15,747	17,817	25,106
179,700	231,082	-	-	-	231,082
26,867	88,699	1,768	4,059	5,827	94,526
105,212	308,164	14,462	6,756	21,218	329,382
3,397	6,472	565	10,923	11,488	17,960
3,766	6,556	200	124,430	124,630	131,186
1,805	173,568	4,803	3,114	7,917	181,485
10,319	50,478	3,665	4,201	7,866	58,344
158	35,856	286	279	565	36,421
26,683	144,339	3,626	3,477	7,103	151,442
180,731	444,599	63,970	35,767	99,737	544,336
3,350	20,796	12	704	716	21,512
-	-	12,265	-	12,265	12,265
28,527	48,242	1,315	12,489	13,804	62,046
<u>4,371,129</u>	<u>14,763,053</u>	<u>368,788</u>	<u>610,451</u>	<u>979,239</u>	<u>15,742,292</u>
-	191,446	9,812	-	9,812	201,258
90	90	10,566	-	10,566	10,656
-	-	4,131	-	4,131	4,131
-	12,694	726	-	726	13,420
8,208	504,489	23,737	20,964	44,701	549,190
<u>8,298</u>	<u>708,719</u>	<u>48,972</u>	<u>20,964</u>	<u>69,936</u>	<u>778,655</u>
<u>\$ 4,379,427</u>	<u>\$ 15,471,772</u>	<u>\$ 417,760</u>	<u>\$ 631,415</u>	<u>\$ 1,049,175</u>	<u>\$ 16,520,947</u>

The accompanying notes are an integral part of these financial statements.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 738,099	\$ 2,108,181
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	641,642	562,610
(Gain) loss on sale of assets	(778,724)	(47,176)
Non-cash contributions	(255,000)	(40,310)
Contributions restricted for long-term purposes	(20,572)	(899,806)
Present value adjustment on long-term promises to give	(10,807)	(22,154)
Provision for bad debt	-	12,209
Forgiveness of debt	(100,000)	(72,222)
Forgiveness of debt - PPP loan	-	(270,000)
Change in beneficial interest in assets held by others	356,253	(98,387)
Change in operating assets and liabilities:		
Grants receivable	(725,391)	(261,048)
Other receivables	(5,622)	(2,363)
Bequests receivable	-	55,000
Prepaid expenses	(1,736)	(13,838)
Inventory	839,816	(480,945)
Operating lease right-of-use asset	(504,858)	-
Other current assets	23,279	(100)
Accounts payable	229,365	(123,037)
Retainage payable	-	(24,500)
Accrued expenses	214,127	41,078
Operating lease liability	507,436	-
Other current liabilities	457	4,000
Net cash provided by operating activities	<u>1,147,764</u>	<u>427,192</u>
Cash flows from investing activities:		
Purchase of property and equipment	(828,135)	(445,109)
Proceeds from sale of property held for resale	1,094,823	141,186
Purchase of investments	(56,026)	(56,021)
Proceeds from sale of investments	55,522	55,279
Net cash provided by (used in) investing activities	<u>266,184</u>	<u>(304,665)</u>
Cash flows from financing activities:		
Collection of contributions restricted for long-term purposes:		
Investment in property and equipment	457,872	1,328,486
Proceeds from notes payable	-	500,000
Payments on notes payable	(1,839,033)	(1,658,585)
Net cash provided by (used in) financing activities	<u>(1,381,161)</u>	<u>169,901</u>
Change in cash, cash equivalents and restricted cash	32,787	292,428
Cash, cash equivalents and restricted cash, beginning of year	<u>2,565,536</u>	<u>2,273,108</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 2,598,323</u>	<u>\$ 2,565,536</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 119,387</u>	<u>\$ 254,845</u>
Non-cash investing and financing activities:		
Disposal of fully depreciated property	<u>\$ 16,850</u>	<u>\$ 39,909</u>
Construction in progress capitalized	<u>\$ 2,000</u>	<u>\$ 11,215,163</u>
Lease liabilities arising from obtaining right-of-use assets	<u>\$ 543,172</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies

Organization

Asheville-Buncombe Community Christian Ministry, Inc. (the “Ministry”) is a nonprofit entity owned by 300 churches of all denominations and creates opportunities for over 6,000 volunteers annually to serve individuals and families experiencing a crisis. These volunteers feed the hungry, house the homeless, visit those incarcerated, care for the sick, and welcome the stranger with dignity, respect, diversity, equity and inclusion with non-discrimination for all. The Ministry is supported primarily through churches, donor contributions, and grants. Community donations of food, clothes, medicine, and volunteer time multiplies the impact.

Principal programs of the Ministry include:

Crisis Ministry operates from four locations across Buncombe County to fill the gaps for families who cannot make ends meet. Nutritious emergency food boxes/bags provided, along with clothing and blankets, help meet basic necessities. Emergency utility and rental assistance funds help keep the lights and water on and prevent families from eviction. The Daily Bread at SonRise soup kitchen provides weekday lunch meals.

