



**PragerMetis**

**Asheville-Buncombe Community Christian  
Ministry, Inc.  
Consolidated Financial Statements  
and Supplementary Information  
December 31, 2023 and 2022**

# Asheville-Buncombe Community Christian Ministry, Inc.

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December 31, 2023 and 2022

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## Independent Auditor's 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 statement of financial position as of December 31, 2023, 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.

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Prior Period Financial Statements*

The consolidated financial statements of Asheville-Buncombe Community Christian Ministry, Inc. as of December 31, 2022, were audited by Goldsmith Molis & Gray, PLLC, whose assets were acquired by Prager Metis CPAs, LLC as of January 1, 2024, whose report dated May 12, 2023, expressed an unmodified opinion on those statements.

#### *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.

*Prager Metis CPAs, PLLC*

32 ORANGE STREET  
ASHEVILLE, NC 28801

T 828.281.3161

F 828.281.3164

www.pragermetis.com



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 consolidated 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 June 18, 2024, 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.

*Prager Metis CPAs, PLLC*

Prager Metis CPAs, PLLC  
Asheville, North Carolina  
June 18, 2024

Asheville-Buncombe Community Christian Ministry, Inc.  
Consolidated Statements of Financial Position  
December 31, 2023 and 2022

|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
| <b>Assets</b>                                     |                      |                      |
| Current assets                                    |                      |                      |
| Cash and cash equivalents                         | \$ 1,624,837         | \$ 1,916,332         |
| Certificates of deposit                           | 56,856               | 66,820               |
| Receivables                                       |                      |                      |
| Promises to give, net                             | 97,557               | 207,165              |
| Grants  | 1,336,162            | 1,470,694            |
| Bequest receivable                                | 440,000              | -                    |
| Other receivables                                 | 281,578              | 96,884               |
| Prepaid expenses                                  | 140,273              | 148,922              |
| Inventory   | 1,764,463            | 1,655,805            |
| Other current assets                              | 23,620               | 17,883               |
| Total current assets                              | <u>5,765,346</u>     | <u>5,580,505</u>     |
| Property and equipment, net                       | <u>22,588,238</u>    | <u>22,473,766</u>    |
| Other assets                                      |                      |                      |
| Restricted cash                                   | 373,859              | 681,991              |
| Other asset                                       | 200,000              | -                    |
| Certificate of deposit                            | -                    | 204,459              |
| Promises to give, net                             | 76,916               | 126,160              |
| Property held for resale                          | 2,794,571            | 3,329,812            |
| Operating lease right-of-use asset                | 525,139              | 504,858              |
| Beneficial interests in assets held by others     | 1,778,979            | 1,649,098            |
| Total other assets                                | <u>5,749,464</u>     | <u>6,496,378</u>     |
| <b>Total assets</b>                               | <u>\$ 34,103,048</u> | <u>\$ 34,550,649</u> |
| <b>Liabilities and net assets</b>                 |                      |                      |
| <b>Liabilities</b>                                |                      |                      |
| Current liabilities                               |                      |                      |
| Current portion of long term debt                 | \$ 315,218           | \$ 2,026,701         |
| Current portion of operating lease liability      | 185,156              | 127,618              |
| Accounts payable                                  | 681,538              | 439,471              |
| Accrued expenses                                  | 799,420              | 646,728              |
| Other current liabilities                         | -                    | 4,457                |
| Total current liabilities                         | <u>1,981,332</u>     | <u>3,244,975</u>     |
| Long-term liabilities                             |                      |                      |
| Long-term portion of debt                         | 1,804,715            | 1,019,639            |
| Operating lease liability, net of current portion | 345,818              | 379,818              |
| Total long-term liabilities                       | <u>2,150,533</u>     | <u>1,399,457</u>     |
| Total liabilities                                 | <u>4,131,865</u>     | <u>4,644,432</u>     |
| <b>Net assets</b>                                 |                      |                      |
| Without donor restrictions                        | 26,905,780           | 26,764,325           |
| With donor restrictions                           | 3,065,403            | 3,141,892            |
| Total net assets                                  | <u>29,971,183</u>    | <u>29,906,217</u>    |
| <b>Total liabilities and net assets</b>           | <u>\$ 34,103,048</u> | <u>\$ 34,550,649</u> |

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

Asheville-Buncombe Community Christian Ministry, Inc.  
Consolidated Statement of Activities  
Year Ended December 31, 2023

|   | 2023                          |                            | Total                |
|---|-------------------------------|----------------------------|----------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions |                      |
| Revenue, gains and other support              |                               |                            |                      |
| Public support and grants                     | \$ 2,149,284                  | \$ 2,070,494               | \$ 4,219,778         |
| In-kind support                               | 5,462,480                     | -                          | 5,462,480            |
| Special events                                | 564,461                       | -                          | 564,461              |
| Government grants                             | -                             | 13,130,593                 | 13,130,593           |
| Program revenue                               | 871,541                       | -                          | 871,541              |
| Investment income                             | 12,304                        | 64,470                     | 76,774               |
| Change in beneficial interest                 | -                             | 95,247                     | 95,247               |
| Gain on sale of assets                        | 4,837                         | 72,093                     | 76,930               |
| Other   | 421,166                       | -                          | 421,166              |
| Total revenue, gains and other support        | <u>9,486,073</u>              | <u>15,432,897</u>          | <u>24,918,970</u>    |
| Net assets released from restrictions         | <u>15,509,386</u>             | <u>(15,509,386)</u>        | <u>-</u>             |
| <b>Total revenue, gains and other support</b> | <u>24,995,459</u>             | <u>(76,489)</u>            | <u>24,918,970</u>    |
| Expenses                                      |                               |                            |                      |
| Program services                              | 23,493,020                    | -                          | 23,493,020           |
| Support services                              |                               |                            |                      |
| Management and general                        | 532,836                       | -                          | 532,836              |
| Fundraising                                   | 828,148                       | -                          | 828,148              |
| <b>Total expenses</b>                         | <u>24,854,004</u>             | <u>-</u>                   | <u>24,854,004</u>    |
| <b>Change in net assets</b>                   | 141,455                       | (76,489)                   | 64,966               |
| Net assets, beginning of year                 | <u>26,764,325</u>             | <u>3,141,892</u>           | <u>29,906,217</u>    |
| <b>Net assets, end of year</b>                | <u>\$ 26,905,780</u>          | <u>\$ 3,065,403</u>        | <u>\$ 29,971,183</u> |

