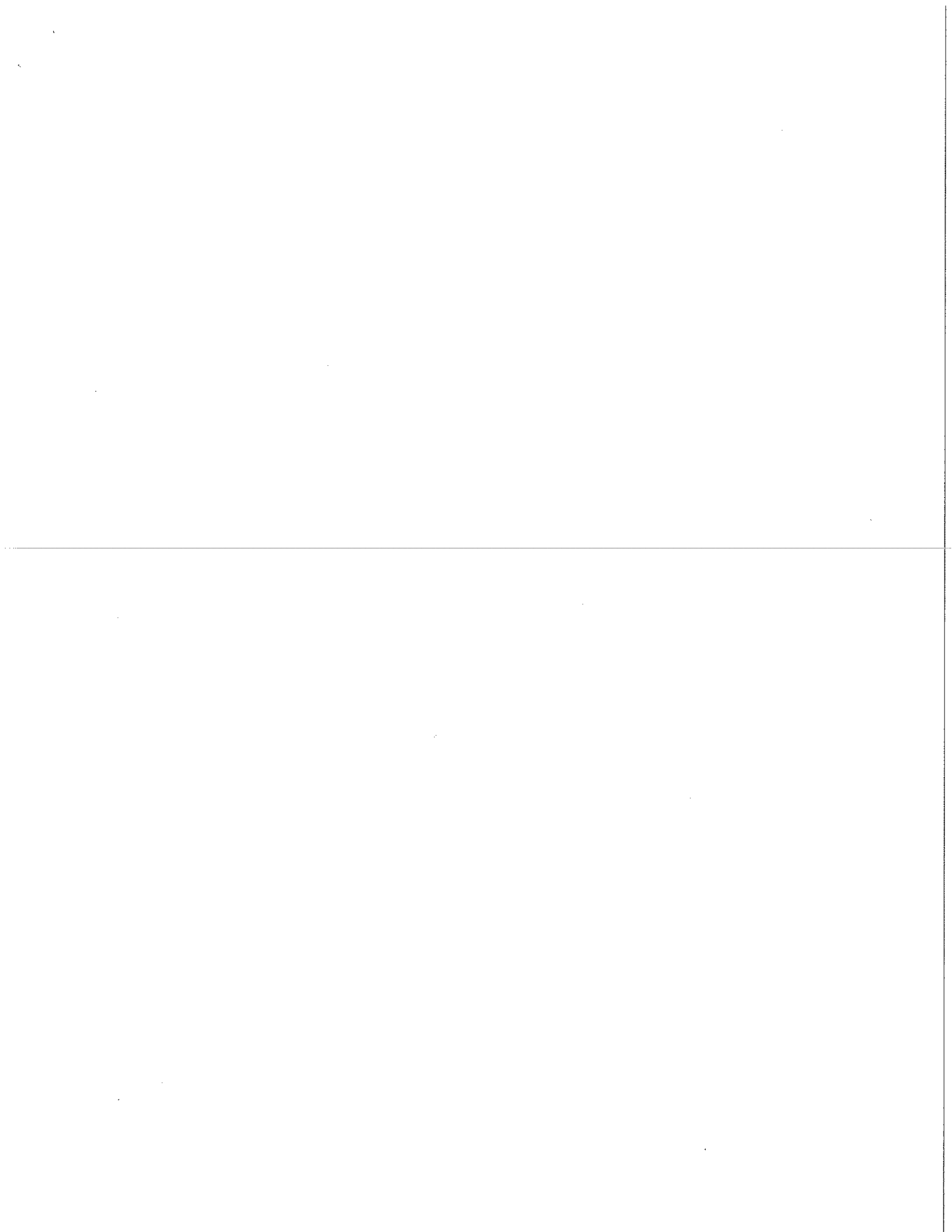


**Robeson County Church
and Community Center, Inc.**

Audited Financial Statements

Year Ended June 30, 2017



Robeson County Church and Community Center, Inc.
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June 30, 2017

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Independent Auditor's Report

To the Board of Directors
Robeson County Church and Community Center, Inc.
Lumberton, North Carolina

We have audited the accompanying financial statements of Robeson County Church and Community Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statement 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 Robeson County Church and Community Center, Inc. as of June 30, 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.

