

**CABARRUS COOPERATIVE
CHRISTIAN MINISTRY, INC.**

Concord, North Carolina

FINANCIAL STATEMENTS

June 30, 2021

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

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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 "Ministry" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, 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 and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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.

Cabarrus Cooperative Christian Ministry, Inc.
Concord, North Carolina

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, 2021 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2022, on our consideration of Cabarrus Cooperative Christian Ministry, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cabarrus Cooperative Christian Ministry, Inc.'s internal control over financial reporting and compliance.

C. Dewitt Ford & Company, P.A.
January 5, 2022

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Consolidated Statement of Financial Position
June 30, 2021

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 893,759	
Unconditional promises to give - land and facilities use	148,835	
Grants and contracts receivable	220,319	
Food inventory	107,122	
Other current assets	4,437	
Total current assets	<u>1,374,472</u>	\$ 1,374,472

Property and Equipment:

Land	304,225	
Buildings (11)	717,701	
Furniture and equipment	95,201	
Computer equipment	19,703	
Leasehold improvements	409,246	
Total	<u>1,546,076</u>	
Accumulated depreciation	<u>(872,144)</u>	
Net property and equipment		<u>673,932</u>

Noncurrent Assets:

Beneficial interest in assets held by foundation - CCM Legacy Fund	576,941	
Beneficial interest in assets held by foundation - CCM Endowed Fund	231,022	
Unconditional promises to give - land and facility use	448,866	
Less: unamortized discount on unconditional promises to give	<u>(16,925)</u>	
Total noncurrent assets		<u>1,239,904</u>
Total Assets		<u>\$ 3,288,308</u>

See accompanying notes to financial statements.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Consolidated Statement of Financial Position
June 30, 2021

LIABILITIES AND NET ASSETS:

Current Liabilities:

Accounts payable and accrued liabilities	\$ 86,420	
Funds held for the benefit of others	85,780	
Billings in excess of cost	<u>5,987</u>	
Total current liabilities		<u>\$ 178,187</u>
Total Liabilities		<u>178,187</u>

Net Assets:

Without donor restrictions:

Operations	1,610,062	
Board designated endowment funds	108,300	
Equity in property and equipment	<u>443,268</u>	
Total net assets without donor restrictions		2,161,630

With donor restrictions:

Operations	335,115	
Unconditional promises to give, net of discount	580,776	
Donor contributions designated for CCM Endowed Fund	32,500	
Beneficial interest in assets held at foundation - CCM Endowed Fund	<u>100</u>	
Total net assets with donor restrictions		<u>948,491</u>

Total Net Assets		<u>3,110,121</u>
Total Liabilities and Net Assets		<u>\$ 3,288,308</u>

See accompanying notes to financial statements.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Consolidated Statement of Activities and Changes in Net Assets -
For the Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support:			
Contributions	\$ 715,386	\$ 289,391	\$ 1,004,777
Grants and contracts:			
Government	-	1,036,003	1,036,003
Other	-	258,524	258,524
Special events	400,525	-	400,525
Investment gain / loss	190,661	-	190,661
R2R Customer Payments	255,805	-	255,805
In-kind contributions:			
Land, buildings and utilities	9,494	337,518	347,012
Food	1,758,744	-	1,758,744
Total in-kind contributions	<u>1,768,238</u>	<u>337,518</u>	<u>2,105,756</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>1,815,402</u>	<u>(1,815,402)</u>	<u>-</u>
Total revenue, gains and other support	5,146,017	106,034	5,252,051
Expenses:			
Program services:			
Financial assistance	1,193,664	-	1,193,664
Food ministry	2,038,084	-	2,038,084
Housing	876,263	-	876,263
Total program services	<u>4,108,011</u>	<u>-</u>	<u>4,108,011</u>
Supporting services:			
General administration	114,669	-	114,669
Fundraising	279,393	-	279,393
R2R	519,483	-	519,483
Total supporting services	<u>913,545</u>	<u>-</u>	<u>913,545</u>
Total expenses	<u>5,021,556</u>	<u>-</u>	<u>5,021,556</u>
Change in net assets	124,461	106,034	230,495
Net Assets, Beginning	<u>2,037,169</u>	<u>842,457</u>	<u>2,879,626</u>
Net Assets, Ending	<u>\$ 2,161,630</u>	<u>\$ 948,491</u>	<u>\$ 3,110,121</u>

