
CRISIS CONTROL MINISTRY, INC.

Financial Statements
Year Ended September 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Crisis Control Ministry, Inc.
Winston-Salem, North Carolina

We have audited the accompanying financial statements of Crisis Control Ministry, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis, as of September 30, 2020, and the related statement of support and revenue, expenses and changes in net assets – modified cash basis and the statement of functional expenses – modified cash basis 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 the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Auditors' 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 of 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 assets, liabilities and net assets of Crisis Control Ministry, Inc. as of September 30, 2020, and its support, revenue, expenses and changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Gray, Callison & Jones, CPA, PC

December 15, 2020
Winston-Salem, NC

CRISIS CONTROL MINISTRY, INC.
 STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
 MODIFIED CASH BASIS
 SEPTEMBER 30, 2020

<u>ASSETS</u>		
CURRENT ASSETS		
Cash		\$ 1,602,015
Refundable items		<u>7,202</u>
		<u>1,609,217</u>
PROPERTY AND EQUIPMENT, net		<u>1,002,324</u>
TOTAL ASSETS		<u><u>\$ 2,611,541</u></u>
<u>NET ASSETS</u>		
NET ASSETS		
Without donor restrictions:		
Available for current operations		\$ 1,331,115
Net investment in property and equipment		<u>1,002,324</u>
		2,333,439
With donor restrictions		<u>278,102</u>
TOTAL NET ASSETS		<u><u>\$ 2,611,541</u></u>

See Independent Auditors' Report and Notes to the Financial Statements

CRISIS CONTROL MINISTRY, INC.
STATEMENT OF SUPPORT AND REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions, grants and other support	\$ 1,888,979	\$ 1,062,723	\$ 2,951,702
Bequests	187,394	25,000	212,394
In-Kind contributions	-	1,585,587	1,585,587
Interest income	10,053	-	10,053
Net assets released from restrictions	2,617,194	(2,617,194)	-
TOTAL SUPPORT AND REVENUE	<u>4,703,620</u>	<u>56,116</u>	<u>4,759,736</u>
EXPENSES			
Client assistance	3,298,797	-	3,298,797
Supporting services:			
General and administration	342,180	-	342,180
Fundraising	289,317	-	289,317
TOTAL EXPENSES	<u>3,930,294</u>	<u>-</u>	<u>3,930,294</u>
CHANGE IN NET ASSETS	773,326	56,116	829,442
NET ASSETS - beginning of year	<u>1,560,113</u>	<u>221,986</u>	<u>1,782,099</u>
NET ASSETS - end of year	<u>\$ 2,333,439</u>	<u>\$ 278,102</u>	<u>\$ 2,611,541</u>

See Independent Auditors' Report and Notes to the Financial Statements

CRISIS CONTROL MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services	Supporting Services		Total
	Client Assistance	General & Administrative	Fundraising	
CLIENT ASSISTANCE				
Groceries	\$ 40,911	\$ -	\$ -	\$ 40,911
Groceries In-Kind	549,854	-	-	549,854
Fuel	4,912	-	-	4,912
Rent	358,873	-	-	358,873
Electricity	74,164	-	-	74,164
Gas	2,914	-	-	2,914
Water	19,568	-	-	19,568
Pharmacy	230,116	-	-	230,116
Pharmacy In-Kind	1,035,733	-	-	1,035,733
Other	80,015	-	-	80,015
	<u>2,397,060</u>	<u>-</u>	<u>-</u>	<u>2,397,060</u>
PERSONNEL COSTS				
Salaries and temporary wages	555,536	201,135	112,808	869,479
Benefits	96,684	30,647	23,268	150,599
Payroll taxes	42,894	13,596	10,322	66,812
	<u>695,114</u>	<u>245,378</u>	<u>146,398</u>	<u>1,086,890</u>
OTHER OPERATING COSTS				
Telephone	9,295	1,162	1,162	11,619
Utilities	17,256	2,104	1,684	21,044
Office supplies/equipment	15,660	11,746	11,746	39,152
Postage	1,349	1,350	10,796	13,495
Philanthropy and fundraising	-	-	60,852	60,852
Insurance	16,296	4,656	2,328	23,280
Professional services	-	10,729	-	10,729
Repairs and maintenance	34,314	4,185	3,348	41,847
Security guard	2,380	-	-	2,380
Janitorial	24,835	3,029	2,423	30,287
Continuing education	1,507	3,016	1,508	6,031
Ministry support	-	12,106	-	12,106
Technology	18,779	18,779	25,038	62,596
Volunteer support	5,304	-	-	5,304
Travel	2,236	-	-	2,236
Bank fees	-	9,827	-	9,827
Dues and subscriptions	-	5,286	-	5,286
Advertising/Newsletter	2,079	2,079	16,636	20,794
	<u>151,290</u>	<u>90,054</u>	<u>137,521</u>	<u>378,865</u>
DEPRECIATION	<u>55,333</u>	<u>6,748</u>	<u>5,398</u>	<u>67,479</u>
TOTAL EXPENSES	<u>\$ 3,298,797</u>	<u>\$ 342,180</u>	<u>\$ 289,317</u>	<u>\$ 3,930,294</u>

See Independent Auditors' Report and Notes to the Financial Statements

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Ministry is a nonprofit organization with locations in Winston-Salem and Kernersville, North Carolina. It is a Christian-based ministry whose mission is to assist people in crisis to meet essential life needs and to become self-sufficient.