S. Preston Douglas & Associates, LLP

September 1, 2017

Robeson County Church and Community Center, Inc.
Statement of Financial Position
June 30, 2017

Assets

Current assets

Cash and cash equivalents	\$	46,139
Current portion of notes receivable		6,860
Total current assets		52,999

Non-current assets

Notes receivable, net of current portion		78,100
Property and equipment, net		722,953
Total noncurrent assets		801,053

Total assets	\$	854,052
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Liabilities and Net Assets

Current liabilities

Accounts payable	\$	13,806
Accrued expenses		14,028
Mortgage escrow deposits		13,185
Current portion of notes payable		23,016
Total current liabilities		64,035

Long-term debt, net of current portion		33,446
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Total liabilities		97,481
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Net assets - unrestricted		756,571
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Total liabilities and net assets	\$	854,052
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The accompanying notes are an integral part of these financial statements

Robeson County Church and Community Center, Inc.

**Statement of Activities
Year Ended June 30, 2017**

Unrestricted revenues and support

Grant support:

Emergency Aid - United Way of Robeson County	\$	1,373
Emergency Aid - FEMA		11,000

Public support:

Church-related contributions		137,865
Individual-related contributions		45,612
Grants		111,433
Fundraising		5,489
Local Governments		27,124
Homestore Sales		85,853
Program Income		13,291
EA Client Assistance		1,901
Insurance proceeds		149,486
Other Income		38,242

Total unrestricted revenues and support		<u>628,669</u>
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Expenses and losses

Operating expenses		382,146
Hurricane Matthew casualty loss (Note I)		228,476
Total expenses and losses		<u>610,622</u>

Increase (decrease) in unrestricted net assets		18,047
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Unrestricted net assets, beginning of year		<u>738,524</u>
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Unrestricted net assets, end of year	\$	<u>756,571</u>
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The accompanying notes are an integral part of these financial statements

Robeson County Church and Community Center, Inc.
Statement of Cash Flows
Year Ended June 30, 2017

Cash flows from operating activities	
Increase (decrease) in net assets	\$ 18,047
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:	
Loss from flood damage	228,476
Gifts-In Kind	(5,466)
Depreciation	27,530
(Increase) decrease in:	
Accounts receivable	1,275
Increase (decrease) in:	
Accounts payable	1,265
Accrued expenses	1,264
Deposits	3,871
Net cash provided (used) by operating activities	<u>276,262</u>
Cash flows from investing activities	
Purchases of property and equipment	(255,501)
Decrease in notes receivable	4,882
Net cash provided (used) by investing activities	<u>(250,619)</u>
Cash flows from financing activities	
Payments on long-term debt principal	(22,914)
Net cash provided (used) by financing activities	<u>(22,914)</u>
Net increase (decrease) in cash and cash equivalents	2,729
Cash and cash equivalents - beginning of year	<u>43,410</u>
Cash and cash equivalents - end of year	<u>\$ 46,139</u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	<u>\$ 6,159</u>

The accompanying notes are an integral part of these financial statements

Robeson County Church and Community Center, Inc.
Notes to Financial Statements (continued)
June 30, 2017

NOTE A - Significant Accounting Policies

Nature of Operations

Robeson County Church and Community Center, Inc. (the "Center") is a non-profit charitable organization located in Robeson County, North Carolina. The Board of Directors, selected from citizens that reside in the county, directs an organization that has existed for over a quarter-century and which has extraordinary high levels of poverty and illiteracy. The Center renovates homes and also accepts and distributes clothing, food, and money. Further the Center, in the past, has orchestrated the construction of homes and sold them, at cost, to individuals not ordinarily able to afford the same. Revenue is obtained from several sources including performance grants and reimbursements for contractual services for housing improvements; public support from individuals, churches, and organizations such as the United Way of Robeson County and the Duke Endowment; and sales of donated clothing.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

Income Taxes

The Center is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. In addition, the Corporation qualifies for the charitable contribution deduction under Section 107 (b) (1) (A) and has been classified as an organization that is not a private foundation under Section 509 (a)(c). The Corporation's Department of the Treasury information returns are subject to examination, generally for three years after the filing date.

