



Darrell L. Keller, CPA, PA

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(704) 739-0771

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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. 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 Eastern Catawba Cooperative 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.

Emphasis of Matter

As discussed in Note 18 to the financial statements, in 2022, the Organization adopted ASU 2020-07 and 2016-02.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Eastern Catawba Cooperative Christian Ministry, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Eastern Catawba Cooperative 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 Eastern Catawba Cooperative 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.



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

May 9, 2023

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2022
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 64,351	\$ 166,650	\$ 231,001
Accounts receivable	138,263	-	138,263
Food Inventory	110,580	-	110,580
Sales Tax Receivable	1,825	-	1,825
Prepaid Expenses	6,022	-	6,022
Total Current Assets	<u>321,041</u>	<u>166,650</u>	<u>487,691</u>
Investments in Endowment Funds	667,036	123,656	790,692
Beneficial Use of Land and Warehouse Space	-	60,965	60,965
Right of Use - Leased Assets	8,786	-	8,786
Property and Equipment, net	<u>510,855</u>	<u>-</u>	<u>510,855</u>
TOTAL ASSETS	<u><u>\$ 1,507,718</u></u>	<u><u>\$ 351,271</u></u>	<u><u>\$ 1,858,989</u></u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 9,913	\$ -	\$ 9,913
Sales Tax Payable	746	-	746
Payroll Taxes Payable	2,731	-	2,731
Lease Liability - Current Portion	1,759	-	1,759
Total Current Liabilities	<u>15,149</u>	<u>-</u>	<u>15,149</u>
Lease Liability - Non Current	<u>7,027</u>	<u>-</u>	<u>7,027</u>
Net assets:			
Without Donor Restrictions	1,485,542	-	1,485,542
With Donor Restriction	-	351,271	351,271
Total Net Assets	<u>1,485,542</u>	<u>351,271</u>	<u>1,836,813</u>
Total liabilities and net assets	<u><u>\$ 1,507,718</u></u>	<u><u>\$ 351,271</u></u>	<u><u>\$ 1,858,989</u></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, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2022</u>
Public support and revenue:			
Churches	102,365	-	102,365
Individuals	180,539	-	180,539
Memorials	29,032	-	29,032
Corporate	13,582	-	13,582
Clothing sales	109,161	-	109,161
Other sources	-	700	700
DSS Admin Fee	301,080	-	301,080
Fundraisers	74,644	-	74,644
Thrift Store Donation	6,000	-	6,000
Foundations	180,000	29,750	209,750
Services donated	3,560	-	3,560
Food and Goods donated	3,090,737	-	3,090,737
Crisis Donations	-	23,635	23,635
United Way grants	-	17,122	17,122
Duke Power Assistance	-	17,000	17,000
Duke - Special BPM Grant	-	20,000	20,000
Fema Funds	-	95,068	95,068
CACP	-	5,000	5,000
Endowment Contributions	-	550	550
Food Pantry	-	48,794	48,794
Individuals/Churches - Food Pantry	-	27,228	27,228
DSS General Assistance	-	6,704	6,704
Maiden/Newton Grant	-	104,923	104,923
Early Head Start Funds	-	30,000	30,000
Land Lease Contribution	-	2,297	2,297
Warehouse Lease Contribution	-	7,420	7,420
Net assets released from restriction:			-
Expiration of time restriction	-	-	-
Satisfaction of donor restriction	422,184	(422,184)	-
Total Support	<u>4,512,884</u>	<u>14,007</u>	<u>4,526,891</u>
Other Revenues			
Net Investment Income	(126,000)	-	(126,000)
Interest and Dividends	657	-	657
Gain (Loss) on disposal of assets	-	-	-
Total Other Revenues	<u>(125,343)</u>	<u>-</u>	<u>(125,343)</u>
Total support, revenue, and reclassification	<u>4,387,541</u>	<u>14,007</u>	<u>4,401,548</u>
Expenses:			
Program services	4,079,319	-	4,079,319
General and Administrative	102,865	-	102,865
Fundraising	89,280	-	89,280
Total Expenses	<u>4,271,464</u>	<u>-</u>	<u>4,271,464</u>
Change in net assets	116,077	14,007	130,084
Net assets:			
Beginning	1,273,445	337,264	1,610,709
Prior Period adjustment	96,020	-	96,020
Ending	<u>\$ 1,485,542</u>	<u>\$ 351,271</u>	<u>\$ 1,836,813</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, 2022