Basis of Accounting

The financial statements of Crisis Control Ministry, Inc. (the "Ministry") have been prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis differs from generally accepted accounting principles primarily because support and revenue and related assets are recognized when received rather than when earned, expenses are recognized when paid rather than when incurred, the value of certain donated services, if applicable, is not recorded, and the beneficial interests in assets held by third party trusts are not recorded. The cash method has been modified primarily by the recording of property and equipment and related depreciation, certain refundable items and in-kind donations of distributed food and pharmaceuticals.

Property and Equipment

The Ministry capitalizes individual items costing more than \$5,000 and having an estimated useful life of a minimum of three years. The asset is valued at cost, except that donated assets are recorded at their estimated fair values at date of receipt. Depreciation is provided over the estimated useful lives of the respective assets on a straight line basis.

Financial Statement Presentation

The Organization has adopted FASB ASC 958 Not For Profit Entities. FASB ASC 958 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset categories according to externally imposed restrictions. At September 30, 2020, the Organization reported net assets without restrictions and net assets with restrictions of \$2,328,573 and \$282,968, respectively.

Contributions

In accordance with FASB ASC 958 Not For Profit Entities, support received is recorded as support without restrictions and support with restrictions depending on the existence or nature of any donor restrictions. Under FASB ASC 958, support with restrictions is reclassified to support without restrictions upon donor restrictions being met.

Donated Products and Services

The estimated value of food and pharmaceuticals donated to the Ministry is recorded as in-kind support and expense in the accompanying financial statements to the extent such amounts were distributed to the Ministry's clients during the year. Perpetual inventories of food items and pharmaceuticals are not maintained, except for controlled pharmaceuticals, which is required by law. The accompanying financial statements do not reflect the value of food and pharmaceuticals on hand at year end.

The value assigned in-kind food and pharmaceutical support and expense is determined by using what management believes to be conservative estimates of the wholesale value for items dispensed less actual purchases made for these items during the year.

For in-kind food donations, the value assigned to distributed food items is determined using local grocery store retail prices, reduced by applying a retail industry gross profit percentage to arrive at an estimated wholesale value.

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For in-kind pharmaceutical donations, the Ministry maintains a database for dispensed prescriptions. The database contemporaneously assigns an “average wholesale price” value to each prescription filled, that is, a price pharmaceutical manufacturers charge to large customers and pharmaceutical chains.

The accompanying financial statements do not reflect the value of donated services provided by volunteers, the rental value of donated facilities, or the value of any other donated item(s), other than those referred to above.

Use of Estimates

The preparation of financial statements 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 changes in net assets during the reporting periods. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Ministry to concentrations of credit risk consist principally of cash deposits in excess of the \$250,000 federally insured limit. Uninsured deposits at September 30, 2020 were approximately \$890,353.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Ministry is recognized as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and has been granted exemption from federal and state income taxes. Management is not aware of any events or circumstances that would jeopardize its tax exempt status.

NOTE B: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Ministry regularly monitors liquidity to meet operating needs and general expenditures within one year. As of September 30, 2020, the following represents the Ministry’s financial assets available within one year of the date of the statement of assets, liabilities, and net assets for general expenditures:

Financial assets at year end	
Cash	\$ 1,602,015
Refundable items	7,202
Total financial assets at year-end available for general expenditures	<u><u>\$ 1,609,217</u></u>

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C: PROPERTY AND EQUIPMENT

As of September 30, 2020, property and equipment consisted of the following:

Land	\$ 63,406
Building	1,863,790
Furniture and equipment	<u>601,973</u>
	2,529,169
Accumulated depreciation	<u>(1,526,845)</u>
	<u>\$ 1,002,324</u>

Depreciation expense for the year ended September 30, 2020 totaled \$67,479

NOTE D: WINSTON-SALEM FOUNDATION TRUSTS

The Ministry is the sole beneficiary of six endowment funds administered under irrevocable trust agreements with The Winston-Salem Foundation - The Crisis Control Ministry, Inc. Endowment Fund, the Hope Trust of Crisis Control Ministry, the Gordon Hanes Memorial Endowment for Crisis Control Ministry, J. Kirk Glenn, Jr. Endowment, the Orpha Marie Leonard Pope Fund, and the Mary Neil Henderson Rice Designated Fund. The Ministry is also a co-beneficiary of several other endowment funds at the Winston-Salem Foundation.