See independent auditor's report

Robeson County Church and Community Center, Inc.
Notes to Financial Statements (continued)
June 30, 2017

NOTE A - Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions are stated at cost and are depreciated using the straight-line method over the useful lives of the assets.

The estimated useful lives used as a basis for the application of the straight-line method are as follows as outlined below:

<u>Description</u>	<u>Estimated Useful Life</u>
Building and improvements	10 - 30 years
Office furniture and equipment	5 - 10 years
Vehicles	5 - 10 years

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

NOTE B - Notes Receivable

The non-interest bearing notes related to sales of Jubilee Houses are secured by a deed of trust and are financed over 240 payments in varying amounts. The collateralized and remaining amounts owed to the Center at June 30, 2017, are listed below.

<u>Jubilee House</u>	<u>Address</u>	<u>Amount Owed Center</u>
1	524 E. Henderson, Maxton, North Carolina	\$ 24,820
2	102 James St., Red Springs, North Carolina	11,289
3	195 Asbury Dr., Lumberton, North Carolina	12,242
4	657 Britt Rd., St; Pauls, North Carolina	13,426
5	69 National Avenue, Lumberton, North Carolina	<u>23,182</u>
	Total notes receivable	84,960
	Less - current portion	<u>6,860</u>
	Notes receivable, net of current portion	<u><u>\$ 78,100</u></u>

Two sets of promissory notes were drawn up at the time of each Jubilee House sale. If certain covenants are met, the note is reduced to an amount considerably less than that reflected above. However, all homeowners have broken terms of applicable mortgage agreements. Foreclosed homes, in the past, have been resold slightly more than original cost.

Robeson County Church and Community Center, Inc.
Notes to Financial Statements (continued)
June 30, 2017

NOTE C - Property and Equipment

Property and equipment, net at June 30, 2017 consisted of the following:

Land	\$ 280,725
Buildings and improvements	708,880
Office furniture and equipment	53,001
Vehicles	42,343
Subtotal	1,084,949
Less - accumulated depreciation	361,996
Property and equipment, net	\$ 722,953

NOTE D - Long-Term Debt

Long-term debt consisted of the following at June 30, 2017:

Board of Missions Loan

Note is 15 years long due in semi-annual installments of \$1,438, including variable interest rate of 5%.

\$ 14,712

Lumbee Guaranty Loan

Note is due in annual principal payments of \$20,875, including variable interest rate of 6%, secured by real estate, matures February 5, 2019.

41,750

Total notes payable

56,462

Less - current portion

23,016

Long-term notes payable, net of current portion

\$ 33,446

Robeson County Church and Community Center, Inc.
Notes to Financial Statements (continued)
June 30, 2017

NOTE D - Long-Term Debt (continued)

Scheduled principal repayments for Board of Missions for the next five years, assuming current interest rates on long-term debt are as follows:

Years ending June 30:	Payments	Principal	Interest
2018	\$ 2,877	\$ 2,141	\$ 736
2019	2,877	2,248	629
2020	2,877	2,361	516
2021	2,877	2,479	398
2022	2,877	2,602	274
Thereafter	3,025	2,881	145
Total	<u>\$ 17,410</u>	<u>\$ 14,712</u>	<u>\$ 2,698</u>

Scheduled principal repayments for Lumbee Guaranty Loan for the next two years, assuming current interest rates on long-term debt are as follows:

Years ending June 30:	Payments	Principal	Interest
2018	\$ 23,380	\$ 20,875	\$ 2,505
2019	22,128	20,875	1,253
Total	<u>\$ 45,508</u>	<u>\$ 41,750</u>	<u>\$ 3,758</u>

NOTE E - Mortgage and Escrow Deposits

Funds are collected each month, along with the principal payments, on the five notes receivables and set aside in a separate escrow account. These funds are used to pay property taxes and insurance on each property. The balance in the escrow accounts totaled \$13,185 at June 30, 2017.

