

ASBURY COMMUNITY DEVELOPMENT CORPORATION
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2017

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Asbury Community Development Corporation

We have audited the accompanying financial statements of the Asbury Community Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Asbury Community Development Corporation as of December 31, 2017, 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.

Roy, Noye & Warren, CPA, P.C.

Roy, Noye & Warren, CPA, P.C.
Flint, Michigan

December 6, 2018

ASBURY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 117,923
Accounts Receivable	2,300
Other Current Assets	<u>1,496</u>
TOTAL CURRENT ASSETS	121,719
 NONCURRENT ASSETS	
Renovation Loans Net of Doubtful Allowance	2,308
Property and Equipment Net of Accumulated Depreciation	<u>58,087</u>
TOTAL NONCURRENT ASSETS	<u>60,395</u>
TOTAL ASSETS	<u><u>\$ 182,114</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	\$ 12,079
Accrued Payroll and Related Liabilities	7,011
Deferred Revenue	69,671
Owed to Asbury UMC	6,000
Security Deposit	<u>200</u>
TOTAL CURRENT LIABILITIES	<u>94,961</u>
TOTAL LIABILITIES	94,961
 NET ASSETS	
Unrestricted	83,002
Temporarily Restricted	<u>4,151</u>
TOTAL NET ASSETS	<u>87,153</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 182,114</u></u>

See accompanying notes to the financial statements.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
DECEMBER 31 2017

CHANGES IN UNRESTRICTED NET ASSETS

Revenue and Gains	
Direct Public Grants	\$ 33,727
Direct Public Support:	
Gifts in Kind - Labor	304,424
Gifts in Kind - Goods	26,217
Other	3,557
Government Contracts	44,582
Program Income	1,905
Rentals	4,615
Interest Income	28
TOTAL UNRESTRICTED REVENUE AND GAINS	419,055
Net Assets Released from Restrictions:	
Satisfaction of Program and Time Restrictions	34,746
TOTAL UNRESTRICTED REVENUE AND GAINS	\$ 453,801

Expenses

Program Services:	
Supplies	\$ 5,583
Vehicle Expenses	21,455
Marketing and Communications	2,855
Food and Food Preparation	1,117
Land Expenses	3,003
Facilities and Equipment	23,332
In Kind Labor	300,862
In Kind Goods	16,686
Payroll Expenses	18,887
Program Incentives	7,184
Contract Services	3,095
Staff Development	1,497
Uncollectible Program Income	1,505
Administrative:	
In Kind Labor	3,562
In Kind Goods	1,800
Payroll Expenses	1,217
Other	3,817
Other Expenses:	
Depreciation	5,916
Fundraising	689
TOTAL EXPENSES	\$ 424,062
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 29,739

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Direct Public Grants	\$ 8,700
Government Grants	9,736
Net Assets Released from Restrictions:	
Satisfaction of Program and Time Restrictions	(34,746)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	\$ (16,310)

Increase (Decrease) in Net Assets	\$ 13,429
Net Assets, Beginning of Year	73,724
Net Assets, End of Year	\$ 87,153

See accompanying notes to the financial statements.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
DECEMBER 31, 2017

Cash Flows From Operating Activities:	
Increase (Decrease) in Net Assets	\$ 13,429
Adjustments to Reconcile Increase (Decrease) in Net Assets to	
Net Cash Provided by (Used in) Operating Activities:	
Depreciation	5,916
(Increase) Decrease in Accounts Receivables	(2,010)
(Increase) Decrease in Other Current Assets	41
(Increase) Decrease in Renovation Loans Outstanding, Net	(5)
Increase (Decrease) in Accounts Payable	11,864
Increase (Decrease) in Accrued Payroll and Related Liabilities	4,901
Increase (Decrease) in Owed to Asbury UMC	6,200
Increase (Decrease) in Deferred Revenue	<u>69,671</u>
Net Cash Provided by (Used in) Operating Activities	110,007
Cash Flows From Investing Activities:	
Purchase of Property and Equipment	<u>(23,032)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(23,032)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	86,975
Cash and Cash Equivalents, Beginning of Year	<u>30,948</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 117,923</u></u>

Interest Paid - \$0

Schedule of Non-Cash Investing and Financing Activities:

There were no significant non-cash investing and financing activities.

See accompanying notes to the financial statements.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Asbury Community Development Corporation (the “Corporation”), is a nonprofit Michigan organization that was established on October 3, 2011. The Corporation is organized exclusively for charitable and educational purposes. These purposes include promoting family development and economic revitalization, enlisting youth and college interns to implement the programs and activities, improving the quality of life in the neighboring community, and partnering with other charitable organizations in leveraging neighborhood people and their assets.