The endowment funds are irrevocable, and are controlled and administered by The Winston-Salem Foundation with Wells Fargo (formerly Wachovia Bank, N.A.) as Trustee and to whom variance power has been granted under these trust agreements. Contributions made directly to these trusts, including contributions made to the trust by the Ministry as a donor, contributions received by the Ministry designated for transfer to these trusts by unrelated third parties, as well as any undistributed investment earnings accumulated in these trusts, including any changes in fair value of trusted assets, have not been included as assets of the Ministry in these statements. Management of the Ministry is not aware of any instances or matters that would jeopardize its status as beneficiary to the income produced from these trust assets at the Foundation.

During the year ended September 30, 2020, the Ministry did not receive any distributions from these endowments for operating and specified purposes.

NOTE E: LEASES

The Ministry's Kernersville facility is occupied rent free under an agreement with the owner. Under this agreement, the Ministry is required to pay maintenance and utilities for its portion of the building. The value of this in-kind lease has not been included in the accompanying financial statements as it is not considered significant.

The Ministry obtained two copier leases during the year ended September 30, 2020. These copier leases were obtained in December 2019 and April 2020, respectively, require monthly lease payments of \$420 and \$108, respectively, and expire July 2025 and June 2025, respectively.

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E: LEASES (CONTINUED)

Future minimum lease payments for the next five years are as follows:

2021	\$ 6,336
2022	6,336
2023	6,336
2024	6,336
2025	5,172
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	\$ 30,516
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Total rent expense under lease agreements was \$3,264 for the year ended September 30, 2020.

NOTE F: NET ASSETS RESTRICTED BY DONORS

Net assets restricted by donors at September 30, 2020, are as follows:

Donor restricted by specific purpose:

Client Services:

Food	\$ 43,992
COVID Relief	39,951
Duke Energy Shareholder Funds/STW	124,306
Better Neighbor Program	7,094
Client Assistance, Kernersville	49,197

Events:

CROP Walk	12,533
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Other:

Praise Project	1,029
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	\$ 278,102
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CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F: NET ASSETS RESTRICTED BY DONORS (CONTINUED)

The following is a summary of net assets released from donor restrictions during the year ended September 30, 2020:

COVID Relief	\$ 161,683
Food	133,139
Fuel/Oil	3,400
General Client Assistance	5,355
Client Assistance, Kernersville	34,123
Pharmacy	139,382
STW	73,360
STW and Housing	129,688
Housing	35,400
Utilities	100
Water	208
Stokes County	1,500
Better Neighbor Program	17,906
Events:	
CROP	6,734
Hope du Jour	10,000
Hope for the Holidays	595
Shmedfest	7,050
Volunteer Appreciation Lunch	500
Other:	
Board/Staff Lunch	450
Pharmacy Services Director Salary	27,500
Software	3,000
Praise Project	3,238
COVID Facility Modifications	5,000
Landscaping	600
Pharmacy Personnel - COVID Staff	75,086
Coolers for Food Pantry	10,102
Hispanic Grant	750
Consultant for Coordinating Systems	60,400
Refrigerated Truck	85,358
	<u>1,031,607</u>
Releases of in-kind donations	
Food	549,854
Pharmacy	1,035,733
	<u>1,585,587</u>
	<u>\$ 2,617,194</u>

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE G: PENSION PLAN

The Ministry has established a defined contribution pension plan for the benefit of its employees, who become eligible after one year of service. Eligible participants may make elective deferrals to the Plan up to 18% of eligible compensation, subject to limitations prescribed by the Internal Revenue Service. Employer contributions to the Plan are at the discretion of the Ministry's Board. Pension costs recorded by the Ministry during the year ended September 30, 2020 totaled \$32,010.

NOTE H: GUARANTEES

As part of their client services, the Ministry acts as a guarantor for numerous clients' utility bill arrangements with Duke Energy and/or Piedmont Natural Gas. In the event of the clients' default, the Ministry then becomes liable for the balance owed. Presently, Management estimates the Ministry is contingently liable under these guarantee arrangements for approximately \$3,150.

NOTE I: COMMITMENT

In June 2017, the Ministry entered into an agreement for licensing and support for database management software. Under the terms of the agreement, the Ministry has agreed to make annual installments through the year 2022. The installment payment for the year ended September 30, 2020, was in the amount of \$8,897.

NOTE J: INCOME TAXES

The Organization files its income tax return in the U.S. Federal jurisdiction. The Organization is no longer subject to income tax examination by tax authorities for the tax years prior to 2016. In the normal course of business, the Organization is subject to examination by the various taxing authorities. Although the outcome of tax audits is always uncertain, the Organization believes that there are no significant unrecognized tax liabilities at September 30, 2020.

NOTE K: COVID – 19 IMPACT

During the COVID-19 pandemic, the community was especially generous in providing funds to the Organization due to the nature of the Organization's work and services to help individuals with basic life needs. During some months, there were fewer neighbors requesting assistance due to the government stimulus and moratoriums.

NOTE L: SUBSEQUENT EVENTS EVALUATION

The Ministry evaluated the effects subsequent events would have on the financial statements through December 15, 2020, which is the date the financial statements were available for issuance.