

UNITED CHRISTIAN MINISTRIES OF ABBEVILLE COUNTY
ABBEVILLE, SOUTH CAROLINA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cox Accounting Solutions, LLC
Greenwood, South Carolina

United Christian Ministries of Abbeville County
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December 31, 2016

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
United Christian Ministries of Abbeville County
Abbeville, South Carolina

We have reviewed the accompanying financial statements of United Christian Ministries of Abbeville County (a non-profit organization) which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2016, and the related statement of revenues, expenses, and other changes in net assets - modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 conclusion is not modified with respect to this matter.

Cox Accounting Solutions, LLC
Greenwood, South Carolina

July 12, 2017

United Christian Ministries of Abbeville County
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
December 31, 2016

Assets

Current Assets:	
Cash and Cash Equivalents (Note 3)	\$ 135,289
Total Current Assets	<u>135,289</u>
Property and Equipment	
Property, Furniture and Equipment, Net of Accumulated Depreciation of \$6,860 (Note 4)	<u>79,019</u>
Total Assets	<u><u>\$ 214,308</u></u>

Liabilities and Net Assets

Net Assets:	
Unrestricted Net Assets (Note 1)	\$ 176,690
Temporarily Restricted Net Assets (Note 6)	<u>37,618</u>
Total Net Assets	<u>214,308</u>
Total Liabilities and Net Assets	<u><u>\$ 214,308</u></u>

See accompanying notes and independent accountant's review report.

**United Christian Ministries of Abbeville County
Statement of Revenues, Expenses, and
Other Changes in Net Assets - Modified Cash Basis
For the Year Ended December 31, 2016**

Change in Unrestricted Net Assets:	
Revenues and Other Support:	
Contributions	\$ 111,329
United Way	17,687
Grants	45,402
Other Income	439
Investment Income	<u>2</u>
Total Unrestricted Revenues and Other Support	<u>174,859</u>
Net Assets Released from Restriction	<u>35,808</u>
Total Unrestricted Revenue and Other Support	<u>210,667</u>
Expenses and Losses:	
Program Services	121,108
Management and General	<u>20,703</u>
Total Expenses and Losses	<u>141,811</u>
Change in Unrestricted Net Assets	<u>68,856</u>
Change in Temporarily Restricted Net Assets:	
Grants and Contributions	37,618
Net Assets Released from Restriction	<u>(35,808)</u>
Change in Temporarily Restricted Net Assets	<u>1,810</u>
Change in Net Assets	70,666
Net Assets, Beginning of Year, as restated (Note 1)	143,642
Net Assets, End of Year	<u>\$ 214,308</u>

See accompanying notes and independent accountant's review report.

United Christian Ministries of Abbeville County
Notes to Financial Statements - Modified Cash Basis
December 31, 2016

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

The United Christian Ministries of Abbeville County (the Organization) is a South Carolina nonprofit corporation formed in 2008. The Organization is a group of local churches, in Abbeville County dedicated to helping individuals, especially the elderly and working poor families, remain or become self-reliant. The Organization provides financial and spiritual assistance to Abbeville County citizens in crisis, and provides vouchers and referrals to other agencies and organizations. The Organization has locations in Abbeville and Calhoun Falls, South Carolina and is dependent on the economic conditions of the geographic area surrounding Abbeville and Calhoun Falls, South Carolina. The Organization is dependent on the local community for financial support and for volunteers. The Organization also operates a free clinic, providing medical services to those in need, and a food pantry.

The accounting principles followed by the United Christian Ministries of Abbeville County and the methods of applying those principles which materially affect the determination of financial position, activities, and the changes in classes of net assets are summarized as follows:

Standards of Accounting and Reporting

The Organization principally follows standards of accounting and financial reporting prescribed for other non-profit organizations. The Organization's policy is to prepare its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, contributions and other revenues are recognized when received rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Change in Basis of Accounting

In previous years, the Organization prepared its financial statements using the pure cash basis of accounting which did not report fixed assets and depreciation. In 2016, management felt it beneficial to report fixed assets in the financial statements. Reporting fixed assets and depreciation expense under the modified cash basis of accounting would yield results significantly different from those under the pure cash basis of accounting used in prior year financial statements. Management believes reporting under the modified cash basis of accounting will provide the information needed by the primary users of the financial statements. In 2016, the Organization adopted the modified cash basis of accounting for its financial statements. As a result of the change, the Organization's beginning unrestricted net assets were increased by \$75,738.