	Program Services	General and Administrative	Fund Raising	Total Expenses
Salaries and Director Costs	\$ 378,180	\$ 66,921	\$ 49,904	495,005
Employee Benefits	27,309	6,314	-	33,623
Payroll taxes	29,287	5,120	3,818	38,225
Professional and other services	4,308	4,308	4,307	12,923
Office Supplies	21,419	8,238	3,296	32,953
Postage	1,841	204	-	2,045
Office equipment leases	4,187	233	232	4,652
Utilities	22,181	-	-	22,181
Repairs and maintenance	13,889	-	-	13,889
Contributed Services	3,560	-	-	3,560
Vehicle Expense	7,042	-	-	7,042
Dues and Subscriptions	6,554	1,311	874	8,739
Training expenses	-	-	-	-
Travel	1,800	1,500	300	3,600
Hunger Prevention Program	38,077	-	-	38,077
Distributed Food and Goods	3,076,176	-	-	3,076,176
Miscellaneous	1,127	297	-	1,424
Property Taxes	-	-	-	-
Insurance	13,586	1,698	1,698	16,982
Volunteer	640	-	-	640
Advertising	-	-	-	-
Duke Energy	33,605	-	-	33,605
United Way	17,122	-	-	17,122
DSS General Assistance	7,362	-	-	7,362
FEMA Programs	95,068	-	-	95,068
Crisis Program	157,285	-	-	157,285
Fundraisers	-	-	9,606	9,606
Christmas Bureau	-	-	-	-
COVID Response	-	-	-	-
Hunger Walk	30,068	-	-	30,068
Transportation Program	-	-	-	-
Foundations	23,534	-	-	23,534
Funds Development	-	-	13,276	13,276
Thrift Store Expenses	2,619	-	-	2,619
Warehouse utilities	2,314	-	-	2,314
Community Outreach Expenses	664	-	-	664
Land and Warehouse Lease	25,038	2,782	-	27,820
Total expenses before depreciation	<u>4,045,842</u>	<u>98,926</u>	<u>87,311</u>	<u>4,232,079</u>
Depreciation	33,477	3,939	1,969	39,385
Total expenses	<u>\$ 4,079,319</u>	<u>\$ 102,865</u>	<u>\$ 89,280</u>	<u>\$ 4,271,464</u>

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

Eastern Catawba Cooperative Christian Ministry, Inc.
 Statements of Cash Flows
 December 31, 2022

Years Ended December 31,	2022
Cash Flows from operating activities	
Cash received from donors	1,185,275
Cash received from thrift store sales	116,805
Interest and dividends received	661
Other Cash Received	2,986
Cash Paid to vendors	(552,461)
Cash paid for payroll and benefits	(566,836)
Net cash flows provided by (used in) operating activities	186,430
Cash flows from investing activities	
Purchase of Property and Equipment	(2,494)
Purchase of Endowment Investments	(231,700)
Net cash flows provided by (used in) operating activities	(234,194)
Cash flow from financing activities	
Contributions received with permanent donor restriction	550
Net cash flows provided by (used in) financing activities	550
Net increase (decrease) in cash, cash equivalents, and restricted cash	(47,214)
Cash, Cash Equivalents, and Restricted Cash	
Beginning of Year	\$ 278,215
End of Year	\$ 231,001

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, 2022

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, 2022. 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 (4%) and church (4%) contributions. The Organization also operates a thrift store which represents 3% of revenue. 10% of revenue is received from various restricted grants and foundations. Contributed food and household goods represent 68% of the Organizations support.

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 to those in crisis and sells items at bargain prices to the entire community. All proceeds go directly back to the ministry enabling us to provide 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), LIHWAP (Low Income Household Water Assistance Program), and the LIEAP (Low Income Energy Assistance Program) - provides assistance for utilities with funds from Catawba County Department of Social Services. This program

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

is administered by ECCCM which provides additional funding beyond the funds available through our Crisis Assistance Program.

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, inventory valuation, 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.
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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, 2022.

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, 2022

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.

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.