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

Asheville-Buncombe Community Christian Ministry, Inc.  
Consolidated Statement of Activities  
Year Ended December 31, 2022

|   | 2022                          |                            |                      |
|---|-------------------------------|----------------------------|----------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
| Revenue, 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              |
| <b>Total revenue, gains and other support</b> | <b>8,141,785</b>              | <b>13,309,399</b>          | <b>21,451,184</b>    |
| Net assets released from restrictions         | 13,655,894                    | (13,655,894)               | -                    |
| <b>Total revenue, gains and other support</b> | <b>21,797,679</b>             | <b>(346,495)</b>           | <b>21,451,184</b>    |
| Expenses                                      |                               |                            |                      |
| Program services                              | 19,531,257                    | -                          | 19,531,257           |
| Support services                              |                               |                            |                      |
| Management and general                        | 461,035                       | -                          | 461,035              |
| Fundraising                                   | 720,793                       | -                          | 720,793              |
| <b>Total expenses</b>                         | <b>20,713,085</b>             | <b>-</b>                   | <b>20,713,085</b>    |
| <b>Change in net assets</b>                   | <b>1,084,594</b>              | <b>(346,495)</b>           | <b>738,099</b>       |
| Net assets, beginning of year                 | 25,679,731                    | 3,488,387                  | 29,168,118           |
| <b>Net assets, end of year</b>                | <b>\$ 26,764,325</b>          | <b>\$ 3,141,892</b>        | <b>\$ 29,906,217</b> |

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



Asheville-Buncombe Community Christian Ministry, Inc.  
Consolidated Statement of Functional Expenses  
Year Ended December 31, 2023

|   | 2023                |                  |                     |                           |
|---|---------------------|------------------|---------------------|---------------------------|
|   | Crisis              | Jail             | Medical             | Transformation<br>Village |
| Salaries and contract labor                 | \$ 809,647          | \$ 66,359        | \$ 826,464          | \$ 1,269,484              |
| Payroll taxes                               | 44,075              | 138              | 77,725              | 92,770                    |
| Group insurance                             | 75,492              | 8,432            | 83,137              | 144,725                   |
| Retirement                                  | 10,295              | 1,923            | 16,199              | 17,506                    |
| <b>Total salaries and related expenses</b>  | <b>939,509</b>      | <b>76,852</b>    | <b>1,003,525</b>    | <b>1,524,485</b>          |
| Food benevolence                            | 222,671             | -                | -                   | 120,059                   |
| Utility assistance benevolence              | 187,285             | -                | -                   | -                         |
| Medical benevolence                         | -                   | -                | 16,997              | 8,994                     |
| Pharmacy benevolence                        | -                   | -                | 4,388,764           | -                         |
| Miscellaneous benevolence                   | 63,706              | 4,592            | -                   | 43,305                    |
| Rent/mortgage benevolence                   | 316,585             | -                | -                   | -                         |
| Contributed services - volunteers           | -                   | -                | 699,905             | -                         |
| Donated facility usage                      | -                   | -                | 54,000              | -                         |
| Rent  | 58,368              | -                | -                   | -                         |
| Utilities                                   | 40,736              | -                | 11,002              | 78,575                    |
| Meals                                       | 165                 | 121              | -                   | 34                        |
| Auto and travel                             | 30,216              | 2,294            | 123                 | 7,837                     |
| Office supplies and equipment               | 11,961              | 157              | 16,988              | 12,139                    |
| IT support, maintenance and equipment       | 49,184              | -                | 54,192              | 95,125                    |
| Postage and mailing                         | 496                 | 23               | 133                 | 777                       |
| Promotion                                   | 99                  | 11               | 80                  | 286                       |
| Repairs and maintenance                     | 57,707              | -                | 17,203              | 73,563                    |
| Telephone                                   | 12,790              | 30               | 11,947              | 8,000                     |
| Housekeeping                                | 1,093               | -                | 1,399               | 14,377                    |
| Insurance                                   | 29,336              | 620              | 14,473              | 29,917                    |
| Professional fees                           | 84,052              | 407              | 30,754              | 76,822                    |
| Dues and subscriptions                      | 9,655               | 431              | 4,979               | 2,301                     |
| Bad debt expense                            | -                   | -                | -                   | -                         |
| Miscellaneous                               | 4,598               | 1,251            | 4,448               | 5,270                     |
| <b>Total expenses before other expenses</b> | <b>2,120,212</b>    | <b>86,789</b>    | <b>6,330,912</b>    | <b>2,101,866</b>          |
| Interest                                    | -                   | -                | -                   | 51,605                    |
| Finance charges                             | -                   | -                | -                   | -                         |
| Taxes                                       | -                   | -                | -                   | -                         |
| Amortization                                | -                   | -                | -                   | 7,187                     |
| Depreciation                                | 91,904              | 12               | 30,489              | 352,347                   |
| <b>Total other expenses</b>                 | <b>91,904</b>       | <b>12</b>        | <b>30,489</b>       | <b>411,139</b>            |
| <b>Total expenses</b>                       | <b>\$ 2,212,116</b> | <b>\$ 86,801</b> | <b>\$ 6,361,401</b> | <b>\$ 2,513,005</b>       |

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

Asheville-Buncombe Community Christian Ministry, Inc.  
Consolidated Statement of Functional Expenses  
Year Ended December 31, 2023