Jail Ministry serves the Buncombe County Detention Center where detainees need hope and direction in order to re-enter the community responsibly. Chaplaincy services offer comfort, peace and hope to detainees and provide meaningful support to sheriff’s staff and clergy in the community. Volunteers provide Bible studies and organize a library cart with Bibles, religious materials, and other books.

Medical Ministry offers Buncombe County’s only free clinic which provides access to medical care and medicine for uninsured adults below 200% of the federal poverty level, many of whom are working but without insurance.

Transformation Village (in 2021, replacing the former Steadfast House) provides up to 100 beds of transitional housing for homeless women, mothers with children, and female Veterans, including six beds for emergency shelter. Lives are transformed through four developmental phases called Steps to Success. These include: stabilization with all the basic necessities provided; life skills training with volunteer-led courses to choose from including Bible studies; education and professional training certifications that lead to living wage jobs; and reintegration that leads to permanent housing. The campus offers a model of intentional community where eight out of ten residents leave with stable jobs and a home of their own.

Veteran’s Restoration Quarters provides 160 beds of transitional housing, 40 beds for emergency shelter, and 50 units for permanent supportive housing for a total of 250 beds. Lives are restored through four developmental phases called Steps to Success. These include stabilization, with all the basic necessities provided; life skills training with various volunteer-led courses to choose from including Bible studies; education and professional training with certifications that lead to living wage jobs; and reintegration that leads to permanent housing. The campus offers a model of intentional community where eight out of ten residents leave with stable jobs and a home of their own.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies - continued

Recovery Living Ministry provides up to 50 beds for men exiting substance use disorder treatment. Lives are recovered through four developmental phases called Steps to Success. These include stabilization, with all basic necessities provided; life skills training including recovery living strategies with various volunteer-led courses to choose from including Bible studies; education and professional training with certifications that lead to living wages jobs; and reintegration that leads to permanent housing. These camps offer a model of intentional community that brings true life transformation through spiritual formation with best practices in healthy emotional and recovery processes.

Veterans Services of the Carolinas (“VSC”) supports Veterans and their families by means of four programs across North Carolina. Through Housing, Employment, Outreach, and Call Center Service Coordination, VSC collaborates with community partners and faith communities to engage with Veterans and meet their critical needs. Veterans are served with hope, healing, honor and a home.

ABCCM Doctors' Medical Clinic, Inc. (the "Clinic"), is a nonprofit entity whose sole member is Asheville-Buncombe Community Christian Ministry, Inc. The Clinic (a) increases the access to basic health care services for the uninsured/indigent populations in the City of Asheville and in Buncombe County, North Carolina; (b) provides health coverage, focusing on serving acute/urgent care needs and assisting when reasonably possible those who require care management in accessing the appropriate private or institution-based service; and (c) augments the safety net by filling gaps with existing primary care and specialty care providers to promote the well-being of uninsured /indigent patients. The Clinic is funded primarily through member support, donor contributions and grants.

Basis of Accounting

The financial statements of the organization have been prepared utilizing the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles.

Principles of Consolidation

The consolidated financial statements are comprised of the Ministry’s activities and the activities of its affiliated organization, ABCCM Doctors’ Medical Clinic, Inc. (the “Clinic”). All material intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

The financial statements of the Ministry have been prepared in accordance with U.S. generally accepted accounting principles, which require the Ministry to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions. These net assets may be used at the discretion of the Ministry’s management and the board of directors.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies - continued

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

Preparation of financial statements in accordance with U.S. generally accepted accounting principles requires the Ministry's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Ministry discloses for each class of financial instruments the methods, and when a valuation technique is used, the significant assumptions applied in determining the fair values of financial assets and liabilities. If there is a change in the valuation technique, then the Ministry discloses both the change and the reasons for the change.

The Ministry estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Ministry using available market information and appropriate valuation methodologies. The Ministry's financial instruments consist primarily of cash and certificates of deposit, investments, promises to give, grants and other receivables, prepaid expenses, inventory, other current assets, accounts and retainage payable, accrued expenses, other current liabilities, and debt.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Ministry includes all cash investments which are not subject to withdrawal restrictions or penalties and certificates of deposits with a maturity of three months or less in cash and cash equivalents.

The Ministry maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC"). Deposit accounts, at times, may exceed federally insured limits; however, the Ministry has not suffered any such losses as of December 31, 2022 and 2021.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies - continued

Investments

The Ministry reports its investments in accordance with U.S. generally accepted accounting principles for not-for-profit organizations. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give to be received in more than one year are estimated based on cash flows discounted at the incremental borrowing rate. Conditional promises to give, when received, are not recognized, as they do not meet the criteria for recognition. The Ministry uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Inventory

Inventory is composed of pharmaceuticals. Inventory purchased by and donated to the Clinic is stated at fair value. The fair value is based on Average Wholesale Price (AWP), a widely used benchmark for pricing and reimbursement of prescription drugs for both government and private payers. Values are continuously revalued through pharmaceutical industry database software to which the Clinic subscribes. Any changes in valuation are absorbed through the pharmacy expense account.