Revenue Recognition

The Organization adopted the requirements of Financial Accounting Standards Board's Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09), during a prior fiscal year. The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Contributions are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and local grants, which are conditioned upon certain performance requirements and or the incurrence of

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No funds have been received in advance that have not been utilized and meet the requirements to be considered conditional and therefore recorded as refundable advances.

Contributed Goods and Services

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. During the year the Organization recorded donated services in the amount of \$3,560.

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 10,475 volunteer hours from 268 volunteers in fiscal year ending December 31, 2022, to assist the organization in achieving the goals of its programs. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

Inventories

Inventories represent donated food. Inventories are determined by the first in, first out method. Donated inventory is valued at the approximate average wholesale value of one pound of donated product at the national level as outlined in the Product Valuation Survey Methodology, prepared by Feeding America, the national food bank network non-profit corporation, or from estimated values provided by federal, state, or local agencies as applicable. The value per pound of inventory as determined by Feeding America for the year ended December 31, 2022 was \$1.92. The average per pound valuation of food provided by government agencies during the year ended December 31, 2022 was \$1.53. During the year ended December 31, 2022 the pounds of food and household products distributed were 1,699,764.

The Organization receives support in the form of in-kind donations of personal and household goods. It operates a thrift store in order to liquidate these items. These contributions are valued at the amount of cash received for the items. The in-kind contributions are recorded as thrift store revenue once their fair market values can be determined (i.e. when the items are sold). Accordingly, no inventory of these items is recorded at year-end.

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.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022 the deposits had a carrying value of \$230,801 and a bank balance of \$234,540, of this amount \$17,768 was covered by FDIC and \$216,772 was covered by overnight purchase agreement using pledged securities. \$0 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 of North Carolina's version of the Uniform 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.

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

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Funds
Donor Designated as Permanent Endowment	\$ -	\$ 93,656	\$ 93,656
Board Designated as Quasi-Endowment	667,036	30,000	697,036
	<u>\$ 667,036</u>	<u>\$ 123,656</u>	<u>\$ 790,692</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, 2022 is summarized below:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, January 1, 2022	\$ 562,037	\$ 122,956
Contributions	231,000	700
Investment income	22,068	
Unrealized gain (loss) on investments	(142,550)	
Released by Board	-	
Amounts appropriated for expenditure	(5,519)	
Endowment net assets, December 31, 2022	<u>\$ 667,036</u>	<u>\$ 123,656</u>

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, 2022 are as follows:

Investments:	Fair Value	Level 1
Mutual Funds:	333,490	333,490
Exchange-Traded Products:	206,768	206,768
Equities	3,628	3,628
Cash and Cash Alternatives:	<u>246,806</u>	<u>246,806</u>
	<u>790,692</u>	<u>790,692</u>

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2022

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>12/31/2022</u>
Financial Assets at Year-End	\$ 1,161,781
Less those available for general expenditure within one year, due to:	
Donor Restricted:	
To maintain as an Endowment	(123,656)
Unavailable to management without Board approval	
Board designated Quasi-Endowment	(667,036)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 371,089</u>

Note 5. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions
Sales Tax Receivable	\$1,825	\$ -
DSS General Assistance	3,436	-
DSS Admin Fee	33,813	-
FEMA	47,534	-
City of Newton	27,071	-
Town of Maiden	<u>26,409</u>	<u>-</u>
	<u>\$140,088</u>	<u>\$ -</u>

Accounts receivable are for reimbursement grants. The funds have already been expended and therefore the receivable is recorded as Without Donor Restrictions.

Note 6. INVENTORIES

December 31, 2021	\$ 96,020
Contributed Food and Goods	3,090,737
Distributed Food and Goods	<u>(3,076,176)</u>
December 31, 2022	<u>\$ 110,580</u>

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	12/31/2022
Land	\$ -
Building	829,624
Machinery and equipment	70,355
Office Equipment	18,707
Vehicle	99,749
Less Accumulated Depreciation	(507,580)
Net Property and Equipment	\$ 510,855

Depreciation Expense for December 31, 2022 was \$39,385.

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.