United Christian Ministries of Abbeville County
Notes to Financial Statements - Modified Cash Basis
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (continued)

Financial Statement Presentation

The Organization adopted FASB ASC 958-205, "*Not-for-Profit Presentation of Financial Statements.*" Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The adoption of ASC 958-205 utilizes three separate classes of net assets as follows:

- a. Unrestricted Net Assets - the part of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. This class of net assets accounts for all resources over which the Board of Directors has discretionary control to use in carrying on the operations of the Organization in accordance with its charter and bylaws. It also accounts for the Organization's net investment in fixed assets. In addition, it includes self-imposed limits such as voluntary resolutions by the Board of Directors.

- b. Temporarily Restricted Net Assets - the part of net assets of the Organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets of a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Organization pursuant to those stipulations.

- c. Permanently Restricted Net Assets - the part of the net assets of the Organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

Cash and Cash Equivalents

The Organization considers all currency, demand deposits and savings accounts to be cash equivalents.

United Christian Ministries of Abbeville County
Notes to Financial Statements - Modified Cash Basis
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (continued)

Contributions

Contributions, gifts, and private grants that are not restricted as to time or manner of use are recognized as unrestricted support in the period in which they are received. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment

Expenditures for property and equipment are recorded at cost and donated property is recorded at fair market value at the date of receipt. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. For assets retired or disposed of, cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income for the period. Expenditures for maintenance and repairs are charged to expense as incurred; significant improvements or renovations are capitalized. Prior to 2016, the Organization expensed assets when purchased and recorded no depreciation. The Organization's beginning net assets was increased by \$75,738, which represents the net book value of assets recorded that were purchased or donated prior to 2016.

In-Kind Support and Donated Services

During 2016, several organizations provided the use of equipment and building space and the cost of utilities to the Organization at no charge. The Organization also receives a material amount of donated food annually. The fair market value of the donated food and benefits cannot be reasonably determined. The Organization is also dependent on numerous volunteers who assist in the Organization's program services and fund-raising campaigns, such as physicians volunteering at the free clinic.

Note 2 - Tax Status

The United Christian Ministries of Abbeville County is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2016. No interest and penalties are recognized in the statement of revenue, expenses and other changes in net assets - modified cash basis. The tax years that remain subject to examination by major jurisdiction include fiscal years ending December 31, 2013 through December 31, 2016.

United Christian Ministries of Abbeville County
Notes to Financial Statements - Modified Cash Basis
December 31, 2016

Note 3 - Concentrations of Credit Risk

The Organization maintains its cash balances in one financial institution. At December 31, 2016, the book balance of the Organization's deposits was \$135,289, and the bank balance was \$135,004, which was covered by federal depository insurance.

Note 4 - Property and Equipment

Changes in property and equipment of the Company consisted of the following for the year ended December 31, 2016 :

	Balance <u>December 31, 2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>December 31, 2016</u>
Machinery and Equipment	\$ 12,276	\$ 549	\$ 0	\$ 12,825
Buildings and Improvements	67,243	5,811	0	73,054
Less: Accumulated Depreciation	<u>(3,781)</u>	<u>(3,079)</u>	<u>0</u>	<u>(6,860)</u>
	<u>\$ 75,738</u>	<u>\$ 3,281</u>	<u>\$ 0</u>	<u>\$ 79,019</u>

Total depreciation for the year ended December 31, 2016 was \$3,079.

Prior to 2016, the Organization expensed assets when purchased and recorded no depreciation. The Organization's beginning net assets was increased by \$75,738, which represents the net book value of assets recorded that were purchased or donated prior to 2016.

Note 5 - Operating Leases

The Organization entered into a land lease with an individual in July 2015, to lease approximately 2 acres of land. The Organization leased the land for nominal consideration and the term of the lease is 20 years beginning July 31, 2015. A donated modular building was donated to the Organization in 2015 and moved to the leased land.

Note 6 - Temporarily Restricted Net Assets

During 2016, the Organization received several grants that were restricted for certain purposes. The amount of funds remaining for the purpose restrictions as of December 31, 2016 was \$37,618.

Note 7 - Subsequent Events

The Organization evaluated subsequent events through July 12, 2017, which is the date the financial statements were available to be issued. The Organization has not evaluated subsequent events after July 12, 2017.