

*CABARRUS COOPERATIVE
CHRISTIAN MINISTRY, INC.*

*FINANCIAL STATEMENTS
JUNE 30, 2016*

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

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C. DEWITT FOARD & COMPANY, P.A.

*CERTIFIED PUBLIC ACCOUNTANTS
817 EAST MOREHEAD STREET SUITE 100
CHARLOTTE, NORTH CAROLINA 28202
TELEPHONE: 704-372-1515 FACSIMILE: 704-372-6066*

*PHILLIP G. WILSON
TERRY W. LANCASTER*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Cabarrus Cooperative Christian Ministry, Inc.
Concord, North Carolina

We have audited the accompanying financial statements of Cabarrus Cooperative Christian Ministry, Inc. (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2016, 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 of 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 in the first paragraph present fairly, in all material respects, the financial position of Cabarrus Cooperative Christian Ministry, Inc., as of June 30, 2016 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.

C. Dewitt Foard & Company, P.A.
August 30, 2016

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Statement of Financial Position
June 30, 2016

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 402,654	
Unconditional promises to give - land and facilities use	179,180	
Grants and contracts receivable	43,194	
Food inventory	100,687	
Prepaid expenses	2,717	
Other current assets	995	
Total current assets	<u>729,426</u>	\$ 729,426

Property and Equipment:

Land	254,000	
Buildings (9)	611,288	
Furniture and equipment	102,504	
Computer equipment	4,172	
Leasehold improvements	365,826	
Total	<u>1,337,790</u>	
Accumulated depreciation	<u>(514,128)</u>	
Net property and equipment		<u>823,662</u>

Noncurrent Assets:

Other Inventory	-	
Beneficial interest in assets held by foundation - CCM Legacy Fund	338,757	
Beneficial interest in assets held by foundation - CCM Endowed Fund	155,921	
Unconditional promises to give - land and facility use	468,121	
Less: unamortized discount on unconditional promises to give	<u>(18,669)</u>	
Total noncurrent assets		<u>944,130</u>
Total Assets		<u>\$ 2,497,218</u>

See accompanying notes to financial statements.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Statement of Financial Position

June 30, 2016

LIABILITIES AND NET ASSETS:

Current Liabilities:

Accounts payable and accrued liabilities	<u>\$ 42,578</u>	
Total current liabilities		<u>\$ 42,578</u>
Total Liabilities		<u>\$ 42,578</u>

Net Assets:

Unrestricted:		
Operations	1,037,972	
Board designated endowment funds	108,300	
Equity in property and equipment	<u>119,873</u>	
Total unrestricted		1,266,144
Temporarily restricted:		
Operations	295,900	
Unconditional promises to give, net of discount	628,632	
Equity in property and equipment	<u>231,363</u>	
Total temporarily restricted		1,155,895
Permanently restricted:		
Donor contributions designated for CCM Endowed Fund	32,500	
Beneficial interest in assets held at foundation - CCM Endowed Fund	<u>100</u>	
Total permanently restricted		<u>32,600</u>
Total Net Assets		<u>2,454,639</u>
Total Liabilities and Net Assets		<u><u>\$ 2,497,218</u></u>

See accompanying notes to financial statements.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Statement of Activities and Changes in Net Assets -
For the Year ended June 30, 2016

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue, gains, and other support:				
Contributions	\$ 248,051	\$ 657,959	\$ 4,000	\$ 910,010
Grants and contracts:				
Government	-	44,504	-	44,504
FEMA	-	16,500	-	16,500
Other	-	192,393	-	192,393
Special events	195,519	-	-	195,519
Teaching Housing subsidy	-	18,998	-	18,998
Investment gain / loss	(28,752)	-	-	(28,752)
In-kind contributions:				
Land, buildings and utilities	7,374	577,284	-	584,658
Food	1,495,445	-	-	1,495,445
Total in-kind contributions	1,502,819	577,284	-	2,080,103
Net assets released from restrictions:				
Satisfaction of program restrictions	1,288,391	(1,288,391)	-	-
Total revenue, gains and other support	3,206,028	219,247	4,000	3,429,275
Expenses:				
Program services:				
Financial assistance	345,650	-	-	345,650
Food ministry	1,732,990	-	-	1,732,990
Shelter and housing	734,968	-	-	734,968
Total program services	2,813,608	-	-	2,813,608
Supporting services:				
General administration	118,544	-	-	118,544
Fundraising	283,917	-	-	283,917
Total supporting services	402,462	-	-	402,462
Total expenses	3,216,070	-	-	3,216,070
Change in net assets	(10,042)	219,247	4,000	213,205
Net Assets, Beginning	1,276,186	936,648	28,600	2,241,434
Net Assets, Ending	\$ 1,266,144	\$ 1,155,895	\$ 32,600	\$ 2,454,639

