



Darrell L. Keller, CPA, PA

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(704) 739-0771

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
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FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Eastern Catawba Cooperative Christian Ministry, Inc.
Newton, North Carolina

We have audited the accompanying financial statements of Eastern Catawba Cooperative Christian Ministry, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

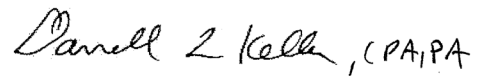
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Catawba Cooperative Christian Ministry, Inc. as of December 31, 2020, 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.

Darrell L. Keller, CPA, PA

Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina

April 25, 2021

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total 2020</u> |
|--|---------------------------------------|------------------------------------|-------------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 220,267 | \$ 216,196 | \$ 436,463 |
| Accounts receivable | 788 | 32,940 | 33,728 |
| Prepaid Payroll | 8,989 | - | 8,989 |
| Total Current Assets | <u>230,044</u> | <u>249,136</u> | <u>479,180</u> |
| Investments in Endowment Funds | 368,847 | 92,597 | 461,444 |
| Beneficial Use of Land and Warehouse Space | - | 95,191 | 95,191 |
| Property and Equipment, net | <u>578,748</u> | <u>-</u> | <u>578,748</u> |
| TOTAL ASSETS | <u>\$ 1,177,639</u> | <u>\$ 436,924</u> | <u>\$ 1,614,563</u> |
| LIABILITIES AND NET ASSETS | | | |
| Current Liabilities: | | | |
| Accounts payable | \$ 12,438 | \$ - | \$ 12,438 |
| Sales Tax Payable | 636 | - | 636 |
| Payroll Taxes Payable | 1,257 | - | 1,257 |
| Total Current Liabilities | <u>14,331</u> | <u>-</u> | <u>14,331</u> |
| Net assets: | | | |
| Without Donor Restrictions | 1,163,308 | - | 1,163,308 |
| With Donor Restriction | - | 436,924 | 436,924 |
| Total Net Assets | <u>1,163,308</u> | <u>436,924</u> | <u>1,600,232</u> |
| Total liabilities and net assets | <u>\$ 1,177,639</u> | <u>\$ 436,924</u> | <u>\$ 1,614,563</u> |

The Accompanying Notes are an Integral Part of these Financial Statements.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total 2020</u> |
|--|--------------------------------------|-----------------------------------|-----------------------|
| Public support and revenue: | | | |
| Churches | 107,512 | - | 107,512 |
| Individuals | 186,419 | - | 186,419 |
| Memorials | 21,932 | - | 21,932 |
| Corporate | 29,996 | - | 29,996 |
| Clothing sales | 82,307 | - | 82,307 |
| Other sources | 354 | 769 | 1,123 |
| DSS Admin Fee | 109,506 | - | 109,506 |
| Fundraisers | 15,869 | - | 15,869 |
| Thrift Store Donation | 3,040 | - | 3,040 |
| Foundations | 112,500 | 42,500 | 155,000 |
| United Way grants | - | 41,000 | 41,000 |
| Duke Power Assistance | - | 2,741 | 2,741 |
| Duke - Special BPM Grant | - | 4,732 | 4,732 |
| Fema Funds | - | 67,794 | 67,794 |
| CACP | - | 18,000 | 18,000 |
| Carlisle Grant | - | 2,500 | 2,500 |
| Endowment Contributions | - | 100 | 100 |
| Food Pantry | - | 1,020 | 1,020 |
| Individuals/Churches - Food Pantry | - | 22,754 | 22,754 |
| Transportation Program | - | 2,459 | 2,459 |
| DSS General Assistance | - | 7,914 | 7,914 |
| COVID Response | - | 105,930 | 105,930 |
| Land Lease Contribution | - | 3,440 | 3,440 |
| Warehouse Lease Contribution | - | 10,023 | 10,023 |
| Net assets released from restriction: | | | - |
| Expiration of time restriction | - | - | - |
| Satisfaction of donor restriction | 269,816 | (269,816) | - |
| Total Support | <u>939,251</u> | <u>63,860</u> | <u>1,003,111</u> |
| Other Revenues | | | |
| Unrealized gain (loss) on investments | 55,248 | - | 55,248 |
| Interest and Dividends | 628 | - | 628 |
| Gain (Loss) on disposal of assets | - | - | - |
| Total Other Revenues | <u>55,876</u> | <u>-</u> | <u>55,876</u> |
| Total support, revenue, and reclassification | <u>995,127</u> | <u>63,860</u> | <u>1,058,987</u> |
| Expenses: | | | |
| Program services | 824,076 | - | 824,076 |
| General and Administrative | 96,586 | - | 96,586 |
| Fundraising | 2,835 | - | 2,835 |
| Total Expenses | <u>923,497</u> | <u>-</u> | <u>923,497</u> |
| Change in net assets | 71,630 | 63,860 | 135,490 |
| Net assets: | | | |
| Beginning | 1,091,678 | 373,064 | 1,464,742 |
| Ending | <u>\$ 1,163,308</u> | <u>\$ 436,924</u> | <u>\$ 1,600,232</u> |