Robeson County Church and Community Center, Inc.
Notes to Financial Statements (continued)
June 30, 2017

NOTE F - Concentration of Credit Risk

Cash Balance

The Center maintains accounts in two financial institutions. The aggregate cash balances did not exceed the Federal Deposit Insurance Corporation threshold of \$250,000 at any of the two financial institutions at June 30, 2017.

Support

The Center receives significant support from grants and public contributions. Grant support from governmental agencies makes up approximately 1.9% of total revenues and support. These grants are based on pre-arranged reimbursement rates for home improvement services that the Center provides. Public support from individuals and churches makes up approximately 47% of total revenues and support.

NOTE G - Donated Materials and Service

Management estimates the value of volunteer services to be substantial during the year ended June 30, 2017. No amount for donated services is reflected in the accompanying financial statements since they do not meet the criteria for recognition under SFAS No. 116.

NOTE H - Allocation of Joint Costs

During the year, the Center incurred joint costs for materials and activities that have been allocated between programs services, management, and general and fundraising functions.

NOTE I - Hurricane Matthew Casualty Loss

The Center sustained casualty loss of \$228,476 from Hurricane Matthew during the year ended June 30, 2017. The Center received insurance proceeds of \$125,000 for the flood damage and \$24,486 for the theft/vandalism loss. An additional insurance claim for \$40,000 is under review as of June 30, 2017.

NOTE J - Subsequent Events

The Center evaluated the effect subsequent events would have on the financial statements through September 1, 2017. This is the date the financial statements were available to be issued.

Supplementary Information

Robeson County Church and Community Center, Inc.
Detailed Schedule of Functional Expenses
For the Fiscal Year ended June 30, 2017

	Food Pantry	Red Springs	Emergency Assistance	Housing	Management and General	Jubilee	Home Store	Total
Salaries	\$ 25,957	\$ 7,133	\$ 22,904	\$ 9,109	\$ 16,164	\$ 6,268	\$ 25,545	\$ 113,080
Payroll taxes	705	1,553	-	-	4,781	-	3,477	10,516
Fringe benefits	3,477	3,167	511	202	28,552	138	2,435	38,482
Total salaries and related expenses	30,139	11,853	23,415	9,311	49,497	6,406	31,457	162,078
Supplies and materials	449	59	-	-	14,946	-	977	16,431
Postage	144	144	144	144	586	144	144	1,450
Telephone	129	587	1,039	389	1,447	-	1,087	4,678
Interest/Service Charge	3	-	60	-	5,070	-	1,026	6,159
Occupancy	4,937	4,076	958	1,149	8,260	242	9,399	29,021
Repairs and maintenance	1,060	103	687	568	4,697	-	12,064	19,179
Insurance	4,347	2,004	1,908	3,020	7,664	562	6,052	25,557
Advertising	130	-	-	89	400	-	412	1,031
Audit and legal	714	714	714	714	716	714	714	5,000
Conference expense	40	-	-	-	-	-	-	40
Contract labor	-	-	-	-	1,839	-	1,840	3,679
Dues and subscriptions	296	236	236	236	1,421	236	236	2,897
Miscellaneous	1,018	350	382	878	6,344	-	5,347	14,319
Office expense	930	1,581	1,155	930	5,254	-	1,859	11,709
Transportation - related	1,156	1,119	-	712	3,524	-	794	7,305
Fundraising Expenses	-	-	-	-	719	-	-	719
Sales & Use/Property Tax	-	-	-	-	-	133	5,611	5,744
Aid to underprivileged	2,153	5,542	24,930	360	4,635	-	-	37,620
Flood Loss	-	-	-	-	122,319	-	106,157	228,476
Total expenses before depreciation	47,645	28,368	55,628	18,500	239,338	8,437	185,176	583,092
Depreciation	-	-	-	-	27,530	-	-	27,530
Total program expenses	\$ 47,645	\$ 28,368	\$ 55,628	\$ 18,500	\$ 266,868	\$ 8,437	\$ 185,176	\$ 610,622