

ASBURY COMMUNITY DEVELOPMENT CORPORATION

REPORT ON FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, and the related statements of activities, functional statements of expenses, 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, 2020 and 2019, 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

December 13, 2021

ASBURY COMMUNITY DEVELOPMENT CORPORATION
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 70,798	\$ 40,960
Accounts Receivable	2,224	2,492
Loan Receivable From Asbury UMC	-	4,053
Prepaid Payroll Taxes	11,757	-
Other Current Assets	13,921	1,230
	98,700	48,735
NONCURRENT ASSETS		
Property and Equipment, Net of Accumulated Depreciation	139,223	118,575
	139,223	118,575
	\$ 237,923	\$ 167,310
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 20,034	\$ 2,666
Accrued Payroll and Related Liabilities	6,268	7,403
Deferred Revenue	-	21,581
Current Portion of Long Term Debt	4,230	4,230
Security Deposits	-	400
Payroll Protection Program Loan	38,480	-
	69,012	36,280
LONG TERM LIABILITIES		
Long Term Debt	9,872	14,102
	9,872	14,102
	78,884	50,382
NET ASSETS		
Without Donor Restrictions	159,039	116,928
With Donor Restrictions	-	-
	159,039	116,928
	\$ 237,923	\$ 167,310

See accompanying notes to the financial statements.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
COMPARATIVE STATEMENTS OF ACTIVITIES
DECEMBER 31, 2020 AND 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Gains		
Direct Public Grants	\$ 238,180	\$ 248,921
Direct Public Support:		
Corporate and Individual Donations	45,078	42,032
Gifts in Kind - Labor	49,255	92,018
Gifts in Kind - Goods	27,008	32,575
Gifts in Kind - Professional Services	-	1,054
Other	54,440	13,971
Government Contracts and Grants	93,333	17,500
Program Income	9,850	12,366
Rentals	7,356	9,420
Interest Income	354	1,930
Total Revenue and Gains Without Donor Restrictions	524,854	471,787
Net Assets Released From Restrictions		
Satisfaction of Program and Time Restrictions	95,250	15,146
TOTAL REVENUE, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	620,104	486,933
Expenses		
Program Services:		
Asbury House	16,576	19,266
Asbury Café	51,583	64,362
Asbury Farms	181,879	121,402
South Flint Soup Kitchen	66,037	-
Neighborhood Connect	257,373	250,468
Administrative	10,090	13,245
Fundraising	919	756
Other Expenses:		
Depreciation	20,322	16,628
(Gain) Loss on Disposal of Fixed Assets	(26,786)	2,359
Total Expenses	577,993	488,486
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	42,111	(1,553)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Direct Public Grants	95,250	5,000
Government Grants	-	10,146
Net Assets Released From Restrictions		
Satisfaction of Program and Time Restrictions	(95,250)	(15,146)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	-
Increase (Decrease) in Net Assets	42,111	(1,553)
Net Assets, Beginning of Year	116,928	118,481
Net Assets, End of Year	\$ 159,039	\$ 116,928

See accompanying notes to the financial statements.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
FUNCTIONAL STATEMENT OF EXPENSES
DECEMBER 31, 2020

Expenses	Health & Wellness							Total
	Administrative	Fundraising	Asbury House	Asbury Café	Asbury Farms	South Flint Soup Kitchen	Neighborhood Connect	
Contract Services	\$ 3,619	\$ -	\$ 634	\$ 4,003	\$ 17,773	\$ 10,312	\$ 29,435	\$ 65,776
Facilities and Equipment	3,285	-	6,078	3,455	29,521	22,247	34,673	99,259
Food and Food Preparation	-	-	-	2,015	520	837	8,319	11,691
In Kind Labor	600	-	-	618	15,167	4,326	28,545	49,256
Land Expenses	-	-	-	53	22,363	417	182	23,015
Marketing and Communications	64	186	329	470	2,856	860	18,076	22,841
Payroll Expenses	2,140	-	2,452	40,192	73,798	20,367	84,308	223,257
Program Incentives	-	-	6,390	114	14,006	3,766	40,840	65,116
Staff Development	54	-	-	67	488	165	1,652	2,426
Supplies	10	-	693	47	459	2,654	3,019	6,882
Vehicle Expenses	189	-	-	385	4,375	76	7,584	12,609
Other	129	733	-	164	553	10	740	2,329
Total Expenses	\$ 10,090	\$ 919	\$ 16,576	\$ 51,583	\$ 181,879	\$ 66,037	\$ 257,373	\$ 584,457

See accompanying notes to the financial statements.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
FUNCTIONAL STATEMENT OF EXPENSES
DECEMBER 31, 2019

Expenses	Health & Wellness					Neighborhood Connect	Total
	Administrative	Fundraising	Asbury House	Asbury Café	Asbury Farms		
Contract Services	\$ 2,345	\$ -	\$ -	\$ 3,259	\$ 17,982	\$ 17,241	\$ 40,827
Facilities and Equipment	4,300	-	5,536	5,915	19,873	28,711	64,335
Food and Food Preparation	-	-	-	3,473	637	6,082	10,192
In Kind Labor	2,065	-	-	2,797	5,194	81,962	92,018
Land Expenses	17	-	-	1,522	16,766	1,315	19,620
Marketing and Communications	61	39	-	283	1,336	6,402	8,121
Payroll Expenses	4,286	-	-	43,533	53,192	55,777	156,788
Program Incentives	-	-	10,158	2,943	1,105	41,113	55,319
Staff Development	-	-	-	-	450	490	940
Supplies	40	-	32	446	876	1,276	2,670
Uncollectible Program Income	-	-	3,540	-	-	893	4,433
Vehicle Expenses	71	-	-	95	3,841	8,399	12,406
Other	60	717	-	96	150	807	1,830
Total Expenses	\$ 13,245	\$ 756	\$ 19,266	\$ 64,362	\$ 121,402	\$ 250,468	\$ 469,499

See accompanying notes to the financial statements.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
COMPARATIVE STATEMENTS OF CASH FLOWS
DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Increase (Decrease) in Net Assets	\$ 42,111	\$ (1,553)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	20,322	16,628
(Gain) Loss on Disposal of Fixed Assets	(26,786)	2,359
(Increase) Decrease in Accounts Receivable	268	10,668
(Increase) Decrease in Prepaid Payroll Taxes	(11,757)	-
(Increase) Decrease in Other Current Assets	(12,691)	(848)
Increase (Decrease) in Accounts Payable	17,368	(8,749)
Increase (Decrease) in Accrued Payroll and Related Liabilities	(1,135)	(159)
Increase (Decrease) in Deferred Revenue	(21,581)	(25,294)
Increase (Decrease) in Security Deposits	(400)	-
	5,719	(6,948)
Net Cash Provided by (Used in) Operating Activities		
Cash Flows From Investing Activities:		
Loan to Asbury UMC	-	(4,053)
Repayments of Loan From Asbury UMC	4,053	27,308
Proceeds from Tractor Insurance	-	23,830
Proceeds from Asbury House Insurance	50,763	-
Proceeds from Sale of Fixed Assets	250	-
Purchase of Property and Equipment	(65,197)	(26,494)
	(10,131)	20,591
Net Cash Provided by (Used in) Investing Activities		
Cash Flows From Financing Activities:		
Repayments of Long Term Debt	(4,230)	(25,792)
Proceeds From Long Term Debt	-	21,152
Proceeds From Payroll Protection Program Loan	38,480	-
	34,250	(4,640)
Net Cash Provided by (Used in) Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	29,838	9,003
Cash and Cash Equivalents, Beginning of Year	40,960	31,957
Cash and Cash Equivalents, End of Year	\$ 70,798	\$ 40,960

Interest Paid - \$0 (In 2020 and 2019)

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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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:

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 Corporation runs three programs under their Health & Wellness objective as follows:

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

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.

The South Flint Soup Kitchen operates to provide a healthy meal to anyone in the community who is in need. In addition, this program acts as a resource center by directing people in need to the best agency that can help them.

The Corporation also provides the community with a Neighborhood Connect program that promotes family, health & wellness, and literacy while connecting neighbors with each other and with the resources they need. 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. This is accomplished through operating 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. In addition, the Corporation participates in Genesee County Land Bank’s Clean & Green program for the purpose of maintaining vacant lots. Asbury employs local youth for this effort.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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. When the Corporation incurs expenses for purposes for which either class of net assets can be used, it is the Corporation's policy to use net assets with donor restrictions first.

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, 2020 and December 31, 2019.

During the year ending December 31, 2020, 20% of the Corporation's revenues were directly from or passed through the Ruth Mott Foundation, 12% directly passed from or through the Community Foundation of Greater Flint, 11% directly passed from or through the United Way, and no other source accounted for more than 10% of revenues. During the year ending December 31, 2019, 33% of the Corporation's revenues were directly from or passed through the Ruth Mott Foundation, 15% directly passed from or through the Michigan Works, 12% directly passed from or through the United Way, 10% directly passed from or through the 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.

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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

We recognize revenue from consulting and training and services when the performance obligations of providing the services are met. Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Statement of Cash Flows

For purposes of the Comparative Statements 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, 2017, and is no longer subject to state income tax examinations by tax authorities for the years ended on or before December 31, 2016.

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 2019 financial statements have been reclassified for financial statement purposes.

NOTE 2 — CHANGE IN ACCOUNTING PRINCIPLE

On June 21, 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made*. The standard addresses specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction and also includes a framework for determining whether a contribution is conditional or unconditional. We have implemented ASU 2018-08 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.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 — CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

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 was in effect for the Corporation for the year ended December 31, 2019. The financial statements for the prior year were evaluated for this implementation, no changes were required.

NOTE 3 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2020 and 2019:

	2020	2019
Land	\$ 12,415	\$ 12,665
Land Improvements	17,430	17,430
Buildings	2,000	30,265
Equipment	63,031	31,538
Hoop Houses	82,330	48,626
Vehicles	12,576	12,576
Total Property and Equipment	189,782	153,100
Less: Accumulated Depreciation	50,559	34,525
Property and Equipment, Net	\$ 139,223	\$ 118,575

Depreciation expense was \$20,322 for the year ended December 31, 2020 and \$16,628 for the year ended December 31, 2019.

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 2020 and \$3,000 per month in 2019. 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 paid Asbury United Methodist Church the fair market value of \$3,000 monthly in 2020, and recorded an donation of Gifts in Kind – Goods at \$1,000 or \$2,000 monthly in 2019. Total in-kind donations were \$0 for the year ended December 31, 2020 and \$21,000 for the year ended December 31, 2019. The Corporation paid \$1,000 to \$3,000 monthly, depending on cash flow, to Asbury United Methodist Church for rent for the years ended December 31, 2020 and December 31, 2019. Total rent paid was \$36,000 for the year ended December 31, 2020 and \$15,000 for the year ended December 31, 2019. The amount payable from the Corporation to Asbury United Methodist Church was \$0 at December 31, 2020 and December 31, 2019.

**ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 — RELATED PARTY TRANSACTIONS (CONTINUED)

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, 2020, \$6,000 of the Gifts in Kind – Labor came from Asbury United Methodist Church and for the year ended December 31, 2019, \$20,594 of the Gifts in Kind – Labor came from Asbury United Methodist Church.

As of December 31, 2019 the loan receivable had been paid off, and a new loan of \$3,853 was created when Asbury CDC paid for some of the church’s expenses. This loan was paid off as of December 31, 2020.

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. During 2019, that tractor was stolen, so a new tractor was purchased and financed. The amount financed was \$21,152 with a 0%. As of December 31, 2020 the Corporation still had \$14,102 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>
2021	4,230
2022	4,230
2023	4,230
2024	1,412
	<u>\$ 14,102</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>2020</u>	<u>2019</u>
Financial Assets at Year End	\$ 98,700	\$ 48,735
Less Those Unavailable for General Expenditures Within One Year, Due to:		
Contractual Payments on Long Term Debt	<u>4,230</u>	<u>4,230</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 94,470</u>	<u>\$ 44,505</u>

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 7 — PAYROLL PROTECTION PROGRAM LOAN

As part of COVID-19 pandemic relief, the Payroll Protection Program (PPP) was implemented by the federal government, which provided funds in the form of forgivable loans. The Corporation received \$38,480 in PPP loan funds, which is expected to be forgiven in its entirety during 2021.

NOTE 8 — SUBSEQUENT EVENTS

The Corporation evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 13, 2021, the date which the financial statements were available to be issued.