The Accompanying Notes are an Integral Part of these Financial Statements.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Program Services | General and Administrative | Fund Raising | Total Expenses |
|------------------------------------|---------------------|-------------------------------|-----------------|-------------------|
| Salaries and Director Costs | \$ 440,602 | \$ 48,956 | \$ - | 489,558 |
| Employee Benefits | 23,697 | 559 | - | 24,256 |
| Payroll taxes | 20,030 | 8,723 | - | 28,753 |
| Professional and other services | 8,968 | 8,965 | - | 17,933 |
| Office Supplies | 25,823 | 8,608 | - | 34,431 |
| Postage | 1,224 | 1,225 | - | 2,449 |
| Office equipment leases | 5,590 | - | - | 5,590 |
| Utilities | 21,384 | - | - | 21,384 |
| Repairs and maintenance | 18,648 | - | - | 18,648 |
| Vehicle Expense | 3,465 | - | - | 3,465 |
| Interest Expense | - | - | - | - |
| Dues and Subscriptions | - | 2,710 | - | 2,710 |
| Training expenses | - | - | - | - |
| Travel | 1,800 | 1,800 | - | 3,600 |
| Hunger Prevention Program | 29,871 | - | - | 29,871 |
| Miscellaneous | - | 668 | - | 668 |
| Property Taxes | - | - | - | - |
| Insurance | 7,786 | 7,785 | - | 15,571 |
| Volunteer | 28 | - | - | 28 |
| Advertising | - | - | - | - |
| Duke Energy | 15,028 | - | - | 15,028 |
| United Way | 41,000 | - | - | 41,000 |
| DSS General Assistance | 7,914 | - | - | 7,914 |
| FEMA Programs | 67,794 | - | - | 67,794 |
| Crisis Program | 18,023 | - | - | 18,023 |
| Fundraisers | - | - | 2,835 | 2,835 |
| Christmas Bureau | - | - | - | - |
| CACP | - | - | - | - |
| Hunger Walk | 18 | - | - | 18 |
| Transportation Program | 244 | - | - | 244 |
| Foundations | - | - | - | - |
| Funds Development | - | - | - | - |
| Thrift Store Expenses | 3,439 | - | - | 3,439 |
| Warehouse utilities | 2,416 | - | - | 2,416 |
| Community Outreach Expenses | - | - | - | - |
| Land and Warehouse Lease* | 25,038 | 2,782 | - | 27,820 |
| Total expenses before depreciation | <u>789,830</u> | <u>92,781</u> | <u>2,835</u> | <u>885,446</u> |
| Depreciation | 34,246 | 3,805 | - | 38,051 |
| Total expenses | <u>\$ 824,076</u> | <u>\$ 96,586</u> | <u>\$ 2,835</u> | <u>\$ 923,497</u> |

* Includes Gift in Kind, see note 8

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

Eastern Catawba Cooperative Christian Ministry, Inc.
 Statements of Cash Flows
 December 31, 2020

| Years Ended December 31, | 2020 |
|--|------------|
| Cash Flows from operating activities | |
| Cash received from donors | 874,902 |
| Cash received from thrift store sales | 87,992 |
| Interest and dividends received | 627 |
| Other Cash Received | 1,250 |
| Cash Paid to vendors | (315,884) |
| Cash paid for payroll and benefits | (542,789) |
| Net cash flows provided by (used in) operating activities | 106,098 |
| Cash flows from investing activities | |
| Purchase of Property and Equipment | (4,245) |
| Purchase of Endowment Investments | 57,620 |
| Net cash flows provided by (used in) operating activities | 53,375 |
| Cash flow from financing activities | |
| Contributions received with permanent donor restriction | 100 |
| Net cash flows provided by (used in) financing activities | 100 |
| Net increase (decrease) in cash, cash equivalents, and restricted cash | 159,573 |
| Cash, Cash Equivalents, and Restricted Cash | |
| Beginning of Year | \$ 276,890 |
| End of Year | \$ 436,463 |