Property and Equipment

Expenditures for land and improvements, buildings, and equipment are capitalized at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from five to forty years. Expenditures for capital assets of less than \$5,000 are expensed in the year incurred. Donations of property and equipment are recorded as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Ministry reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Ministry reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies - continued

Revenue Recognition

The Ministry recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Third party contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Ministry has incurred expenditures in compliance with specific contract or grant provisions.

In-kind Contributions

The Ministry receives in-kind contributions from various organizations and individuals. These consist of services, property and equipment, materials, and use of facilities and are valued at the fair market value of the donated service or item at the time of the donation. Contributed services are recognized in the financial statements if they (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals with those skills, and would typically need to be purchased if not provided by donation. When recognized, contributed services are reported at fair value.

The Ministry's policy related to in-kind contributions is to utilize the asset given to carry out the mission of the Ministry. If an asset is provided that does not allow the Ministry to utilize it in its normal course of operations, the asset will be donated to another non-profit or sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Income Taxes

The Ministry is established as a not-for-profit entity and has been recognized as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

FASB ASC 740, "Accounting for Uncertainty in Income Taxes", clarifies the accounting for the recognition and measurement of uncertainties in income taxes recognized in an entity's financial statements and prescribes a threshold of more-likely-than-not for recognition of tax positions taken or expected to be taken in a tax return. The Ministry's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence.

As of December 31, 2022 and 2021, the Ministry had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Ministry's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2022, years subject to examination include 2019, 2020, and 2021.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies - continued

Functional Expenses

The Ministry allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their nature and expenditure classification. Other expenses that are common to several functions are allocated between management and general or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Ministry.

Advertising and Promotion

The costs of advertising and promotion are shown as part of promotion expenses on the consolidated statement of functional expenses and are expensed as incurred. Advertising and promotion costs totaled \$122,310 and \$131,186 for the years ended December 31, 2022 and 2021, respectively.

New Accounting Pronouncement

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 is intended to improve the financial reporting about leasing transactions. The ASU requires organizations that lease assets to recognize assets and liabilities on the balance sheet for the rights and obligations created by those leases. The standard was effective for annual periods beginning after December 15, 2021 and was implemented retrospectively on a modified basis at January 1, 2022, resulting in no cumulative-effect adjustment to the 2021 financial statements.

Note 2 – Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents as of December 31, 2022 and 2021, consists of the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,916,332	\$ 1,856,955
Restricted cash	<u>681,991</u>	<u>708,581</u>
Cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 2,598,323</u>	<u>\$ 2,565,536</u>

Restricted cash represents cash received with a donor-imposed restriction that limits the use of that cash to the acquisition of property.

Note 3 – Investments

Investments consist of certificates of deposit totaling \$271,279 and \$270,775 as of December 31, 2022 and 2021, respectively.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 4 – Promises to Give

Promises to give consist of promises from various individuals, companies and foundations designated for building expansion, primarily for Transformation Village. The unconditional promises to give at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 235,415	\$ 521,295
Receivable in one to five years	158,317	309,737
Total promises to give before discount	393,732	831,032
Less: allowance for present value discount	10,407	21,214
Less: allowance for uncollectible promises	50,000	50,000
	<u>\$ 333,325</u>	<u>\$ 759,818</u>

Bad debt expense for the years ended December 31, 2022 and 2021 totaled \$0 and \$12,265, respectively.

Note 5 – Inventory

At December 31, 2022 and 2021, the Ministry had inventory composed of pharmaceuticals totaling \$1,655,805 and \$2,495,621, respectively.

Note 6 - Property and Equipment

Property and equipment balances at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2020</u>
Land	\$ 4,612,121	\$ 4,640,150
Building and fixtures	20,296,144	20,194,457
Furniture and fixtures	1,421,920	1,438,770
Vehicles	377,916	216,631
Construction in progress	637,004	449,619
Financing fees	109,623	109,696
Leasehold improvements	28,088	28,088
Total cost	27,482,816	27,077,411
Less: accumulated depreciation and amortization	(5,009,050)	(4,729,039)
Property and equipment, net	<u>\$ 22,473,766</u>	<u>\$ 22,348,372</u>

Depreciation and amortization expense was \$641,642 and \$562,610 for the years ended December 31, 2022 and 2021, respectively.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 7 – Fair Value Measurements

The Financial Accounting Standards Board (“FASB”) issued a statement that defines fair value and establishes a framework for measuring fair value. That framework provides 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 or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs that are derived principally from or corroborated by observable market data

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 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 measurements. Valuation techniques used 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 the methodologies used at December 31, 2022 and 2021.