| 2023                                 |                     |  |                           |                           |                   |                           |                      |
|--------------------------------------|---------------------|--|---------------------------|---------------------------|-------------------|---------------------------|----------------------|
| Veterans'<br>Restoration<br>Quarters | Recovery<br>Living  | Veterans<br>Services of<br>the Carolinas | Total Program<br>Services | Management<br>and General | Fundraising       | Total Support<br>Services | Total                |
| \$ 1,999,922                         | \$ 662,742          | \$ 3,788,667                             | \$ 9,423,285              | \$ 260,332                | \$ 436,573        | \$ 696,905                | \$ 10,120,190        |
| 148,714                              | 47,983              | 238,854                                  | 650,259                   | 19,279                    | 12,349            | 31,628                    | 681,887              |
| 148,946                              | 79,400              | 306,425                                  | 846,557                   | 33,160                    | 18,577            | 51,737                    | 898,294              |
| 25,724                               | 10,146              | 40,401                                   | 122,194                   | 5,813                     | 2,858             | 8,671                     | 130,865              |
| <u>2,323,306</u>                     | <u>800,271</u>      | <u>4,374,347</u>                         | <u>11,042,295</u>         | <u>318,584</u>            | <u>470,357</u>    | <u>788,941</u>            | <u>11,831,236</u>    |
| 345,687                              | 29,561              | 8,258                                    | 726,236                   | -                         | -                 | -                         | 726,236              |
| -                                    | -                   | 75,804                                   | 263,089                   | -                         | -                 | -                         | 263,089              |
| 11,137                               | 4,073               | -  | 41,201                    | -                         | -                 | -                         | 41,201               |
| -                                    | -                   | -  | 4,388,764                 | -                         | -                 | -                         | 4,388,764            |
| 18,247                               | 1,849               | 414,708                                  | 546,407                   | -                         | -                 | -                         | 546,407              |
| -                                    | -                   | 1,544,851                                | 1,861,436                 | -                         | -                 | -                         | 1,861,436            |
| -                                    | -                   | -  | 699,905                   | -                         | -                 | -                         | 699,905              |
| -                                    | 195,000             | -  | 249,000                   | -                         | -                 | -                         | 249,000              |
| -                                    | -                   | 117,141                                  | 175,509                   | 4,500                     | 16,800            | 21,300                    | 196,809              |
| 200,164                              | 26,305              | 3,336                                    | 360,118                   | 10,462                    | 6,956             | 17,418                    | 377,536              |
| 247                                  | 100                 | 12,859                                   | 13,526                    | 2,701                     | 30,553            | 33,254                    | 46,780               |
| 35,250                               | 712                 | 336,697                                  | 413,129                   | 585                       | 716               | 1,301                     | 414,430              |
| 32,501                               | 4,576               | 33,851                                   | 112,173                   | 1,735                     | 2,474             | 4,209                     | 116,382              |
| 86,324                               | 19,255              | 193,372                                  | 497,452                   | 40,809                    | 7,840             | 48,649                    | 546,101              |
| 1,006                                | 231                 | 8,496                                    | 11,162                    | 19                        | 11,651            | 11,670                    | 22,832               |
| -                                    | 4                   | 4,431                                    | 4,911                     | 31                        | 188,570           | 188,601                   | 193,512              |
| 172,307                              | 18,414              | 5,360                                    | 344,554                   | 5,222                     | 3,524             | 8,746                     | 353,300              |
| 10,432                               | 3,123               | 10,048                                   | 56,370                    | 3,629                     | 4,389             | 8,018                     | 64,388               |
| 29,650                               | 7,710               | 271                                      | 54,500                    | 272                       | 272               | 544                       | 55,044               |
| 50,812                               | 9,699               | 31,877                                   | 166,734                   | 3,544                     | 3,533             | 7,077                     | 173,811              |
| 78,820                               | 34,616              | 189,495                                  | 494,966                   | 81,008                    | 36,443            | 117,451                   | 612,417              |
| 2,357                                | 545                 | 150,098                                  | 170,366                   | 50                        | 196               | 246                       | 170,612              |
| -                                    | -                   | -  | -                         | 6,700                     | -                 | 6,700                     | 6,700                |
| 4,999                                | 3,314               | 58,471                                   | 82,351                    | 2,282                     | 22,024            | 24,306                    | 106,657              |
| <u>3,403,246</u>                     | <u>1,159,358</u>    | <u>7,573,771</u>                         | <u>22,776,154</u>         | <u>482,133</u>            | <u>806,298</u>    | <u>1,288,431</u>          | <u>24,064,585</u>    |
| 24,411                               | -                   | -  | 76,016                    | -                         | -                 | -                         | 76,016               |
| -                                    | -                   | 90                                       | 90                        | 12,257                    | -                 | 12,257                    | 12,347               |
| -                                    | -                   | -  | -                         | 10,175                    | -                 | 10,175                    | 10,175               |
| 2,398                                | -                   | -  | 9,585                     | 500                       | -                 | 500                       | 10,085               |
| 141,690                              | 1,733               | 13,000                                   | 631,175                   | 27,771                    | 21,850            | 49,621                    | 680,796              |
| <u>168,499</u>                       | <u>1,733</u>        | <u>13,090</u>                            | <u>716,866</u>            | <u>50,703</u>             | <u>21,850</u>     | <u>72,553</u>             | <u>789,419</u>       |
| <u>\$ 3,571,745</u>                  | <u>\$ 1,161,091</u> | <u>\$ 7,586,861</u>                      | <u>\$ 23,493,020</u>      | <u>\$ 532,836</u>         | <u>\$ 828,148</u> | <u>\$ 1,360,984</u>       | <u>\$ 24,854,004</u> |

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

Asheville-Buncombe Community Christian Ministry, Inc.  
Consolidated Statement of Functional Expenses  
Year Ended December 31, 2022

|   | 2022                |                  |                     |                           |                                      |
|---|---------------------|------------------|---------------------|---------------------------|--------------------------------------|
|   | Crisis              | Jail             | Medical             | Transformation<br>Village | Veterans'<br>Restoration<br>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                               |
| <b>Total salaries and related expenses</b>  | <b>602,811</b>      | <b>73,998</b>    | <b>885,843</b>      | <b>1,193,076</b>          | <b>1,979,974</b>                     |
| 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                                |
| <b>Total expenses before other expenses</b> | <b>1,385,069</b>    | <b>81,137</b>    | <b>6,391,858</b>    | <b>1,648,215</b>          | <b>2,963,309</b>                     |
| Interest                                    | -                   | -                | -                   | 91,813                    | 28,769                               |
| Finance charges                             | -                   | -                | -                   | -                         | -                                    |
| Taxes                                       | -                   | -                | -                   | -                         | -                                    |
| Amortization                                | -                   | -                | -                   | 7,295                     | 5,747                                |
| Depreciation                                | 74,426              | 34               | 33,116              | 329,262                   | 132,353                              |
| <b>Total other expenses</b>                 | <b>74,426</b>       | <b>34</b>        | <b>33,116</b>       | <b>428,370</b>            | <b>166,869</b>                       |
| <b>Total expenses</b>                       | <b>\$ 1,459,495</b> | <b>\$ 81,171</b> | <b>\$ 6,424,974</b> | <b>\$ 2,076,585</b>       | <b>\$ 3,130,178</b>                  |

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

Asheville-Buncombe Community Christian Ministry, Inc.  
Consolidated Statement of Functional Expenses  
Year Ended December 31, 2022

| 2022               |  |                           |                           |                   |                           |                      |
|--------------------|--|---------------------------|---------------------------|-------------------|---------------------------|----------------------|
| Recovery<br>Living | Veterans<br>Services of<br>the Carolinas | Total Program<br>Services | Management<br>and General | Fundraising       | Total Support<br>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 consolidated financial statements.