See accompanying notes to financial statements.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Statement of Functional Expenses
For the Year ended June 30, 2016

	Program Services					Supporting Services			Total Expenses
	Crisis Ministries		Shelter & Housing Ministries	Total Programs	General Admin.	Fundraising	Total Support		
	Financial Assistance	Food						Ministry	
Salaries	\$ 118,218	\$ 76,768	\$ 351,989	\$ 546,976	\$ 59,865	\$ 189,806	\$ 249,671	\$ 796,647	
Employee Benefits	8,055		12,649	44,482	19,158	11,224	30,381	74,864	
Payroll Taxes	10,298		7,079	41,465	4,477	14,308	18,784	60,249	
Continuing Education				80		818	1,609	1,689	
Total salaries & related expenses	136,572		96,496	399,935	633,003	84,291	216,155	300,447	933,449
Disbursements made on behalf of individuals	171,069		1,525,025	958	1,697,052	-	-	-	1,697,052
Travel	-		-	-	-	-	-	-	-
Printing & Office Supplies	2,795		10	413	3,218	447	6,484	6,931	10,149
Postage	495		98	777	1,370	196	1,530	1,726	3,096
Rent			45,617	207,886	253,503	10,000	10,000	20,000	273,503
Utilities	2,739		9,069	14,429	26,237	1,200	1,200	2,400	28,637
Telephone	2,809		3,183	8,144	14,136	1,630	2,188	3,818	17,953
Legal and Professional	1,140		1,052	4,642	6,834	614	1,928	2,542	9,376
Contract Services	800		-	53	853	-	681	681	1,534
Insurance	3,425		5,692	19,118	28,235	8,168	100	8,268	36,503
Janitorial & Cleaning	2,952		2,996	967	6,915	543	430	973	7,888
Maintenance & Repair	1,786		4,060	32,501	38,348	9	-	9	38,357
Technology / Equipment	1,371		1,870	2,377	5,618	4,550	2,681	7,231	12,849
Trash Collection	223		1,009	1,525	2,757	-	-	-	2,757
Supplies	283		9,800	21,804	31,887	225	249	474	32,361
Vehicles / Transportation	405		2,768	3,537	6,710	1,191	631	1,822	8,532
Events	-		-	-	-	-	15,707	15,707	15,707
Program Expenses	36		24	4,598	4,657	-	-	-	4,657
In-Kind Expenses	4,879		473	1,729	7,081	311	783	1,094	8,176
Depreciation	11,874		23,748	7,124	42,746	4,750	-	4,750	47,495
Total Operating Expenses	\$ 345,650	\$ 1,732,990	\$ 732,517	\$ 2,811,157	\$ 118,125	\$ 260,747	\$ 378,872	\$ 3,190,029	
Other Expense	-		-	2,451	2,451	419	23,171	23,590	\$ 26,041
Total All Expenses	\$ 345,650	\$ 1,732,990	\$ 734,968	\$ 2,813,608	\$ 118,544	\$ 283,917	\$ 402,462	\$ 3,216,070	

See accompanying notes to financial statements

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Statement of Cash Flows
For the Year ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets		\$ 213,205
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	47,495	
Decrease in value of beneficial interest	29,323	
Donated assets included in support	-	
Changes in operating assets and liabilities:		
Unconditional promises to give	(302,346)	
Grants and contracts receivable	(8,139)	
Inventories	29,580	
Prepaid expenses	(848)	
Other current assets	(383)	
Accounts payable and accrued liabilities	(2,619)	
Net cash used in operating activities		<u>5,268</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	\$ (4,000)	
Proceeds from sale of investments	156,715	
Purchase of property and equipment	(82,602)	

Net cash provided by investing activities 70,113

CASH FLOWS FROM FINANCING ACTIVITIES

Net Increase (Decrease) in Cash and Cash Equivalents 75,381

Beginning Cash and Cash Equivalents 327,273

Ending Cash and Cash Equivalents \$ 402,654

Supplemental Cash Flow Information:

There were no interest payments or taxes paid during the period.