Beneficial Interest

Beneficial interests are determined by the fair values of the assets held by the Community Foundation and charitable gift annuity trustee, which are determined by reference to quoted market prices and other relevant information generated by market transactions and are classified within Level 3 of the valuation hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although management 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.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 7 – Fair Value Measurements – continued

The following table sets forth by level, within the fair value hierarchy, the Ministry's assets at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Beneficial interests	\$ -	\$ -	\$ 1,649,098	\$ 1,649,098
Total assets	\$ -	\$ -	\$ 1,649,098	\$ 1,649,098

The following table sets forth by level, within the fair value hierarchy, the Ministry's assets at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Beneficial interests	\$ -	\$ -	\$ 2,005,351	\$ 2,005,351
Total assets	\$ -	\$ -	\$ 2,005,351	\$ 2,005,351

The following table sets forth a summary of changes in the fair value of the Ministry's Level 3 assets for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 2,005,351	\$ 1,866,654
Contribution	-	40,310
Change in beneficial interest	(356,253)	98,387
Balance, end of year	\$ 1,649,098	\$ 2,005,351

Note 8 – Beneficial Interests in Assets Held by Others

The Ministry maintains a Charitable Fund with the Community Foundation of Western North Carolina (the "Foundation"). In accordance with FASB ASC 958-605-30-14, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the Charitable Fund balance is recognized as an asset at fair market value on the financial statements of the Ministry. The Foundation has no variance power over the funds. Amounts are distributed to the Ministry yearly based on the funds' average market value. Amounts subject to distributions are 4.5%. The balance in the Charitable Fund at December 31, 2022 and 2021 was \$1,615,474 and \$1,964,072, respectively.

The Ministry is a beneficiary of a charitable gift annuity held by a third-party trustee. In accordance with FASB ASC 958-605-30-14, the charitable gift annuity is recognized as an asset at fair market value on the financial statements of the Ministry. Upon the death of all annuitants, the remaining assets will be transferred to the Ministry. The balance of the charitable gift annuity at December 31, 2022 and 2021 was \$33,624 and \$41,279, respectively.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 9 – Line of Credit

The Ministry has an unsecured line of credit in the amount of \$1,000,000. Advances include interest at the bank’s prime rate. The line of credit expires on August 23, 2023. At December 31, 2022 and 2021, the balance outstanding on the line of credit was \$0 (see Note 18). No interest expense was incurred related to the line of credit for the years ended December 31, 2022 and 2021.

Note 10 – Long-Term Debt

Long-term debt at December 31, 2022 and 2021 is described as follows:

	<u>2022</u>	<u>2021</u>
Note payable to a bank dated January 30, 2018, payable in monthly payments of \$1,975, including interest at 4.15% with a final payment of \$289,393, due January 31, 2021, secured by real estate classified as land and buildings with a carrying value of \$400,372 and \$402,481 as of December 31, 2021 and 2020. This note was refinanced on January 21, 2021 and is payable in monthly payments of \$1,868, including interest at 3.4%, with a final payment due January 31, 2026. This note was paid in full on March 15, 2022.	\$ -	\$ 275,748
A bank construction loan dated November 19, 2018 not to exceed \$8,993,000. The note is payable in 18 monthly interest payments at LIBOR plus 1.2%, followed by 42 monthly interest payments starting June 19, 2020 at 4.28%, principal payments of \$1,100,000 due annually starting December 19, 2019, with any unpaid balance due on December 19, 2023. The note is secured by real estate classified as land and buildings with a carrying value of \$212,087 and \$538,417 and by the land, buildings and the construction in progress for Transformation Village with a carrying value of \$11,252,929 and \$10,832,257 as of December 31, 2022 and December 31, 2021, respectively. The loan documents require the Ministry to maintain a debt service coverage ratio of not less than 1.0 to 1.0 and requires that campaign pledges received be placed in a controlled funds account with the bank. As of December 31, 2022, \$8,208,110 has been drawn on the construction loan and \$6,308,111 has been paid towards the principal.	1,899,999	3,408,110
Note payable to a bank, payable in monthly payments of \$7,004 with interest at 3.84%, due April 18, 2023. The note is secured by real estate classified as land and buildings with a carrying value of \$4,381,873 and \$4,453,429 as of December 31, 2022 and 2021, respectively.	651,897	707,071
Note payable to a bank, due in one balloon payment with no interest in June 2023, secured by real estate classified as land and buildings with a carrying value of \$4,381,873 and \$4,453,429 as of December 31, 2022 and 2021, respectively.	33,333	99,999
Note payable to a bank, due in one balloon payment with no interest in June 2037, secured by real estate classified as land with a carrying value of \$964,384 as of December 31, 2022 and 2021.	<u>461,111</u>	<u>494,445</u>
	3,046,340	4,985,373
	<u>(2,026,701)</u>	<u>(161,400)</u>
Less: current portion		
Long-term debt, less current portion	<u>\$ 1,019,639</u>	<u>\$ 4,823,973</u>

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 10 – Long-Term Debt - continued

Future minimum payments as of December 31, 2022 are as follows:

2023	\$ 2,026,701
2024	95,742
2025	98,173
2026	100,734
2027	103,397
Thereafter	621,593
	<u>\$ 3,046,340</u>

Interest expense was \$122,323 and \$201,258 for the years ended December 31, 2022 and 2021, respectively. Capitalized interest totaled \$0 and \$45,846 for the years ended December 31, 2022 and 2021, respectively.