Asheville-Buncombe Community Christian Ministry, Inc.

Consolidated Statements of Cash Flows

Years Ended December 31, 2023 and 2022

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities</b>  |                     |                     |
| Change in net assets   | \$ 64,966           | \$ 738,099          |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities |                     |                     |
| Depreciation and amortization  | 690,881             | 641,642             |
| Gain on sale of assets   | (76,930)            | (778,724)           |
| Non-cash contributions   | (32,000)            | (255,000)           |
| Amortization of operating lease right-of-use asset   | (20,281)            | (504,858)           |
| Contributions restricted for long-term purposes  | (386,769)           | (20,572)            |
| Present value adjustment on long-term promises to give   | (5,148)             | (10,807)            |
| Provision for bad debt   | 6,700               | -                   |
| Forgiveness of debt  | (66,666)            | (100,000)           |
| Change in beneficial interest in assets held by others   | (95,247)            | 356,253             |
| Change in operating assets and liabilities   |                     |                     |
| Grants receivable  | 134,532             | (725,391)           |
| Other receivables  | (184,694)           | (5,622)             |
| Bequests receivable  | (440,000)           | -                   |
| Prepaid expenses   | 8,649               | (1,736)             |
| Inventory  | (108,658)           | 839,816             |
| Other current assets   | (5,737)             | 23,279              |
| Accounts payable   | 242,067             | 229,365             |
| Accrued expenses   | 152,692             | 214,127             |
| Operating lease liability  | 23,538              | 507,436             |
| Other current liabilities  | (4,457)             | 457                 |
| <b>Net cash provided by (used in) operating activities</b>   | <u>(102,562)</u>    | <u>1,147,764</u>    |
| <b>Cash flows from investing activities</b>  |                     |                     |
| Purchase of property and equipment   | (773,368)           | (828,135)           |
| Proceeds from sale of property held for resale   | 612,186             | 1,094,823           |
| Purchase of certificates of deposit  | (56,907)            | (56,026)            |
| Proceeds from certificates of deposito   | 271,330             | 55,522              |
| Purchase of other asset  | (200,000)           | -                   |
| <b>Net cash provided by (used in) investing activities</b>   | <u>(146,759)</u>    | <u>266,184</u>      |
| <b>Cash flows from financing activities</b>  |                     |                     |
| Collection of contributions for long-term purposes of  |                     |                     |
| Investment in property and equipment   | 509,435             | 457,872             |
| Payments on long-term debt   | (859,741)           | (1,839,033)         |
| <b>Net cash used in financing activities</b>   | <u>(350,306)</u>    | <u>(1,381,161)</u>  |
| <b>Change in cash, cash equivalents and restricted cash</b>  | (599,627)           | 32,787              |
| Cash, cash equivalents and restricted cash, beginning of year  | 2,598,323           | 2,565,536           |
| <b>Cash, cash equivalents and restricted cash, end of year</b>                                       | <u>\$ 1,998,696</u> | <u>\$ 2,598,323</u> |
| <b>Supplemental disclosure of cash flow information</b>  |                     |                     |
| Cash paid during the year for interest   | \$ 75,284           | \$ 119,387          |
| <b>Non-cash investing and financing activities</b>   |                     |                     |
| Disposal of fully depreciated property   | \$ 22,755           | \$ 16,850           |
| Construction in progress capitalized   | \$ 95,391           | \$ 2,000            |
| Lease liabilities arising from obtaining right-of-use assets   | \$ 184,780          | \$ 543,172          |

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

## **Note 1 Nature of Operations**

### **Organization**

The consolidated financial statements include the activities of Asheville-Buncombe Community Christian Ministry, Inc. and its subsidiary, ABCCM Doctors' Medical Clinic, Inc. (collectively referred to as the "Ministry"). 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. Beginning in 2023, the Crisis Ministry participates in North Carolina's Healthy Opportunities Pilot program, which supports upstream social drivers of health related to nutrition, food delivery, and housing while reducing the need for more costly clinical interventions of high-needs Medicaid enrollees.

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 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.

**Note 1 Nature of Operations (continued)**

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.

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 five programs across North Carolina. Through Housing, Employment, Outreach, Suicide Prevention, 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.

**Note 2 Summary of Significant Accounting Policies**

**Basis of Accounting**

The consolidated financial statements of the Ministry have been prepared utilizing the accrual basis of accounting in accordance with accepted accounting principles generally accepted in the United States of America ("GAAP").

**Note 2 Summary of Significant Accounting Policies (continued)**

**Principles of Consolidation**

The consolidated financial statements are comprised of the Ministry's activities and the activities of its wholly owned subsidiary, ABCCM Doctors' Medical Clinic, Inc. 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 GAAP, 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.

**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 Ministry 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 consolidated statements of activities as net assets released from restrictions.

**Use of Estimates**

Preparation of financial statements in accordance with GAAP 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.

**Cash and Cash Equivalents**

For purposes of reporting the consolidated statement of cash flows, the Ministry includes all cash investments which are not subject to withdrawal restrictions or penalties and certificates of deposits with an original maturity at the date of purchase 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, 2023 and 2022.



**Note 2 Summary of Significant Accounting Policies (continued)**

**Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give to be received in more than one year are estimated based on cash flows discounted at the incremental borrowing rate (ranging from 3.48% to 4.28%). 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 property 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 estimated useful lives of the assets. The useful lives range from 5 to 40 years. Leasehold improvements are amortized over the lesser of their estimated useful life or the remaining lease term. 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.