See accompanying notes to financial statements.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Financial Statements
For the Year Ended
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Cabarrus Cooperative Christian Ministry, Inc. (“the Ministry”) was established in 1981 and serves as an ecumenical network of individuals, churches, and community businesses and other organizations to provide immediate assistance to those who are experiencing crisis in the area of food, shelter, or finances while providing access to resources that will empower individuals to move beyond crisis.

The Ministry accomplishes its services in Cabarrus and southern Rowan counties of North Carolina through the support of over 100 churches, dozens of local business partners, and thousands of individuals who provide volunteer hours, donated food, and financial support for the Ministry and its programs. Cabarrus Cooperative Christian Ministry, Inc. also utilizes collaborative relationships throughout the region to ensure the best use of the community’s valuable resources. By partnering with over sixty different organizations, the Ministry has established a network of resources to ensure each family the best opportunity to regain stability and move beyond recurring crisis.

Basis of Accounting

The accompanying financial statements of the Ministry have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Basis of Presentation

The Ministry is required to report information regarding its assets, liabilities, net assets, revenues and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – Net assets that are not subject to externally imposed stipulations. Certain net assets classified as unrestricted are designated for specific purposes or uses under various internal operating and administrative arrangements of the Ministry.

Temporarily Restricted Net Assets – Net assets that are subject to externally imposed stipulations that may or will be met either by actions of the Ministry and/or the passage of time.

Permanently Restricted Net Assets – Net assets that are subject to externally imposed restrictions that the Ministry maintains permanently.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Financial Statements For the Year Ended June 30, 2016

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Donor-restricted contributions are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Unconditional promises to give, with payments due in future periods, are recorded as increases in temporarily or permanently restricted assets at the estimated present value of future cash flows. Expirations of temporary restrictions on net assets, such as the donor stipulation being met or the passage of time, are reported as net assets released from restrictions and reflect reclassifications from temporarily restricted net assets to unrestricted net assets. Conditional promises are recorded as revenue when donor conditions are substantially met. Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

The Ministry received more than 30,000 volunteer hours during the year from individuals performing a variety of tasks that assist the organization. No amounts have been reflected in the financial statements for volunteered time since the services performed generally do not meet the requirements for recognition in the financial statements.

Donated Use of Facilities, Utilities, and Vehicles

Donations of the free use of vehicles are recorded as revenue in the period of use based upon the fair rental value of the vehicle. Unconditional promises to give the free or below market rate use of facilities or utilities are recorded when the promise to give is received and are recognized at fair value as described in Note 9.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in restricted net assets. It is the Ministry's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in temporarily restricted net assets. The Ministry reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense relating to the donated property and equipment.

Donated Food

Food contributions from the North Carolina Department of Agriculture and the Temporary Emergency Food Assistance Program have been recorded at values established by the United States Department of Agriculture. Food contributions received from various local markets, individuals and entities were recorded at an estimated fair value per pound based on current market prices.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Financial Statements For the Year Ended June 30, 2016

Estimates

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

Expense Allocation

The costs of providing various programs and other activities have been allocated among the programs and supporting services benefited based on time spent by personnel and other allocation methods appropriate to the type of expense.

Endowment Investments

The Ministry's endowment investments are managed by The Foundation for the Carolinas (FFTC), who has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions while growing the funds. Actual returns in any given year will vary.

The Ministry has an interest in funds held by the Foundation for the Carolinas for the sole benefit of the Ministry. The CCM Legacy Fund (a quasi-endowed fund) is reported on the financial statements as unrestricted net assets. The CCM Permanently Endowed Fund is reported on the financial statements as both unrestricted and permanently restricted net assets.

The Ministry may request distributions of investment income, but the Board of Directors of FFTC has complete discretion as to the timing and amounts of distributions from these funds. However, all funds are ultimately repayable to The Ministry and FFTC has no variance power to distribute any portion of these funds to another not-for-profit entity. In accordance with U.S. generally accepted accounting principles, these assets and the related investment income are included in the accompanying financial statements.

Investment Balance

Investments, which consist of the beneficial interests held at the FFTC, are reported at fair value.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Financial Statements
For the Year Ended
June 30, 2016

Investment income

Investment income for the year ended June 30, 2016 is comprised of the following:

Interest and dividend income	\$ 571
Change in value of beneficial interests	<u>(29,323)</u>
TOTAL	<u>\$ (28,752)</u>

Fair Value Measurements

Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Ministry's beneficial interest in the Foundation for the Carolinas funds are classified as Level 3 assets and are valued by the Foundation based on the value of the underlying securities, which consist of investments that are both publicly traded and not publicly traded.