Note 11 - Restrictions on Net Assets

Net assets with donor restrictions as of December 31, 2022 and 2021 are as follows:

	2022		
	Restricted by Program or Time	Perpetual Donor Restrictions	Total
Transformation Village - capital campaign	\$ 333,325	\$ -	\$ 333,325
Veterans employment and training	32,685	-	32,685
Non-veteran employment and training	7,243	-	7,243
Womens employment and training	9,054	-	9,054
Transformation Village educational program	188,834	-	188,834
Costello House	265,662	-	265,662
Hominy Valley Crisis Ministry	30,974	-	30,974
Woodfin benevolence	17,289	-	17,289
Healthy Opportunities Pilot program	110,779	-	110,779
Heating benevolence	4,351	-	4,351
Christmas Angel	12,249	-	12,249
Medical clinic	70,000	-	70,000
Supportive Services for Veteran Families benevolences	12,163	-	12,163
Veterans Service Coordination programs	3,445	-	3,445
Veterans Services Outreach programs	4,781	-	4,781
VRQ special projects and programs	4,370	-	4,370
VRQ kitchen equipment	18,125	-	18,125
VRQ room renovations	330,254	-	330,254
Veteran Community Partnership	1,970	-	1,970
Remainder interest in property	35,241	-	35,241
Beneficial interest in charitable gift annuity	33,624	-	33,624
Beneficial interest in assets held by Community Foundation	-	1,615,474	1,615,474
	<u>\$ 1,526,418</u>	<u>\$ 1,615,474</u>	<u>\$ 3,141,892</u>

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 11 - Restrictions on Net Assets – continued

	2021		
	Restricted by Program or Time	Perpetual Donor Restrictions	Total
Transformation Village - capital campaign	\$ 759,818	\$ -	\$ 759,818
Veterans employment and training	28,716	-	28,716
Non-veteran employment and training	7,243	-	7,243
Womens employment and training	9,054	-	9,054
Transformation Village	28,500	-	28,500
Costello House	171,000	-	171,000
Hominy Valley Crisis Ministry	24,301	-	24,301
Emergency assistance benevolences	153	-	153
Heating benevolences	33,484	-	33,484
Rental benevolences	12,282	-	12,282
Christmas Angel	32,972	-	32,972
Refrigeration trailers	20,000	-	20,000
Medical clinic	150,000	-	150,000
Supportive Services for Veteran Families benevolences	17,442	-	17,442
Veterans Service Coordination programs	10,765	-	10,765
VRQ special projects and programs	4,370	-	4,370
VRQ kitchen equipment	18,125	-	18,125
VRQ room renovations	117,600	-	117,600
Veteran Community Partnership	1,970	-	1,970
Remainder interest in property	35,241	-	35,241
Beneficial interest in charitable gift annuity	41,279	-	41,279
Beneficial interest in assets held by Community Foundation	-	1,964,072	1,964,072
	<u>\$ 1,524,315</u>	<u>\$ 1,964,072</u>	<u>\$ 3,488,387</u>

The beneficial interest in assets held by the Community Foundation is donor restricted in perpetuity. Only the income from investments thereof may be expended either for general purposes (not subject to donor restrictions) or for purposes specified by the donor (donor restricted).

At December 31, 2022 and 2021, net assets without donor restrictions includes an operating reserve of \$1,000,000 and \$1,000,000, respectively, which the Ministry's board has designated (see Note 18). In addition, the Clinic's board has designated an operating reserve equivalent to 75 days of the annual Clinic operating budget. The reserve level is adjusted as needed to align with the operating budget. The amount of the Clinic's reserve was \$287,979 and \$248,733 as of December 31, 2022 and 2021, respectively.

Note 12 – In-kind Contributions

A substantial number of volunteers have donated a significant amount of time to the Ministry's operations and program services. Contributed services of \$628,062 and \$530,170 (management's estimate of the fair value) have been reflected in the accompanying financial statements as in-kind contributions for services contributed by medical/dental/pharmacy professionals at the Ministry for the years ended December 31, 2022 and 2021, respectively. Other contributed services totaling \$17,000 and \$0 have also been included as part of in-kind support for the years ended December 31, 2022 and 2021, respectively. Numerous other volunteers have donated significant amounts of time to the Ministry for which no amounts have been reflected in these statements because they did not meet the criteria for recognition.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 12 – In-kind Contributions - contributed

Donated materials, etc. are reflected as in-kind contributions in the accompanying financial statements. Contributed pharmacy drugs of \$3,789,316 and \$4,317,671 have been included in the financial statements as in-kind support, and as inventory and pharmacy expense for the years ended December 31, 2022 and 2021, respectively. Contributed food of \$5,034 and \$7,051 has been included as in-kind support and food expense for the years ended December 31, 2022 and 2021, respectively. Contributed construction and landscaping materials of \$255,000 has been included as in-kind support and property and equipment in the financial statements for the year ended December 31, 2022.