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

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1. SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES

Reporting Entity

The Eastern Catawba Cooperative Christian Ministry, Inc. (the “Organization”) is a non-profit organization organized in 1969 in Catawba County. It was determined to be a non-profit by the Internal Revenue Service in July 1971 and is governed by a volunteer Board of Directors. The Organization is a tax exempt organization under section 501(c)(3) of the Internal Revenue Code. However, income generated from activities unrelated to the exempt purpose of the Organization is subject to tax. There was no unrelated business income in the year ended December 31, 2020. The Organization has been classified as an entity that is not a private foundation within the meaning of section 509(a) and contributions to the Organization are tax-deductible within the limitations prescribed by law. Revenue is derived primarily through individual (18%) and church (11%) contributions. The Organization also operates a thrift store which represents 8% of revenue. 15% of revenue is received from various restricted grants and foundations.

Organizational Mission Statement

The mission of the Organization is to bring together the resources of the Christian community to serve people in need of crisis assistance, support and education, in response to God’s call.

Principal Programs of the Ministry include:

Crisis Assistance - provides assistance with mortgage and rent payments, utility bills, fuel oil and kerosene, life-necessary pharmaceuticals, and clothing. In addition, clothing and limited household items are provided, as available, to assist victims of house fires.

Crisis Assistance Coaching - focuses on equipment individuals for self-sufficiency and financial independence in a time of crisis. Monthly classes are offered for basic household budgeting, decision making, menu preparation, and shopping strategies with the goal of providing a “hand up – not a hand out.”

Hunger Prevention - works to eradicate hunger in our community through providing food to qualifying clients, the homeless and children enrolled in either of the three school systems in Catawba County. These programs extend beyond federal guidelines filling the gaps to do away with food insecurity.

Thrifty Threads & Treasures Thrift store - provides free clothing top those in crisis and sells items at bargain prices to the entire community. All proceeds go directly into the Crisis Assistance Program providing assistance to those in need.

Transportation - provides assistance with basic car repairs to families in need enabling them to continue to work or search for employment.

CIP (Crisis Intervention Program) and the LIEAP (Low Income Energy Assistance Program) - provides assistance for utilities with funds from Catawba County Department of Social Services. This program is administered by ECCCM which provides additional funding beyond the funds available through our Crisis Assistance Program.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Under those standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a statement of cash flows. The Organization uses the accrual method of accounting. Under this method, revenue is recognized when earned, and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include allowance for uncollectible accounts receivable, depreciation, and contingencies.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of demand deposits in banks, cash on hand, and deposits in money market accounts. Restricted Cash is donor restricted cash that has yet to be released from restriction.

Accounts Receivable

The Organization's accounts receivable are made up of balances due from Federal and local government agencies. Due to the nature of the receivables, management has determined that an allowance for doubtful accounts is not necessary.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Investments

The fair value of all available-for-sale marketable securities has been measured on a recurring basis using Level 1 inputs. There were no changes in valuation methodologies and related inputs used at December 31, 2020.

Fair Value Measurements

FASB ASC 820-10 regarding fair value measurements clarifies the definition of fair value for financial reporting and establishes a three-tier hierarchy as a framework for measuring fair value which requires an entity to give 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) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements. Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date.

The three levels of the fair value hierarchy under this standard are as follows:

- Level 1 - Inputs are unadjusted quoted prices for identical instruments in active markets.
- Level 2 - Inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets.
- Level 3 - Inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Property and Equipment

The Organization capitalizes property and equipment if its value is over \$1,000 and its useful life is more than one year. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value on the date of the gift. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset 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 contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty nine years. Management annually reviews these assets to determine whether carrying values have been impaired.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Asset Classifications

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Organization's long-term financial viability.

See note 10 for more information on the composition of net assets without donor restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

See note 11 for more information on the composition of net assets with donor restrictions.

Contributions

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America. Under those standards, contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Contributed Services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization carrying out its fundraising and special programs, but these services do not meet the criteria for recognition as contributed services. The Organization had approximately 8,120 volunteer hours from 182 volunteers in fiscal year ending December 31, 2020.