The following table sets forth a summary of changes in the fair value of The Ministry's Level 3 assets for the year ended June 30, 2016.

Balance, beginning of year	\$ 676,716
Purchases	4,000
Sales	(156,715)
Net increase in value	<u>(29,323)</u>
Balance, end of year	<u>\$ 494,678</u>

Federal Income Tax Status

The Association is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Financial Statements
For the Year Ended
June 30, 2016

Inventories

Inventories consist primarily of donated food supplies which are valued as indicated above.

Property and Equipment

Land, buildings and equipment are recorded at cost or fair value at the date of gift to the Ministry. Depreciation is computed on a straight-line method over the estimated useful lives of the assets and totaled \$47,495 for the year ended June 30, 2016. It is the Ministry's policy to capitalize expenditures for these items in excess of \$1,000. Amounts lower than this threshold are expensed when acquired.

NOTE 2: RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2016 include the following:

Purpose-restricted:

Shelter & Housing	\$ 113,332
Food Expense	20,078
Financial Assistance	162,490
Unconditional promises to give – facility use, net of discount	628,632
Other	<u>231,363</u>
Total temporarily restricted net assets	<u>\$1,155,895</u>

Permanently restricted net assets at June 30, 2016 include the following:

Donor restricted endowment funds – cash, restricted	\$32,500
Donor restricted endowment funds – assets held at Foundation	100
Total permanently restricted net assets	<u>\$32,600</u>

NOTE 3: COMMITMENTS

The Ministry leases its Concord site under a 40 year lease expiring in 2029, at an annual rental of \$1. Under the lease agreement, the Ministry also pays all property taxes, insurance, and utilities applicable to this facility.

The Ministry has entered into rental agreements to lease thirteen residential homes. Each agreement is for 36 months with an option to renew for an additional 12-24 months at an annual lease amount of \$1. Under these lease agreements, the Ministry pays all utilities applicable to the facilities.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Financial Statements
For the Year Ended
June 30, 2016

NOTE 4: SIMPLE IRA RETIREMENT PLAN

The Ministry has established a Simple IRA plan for its eligible employees. The Ministry matches up to 3% of the participating employees' annual salary. The employer match during the audited period amounted to \$14,299. Full-time employees with six months of service are eligible to participate.

NOTE 5: BUSINESS AND CREDIT CONCENTRATIONS

The Ministry maintains its cash balances in three commercial banks. At June 30, 2016, there were no deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limits.

NOTE 6: UNCONDITIONAL PROMISES TO GIVE-USE OF FACILITIES

Unconditional promises to give the free or below market rate use of facilities and utilities that will be received in one year are measured at net realizable value. Unconditional promises to give that will be received in more than one year are measured using present value techniques that consider the promised cash flows and a discount rate of 1%. No increases in market rate are anticipated in these calculations due to current economic conditions and the indicated economic recovery for the Cabarrus and Rowan counties of North Carolina.

The table below presents information about unconditional promises to give free or below market rate use of facilities and utilities at June 30, 2016:

Promises Measured at Net Realizable Value

Receivable in one year	\$179,180
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Promises Measured at Fair Value

Receivable in two – five years	397,297
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Receivable in more than five years	<u>70,824</u>
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	<u>\$647,301</u>
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CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Financial Statements
For the Year Ended
June 30, 2016

NOTE 7: SPECIAL EVENTS ACTIVITY

Special events activity for the year ended June 30, 2016 is summarized as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Golf Tournament	<u>\$195,519</u>	<u>\$15,707</u>	<u>\$179,812</u>
Total Special Events	<u>\$195,519</u>	<u>\$15,707</u>	<u>\$179,812</u>

NOTE 8: ADVERTISING

There were no direct response or other advertising costs incurred during the year. Advertising costs are expensed as incurred.

NOTE 9: ENDOWMENT FUNDS

In March, 2010, the Board of Directors of Cabarrus Cooperative Ministry Foundation, a related affiliate, elected to transfer its assets, which were held solely for the benefit of the Ministry, to the Foundation for the Carolinas (“the Foundation”), a nonprofit organization. The assets transferred are for the sole benefit of the Ministry. The Board established two funds, the CCM Legacy Fund – a quasi-endowed fund and the CCM Permanently Endowed Fund. The Permanently Endowed Fund includes both donor-restricted funds and funds designated by the Board of Directors to function as endowment funds.

NOTE 10: SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 20, 2016, which is the date the financial statements were available to be issued and has concluded that no additional disclosures are required.