A portion of ABCCM's medical ministry's pharmacy operates in a facility owned by Buncombe County, subject to a lease beginning September 1, 2015, with rent of \$1 per year. The estimated fair value of the space for the years ended December 31, 2022 and 2021 was \$54,000 and \$54,000, respectively, and is reported as both in-kind support and rent expense in the financial statements.

ABCCM's Recovery Living Ministry operates in a facility owned by the Costello Family Foundation, Inc. subject to a lease beginning January 27, 2022 with rent of \$1 per year. The estimated fair value of the space for the year ended December 31, 2022 was \$178,750 and is recorded as both in-kind support and rent expense in the financial statements.

Note 13 – Leasing Activity

The Ministry has four operating leases for facilities at rates ranging from \$1,050 to \$4,436 per month. Expiration dates for the leases range from June 2023 to May 2028. The Ministry used its incremental borrowing rate at lease inception in determining the present value of lease payments.

The Ministry had operating leases for two facilities at a rate of \$1,406 and \$2,998 per month. The leases expired in May and November 2022. The Ministry also had two operating leases for vehicles at a rate of \$533 each per month. These leases expired in July 2022.

The Ministry has two operating leases for office equipment at rates ranging from \$300 to \$3,120 per month. Expiration dates for the leases range from July 2025 to September 2027. An additional fee is charged quarterly for any excess images and is expensed as incurred. The Ministry used its incremental borrowing rate at lease inception in determining the present value of lease payments.

The Ministry had an operating lease for copier equipment at a rate of \$2,814 per month. This lease expired in September 2022.

Total lease expense was \$123,334 and \$102,699, respectively, for the years ended December 31, 2022 and 2021, and is included as part of facility rent, office supplies and computer, and auto and travel expenses on the statements of functional expenses.

Leases with terms of less than twelve months, if any, are recognized as operating expenses on the straight-line basis.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 13 – Leasing Activity - continued

Maturities of operating lease liabilities are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 152,167
2024	144,486
2025	94,494
2026	79,890
2027	70,516
Thereafter	<u>17,899</u>
Total lease payments	559,452
Less imputed interest	<u>(52,016)</u>
Present value of lease liabilities	<u>\$ 507,436</u>

During the year ended December 31, 2022, operating cash flows for operating leases totaled \$120,755. The weighted average of the remaining lease term of the Ministry's operating leases is 4.27 years, while the weighted average discount rate is 5.22%.

Note 14 – Retirement Plan

At the discretion of the Board of Directors, the Ministry contributes a percentage of the gross salary of each eligible employee who works more than 1,000 hours in a plan year to the ABCCM Profit Sharing Plan and Trust. This percentage was 3% for the years ended December 31, 2022 and 2021. Eligibility is based on certain minimum service and age requirements. For the years ended December 31, 2022 and 2021, the pension expense was \$123,926 and \$97,728, respectively.

Note 15 – Contingency

In 2007, a VA Homeless Providers Grant was awarded for \$1,600,000 for the acquisition of the Veterans Restoration Quarters located at 1329 Tunnel Road. Under the terms of the grant, the property must be used for the originally authorized purpose as long as needed for that purpose, during which time the Ministry may not dispose of or encumber its title or other interests. When the property is no longer needed for the originally authorized purpose, the Ministry must compensate the VA for its percentage of participation in the cost of the original purchase to the fair market value of the property (in the case of retaining the property) or to the proceeds of the sale of the property (in the case of a sale of the property); otherwise, title may transfer to the VA and the Ministry would be entitled to be paid a percentage of participation in the purchase and costs of improvements of the property to the fair market value of the property.

In June 2008, the Ministry received a \$1,000,000 subsidy as part of a Federal Home Loan Bank Affordable Housing Program (the "Program") for the purposes of renovating the Veterans Restoration Quarters located at 1329 Tunnel Road in Asheville, North Carolina. In November 2021, the Ministry received a \$500,000 subsidy as part of the Program for the purpose of constructing Transformation Village at 30 Olin Haven Way in Asheville, North Carolina.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 15 – Contingency - continued

As part of the Program, the Ministry was required to execute a promissory note and deed of trust on the related property as collateral. The notes carry zero interest and do not amortize. They will be forgiven at the end of fifteen years as long as the Ministry remains in compliance with the Program requirements. If at any time prior to maturity, the Ministry falls out of compliance with the Program regulations or sells, transfers or refinances the project, they may be required to repay a portion or the entire amount of the initial award.

Management believes that the possibility of repayment occurring is remote and that the appropriate treatment of the notes is to recognize them as long-term debt that is amortized into revenue over the life of the agreements. At December 31, 2022 and 2021, \$494,444 and \$594,444, respectively (see Note 10), was reflected on the consolidated statements of financial position as long-term debt. During the years ended December 31, 2022 and 2021, \$100,000 and \$72,222, respectively, was reflected as forgiveness of debt and included on the consolidated statements of activities and changes in net assets.