The Corporation’s programs are as follows:

The Asbury Farm is a large-scale, commercial farming operation located on what was once vacated property in our Eastside neighborhood. Several local residents have been hired to run the farm and ensure that the Corporation’s presence in the neighborhood is a blessing for residents. While the Asbury Farm is a commercial operation it also includes several community gardens that residents are welcome to help maintain or even take them over for their use. The Corporation encourages community participation in all of its efforts. These gardens belong to the neighborhood and offer opportunities for the Corporation to meet its neighbors and build up the community.

The Asbury House provides temporary housing for local college students and missionaries with a passion for making a difference in the neighborhood. The Corporation encourages residents to explore creative ways to implement what they learn in the classroom in the local neighborhood. This is an ideal opportunity for students looking for a unique educational experience where the classroom can take to the streets. Whether their future includes social work or entrepreneurship, the Asbury House offers an environment for achieving both academic goals and making an impact in their community. The house is fully furnished including beds, kitchen items, and a washer and dryer.

The Asbury Family Center promotes family health, wellness and literacy while connecting neighbors with each other and with the resources they need. Every week individuals and families turn to Asbury to help them supplement their food supply. Asbury is a partner with the Genesee County Food Bank and other nonprofits to provide services for individuals and families affected by the Flint water crisis.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses as incurred.

Basis of Presentation

The Corporation reports information regarding its financial position and activities according to two classes of net assets: unrestricted net assets and temporarily restricted net assets.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management’s estimates.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Financial Instruments and Concentration of Credit Risk

The Corporation is subject to credit risk through investments, accounts receivable, and cash and cash equivalents. Credit risk with respect to accounts receivable is minimized because the Corporation closely monitors receivables and historically has not experienced significant losses on accounts receivable. The cash accounts are held in institutions insured by the Federal Deposit Insurance Corporation. Cash in banks, based on bank balances, do not exceed federally insured limits at December 31, 2017.

During the year ending December 31, 2017, 61% of the Corporation's revenues were directly from or passed through the Michigan Works, 12% directly passed from or through Asbury United Methodist Church, and no other source accounted for more than 10% of revenues.

Accounts Receivable

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles. The current allowance for renovation loans outstanding is \$2,500.

Property and Equipment

Property and equipment are recorded at cost if purchased or fair market value if contributed, at the date of acquisition. Depreciation is provided for using the straight-line method to write off the cost of the assets over the following estimated useful lives: buildings, 39 years; hoop houses, 5 years; and vehicles, 5 years. Equipment costing less than \$1,000 is expensed. Maintenance and repairs that do not enhance the value or extend the useful life of an asset are charged to expense as incurred.

Grants and Contributions

Grant revenue is recognized as the expenses are incurred. Contributions received are recorded as unrestricted or temporarily restricted depending on the existence and/or nature of any donor restrictions. Program and time restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon satisfaction of the restrictions.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes

The Corporation is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code, except for taxes that may arise from unrelated business income. The Corporation is no longer subject to federal income tax examinations by tax authorities for the calendar years ended before December 31, 2014, and is no longer subject to state income tax examinations by tax authorities for the years ended on or before December 31, 2013.

**ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2017:

Land	\$ 2,161
Buildings	28,265
Hoop Houses	26,985
Vehicles	<u>9,576</u>
Total Property and Equipment	66,987
Less: Accumulated Depreciation	<u>8,900</u>
Property and Equipment, Net	<u><u>\$ 58,087</u></u>

Depreciation expense was \$5,916 for the year ended December 31, 2017.

NOTE 5 — TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017, temporarily restricted net assets consisted of the following:

	<u>2017</u>
USDA - NCRS High Tunnel	\$ 2,083
Bishop's Appeal Fund - Mini Bus Purchase/Use	<u>2,068</u>
	<u><u>\$ 4,151</u></u>

NOTE 6 — RELATED PARTY TRANSACTIONS

The Corporation conducts its business out of Asbury United Methodist Church, therefore the church donates use of the facilities. The Corporation records this donation as Gifts in Kind – Goods at \$1,500 monthly which was the fair market value of the property used. As of October 1st, the Corporation decided to start paying Asbury United Methodist Church \$2,000 monthly on top of the in-kind donation due to increased use of the facilities. As of December 31, 2017, total in-kind donations were \$18,000 and the amount paid for rent was \$6,000. Asbury United Methodist Church also donates staff time to the administrative and program functions of the Corporation. The amount donated is based on time spent working for the Corporation and for the year ended December 31, 2017, \$35,616 of the Gifts in Kind – Labor came from Asbury United Methodist Church. The amount payable from the Corporation to Asbury United Methodist Church at December 31, 2017 was \$6,000.

NOTE 7 — SUBSEQUENT EVENTS

The Corporation evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 6, 2018, the date which the financial statements were available to be issued.