See accompanying notes to financial statements.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Consolidated Statement of Functional Expenses

For the Year ended June 30, 2021

	Program Services				Supporting Services				Total Expenses
	Crisis Ministries		Housing Ministries	Total Programs	General Admin.	Fundraising	R2R	Total Support	
	Financial Assistance	Food Ministry							
Disbursements made on behalf of individuals	\$ 956,549	\$ 1,753,886	\$ -	\$ 2,710,435	\$ -	\$ -	\$ -	\$ -	\$ 2,710,435
Administrative	3,814	1,395	4,875	10,084	1,699	6,152	3,524	11,375	21,459
Insurance	1,964	5,644	18,319	25,927	-	48	4,827	4,875	30,802
Maintenance & Facilities	45,456	27,052	79,557	152,065	3,088	4,118	29,333	36,539	188,604
Resource Development	2,440	2,216	-	4,656	31	41,518	-	41,549	46,205
Vehicles	129	9,447	4,417	13,993	207	924	9,854	10,985	24,978
Contractors/Contract Services	1,090	210	27,847	29,147	-	49,132	188,824	237,956	267,103
Program	14,512	35,874	31,388	81,774	7,575	15,039	5,318	27,932	109,706
Payroll & Personnel	149,218	122,233	501,715	773,166	80,035	145,510	223,385	448,930	1,222,096
In-Kind Expenses	-	43,142	191,964	235,106	19,723	16,952	-	36,675	271,781
Income Tax Expense	-	-	-	-	-	-	54,418	54,418	54,418
Depreciation	18,492	36,985	16,181	71,658	2,311	-	-	2,311	73,969
Total All Expenses	\$ 1,193,664	\$ 2,038,084	\$ 876,263	\$ 4,108,011	\$ 114,669	\$ 279,393	\$ 519,483	\$ 913,545	\$ 5,021,556

See accompanying notes to financial statements

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Consolidated Statement of Cash Flows For the Year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets		\$ 230,495
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	\$ 73,969	
Realized and unrealized gains on investments	(185,323)	
Donated assets included in support	(71,538)	
Changes in operating assets and liabilities:		
Unconditional promises to give	(73,198)	
Deferred income taxes	54,411	
Grants and contracts receivable	(64,265)	
Inventories	(4,858)	
Billings in excess of cost	-	
Other current assets	346	
Accounts payable and accrued liabilities	19,016	
Funds held for others	85,780	
Net cash used in operating activities		<u>64,835</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(45,000)	
Proceeds from sale of investments	32,611	
Purchase of property and equipment	<u>(27,756)</u>	
Net cash provided by investing activities		<u>(40,145)</u>

Net Increase (Decrease) in Cash and Cash Equivalents		24,690
Beginning Cash and Cash Equivalents		<u>869,069</u>
Ending Cash and Cash Equivalents		<u>\$ 893,759</u>

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 Consolidated Financial Statements For the Year Ended June 30, 2021

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.

Renovation to Restoration

In October 2019, the Ministry formed Renovation to Restoration, Inc., (R2R), a wholly-owned for-profit subsidiary. The primary purpose of R2R is to enhance the sustainability of CCM’s mission by focusing on renovations, building maintenance, and repair projects. Significant transactions, assets and liabilities between the Ministry and R2R have been eliminated in the accompanying financial statements.

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.

Principles of Consolidation

Due to common control, as defined above, the accompanying consolidated financial statements include the activities of all entities. All significant inter-company accounts and transactions have been eliminated. The concept of consolidation for financial statement purposes ignores the legal concept of separate entities. R2R recognized revenue of \$255,805 and expenses of \$465,072 for the year ended June 30, 2021.