**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. The Ministry records special events revenue equal to the fair market value of direct benefits to donors, and contribution income for the excess received when the event takes place.

**Note 2 Summary of Significant Accounting Policies (continued)**

**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.

**Leases**

The Ministry determines if an arrangement is a lease, or contains a lease, at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The Ministry follows ASC 842, *Leases*. For operating leases, the Ministry recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate in the lease, if it is readily determinable, otherwise the Ministry uses its risk-free borrowing rate. Lease expense for lease payments are recognized on a straight-line basis over the lease term.

Variable payments that are not determinable at lease commencement are not included in the measurement of ROU asset and operating lease liability. The Ministry does not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, with lease expense for these leases recognized on a straight-line basis over the lease term. In addition, it is the Ministry's accounting policy to not separate lease and non-lease components.

**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.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("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.

**Note 2 Summary of Significant Accounting Policies (continued)**

As of December 31, 2023 and 2022, the Ministry had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Ministry records interest and penalties related to uncertain tax positions as a component of other expenses. 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, 2023, years subject to examination include 2020, 2021, and 2022.

**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 promotion expenses on the consolidated statements of functional expenses and are expensed as incurred. Advertising and promotion costs totaled \$193,512 and \$122,310 for the years ended December 31, 2023 and 2022, respectively.

**Note 3 Cash, Cash Equivalents and Restricted Cash**

Cash and cash equivalents as of December 31, 2023 and 2022, consists of the following:

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| Cash and cash equivalents  | \$ 1,624,837        | \$ 1,916,332        |
| Restricted cash  | <u>373,859</u>      | <u>681,991</u>      |
| Cash, cash equivalents and restricted cash shown<br>in the consolidated statements of cash flows | <u>\$ 1,998,696</u> | <u>\$ 2,598,323</u> |

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

Asheville-Buncombe Community Christian Ministry, Inc.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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**Note 4 Certificates of Deposit**

Certificates of deposit with an original maturity in excess of three months are valued at cost plus accrued interest. The interest rates range from 1.82% to 3.56% with maturity dates from January 31, 2024 to April 8, 2024.

At December 31, 2023 and 2022, the Ministry had certificates of deposit totaling \$56,856 and \$271,279, respectively. Interest income for the years ended December 31, 2023 and 2022 totaled \$1,197 and \$939, respectively.

**Note 5 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, 2023 and 2022 are as follows:

|  | <u>2023</u>       | <u>2022</u>       |
|--|-------------------|-------------------|
| Receivables in less than one year          | \$ 128,365        | \$ 235,415        |
| Receivables in one to five years           | <u>108,067</u>    | <u>158,317</u>    |
| Total promises to give before discount     | 236,432           | 393,732           |
| Less: allowance for present value discount | (5,259)           | (10,407)          |
| Less: allowance for uncollectible promises | <u>(56,700)</u>   | <u>(50,000)</u>   |
|  | <u>\$ 174,473</u> | <u>\$ 333,325</u> |

Bad debt expense for the years ended December 31, 2023 and 2022 totaled \$6,700 and \$0, respectively.

**Note 6 Inventory**

At December 31, 2023 and 2022, the Ministry had inventory composed of pharmaceuticals totaling \$1,764,463 and \$1,655,805, respectively.

Asheville-Buncombe Community Christian Ministry, Inc.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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**Note 7 Property and Equipment**

Property and equipment balances at December 31, 2023 and 2022 are as follows:

|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
| Land  | \$ 4,612,121         | \$ 4,612,121         |
| Building  | 20,647,632           | 20,296,144           |
| Furniture and fixtures                          | 1,436,153            | 1,421,920            |
| Vehicles  | 494,786              | 377,916              |
| Construction in progress                        | 905,456              | 637,004              |
| Financing fees                                  | 1,750                | 109,623              |
| Leasehold improvements                          | 55,768               | 28,088               |
| Total cost                                      | <u>28,153,666</u>    | <u>27,482,816</u>    |
| Less: accumulated depreciation and amortization | <u>(5,565,428)</u>   | <u>(5,009,050)</u>   |
| Property and equipment, net                     | <u>\$ 22,588,238</u> | <u>\$ 22,473,766</u> |

Depreciation and amortization expense was \$690,881 and \$641,642 for the years ended December 31, 2023 and 2022, respectively.

**Note 8 Fair Value Measurement**

The 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.

Asheville-Buncombe Community Christian Ministry, Inc.

Notes to Consolidated Financial Statements

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**Note 8 Fair Value Measurement (continued)**

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 methodology used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

*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 method 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.

The following table sets forth by level, within the fair value hierarchy, the Ministry's assets at fair value as of December 31, 2023:

|                      | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u>      | <u>Fair Value</u>   |
|----------------------|----------------|----------------|---------------------|---------------------|
| Beneficial interests | \$ -           | \$ -           | \$ 1,778,979        | \$ 1,778,979        |
| Total assets         | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 1,778,979</u> | <u>\$ 1,778,979</u> |

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         | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 1,649,098</u> | <u>\$ 1,649,098</u> |

Asheville-Buncombe Community Christian Ministry, Inc.

Notes to Consolidated Financial Statements

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**Note 8 Fair Value Measurement (continued)**

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, 2023 and 2022:

|                               | <u>2023</u>         | <u>2022</u>         |
|-------------------------------|---------------------|---------------------|
| Balance, beginning of year    | \$ 1,649,098        | \$ 2,005,351        |
| Contribution                  | 34,634              | -                   |
| Change in beneficial interest | <u>95,247</u>       | <u>(356,253)</u>    |
| Balance, end of year          | <u>\$ 1,778,979</u> | <u>\$ 1,649,098</u> |

**Note 9 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, 2023 and 2022 was \$1,743,229 and \$1,615,474, 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, 2023 and 2022 was \$35,750 and \$33,624, respectively.

**Note 10 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, 2024. At December 31, 2023 and 2022, the balance outstanding on the line of credit was \$0. No interest expense was incurred related to the line of credit for the years ended December 31, 2023 and 2022.

