

ASBURY COMMUNITY DEVELOPMENT CORPORATION
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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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 statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years 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

November 15, 2019

ASBURY COMMUNITY DEVELOPMENT CORPORATION
COMPARATIVE STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 31,957	\$ 117,923
Accounts Receivable	13,160	2,300
Loan Receivable From Asbury UMC	27,308	-
Other Current Assets	382	1,496
	72,807	121,719
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS		
Renovation Loans Net of Doubtful Allowance	-	2,308
Property and Equipment Net of Accumulated Depreciation	134,898	58,087
	134,898	60,395
TOTAL NONCURRENT ASSETS		
	\$ 207,705	\$ 182,114
TOTAL ASSETS		
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,415	\$ 12,079
Accrued Payroll and Related Liabilities	7,562	7,011
Deferred Revenue	46,875	69,671
Owed to Asbury UMC	-	6,000
Current Portion of Long Term Debt	5,012	-
Security Deposit	400	200
	71,264	94,961
TOTAL CURRENT LIABILITIES		
LONG TERM LIABILITIES		
Long Term Debt	17,960	-
	17,960	-
TOTAL LONG TERM LIABILITIES		
	89,224	94,961
TOTAL LIABILITIES		
NET ASSETS		
Without Donor Restrictions	118,481	83,002
With Donor Restrictions	-	4,151
	118,481	87,153
TOTAL NET ASSETS		
	\$ 207,705	\$ 182,114
TOTAL LIABILITIES AND NET ASSETS		

See accompanying notes to the financial statements.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
COMPARATIVE STATEMENT OF ACTIVITIES
DECEMBER 31, 2018 AND 2017

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2018</u>	<u>2017</u>
Revenue and Gains		
Direct Public Grants	\$ 156,762	\$ 33,727
Direct Public Support:		
Gifts in Kind - Labor	193,299	304,424
Gifts in Kind - Goods	42,005	26,217
Gifts in Kind - Professional Services	15,000	225
Other	11,606	3,332
Government Contracts	43,274	44,582
Program Income	8,649	1,905
Rentals	9,290	4,615
Interest Income	20	28
TOTAL REVENUE AND GAINS WITHOUT DONOR RESTRICTIONS	<u>479,905</u>	<u>419,055</u>
Net Assets Released From Restrictions:		
Satisfaction of Program and Time Restrictions	97,265	34,746
TOTAL REVENUE, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>577,170</u>	<u>453,801</u>
Expenses		
Program Services:		
Cost of Goods Sold	221	-
Supplies	8,767	5,583
Vehicle Expenses	19,309	21,455
Marketing and Communications	14,281	2,855
Food and Food Preparation	7,728	1,117
Land Expenses	29,838	3,003
Facilities and Equipment	48,995	23,332
In Kind Labor	189,804	300,862
In Kind Goods	294	16,686
Payroll Expenses	92,946	18,887
Program Incentives	46,985	7,184
Contract Services	47,302	3,095
Staff Development	203	1,497
Uncollectible Program Income	3,373	1,505
Administrative:		
In Kind Labor	3,495	3,562
In Kind Goods	-	1,800
Payroll Expenses	1,446	1,217
Other	6,825	3,817
Other Expenses:		
Depreciation	10,867	5,916
Fundraising	9,012	689
TOTAL EXPENSES	<u>541,691</u>	<u>424,062</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>35,479</u>	<u>29,739</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Direct Public Grants	91,614	8,700
Government Grants	1,500	9,736
Net Assets Released From Restrictions:		
Satisfaction of Program and Time Restrictions	(97,265)	(34,746)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(4,151)</u>	<u>(16,310)</u>
Increase (Decrease) in Net Assets	31,328	13,429
Net Assets, Beginning of Year	87,153	73,724
Net Assets, End of Year	<u>\$ 118,481</u>	<u>\$ 87,153</u>

See accompanying notes to the financial statements.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
COMPARATIVE STATEMENT OF CASH FLOWS
DECEMBER 31, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities:		
Increase (Decrease) in Net Assets	\$ 31,328	\$ 13,429
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	10,867	5,916
(Increase) Decrease in Accounts Receivables	(10,860)	(2,010)
(Increase) Decrease in Other Current Assets	1,114	41
(Increase) Decrease in Renovation Loans Outstanding, Net	2,308	(5)
Increase (Decrease) in Accounts Payable	(664)	11,864
Increase (Decrease) in Accrued Payroll and Related Liabilities	551	4,901
Increase (Decrease) in Owed to Asbury UMC	(6,000)	6,200
Increase (Decrease) in Deferred Revenue	(22,796)	69,671
Increase (Decrease) in Security Deposits	200	-
Net Cash Provided by (Used in) Operating Activities	6,048	110,007
Cash Flows From Investing Activities:		
Loan to Asbury UMC	(29,488)	-
Repayments of Loan From Asbury UMC	2,180	-
Purchase of Property and Equipment	(87,678)	(23,032)
Net Cash Provided by (Used in) Investing Activities	(114,986)	(23,032)
Cash Flows From Financing Activities:		
Repayments of Long Term Debt	(2,088)	-
Proceeds From Long Term Debt	25,060	-
Net Cash Provided by (Used in) Financing Activities	22,972	-
Net Increase (Decrease) in Cash and Cash Equivalents	(85,966)	86,975
Cash and Cash Equivalents, Beginning of Year	117,923	30,948
Cash and Cash Equivalents, End of Year	\$ 31,957	\$ 117,923

Interest Paid - \$0 (In 2018 and 2017)

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, 2018 AND 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 support four strategic objectives. i) To be a center for connections in the community, sometimes referred to as a community hub; ii) To be a center for health and wellness in the community; iii) To be a center for spiritual growth; and, iv) To be sustainable. The Board of Directors use these four strategic objectives in governance of the Corporation.

The Corporation’s key programs are as follows: .

Asbury Farms is a large-scale, commercial farming operation located on what was once vacated property in the 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 Asbury Farms is a commercial operation it also includes several community access areas that residents are welcome to help themselves to fruit and vegetables. Asbury encourages community participation in all of its efforts.

Asbury Farms Café promotes healthy eating habits by utilization produce grown in the community that is prepared and presented in an appealing manner. Asbury hires local residents, utilizes volunteers, and engages youth who are trained by an Executive Chef, who also oversees the farm to table operations for the Corporation.

The Corporation operates a Community Help Center that is open to the public one day each week. Residents have access to a variety of services during the hours of operation, including bottled water and food provided by the Food Bank of Eastern Michigan. The Corporation’s neighbor connect programs promote 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.

Asbury participates in the Clean & Green program which is managed by the Genesee County Land Bank for the purpose of maintaining vacant lots. Asbury employs local youth for this effort.

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.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

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

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, 2018 and December 31, 2017.

During the year ending December 31, 2018, 28% of the Corporation's revenues were directly from or passed through the Michigan Works, 24% directly passed from or through the Ruth Mott Foundation, and no other source accounted for more than 10% of revenues. 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 allowance for renovation loans outstanding was \$2,500 as of December 31, 2017.

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; equipment, 10 years; hoop houses, 5 years; land improvements, 20 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.

**ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions

Grant revenue is recognized as the expenses are incurred. Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Program and time restricted contributions are required to be reported as with donor restrictions and are then reclassified to without donor restrictions upon satisfaction of the restrictions.

Statement of Cash Flows

For purposes of the Comparative 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,

2015, and is no longer subject to state income tax examinations by tax authorities for the years ended on or before December 31, 2014.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated on the basis of time spent working on each program and the size of the individual program compared to all of the programs taken as a whole.

Reclassification

Amounts from 2017 financial statements have been reclassified for financial statement purposes.

NOTE 2 — NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018 and 2017, net assets with donor restrictions consisted of the following:

	<u>2018</u>	<u>2017</u>
USDA - NCRS High Tunnel	\$ -	\$ 2,083
Bishop's Appeal Fund - Mini Bus Purchase/Use	-	2,068
	<u>\$ -</u>	<u>\$ 4,151</u>

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 3 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 9,126	\$ 2,161
Land Improvements	17,430	-
Buildings	30,265	28,265
Equipment	39,643	-
Hoop Houses	48,626	26,985
Vehicles	9,576	9,576
Total Property and Equipment	<u>154,666</u>	<u>66,987</u>
Less: Accumulated Depreciation	<u>19,768</u>	<u>8,900</u>
Property and Equipment, Net	<u>\$ 134,898</u>	<u>\$ 58,087</u>

Depreciation expense was \$10,867 for the year ended December 31, 2018 and \$5,916 for the year ended December 31, 2017.

NOTE 4 — RELATED PARTY TRANSACTIONS

The Corporation conducts its business out of Asbury United Methodist Church, and the fair market value for the usage of these facilities was considered to be \$3,000 per month in 2018 and \$2,000 per month in 2017. Asbury United Methodist Church donates some of the usage of these facilities while the Corporation covers the rest of the fair market value with monthly rent payments to Asbury United Methodist Church which started on October 1st, 2017. The Corporation records this donation as Gifts in Kind – Goods at \$1,000 monthly in 2018 and \$1,500 monthly in 2017. Total in-kind donations were \$12,000 for the year ended December 31, 2018 and \$18,000 for the year ended December 31, 2017. The Corporation paid \$2,000 monthly to Asbury United Methodist Church for rent for the year ended December 31, 2018 and \$500 monthly for the year ended December 31, 2017. Total rent paid was \$24,000 for the year ended December 31, 2018 and \$6,000 for the year ended December 31, 2017. The amount payable from the Corporation to Asbury United Methodist Church was \$0 at December 31, 2018 and \$6,000 at December 31, 2017.

Asbury United Methodist Church also donates staff time to the administrative and program functions of the Corporation, and the amount donated is based on time spent working for the Corporation. For the year ended December 31, 2018, \$25,338 of the Gifts in Kind – Labor came from Asbury United Methodist Church and for the year ended December 31, 2017, \$35,616 of the Gifts in Kind – Labor came from Asbury United Methodist Church.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4 — RELATED PARTY TRANSACTIONS (CONTINUED)

During 2018, the Corporation loaned \$29,488 to Asbury United Methodist Church for lighting upgrades in a shared space. Asbury United Methodist Church is expected to make monthly payments of \$2,200, \$20 of which will be interest. The loan is expected to be paid off with a balloon payment by August 1, 2019. As of December 31, 2018 the loan receivable had an outstanding amount of \$27,308 and interest income on the loan was \$20.

NOTE 5 — LONG TERM DEBT

During 2018, the Corporation financed the purchase of a tractor. The amount financed was \$25,060 with a 0% annual interest rate. As of December 31, 2018 the Corporation still had \$22,972 outstanding on the loan with \$0 interest paid. The Corporation's future obligations concerning the loan are as follows:

<u>Year</u>	<u>Amount Due</u>
2019	\$ 5,012
2020	5,012
2021	5,012
2022	5,012
2023	<u>2,924</u>
	<u>\$ 22,972</u>

NOTE 6 — LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Corporation'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>2018</u>	<u>2017</u>
Financial Assets at Year End	\$ 72,807	\$ 121,719
Less Those Unavailable for General Expenditures Within One Year, Due to:		
Contractual Payments Owed to Asbury UMC	-	6,000
Contractual Payments on Long Term Debt	5,012	-
Donor-restricted to Purchase and Use Vehicles	-	2,068
Donor-restricted to Purchase and Maintain High Tunnel/Hoop Houses	<u>-</u>	<u>2,083</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 67,795</u>	<u>\$ 111,568</u>

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 7 — CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. No changes in net assets were made due to the application of the ASU.

NOTE 8 — UPCOMING PRONOUNCEMENTS

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended supersedes nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. Topic 606 is required to be implemented for accounting periods beginning after December 15, 2018 and will be in effect for the Corporation for the fiscal year ended December 31, 2019.

NOTE 9 — SUBSEQUENT EVENTS

The Corporation evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 15, 2019, the date which the financial statements were available to be issued.