Note 16 – Concentration of Support

Two granting agencies provided more than 10% of the Ministry's total revenue and support for the year ended December 31, 2022. One granting agency provided more than 10% of the Ministry's total revenue and support for the year ended December 31, 2021. Revenue and support from the U.S. Department of Veterans Affairs totaled \$5,902,917 or 28% and \$4,710,408 or 25% for the years ended December 31, 2022 and 2021, respectively. Revenue and support from the U.S. Department of Health and Human Services totaled \$2,387,159 for the year ended December 31, 2022.

Three grantors made up more than 10% of the Ministry's total grant receivable for the years ended December 31, 2022 and 2021. At December 31, 2022, a grants receivable from a federal government agency totaled \$547,212 or 37%, a grant receivable from a state government agency totaled \$268,334 or 18% and grants receivable from a public local management entity/managed care organization (LME/MCO) totaled \$332,848 or 23%. At December 31, 2021, a grants receivable from two federal government agencies totaled \$412,825 or 55% and grants receivable from a public local management entity/managed care organization (LME/MCO) totaled \$262,437 or 35%.

Promises to give from two donors totaled \$320,000 or 84% at December 31, 2022. Promises to give from three donors totaled \$670,000 or 81% at December 31, 2021.

Note 17 – Commitments

The Ministry constructed a 43,000 square foot multi-use facility for operations on land owned in Asheville, North Carolina. The facility and program, called Transformation Village, replaces Steadfast House and has significantly increased capacity for the homeless ministry for abused and disadvantaged women and children. As part of this construction, the Ministry entered commitments as follows:

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 17 – Commitments - continued

An irrevocable letter of credit with a bank for \$200,000 with Buncombe County as the beneficiary. The funds are available upon successful completion of the approved storm water management system affiliated with Transformation Village. As a requirement of the bank, \$200,000 was placed on hold in a 7-month certificate of deposit.

A bank construction loan not to exceed \$8,993,000 (see Note 10).

Note 18 – Availability and Liquidity

The Ministry's financial assets available at December 31, 2022 and 2021 within one year of the statement of financial position date for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,916,332	\$ 1,856,955
Restricted cash	681,991	708,581
Investments	271,279	270,775
Promises to give, net	333,325	759,818
Grants receivable	1,470,694	745,303
Other receivables	96,884	91,262
Other current assets	<u>17,883</u>	<u>41,162</u>
Total financial assets	4,788,388	4,473,856

Less amounts unavailable for general expenditures within one year:

Contractual or donor-imposed restrictions:		
Restricted by donors for capital projects	(1,015,316)	(1,468,399)
Investments subject to contractual restriction	(200,000)	(200,000)
Board designation for liquidity reserve	(1,000,000)	(1,000,000)
Clinic Board designation for liquidity reserve	<u>(287,979)</u>	<u>(248,733)</u>
Total financial assets available within one year	<u>\$ 2,285,093</u>	<u>\$ 1,556,724</u>

The Ministry is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Ministry must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. The Ministry monitors levels of available financial assets to meet its operating needs, liabilities and other obligations as they come due. The Board designates a portion of any operating surplus to its liquidity reserve, which was \$1,000,000 and \$1,000,000 at December 31, 2022 and 2021, respectively (see Note 11). The objective of this reserve is to provide an internal source of funds during seasonal deficits. In addition, the Ministry maintains a line of credit with a bank (see Note 9), from which it can draw upon in the event of a liquidity need.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 18 – Availability and Liquidity - continued

The Clinic's board has designated 75 days of expenses based on the current annual operating budget as an operating liquidity reserve, which was \$287,979 and \$248,733 as of December 31, 2022 and 2021, respectively. The objective of this reserve is to provide a source of funds to cover costs that are unplanned or unexpected.

Note 19 – Subsequent Events

The Ministry evaluated the effect that all subsequent events would have on the financial statements through May 12, 2023, which is the date the financial statements were available to be issued.



Goldsmith Molis & Gray, PLLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Board of Directors
Asheville-Buncombe Community Christian Ministry, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Asheville-Buncombe Community Christian Ministry, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Asheville-Buncombe Community Christian Ministry, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Asheville-Buncombe Community Christian Ministry, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Asheville-Buncombe Community Christian Ministry, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Asheville-Buncombe Community Christian Ministry, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Goldsmith Molis & Gray, PLLC

Goldsmith Molis & Gray, PLLC
Asheville, North Carolina
May 12, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
Asheville-Buncombe Community Christian Ministry, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Asheville-Buncombe Community Christian Ministry, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Asheville-Buncombe Community Christian Ministry, Inc.'s major federal programs for the year ended December 31, 2022. Asheville-Buncombe Community Christian Ministry, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Asheville-Buncombe Community Christian Ministry, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Asheville-Buncombe Community Christian Ministry, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Asheville-Buncombe Community Christian Ministry, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Asheville-Buncombe Community Christian Ministry, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Asheville-Buncombe Community Christian Ministry, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Asheville-Buncombe Community Christian Ministry, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Asheville-Buncombe Community Christian Ministry, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Asheville-Buncombe Community Christian Ministry, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Asheville-Buncombe Community Christian Ministry, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type

of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Goldsmith Molis & Gray, PLLC