**Note 11 Long-Term Debt**

Long-term debt at December 31, 2023 and 2022 is described as follows:

|  | <u>2023</u>                | <u>2022</u>                |
|--|----------------------------|----------------------------|
| <p>A bank construction loan dated November 19, 2018 not to exceed \$8,993,000. The note was 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 9, 2023. This note was refinanced on December 11, 2023 and is payable in annual principal payments of \$220,000 beginning December 19, 2024 with the balance due December 19, 2028 and monthly interest payments at 5.85%. The note is secured by real estate classified as land and buildings with a carrying value of \$203,012 and \$212,087 and by the land, buildings and construction in progress for Transformation Village with a carrying value of \$11,113,157 and \$11,252,929 as of December 31, 2023 and December 31, 2022, respectively. The loan documents require the Ministry to maintain a debt service coverage ratio of not less than 1.0 to 1.0. As of December 31, 2023, \$8,208,110 has been drawn on the construction loan and \$7,108,111 has been paid towards the principal.</p> | <b>\$ 1,099,999</b>        | \$ 1,899,999               |
| <p>Note payable to a bank, payable in monthly payments of \$7,004 with interest at 3.84%, due April 18, 2032. The note is secured by real estate classified as land and buildings with a carrying value of \$4,310,317 and \$4,381,873 as of December 31, 2023 and 2022, respectively.</p>   | <b>592,157</b>             | 651,897                    |
| <p>Note payable to a bank, secured by real estate classified as land and buildings with a carrying value of \$4,310,317 and \$4,381,873 as of December 31, 2023 and 2022, respectively. Paid in full on June 30, 2023.</p>   | -                          | 33,333                     |
| <p>Note payable to a bank, if not forgiven, 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, 2023 and 2022. (See Note 16)</p>   | <b>427,777</b>             | 461,111                    |
|  | <b>2,119,933</b>           | 3,046,340                  |
| Less: current portion  | <b>(315,218)</b>           | (2,026,701)                |
| Total long-term debt, net of current portion   | <b><u>\$ 1,804,715</u></b> | <b><u>\$ 1,019,639</u></b> |



**Note 11 Long-Term Debt (continued)**

Future minimum payments as of December 31, 2023 are as follows:

| <u>Years Ended<br/>December 31,</u> | <u>Amount</u>       |
|-------------------------------------|---------------------|
| 2024                                | \$ 315,218          |
| 2025                                | 317,731             |
| 2026                                | 320,279             |
| 2027                                | 322,927             |
| 2028                                | 325,679             |
| Thereafter                          | <u>518,099</u>      |
|                                     | <u>\$ 2,119,933</u> |

Interest expense was \$76,016 and \$122,323 for the years ended December 31, 2023 and 2022, respectively.

Asheville-Buncombe Community Christian Ministry, Inc.  
Notes to Consolidated Financial Statements  
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**Note 12 Restrictions on Net Assets**

Net assets with donor restrictions as of December 31, 2023 are as follows:

|  | Restricted by<br>Program or<br>Time | Perpetual<br>Donor<br>Restrictions | Total               |
|--|-------------------------------------|------------------------------------|---------------------|
| Transformation Village - capital campaign                  | \$ 174,474                          | \$ -                               | \$ 174,474          |
| Veterans employment and training                           | 45,903                              | -                                  | 45,903              |
| Non-veteran employment and training                        | 7,243                               | -                                  | 7,243               |
| Womens employment and training                             | 9,053                               | -                                  | 9,053               |
| Transformation Village educational program                 | 121,470                             | -                                  | 121,470             |
| Costello House   | 554,769                             | -                                  | 554,769             |
| Emergency assistance benevolences                          | 2,426                               | -                                  | 2,426               |
| Hominy Valley Crisis Ministry                              | -                                   | -                                  | -                   |
| Woodfin benevolence  | 13,869                              | -                                  | 13,869              |
| Healthy Opportunities Pilot Program                        | 69,837                              | -                                  | 69,837              |
| Heating benevolence  | -                                   | -                                  | -                   |
| Christman Angel  | -                                   | -                                  | -                   |
| Medical clinic   | 86,717                              | -                                  | 86,717              |
| Supportive Services for Veteran Families benevolence       | -                                   | -                                  | -                   |
| Veterans Service of the Carolinas                          | 53,102                              | -                                  | 53,102              |
| Veterans Service Coordination program                      | -                                   | -                                  | -                   |
| Veterans Service Outreach program                          | -                                   | -                                  | -                   |
| VRQ special projects and programs                          | 6,220                               | -                                  | 6,220               |
| VRQ kitchen equipment                                      | -                                   | -                                  | -                   |
| VRQ room renovations                                       | 139,371                             | -                                  | 139,371             |
| Veteran Community Partnership                              | 1,970                               | -                                  | 1,970               |
| Remainder interest in property                             | -                                   | -                                  | -                   |
| Beneficial interest in charitable gift annuity             | 35,750                              | -                                  | 35,750              |
| Beneficial interest in assets held by Community Foundation | -                                   | 1,743,229                          | 1,743,229           |
|  | <u>\$ 1,322,174</u>                 | <u>\$ 1,743,229</u>                | <u>\$ 3,065,403</u> |

Asheville-Buncombe Community Christian Ministry, Inc.

Notes to Consolidated Financial Statements

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**Note 12 Restrictions on Net Assets (continued)**

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

|  | Restricted by<br>Program or<br>Time | Perpetual<br>Donor<br>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             |
| Emergency assistance benevolences                          | -                                   | -                                  | -                   |
| 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               |
| Christman Angel  | 12,249                              | -                                  | 12,249              |
| Medical clinic   | 70,000                              | -                                  | 70,000              |
| Supportive Services for Veteran Families benevolence       | 12,163                              | -                                  | 12,163              |
| Veterans Service of the Carolinas                          | -                                   | -                                  | -                   |
| Veterans Service Coordination program                      | 3,445                               | -                                  | 3,445               |
| Veterans Service Outreach program                          | 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> |

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, 2023 and 2022, 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 19). 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 \$300,760 and \$287,979 as of December 31, 2023 and 2022, respectively.

### **Note 13 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 \$699,905 and \$628,062 (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, 2023 and 2022, respectively.

Other contributed services totaling \$10,000 and \$17,000 have also been included as part of in-kind support for the years ended December 31, 2023 and 2022, respectively. Numerous other volunteers have donated significant amounts of time to the Ministry for which no amounts have been reflected in these consolidated financial statements because they did not meet the criteria for recognition.

Donated materials, etc. are reflected as in-kind contributions in the accompanying consolidated financial statements. Contributed pharmacy drugs of \$4,468,892 and \$3,789,316 have been included in the consolidated financial statements as in-kind support, and as inventory and pharmacy expense for the years ended December 31, 2023 and 2022, respectively. Contributed food of \$2,683 and \$5,034 has been included as in-kind support and food expense for the years ended December 31, 2023 and 2022, respectively. Contributed vehicle, construction and landscaping materials of \$32,000 and \$255,000 has been included as in-kind support and property and equipment in the consolidated financial statements for the years ended December 31, 2023 and 2022, respectively.

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 each of the years ended December 31, 2023 and 2022 was \$54,000 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, 2023 and 2022 was \$195,000 and \$178,750, respectively, and is recorded as both in-kind support and rent expense in the consolidated financial statements.

### **Note 14 Leasing Activity**

The Ministry has five operating leases for facilities at rates ranging from \$1,050 to \$5,917 per month. Expiration dates for the leases range from November 2024 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.

# Asheville-Buncombe Community Christian Ministry, Inc.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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## Note 14 Leasing Activity (continued)

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 \$164,499 and \$123,334, respectively, for the years ended December 31, 2023 and 2022, and is included as component of facility rent, office supplies and computer, and auto and travel expenses on the consolidated statements of functional expenses.

Maturities of operating lease liabilities are as follows:

| <u>Years Ended<br/>December 31,</u> | <u>Amount</u>            |
|-------------------------------------|--------------------------|
| 2024                                | \$ 215,495               |
| 2025                                | 165,503                  |
| 2026                                | 109,477                  |
| 2027                                | 70,516                   |
| 2028                                | 17,899                   |
| Total lease payments                | <u>578,890</u>           |
| Less: imputed interest              | <u>(47,916)</u>          |
| Present value of lease liabilities  | <u><u>\$ 530,974</u></u> |

During the years ended December 31, 2023 and 2022, operating cash flows for operating leases totaled \$187,672 and \$120,755, respectively. At December 31, 2023, the weighted average of the remaining lease term of the Ministry's operating leases is 2.94 years, while the weighted average discount rate is 6.02%. At December 31, 2022, 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 15 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, 2023 and 2022. Eligibility is based on certain minimum service and age requirements. For the years ended December 31, 2023 and 2022, the pension expense was \$130,865 and \$123,926, respectively.

## **Note 16 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.

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, 2023 and 2022, \$427,777 and \$494,444, respectively (see Note 11), was reflected on the consolidated statements of financial position as long-term debt. During the years ended December 31, 2023 and 2022, \$66,667 and \$100,000, respectively, was reflected as forgiveness of debt and included on the consolidated statements of activities.

## **Note 17 Concentration of Support**

Two granting agencies provided more than 10% of the Ministry's total revenue and support for the years ended December 31, 2023 and 2022. Revenue and support from the U.S. Department of Veterans Affairs totaled \$7,231,498 or 29% and \$5,902,917 or 28% for the years ended December 31, 2023 and 2022, respectively. Revenue and support from the U.S. Department of Health and Human Services totaled \$2,900,089 or 12% and \$2,387,159 or 11% for the years ended December 31, 2023 and 2022, respectively.

**Note 17 Concentration of Support (continued)**

Three grantors made up more than 10% of the Ministry's total grants receivable for the years ended December 31, 2023 and 2022. At December 31, 2023, grants receivable from one federal government agency totaled \$475,030 or 36% and grants receivable from a public local management entity/managed care organization (LME/MCO) totaled \$440,059 or 33%. 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%.

Promises to give from two donors totaled \$200,000 or 85%, and \$320,000 or 84% at December 31, 2023 and 2022, respectively.

**Note 18 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:

A cash bond for \$200,000, included as part of other assets in the consolidated financial statement of position at December 31, 2023, with Buncombe County as the beneficiary. The funds are available upon successful completion of the approved storm water management system affiliated with Transformation Village.

Asheville-Buncombe Community Christian Ministry, Inc.

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**Note 19 Availability and Liquidity**

The Ministry's financial assets available at December 31, 2023 and 2022 within one year of the consolidated statement of financial position date for general expenditures are as follows:

|  | <u>2023</u>             | <u>2022</u>             |
|--|-------------------------|-------------------------|
| Cash and cash equivalents  | \$ 1,624,837            | \$ 1,916,332            |
| Restricted cash  | 373,859                 | 681,991                 |
| Other asset  | 200,000                 | -                       |
| Certificates of deposit  | 56,856                  | 271,279                 |
| Promises to give, net  | 174,473                 | 333,325                 |
| Grants receivable  | 1,336,162               | 1,470,694               |
| Bequest receivable   | 440,000                 | -                       |
| Other receivables  | 281,578                 | 96,884                  |
| Other current assets   | <u>23,620</u>           | <u>17,883</u>           |
| <br>Total financial assets   | <br><b>4,511,385</b>    | <br>4,788,388           |
| Less amounts unavailable for general expenditures within one year: |                         |                         |
| <br>Contractual or donor-imposed restrictions:                     |                         |                         |
| Restricted by donors for capital projects                          | (548,332)               | (1,015,316)             |
| Assets 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>(300,760)</u>        | <u>(287,979)</u>        |
|  | <br><u>\$ 2,462,293</u> | <br><u>\$ 2,285,093</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, 2023 and 2022, respectively (see Note 12). 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 10), from which it can draw upon in the event of a liquidity need.

The Clinic's board has designated 75 days of expenses based on the current annual operating budget as an operating liquidity reserve, which was \$300,760 and \$287,979 as of December 31, 2023 and 2022, respectively. The objective of this reserve is to provide a source of funds to cover costs that are unplanned or unexpected. The board designated assets can be made available for current operations, if necessary.



**Note 20 Subsequent Events**

The Ministry evaluated the effect that all subsequent events would have on the consolidated financial statements through June 18, 2024, which is the date the financial statements were available to be issued.



**Independent Auditor's 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.

*Prager Metis CPAs, PLLC*

32 ORANGE STREET  
ASHEVILLE, NC 28801

T 828.281.3161

F 828.281.3164

www.pragermetis.com

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, 2023, 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 June 18, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated 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.