Functional Allocation of Expenses

For functional expense allocations, salaries and related expenses are allocated to the various programs and supporting services based on estimated time the employees spend on each function. The remaining expenses are specifically allocated whenever practical or are allocated based on salaries or space utilization.

Advertising

The Organization expenses advertising costs as incurred.

Concentration of Credit Risk

The Organization maintains demand deposits at one bank in North Carolina which are secured by the Federal Deposit Insurance Corporation. At December 31, 2020 the deposits had a carrying value of \$436,263 and a bank balance of \$445,315, of this amount \$250,000 was covered by FDIC. \$195,315 was uninsured. Management does not consider this concentration to be a significant risk.

Note 2. ENDOWMENT

The Organization's Endowment Fund is established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Directors of the Organization has interpreted SPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund and any subsequent donor contributions to the permanent endowment, unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in certificates of deposit and mutual funds. The Organization seeks to build endowment assets through additional contributions and expects its endowment funds, over time, to provide a reasonable rate of return.

The Organization has a policy of appropriating for distributions each year. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The composition of endowment net assets as of December 31, 2020 are as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total Endowment Funds</u> |
|---|---------------------------------------|------------------------------------|----------------------------------|
| Donor Designated as Permanent Endowment | \$ - | \$ 62,597 | \$ 62,597 |
| Board Designated Quasi-Endowment | 368,847 | 30,000 | 398,847 |
| | <u>\$ 368,847</u> | <u>\$ 92,597</u> | <u>\$ 461,444</u> |

In accordance with accounting principles generally accepted in the United States of America, the Organization's investments are shown at aggregate fair value. Realized and unrealized gains and losses are reflected in the statement of activities. Investment activity for the year ended December 31, 2020 is summarized below:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> |
|---|---------------------------------------|------------------------------------|
| Endowment net assets, January 1, 2020 | \$ 373,599 | \$ 90,217 |
| Contributions | 100,000 | 2,380 |
| Investment income | 10,051 | |
| Unrealized gain (loss) on investments | 49,027 | |
| Released by Board | (160,000) | |
| Amounts appropriated for expenditure | (3,830) | |
| Endowment net assets, December 31, 2020 | <u>\$ 368,847</u> | <u>\$ 92,597</u> |

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 3. FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2020 are as follows:

| Investments: | Fair Value | Level 1 |
|-----------------------------|--------------|--------------|
| Mutual Funds: | 312,832 | 312,832 |
| Exchange-Traded Products: | 140,186 | 140,186 |
| Cash and Cash Alternatives: | <u>8,426</u> | <u>8,426</u> |
| | 461,444 | 461,444 |

Note 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

| | |
|---|-------------------|
| | <u>12/31/2020</u> |
| Financial Assets at Year-End | \$ 931,635 |
| Less those available for general expenditure within one year, due to: | |
| Donor Restricted: | |
| To maintain as an Endowment | (92,597) |
| Unavailable to management without Board approval | |
| Board designated Quasi-Endowment | (368,847) |
| Financial assets available to meet cash needs for general expenditure within one year | \$ 470,191 |

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Note 5. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable as of December 31, 2020:

| | Without Donor Restrictions | With Donor Restrictions |
|------------------------|-------------------------------|----------------------------|
| Sales Tax Receivable | \$788 | \$ - |
| DSS General Assistance | | 3,180 |
| FEMA-Rent | | 15,000 |
| FEMA-CARES | | 5,167 |
| FEMA-Other Shelter | | <u>9,593</u> |
| | <u>\$788</u> | <u>\$32,940</u> |

Note 6. PREPAID PAYROLL

The Organization utilizes direct deposit for payroll. It must be drafted from the bank the business day prior to payroll date. The direct deposit for January 1, 2021 in the amount of \$8,989 was drafted from the Organization's bank account on December 31, 2020. This is recorded as prepaid payroll on the balance sheet at year-end.

Note 7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

| | <u>12/31/20120</u> |
|-------------------------------|--------------------|
| Land | \$ - |
| Building | 829,624 |
| Machinery and equipment | 70,947 |
| Office Equipment | 14,098 |
| Vehicle | 99,749 |
| Less Accumulated Depreciation | <u>(435,670)</u> |
| Net Property and Equipment | <u>\$ 578,748</u> |

Depreciation Expense for December 31, 2020 was \$38,051.