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	(24,977)	(51,300)
Beneficial Use at 1/1/2022	18,689	60,379
2022 Amortization	(5,523)	(12,580)
Beneficial Use at 12/31/22	\$ 13,166	\$ 47,799
Beneficial Use Contribution	\$ 2,297	\$ 7,420
Lease Expense	\$ 7,820	\$ 20,000

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
NOTES TO THE FINANCIAL STATEMENTS
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Note 9. OPERATING LEASE

Beginning in March 2022 the Organization is leasing copier equipment under a 60 month lease term. The lease period is 3/1/22 through 3/31/27. The monthly payment relating to the lease of equipment is \$210. Total lease expense under this contract was \$1,893 for the year ending December 31, 2022. The right of use assets and lease liability were calculated based on the present value of future lease payments over the lease term. The Organization has elected to use the interest rate implicit in the lease which is 9.571%.

Future maturities of the lease liability is as follows:

December 31, 2023	\$	2,524
December 31, 2024		2,524
December 31, 2025		2,524
December 31, 2026		2,524
December 31, 2027		633
Total Lease Payments		10,729
Less Present Value Discount		(1,943)
Total Lease Obligations	\$	8,786

Note 10. CONTRIBUTED NONFINANCIAL ASSETS AND SERVICES

The Organization receives various supplies and services to assist in events held. The estimated fair value of these donated supplies and services is based on information provided by third parties and independent agencies. Donated event supplies and services were utilized for program services. The Organization received \$3,650 in donated event supplies and other services during the year ended December 31, 2022.

The Organization receives support in the form of in-kind donations of personal and household goods. It operates a thrift store in order to liquidate these items. These contributions are valued at the amount of cash received for the items. The in-kind contributions are recorded as thrift store revenue once their fair market values can be determined (i.e. when the items are sold). When items are distributed to crisis clients it is recorded as revenue and expense for the amount it would have been sold for in the thrift store. The Organization provided clothing vouchers to 220 individuals for a total of \$2,214.

The majority of food distributed by the Organization is received by contributions from the general public, grocery stores, and Second Harvest Food Bank, which includes amounts from USDA. The estimated value of these contributions is recognized in the financial statements as food donated and program expenses if distributed during the year. The pounds collected are recorded by the Organization at the time of receipt based on actual weight.

The total value of contributed food for the year ended December 31, 2022 is as follows:

	Pounds		Value Per Pound	Amount
Non-government donations	1,300,066	\$	1.92	\$ 2,496,127
Government donations	387,187		1.53	592,396
	1,687,253			\$ 3,088,523

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.
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Note 11. LONG TERM DEBT

As of December 31, 2022 the Organization did not have any long term debt.

Note 12. 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, 2022:

	12/31/2022
Undesignated	\$ 307,651
Fixed Assets	510,855
Board Designated for Quasi-Endowment	667,036
Total net assets without donor restrictions	\$ 1,485,542

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 13. NET ASSETS WITH DONOR RESTRICTIONS

	12/31/2022
Donor restricted to:	
Permanent Endowment	\$ 93,656
Quasi-Endowment using Restricted Food Funds	30,000
Beneficial Land and Warehouse Use	60,965
Crisis Assistance	87,013
Food Pantry	73,393
Endowment	-
Capital Account	6,244
	\$ 351,271

Note 14. 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.
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FOR THE YEAR ENDED DECEMBER 31, 2022

Note 15. 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, the Low Income Household Water Assistance Program, and CARES (COVID) funds for Catawba County residents. 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 6,772 individuals with financial assistance in the amount of \$1,072,808. ECCCM received \$301,080 in administrative fees to cover salaries and other expenses related to processing these applications.

Note 16. SUBSEQUENT EVENTS

The Organization has evaluated its financial statements for subsequent events through May 9, 2023, 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 17. 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.

Note 18. ACCOUNTING STANDARDS ADOPTION

During 2022, the Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets in the statement of activities separately from other contributions. Additionally, the ASU enhances disclosure regarding the entity's policies related to the monetization or utilization of the contributed nonfinancial assets. The adoption of this ASU required the Organization to record the amount of donated food and household goods including inventory. This resulted in a prior period adjustment of \$96,020 to record beginning donated food inventory.

During 2022, the Organization adopted ASU No. 2016-02, *Leases*. This ASU requires entities to recognize all leased assets as a right-of-use asset on the statement of financial position with a corresponding lease liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities.