

ASBURY COMMUNITY DEVELOPMENT CORPORATION
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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 25, 2020

ASBURY COMMUNITY DEVELOPMENT CORPORATION
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 40,960	\$ 31,957
Accounts Receivable	2,492	13,160
Loan Receivable From Asbury UMC	4,053	27,308
Other Current Assets	1,230	382
TOTAL CURRENT ASSETS	48,735	72,807
NONCURRENT ASSETS		
Property and Equipment, Net of Accumulated Depreciation	118,575	134,898
TOTAL NONCURRENT ASSETS	118,575	134,898
TOTAL ASSETS	\$ 167,310	\$ 207,705
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,666	\$ 11,415
Accrued Payroll and Related Liabilities	7,403	7,562
Deferred Revenue	21,581	46,875
Current Portion of Long Term Debt	4,230	5,012
Security Deposit	400	400
TOTAL CURRENT LIABILITIES	36,280	71,264
LONG TERM LIABILITIES		
Long Term Debt	14,102	17,960
TOTAL LONG TERM LIABILITIES	14,102	17,960
TOTAL LIABILITIES	50,382	89,224
NET ASSETS		
Without Donor Restrictions	116,928	118,481
With Donor Restrictions	-	-
TOTAL NET ASSETS	116,928	118,481
TOTAL LIABILITIES AND NET ASSETS	\$ 167,310	\$ 207,705

See accompanying notes to the financial statements.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
COMPARATIVE STATEMENTS OF ACTIVITIES
DECEMBER 31, 2019 AND 2018

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2019</u>	<u>2018</u>
Revenue and Gains		
Direct Public Grants	\$ 248,921	\$ 156,762
Direct Public Support:		
Individual Donations	42,032	-
Gifts in Kind - Labor	92,018	193,299
Gifts in Kind - Goods	32,575	42,005
Gifts in Kind - Professional Services	1,054	15,000
Other	13,971	11,606
Government Contracts	17,500	43,274
Program Income	12,366	8,649
Rentals	9,420	9,290
Interest Income	1,930	20
TOTAL REVENUE AND GAINS WITHOUT DONOR RESTRICTIONS	<u>471,787</u>	<u>479,905</u>
Net Assets Released From Restrictions:		
Satisfaction of Program and Time Restrictions	<u>15,146</u>	<u>97,265</u>
TOTAL REVENUE, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>486,933</u>	<u>577,170</u>
Expenses		
Program Services:		
Cost of Goods Sold	-	221
Supplies	2,630	8,767
Vehicle Expenses	12,336	19,309
Marketing and Communications	9,076	14,281
Food and Food Preparation	10,188	7,728
Land Expenses	19,602	29,838
Facilities and Equipment	60,036	48,995
In Kind Labor	89,953	189,804
In Kind Goods	-	294
Payroll Expenses	152,504	92,946
Program Incentives	55,318	46,985
Contract Services	38,482	47,302
Staff Development	940	203
Uncollectible Program Income	4,433	3,373
Administrative:		
In Kind Labor	2,065	3,495
Payroll Expenses	4,286	1,446
Other	6,894	6,825
Other Expenses:		
Depreciation	16,628	10,867
Fundraising	756	9,012
Loss on Disposal of Fixed Asset	2,359	-
TOTAL EXPENSES	<u>488,486</u>	<u>541,691</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(1,553)</u>	<u>35,479</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Direct Public Grants	5,000	91,614
Government Grants	10,146	1,500
Net Assets Released From Restrictions:		
Satisfaction of Program and Time Restrictions	<u>(15,146)</u>	<u>(97,265)</u>
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>-</u>	<u>(4,151)</u>
Increase (Decrease) in Net Assets	(1,553)	31,328
Net Assets, Beginning of Year	118,481	87,153
Net Assets, End of Year	<u>\$ 116,928</u>	<u>\$ 118,481</u>

See accompanying notes to the financial statements.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
COMPARATIVE STATEMENTS OF CASH FLOWS
DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities:		
Increase (Decrease) in Net Assets	\$ (1,553)	\$ 31,328
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	16,628	10,867
Loss on Disposal of Fixed Asset	2,359	-
(Increase) Decrease in Accounts Receivables	10,668	(10,860)
(Increase) Decrease in Other Current Assets	(848)	1,114
(Increase) Decrease in Renovation Loans Outstanding, Net	-	2,308
Increase (Decrease) in Accounts Payable	(8,749)	(664)
Increase (Decrease) in Accrued Payroll and Related Liabilities	(159)	551
Increase (Decrease) in Owed to Asbury UMC	-	(6,000)
Increase (Decrease) in Deferred Revenue	(25,294)	(22,796)
Increase (Decrease) in Security Deposits	-	200
	(6,948)	6,048
Net Cash Provided by (Used in) Operating Activities		
	(6,948)	6,048
Cash Flows From Investing Activities:		
Loan to Asbury UMC	(4,053)	(29,488)
Repayments of Loan From Asbury UMC	27,308	2,180
Proceeds from Tractor Insurance	23,830	-
Purchase of Property and Equipment	(26,494)	(87,678)
	20,591	(114,986)
Net Cash Provided by (Used in) Investing Activities		
	20,591	(114,986)
Cash Flows From Financing Activities:		
Repayments of Long Term Debt	(25,792)	(2,088)
Proceeds From Long Term Debt	21,152	25,060
	(4,640)	22,972
Net Cash Provided by (Used in) Financing Activities		
	(4,640)	22,972
Net Increase (Decrease) in Cash and Cash Equivalents	9,003	(85,966)
Cash and Cash Equivalents, Beginning of Year	31,957	117,923
Cash and Cash Equivalents, End of Year	\$ 40,960	\$ 31,957

Interest Paid - \$0 (In 2019 and 2018)

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, 2019 AND 2018

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 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.

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, 2019 AND 2018

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, 2019 and December 31, 2018.

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. 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.

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 FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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, 2016, and is no longer subject to state income tax examinations by tax authorities for the years ended on or before December 31, 2015.

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.

NOTE 2 — 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.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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, 2019 and 2018:

	2019	2018
Land	\$ 12,665	\$ 9,126
Land Improvements	17,430	17,430
Buildings	30,265	30,265
Equipment	31,538	39,643
Hoop Houses	48,626	48,626
Vehicles	12,576	9,576
Total Property and Equipment	153,100	154,666
 Less: Accumulated Depreciation	 34,525	 19,768
 Property and Equipment, Net	 \$ 118,575	 \$ 134,898

Depreciation expense was \$16,628 for the year ended December 31, 2019 and \$10,867 for the year ended December 31, 2018.

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 2019 and \$3,000 per month in 2018. 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 \$2,000 monthly, except for three months where it was recorded at \$1,000, in 2019 and \$1,000 monthly in 2018. Total in-kind donations were \$21,000 for the year ended December 31, 2019 and \$12,000 for the year ended December 31, 2018. The Corporation paid \$2,000 or \$1,000 monthly, depending on cash flow, to Asbury United Methodist Church for rent for the years ended December 31, 2019 and December 31, 2018. Total rent paid was \$15,000 for the year ended December 31, 2019 and \$24,000 for the year ended December 31, 2018. The amount payable from the Corporation to Asbury United Methodist Church was \$0 at December 31, 2019 and December 31, 2018.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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, 2019, \$20,594 of the Gifts in Kind – Labor came from Asbury United Methodist Church and for the year ended December 31, 2018, \$25,338 of the Gifts in Kind – Labor came from Asbury United Methodist Church.

During 2018, the Corporation loaned \$29,488 to Asbury United Methodist Church for lighting upgrades in a shared space. Asbury United Methodist Church was expected to make monthly payments of \$2,200, \$20 of which would be interest. The loan was expected to be paid off with a balloon payment by August 1, 2019. As of December 31, 2019 the loan receivable had been paid off. A new loan of \$3,853 was created when Asbury CDC paid for some of the church's expenses.

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, 2019 the Corporation still had \$18,332 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>
2020	\$ 4,230
2021	4,230
2022	4,230
2023	4,230
2024	<u>1,412</u>
	<u>\$ 18,332</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.

ASBURY COMMUNITY DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 6 — LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

	<u>2019</u>	<u>2018</u>
Financial Assets at Year End	\$ 48,735	\$ 72,807
Less Those Unavailable for General Expenditures Within One Year, Due to:		
Contractual Payments on Long Term Debt	<u>4,230</u>	<u>5,012</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 44,505</u>	<u>\$ 67,795</u>

NOTE 7 — SUBSEQUENT EVENTS

The Corporation evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 25, 2020, the date which the financial statements were available to be issued.