Goldsmith Molis & Gray, PLLC
Asheville, North Carolina
May 12, 2023

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2022

A. Summary of Audit Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- | | | |
|--|-----------|------------------------------|
| 1. Material weakness(es) identified? | _____ yes | _____ <u>X</u> no |
| 2. Significant deficiency(s) identified that are not considered to be material weaknesses? | _____ yes | _____ <u>X</u> none reported |

Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no
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Federal Awards

Internal control over major federal program:

- | | | |
|--|-----------|------------------------------|
| 1. Material weakness(es) identified? | _____ yes | _____ <u>X</u> no |
| 2. Significant deficiency(s) identified that are not considered to be material weaknesses? | _____ yes | _____ <u>X</u> none reported |

Type of auditor's report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2CFR200.516(a)	_____ yes	_____ <u>X</u> no
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Identification of major federal programs:

CFDA Numbers

64.033
64.033
93.958

Names of Federal Program or Cluster

VA Supportive Services for Veteran Families Program
COVID-19 VA Supportive Services for Veteran Families Program
Block Grants for Community Mental Health Services

Dollar threshold used to distinguish between Type A and Type B Programs:	\$ 750,000
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Auditee qualified as low-risk auditee?	_____ <u>X</u> yes	_____ no
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State Awards

There were no major state awards.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.
Schedule of Findings and Questioned Costs - Continued
For the Year Ended December 31, 2022

B. Findings – Financial Statement Audit:

None.

C. Findings and Questioned Costs – Major Federal Awards Program Audit:

None.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Schedule of Expenditures of Federal and State Awards

For the Year Ended December 31, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures	State Expenditures
Federal Awards:			
<u>Appalachian Regional Commission</u> Appalachian Area Development	23.002	\$ 125,000	\$ -
<u>U.S. Department of Agriculture</u> Passed-through N.C. Department of Agriculture: Food Distribution Programs	10.569	5,034	-
<u>U.S. Department of Health and Human Services</u> Medical Assistance Program (Medicaid; Title XIX)	93.778	46,060	-
Substance Abuse and Mental Health Services Administration Passed-through N.C. Department of Health and Human Services: Block Grants for Community Mental Health Services	93.958	86,046	-
Projects for Assistance in Transition from Homelessness	93.150	182,288	-
Passed-through Vaya Health: Block Grants for Community Mental Health Services	93.958	1,818,835	-
Projects for Assistance in Transition from Homelessness	93.150	179,220	-
Passed-through Governor's Institute on Substance Abuse: Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	19,320	-
Total U.S. Department of Health and Human Services		2,331,769	-
<u>U.S. Department of Homeland Security</u> Emergency Food and Shelter National Board Program	97.024	29,540	-
COVID-19 Emergency Food and Shelter National Board Program	97.024	61,849	-
Total U.S. Department of Homeland Security		91,389	-
<u>U.S. Department of Justice</u> Passed-through Buncombe County Department of Health and Human Services: Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	17,615	-
<u>U.S. Department of Labor</u> Homeless Veterans Reintegration Project	17.805	1,151,517	-
<u>U.S. Department of Treasury</u> Coronavirus State and Local Fiscal Recovery Fund Passed-through N.C. Department of Health and Human Services Office of Rural Health: Passed-through North Carolina Association of Free and Charitable Clinics	21.027	287,640	-
<u>U.S. Department of Veterans Affairs</u> VA Homeless Providers Grant and Per Diem Program	64.024	2,689,164	-
COVID-19 VA Homeless Providers Grant and Per Diem Program	64.024	821,762	-
VA Supportive Services for Veteran Families Program	64.033	2,162,763	-
COVID-19 VA Supportive Services for Veteran Families Program	64.033	90,808	-
Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program	64.055	138,420	-
Total U.S. Department of Veterans Affairs		5,902,917	-
Total federal awards		9,912,881	-

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.

Schedule of Expenditures of Federal and State Awards

For the Year Ended December 31, 2022

State Awards:

N.C. Department of Health and Human Services

Golden Leaf Foundation	\$ -	\$ 54,160
Passed-through Buncombe County Sheriff's Office:		
Chaplaincy Program	-	35,904
Division of Mental Health, Developmental Disabilities and Substance Abuse Services		
Vaya Health	-	275,267
Healthy Opportunities Pilot	-	46,061
Office of Rural Health and Community Care	-	22,859
	<hr/>	<hr/>
Total state awards	-	434,251
Total expenditures of federal and state awards	<u>\$9,912,881</u>	<u>\$ 434,251</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Asheville-Buncombe Community Christian Ministry, Inc. under programs of the federal and state governments for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Asheville-Buncombe Community Christian Ministry, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Asheville-Buncombe Community Christian Ministry, Inc.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Asheville-Buncombe Community Christian Ministry, Inc. has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

ASHEVILLE-BUNCOMBE COMMUNITY CHRISTIAN MINISTRY, INC.
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

Findings – Financial Statement Audit:

None.

Findings and Questioned Costs – Major Federal Awards Program Audit:

None.