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

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expenses are recorded as decreases in net assets without donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Consolidated Financial Statements
For the Year Ended
June 30, 2021

Net Assets Without Donor Restrictions – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in day-to-day operations of the Ministry and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of spendable and non-spendable amounts. Spendable net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met, either by actions of the Ministry or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Non-spendable net assets with donor restrictions are subject to donor-imposed stipulations that they be maintained permanently by the Ministry.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give, with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows. 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 30,392 volunteer hours during the year from individuals performing a variety of tasks that assist the Ministry. 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 2.

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. Donations of property or the use of property are reported as increases in net assets without donor restrictions.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Consolidated Financial Statements
For the Year Ended
June 30, 2021

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.

New Accounting Pronouncement

The Ministry adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" (ASU 2014-09), in the current 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. The implementation of this standard had no impact on the Ministry's financial statements.

A portion of the Ministry's revenue is derived from cost-reimbursable federal and contracts and grants, which are conditioned upon certain performance requirements and or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Ministry has incurred expenditures in compliance with specific contract or grant provisions. 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.

Inventories

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

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.

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.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Consolidated Financial Statements
For the Year Ended
June 30, 2021

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 net assets without donor restrictions. The CCM Permanently Endowed Fund is reported on the financial statements as both net assets without donor restrictions and net assets with donor restrictions.

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.

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 Foundation for the Carolinas funds are classified as Level 3 assets and are valued based on the value of the securities held by the funds, which consist of funds which are 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, 2021.

Balance, beginning of year	\$ 610,251
Purchases	45,000
Sales	(32,611)
Net increase in value	<u>185,323</u>
Balance, end of year	<u>\$ 807,963</u>

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Consolidated Financial Statements
For the Year Ended
June 30, 2021

Federal Income Tax Status

The Ministry is exempt from Federal income tax on its exempt function income 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. R2R is a for-profit subsidiary that is taxed as a C corporation. During the year R2R, had a loss of \$209,267. The income tax returns of the Ministry and R2R are available for examination for the current year and three preceding years.

Functional Allocation of Expense

The Ministry's expenses are focused in three functional areas. Program services represent the primary focus of the Ministry's activities. Supporting services are fundraising activities and general administrative activities. Costs that are inherently program services, general administrative, or fundraising are charged directly to those functions. Other costs of providing various programs and other activities have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on management's estimates of time and effort spent. Occupancy costs are allocated based on the facility.

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 \$73,969 for the year ended June 30, 2021. It is the Ministry's policy to capitalize expenditures for these items in excess of \$5,000. Amounts lower than this threshold are expensed when acquired.

Funds held for the benefit of others

The accompanying statement of activities does not include funds transferred to the Ministry for the benefit of other unrelated organizations for which the Ministry acts only as an agent and has no variance power over the use of these funds. The Ministry disbursed \$44,000 of these funds during the year with \$85,780 remaining as of June 30, 2021.

NOTE 2: 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, 2021:

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Consolidated Financial Statements
For the Year Ended
June 30, 2021

Promises Measured at Net Realizable Value

Receivable in one year	\$ 148,835
Receivable in two – five years	347,827
Receivable in more than five years	101,039
Less: Present Value Discount	<u>(16,925)</u>
Total	<u>\$ 580,776</u>

NOTE 3: PAYROLL PROTECTION PROGRAM

The Ministry obtained a refundable advance for \$181,298 as part of the Payroll Protection Program (PPP) to mitigate the effects of the COVID-19 pandemic. The advance was fully utilized by June 30, 2021, and is, therefore, recorded as income in the prior year financial statements. This advance was formally forgiven in the subsequent year. This program is not expected to be a recurring source of income for the Ministry.

NOTE 4: 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 5: NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions that are spendable at June 30, 2021 include the following:

Purpose-restricted:	
Housing operations	\$ 9,109
Food programs	33,564
Financial assistance	75,987
Unconditional promises to give – facility use, net of discount	580,776
Other	<u>216,455</u>
Total net assets with donor restrictions	<u>\$ 915,891</u>

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Consolidated Financial Statements
For the Year Ended
June 30, 2021

Net assets with donor restrictions that are non-spendable at June 30, 2021, include the following:

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

NOTE 6: SPECIAL EVENTS ACTIVITY

Special events activity for the year ended June 30, 2021, is summarized as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Golf Tournament	<u>\$400,525</u>	<u>\$27,583</u>	<u>\$372,942</u>
Total Special Events	<u>\$400,525</u>	<u>\$27,583</u>	<u>\$372,942</u>

NOTE 7: ADVERTISING

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

NOTE 8: 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 \$12,861. Full-time employees with six months of service are eligible to participate.