The Organization built its building on land leased from the County (see note 8). Per the lease agreement the parties agree the building is a part of the County's real property and as such, if either party terminates or does not renew the lease agreement, the building would be the property of the County.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 8. BENEFICIAL USE OF LAND AND WAREHOUSE SPACE

In July of 2015 the Organization entered into a lease agreement with Catawba County whereby the Organization would lease from the County land owned by the County. The initial term of the lease is 10 years ending on June 30, 2025 with an aggregate annual base rent of \$1 per year. The value of the land at this time is \$78,200. The annual fair market rent is estimated as 10% of the land value. The Organization discounted the value of the 10 year lease term using a discount rate of 6% and recorded a restricted contribution of \$43,666.

In February of 2016 the Organization entered into a lease agreement whereby the Organization would lease warehouse space for \$1 per year. The initial term of the lease is 10 years and ending February 2026. The fair market rent of the space is determined to be \$1 per square foot for an annual rent of \$20,000. The Organization discounted the value of the 10 year lease term using a discount rate of 6% and recorded a restricted contribution of \$111,679.

The Beneficial Use asset will be amortized over the lease term with rent expense and revenue being recorded annually.

| | Land | Warehouse |
|-----------------------------|------------------|------------------|
| Beneficial Use | \$ 43,666 | \$ 111,679 |
| Less amortization | (15,677) | (30,120) |
| Beneficial Use at 1/1/2020 | 27,989 | 81,559 |
| 2020 Amortization | (4,380) | (9,977) |
| Beneficial Use at 12/31/20 | <u>\$ 23,609</u> | <u>\$ 71,582</u> |
| | | |
| Beneficial Use Contribution | \$ 3,440 | \$ 10,023 |
| Lease Expense | \$ 7,820 | \$ 20,000 |

Note 9. LONG TERM DEBT

As of December 31, 2020 the Organization did not have any long term debt.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Note 10. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at December 31, 2020:

| | 12/31/2020 |
|---|--------------|
| Undesignated | \$ 215,713 |
| Fixed Assets | 578,748 |
| Board Designated for Quasi-Endowment | 368,847 |
| Total net assets without donor restrictions | \$ 1,163,308 |

Board Designated for Quasi-Endowment

The Board has designated funds be set aside to maintain a quasi-endowment for the purpose of securing the Organization's long-term financial viability and continuing to meet the needs of the Organization.

Note 11. NET ASSETS WITH DONOR RESTRICTIONS

| | 12/31/2020 |
|---|------------|
| Donor restricted to: | |
| Permanent Endowment | \$ 62,597 |
| Quasi-Endowment using Restricted Food Funds | 30,000 |
| Beneficial Land and Warehouse Use | 95,191 |
| Crisis Assistance | 166,684 |
| Food Pantry | 31,580 |
| Endowment | 100 |
| COVID Assistance | 44,627 |
| Capital Account | 6,145 |
| | \$ 436,924 |

Note 12. FEDERAL AND STATE-ASSISTED PROGRAMS

The Organization has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 13. DSS ADMINISTRATIVE CONTRACT

ECCCM has contracted with the Catawba County Department of Social Services to administer the Crisis Intervention Program, Low Income Energy Assistance Program and CARES (COVID) funds for Catawba County Department of Social Services. All applications for assistance are processed by ECCCM case workers. The applications are then forwarded to the county for payment. Through these programs, ECCCM assisted an additional 5,528 individuals with financial assistance in the amount of \$932,623. ECCCM received \$109,506 in administrative fees to cover salaries and other expenses related to processing these applications.

Note 14. SUBSEQUENT EVENTS

The Organization has evaluated its financial statements for subsequent events through April 25, 2021, the date the financial statements were available to be issued. The Organization is not aware of any such events which would require recognition or disclosure in the financial statements.

Note 15. COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact contributions and thrift store sales. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Contributions may continue to decrease and the number of individuals requiring assistance may continue to increase. No changes have been made to the financial statements because the potential impact cannot be reasonably estimated at this time.

The Organization received loan proceeds in the amount of \$61,300 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act, provides loans to qualifying businesses. The loans and accrued interest are forgivable after twenty-four weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization met the PPP's eligibility criteria and received forgiveness on January 27, 2021, and therefore, has concluded that the PPP loan represents, in substance, a grant. As a result, the Organization has accounted for the PPP loan in accordance with ASC 958-605 as a conditional contribution. During the year ended December 31, 2020, the Organization has used the entire proceeds for purposes consistent with the PPP. Therefore, the Organization has recognized the entire loan amount as contribution revenue in the accompanying financial statements.