*Prager Metis CPAs, PLLC*

Prager Metis CPAs, PLLC  
Asheville, North Carolina  
June 18, 2024



## **Independent Auditor’s 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.

*Prager Metis CPAs, PLLC*

32 ORANGE STREET  
ASHEVILLE, NC 28801

T 828.281.3161

F 828.281.3164

www.pragermetis.com

### **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, 2023. 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, 2023.

#### ***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.

*Prager Metis CPAs, PLLC*

Prager Metis CPAs, PLLC  
Asheville, North Carolina  
June 18, 2024

Asheville-Buncombe Community Christian Ministry, Inc.  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2023

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**A. Summary of Auditor's Results:**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified?                     yes                     no
- 2. Significant deficiency(s) identified that are not considered to be material weaknesses?                     yes                     none reported

Noncompliance material to financial statements noted?                     yes                     no

Federal Awards

Internal control over major federal program:

- 1. Material weakness(es) identified?                     yes                     no
- 2. Significant deficiency(s) identified that are not considered to be material weaknesses?                     yes                     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                     no

Identification of major federal programs:

| <u>AL Numbers</u> | <u>Names of Federal Program or Cluster</u>                  |
|-------------------|---|
| 17.805            | Homeless Veterans Reintegration Project                     |
| 64.024            | VA Homeless Providers Grant and Per Diem Program            |
| 64.024            | COVID-19 - VA Homeless Providers Grant and Per Diem Program |

Dollar threshold used to distinguish between Type A and Type B Programs:                    \$ 750,000

Auditee qualified as low-risk auditee?                     yes                     no

State Awards

There were no major state awards.

**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  
 Year Ended December 31, 2023

| Federal Grantor/<br>Pass-through Grantor/<br>Program Title                                | Federal<br>AL<br>Number | Federal<br>Expenditures | State<br>Expenditures |
|---|-------------------------|-------------------------|-----------------------|
| <b>Federal Awards:</b>  |                         |                         |                       |
| <u>Appalachian Regional Commission</u>  |                         |                         |                       |
| Appalachian Area Development  | 23.002                  | \$ 500,000              | \$ -                  |
| <u>U.S. Department of Agriculture</u>   |                         |                         |                       |
| Passed-through Rural Fund Development-Community Development Corporation:                  |                         |                         |                       |
| Rural Community Development Initiative  | 10.446                  | 54,428                  | -                     |
| Passed-through N.C. Department of Agriculture:  |                         |                         |                       |
| Food Distribution Programs  | 10.569                  | 2,683                   | -                     |
| Total U.S. Department of Agriculture  |                         | 57,111                  | -                     |
| <u>U.S. Department of Health and Human Services</u>                                       |                         |                         |                       |
| 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                  | 115,801                 | -                     |
| Projects for Assistance in Transition from Homelessness                                   | 93.150                  | 488,595                 | -                     |
| Passed-through Impact Health:   |                         |                         |                       |
| Medical Assistance Program  | 93.778                  | 53,953                  | -                     |
| Passed-through Vaya Health:   |                         |                         |                       |
| COVID-19 - Block Grants for Community Mental Health Services                              | 93.958                  | 575,544                 | -                     |
| Block Grants for Community Mental Health Services   | 93.958                  | 1,648,772               | -                     |
| Passed-through Governor's Institute on Substance Abuse:                                   |                         |                         |                       |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243                  | 17,423                  | -                     |
| Total U.S. Department of Health and Human Services  |                         | 2,900,088               | -                     |
| <u>U.S. Department of Homeland Security</u>   |                         |                         |                       |
| Emergency Food and Shelter National Board Program   | 97.024                  | 80,747                  | -                     |
| COVID-19 Emergency Food and Shelter National Board Program                                | 97.024                  | 61,849                  | -                     |
| Total U.S. Department of Homeland Security  |                         | 142,596                 | -                     |
| <u>U.S. Department of Labor</u>   |                         |                         |                       |
| Homeless Veterans Reintegration Project   | 17.805                  | 1,029,557               | -                     |
| <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                  | 222,310                 | -                     |
| <u>U.S. Department of Veterans Affairs</u>  |                         |                         |                       |
| VA Homeless Providers Grant and Per Diem Program  | 64.024                  | 3,152,910               | -                     |
| COVID-19 - VA Homeless Providers Grant and Per Diem Program                               | 64.024                  | 118,373                 | -                     |
| VA Supportive Services for Veteran Families Program                                       | 64.033                  | 3,275,545               | -                     |
| COVID-19 - VA Supportive Services for Veteran Families Program                            | 64.033                  | 52,142                  | -                     |
| Staff Sergeant Parker Gordon Fox Suicide Prevention Grant Program                         | 64.055                  | 632,528                 | -                     |
| Total U.S. Department of Veterans Affairs   |                         | 7,231,498               | -                     |
| Total federal awards  |                         | 12,083,160              | -                     |



Asheville-Buncombe Community Christian Ministry, Inc.  
 Schedule of Expenditures of Federal and State Awards  
 Year Ended December 31, 2023

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| Federal Grantor/<br>Pass-through Grantor/<br>Program Title                         | Federal<br>AL<br>Number | Federal<br>Expenditures | State<br>Expenditures |
|--|-------------------------|-------------------------|-----------------------|
| <b>State Awards:</b>   |                         |                         |                       |
| <u>N.C. Department of Health and Human Services</u>                                |                         |                         |                       |
| Golden Leaf Foundation   |                         | \$ -                    | \$ 65,726             |
| Passed-through Buncombe County Sheriff's Office:                                   |                         |                         |                       |
| Chaplaincy Program   |                         | -                       | 37,346                |
| Division of Mental Health, Developmental Disabilities and Substance Abuse Services |                         |                         |                       |
| Vaya Health  |                         | -                       | 447,600               |
| Pass-through Impact Health:  |                         |                         |                       |
| Healthy Opportunities Pilot  |                         | -                       | 78,014                |
| Office of Rural Health and Community Care  |                         | -                       | 23,040                |
|  |                         | <u>-</u>                | <u>651,726</u>        |
| Total state awards   |                         | -                       | 651,726               |
| <b>Total expenditures of federal and state awards</b>                              |                         | <u>\$ 12,083,160</u>    | <u>\$ 651,726</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, 2023. 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.

**Findings – Financial Statement Audit:**

None.

**Findings and Questioned Costs – Major Federal Awards Program Audit:**

None.