NOTE 9: 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 twelve 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 is responsible for paying all utilities applicable to the facilities.

NOTE 10: BUSINESS AND CREDIT CONCENTRATIONS

The Ministry maintains its cash balances in three commercial banks. At June 30, 2021, the Ministry had \$309,616 excess of the Federal Deposit Insurance Corporation (FDIC) limits.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Consolidated Financial Statements
For the Year Ended
June 30, 2021

NOTE 11: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Ministry has \$1,114,078 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$893,759 and pledges, grants and other receivables of \$369,154, which are expected to be collected during the year. Of these assets \$550,601 are subject to donor restrictions that they be utilized for a specific time or purpose. In addition, the Ministry has a quasi-endowment fund at FFTC with a value of \$576,941 which could be utilized if needed. The Ministry has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Ministry invests cash in excess of daily requirements in short-term investments, primarily money market funds.

NOTE 12 - UNCERTAINTIES

The COVID-19 pandemic has resulted in major changes in the local economy. At this point, the full impact of this pandemic on the Ministry is unknown, but management believes that it could negatively impact its support and revenue for the foreseeable future.

NOTE 13 – SUBSEQUENT EVENTS

The Ministry has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.

C. DEWITT FOARD & COMPANY, P.A.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cabarrus Cooperative Christian Ministry, Inc. (the "Ministry", a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ministry's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ministry's internal control.

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

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

Cabarrus Cooperative Christian Ministry, Inc.
Concord, North Carolina

Compliance and Other Matters

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

Purpose of this Report

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

C. DeWitt Ford & Company, P.A.

January 5, 2022

C. DEWITT FOARD & COMPANY, P.A.

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

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

Report on Compliance for Each Major Federal Program

We have audited Cabarrus Cooperative Christian Ministry, Inc.'s (the "Ministry", a nonprofit organization) compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Ministry's major federal program for the year ended June 30, 2021. The Ministry's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Ministry's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Ministry's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the Ministry's compliance.

Opinion on Each Major Federal Program

In our opinion, the Ministry complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Cabarrus Cooperative Christian Ministry, Inc.
Concord, North Carolina

Report on Internal Control Over Compliance

Management of the Ministry is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Ministry's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ministry's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

C. DeWitt Ford & Company, P.A.

January 5, 2022

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 200 of the Uniform Guidance? yes no

Identification of Major Federal Program

CFDA Number
14.218

Name of Program or Cluster
CARES Act - Community Development Block Grant

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

Auditee qualified as low-risk auditee? yes no

FINDINGS – FINANCIAL STATEMENTS AUDIT

None

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SUMMARY OF PRIOR YEAR FINDINGS AND CORRECTIVE ACTION PLAN

Not applicable, as no Uniform Guidance audit performed for the year ended June 30, 2020.

CABARRUS COOPERATIVE CHRISTIAN MINISTRY, INC.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

<u>Agency</u>	<u>CFDA Number</u>	<u>Amount Expended</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		
Passed through the City of Concord, North Carolina:		
CARES Act - Community Development Block Grant	14.218	\$ 568,934
Passed through the City of Kannapolis, North Carolina:		
CARES Act - Community Development Block Grant	14.218	<u>305,123</u>
Total U.S Department of Housing and Urban Development		<u>874,057</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>		
Federal Emergency Management Agency:		
Emergency Food and Shelter Program	97.024	18,552
CARES Act - Emergency Food and Shelter Program	97.024	<u>28,405</u>
Total U.S Department of Homeland Security		<u>46,957</u>
TOTAL FEDERAL AWARDS		<u><u>\$ 921,014</u></u>