

**VOLUNTEER MINISTRY CENTER, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

Years Ended December 31, 2019 and 2018

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## Independent Auditors' Report

To the Board of Directors  
Volunteer Ministry Center, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Volunteer Ministry Center, Inc. and Subsidiaries (a non-profit organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standard generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Volunteer Ministry Center, Inc. and Subsidiaries as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and consolidating statements of activities on pages 17 through 22 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

MARRET & COMPANY, PLLC

Knoxville, Tennessee  
May 22, 2020

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

## Consolidated Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 229,146	\$ 399,421
Restricted cash	191,827	222,400
Grants receivable	259,592	50,776
Prepaid expenses and other current assets	<u>30,020</u>	<u>14,708</u>
Total current assets	<u>710,585</u>	<u>687,305</u>
 Property and equipment, net	 <u>9,105,038</u>	 <u>8,672,739</u>
 Other Assets		
Intangible assets, net	32,094	33,614
Investments, mutual funds	322,030	388,938
Endowment investment	<u>5,075</u>	<u>4,571</u>
Total other assets	<u>359,199</u>	<u>427,123</u>
 Total assets	 <u><u>\$ 10,174,822</u></u>	 <u><u>\$ 9,787,167</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 119,297	\$ 91,571
Deferred revenue	28,164	27,295
Line of credit	<u>142,998</u>	<u>-</u>
Total current liabilities	<u>290,459</u>	<u>118,866</u>
 Tenant security deposits	 2,650	 2,650
Notes payable, long-term	<u>1,270,192</u>	<u>1,262,002</u>
Total long-term liabilities	<u>1,272,842</u>	<u>1,264,652</u>
 Total liabilities	 <u>1,563,301</u>	 <u>1,383,518</u>
 Net Assets		
Without Donor Restrictions	6,594,787	6,219,365
With Donor Restrictions	<u>50,068</u>	<u>35,336</u>
 Net assets attributable to Volunteer Ministry Center, Inc. and Subsidiaries	 6,644,855	 6,254,701
 Noncontrolling interests	 <u>1,966,666</u>	 <u>2,148,948</u>
 Total net assets	 <u>8,611,521</u>	 <u>8,403,649</u>
 Total liabilities and net assets	 <u><u>\$ 10,174,822</u></u>	 <u><u>\$ 9,787,167</u></u>

The accompanying notes are an integral part of the financial statements.

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

## Consolidated Statements of Activities

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>		<u>2018</u>	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenue, gains, and other support				
Contributions and pledges	\$ 405,507	\$ 76,141	\$ 481,648	\$ 863,276
Foundations	184,915	-	184,915	182,499
United Way grants	180,393	-	180,393	235,967
Government grants	899,022	-	899,022	360,722
Fundraising revenue	329,101	-	329,101	363,433
Rental revenue - leases	22,200	-	22,200	21,200
Net rental revenue - Minvilla Manor	451,424	-	451,424	463,702
Miscellaneous revenue	16,115	-	16,115	9,295
Investment income	26,892	-	26,892	1,747
In-kind donations	201,958	-	201,958	209,276
Assets released from program restrictions	<u>61,410</u>	<u>(61,410)</u>	<u>-</u>	<u>-</u>
Total revenue, gains, and other support	<u>2,778,937</u>	<u>14,731</u>	<u>2,793,668</u>	<u>2,711,117</u>
Expenses				
Program expenses	2,259,959	-	2,259,959	2,149,722
Management and general	190,604	-	190,604	172,722
Fundraising/development expenses	<u>130,233</u>	<u>-</u>	<u>130,233</u>	<u>134,822</u>
Total expenses	<u>2,580,796</u>	<u>-</u>	<u>2,580,796</u>	<u>2,457,266</u>
Change in net assets	198,141	14,731	212,872	253,851
Change in net assets -				
Attributable to noncontrolling interests	<u>(177,282)</u>	<u>-</u>	<u>(177,282)</u>	<u>(161,337)</u>
Change in net assets -				
Attributable to Volunteer Ministry Center, Inc.	<u>\$ 375,423</u>	<u>\$ 14,731</u>	<u>\$ 390,154</u>	<u>\$ 415,188</u>

The accompanying notes are an integral part of the financial statements.

**VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES**

Consolidated Statements of Changes in Net Assets  
For the Years Ended December 31, 2019 and 2018

	<u>Volunteer Ministry Center Inc., and Subsidiaries</u>				
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Noncontrolling Interests</u>	<u>Total Net Assets</u>
Balance at December 31, 2017	\$ 5,816,383	\$ 23,130	\$ 5,839,513	\$ 2,315,285	\$ 8,154,798
Distributions	-	-	-	(5,000)	(5,000)
Change in net assets	<u>402,981</u>	<u>12,207</u>	<u>415,188</u>	<u>(161,337)</u>	<u>253,851</u>
Balance at December 31, 2018	6,219,364	35,337	6,254,701	2,148,948	8,403,649
Distributions	-	-	-	(5,000)	(5,000)
Change in net assets	<u>375,423</u>	<u>14,731</u>	<u>390,154</u>	<u>(177,282)</u>	<u>212,872</u>
Balance at December 31, 2019	<u>\$ 6,594,787</u>	<u>\$ 50,068</u>	<u>\$ 6,644,855</u>	<u>\$ 1,966,666</u>	<u>\$ 8,611,521</u>

The accompanying notes are an integral part of the financial statements.

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 212,872	\$ 253,851
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	342,667	332,574
Amortization of deferred financing fees	8,190	8,190
Net endowment fund income	(504)	670
Change in operating assets and liabilities		
Grants receivable	(208,816)	(16,260)
Prepaid expenses and other current assets	(15,312)	(1,876)
Accounts payable and accrued expenses	27,726	33,564
Deferred revenue	869	(6,124)
Net cash flows from operating activities	<u>367,692</u>	<u>604,589</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(773,446)	(73,485)
Proceeds from sale of investments	66,908	-
Purchase of investments	-	(388,938)
Net change in restricted deposits and funded reserves	<u>30,573</u>	<u>1,458</u>
Net cash flows from investing activities	<u>(675,965)</u>	<u>(460,965)</u>
Cash Flows From Financing Activities		
Proceeds from line of credit	142,998	-
Distribution of capital to noncontrolling interest	<u>(5,000)</u>	<u>(5,000)</u>
Net cash flows from financing activities	<u>137,998</u>	<u>(5,000)</u>
Net change in cash and cash equivalents	(170,275)	138,624
Cash and Cash Equivalents at the Beginning of Year	<u>399,421</u>	<u>260,797</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 229,146</u>	<u>\$ 399,421</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Interest paid	<u>\$ 360</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Donated services and supplies	<u>\$ 201,958</u>	<u>\$ 209,276</u>

The accompanying notes are an integral part of the financial statements.

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

## Consolidated Statements of Functional Expenses

For the Year Ended December 31, 2019

	Program Expenses										
	Bush Family Refuge	Resource Center	Minvilla Manor Resident Services	Clinic	Street Outreach and Low Barrier	Total VMC Program Expenses	Minvilla Manor Apts	Total 2019 Program Expenses	Management and General	Fundraising/ Development Expenses	Total 2019 Expenses
Salaries, wages, and benefits	\$ 55,103	\$ 456,983	\$ 174,131	\$ 84,896	\$ 169,173	\$ 940,286	\$ 169,777	\$ 1,110,063	\$ 105,061	\$ 51,032	\$ 1,266,156
Payroll taxes	3,529	29,280	11,159	3,846	10,835	58,649	12,906	71,555	6,880	3,268	81,703
Office supplies and expense	2,156	9,062	2,384	1,259	3,405	18,266	3,092	21,358	6,283	2,877	30,518
Information technology	735	4,265	868	879	1,892	8,639	4,396	13,035	1,833	2,230	17,098
Insurance	1,884	7,379	-	1,570	1,570	12,403	11,551	23,954	2,669	628	27,251
Professional fees	1,607	1,607	1,071	1,071	-	5,356	14,930	20,286	3,749	1,607	25,642
Taxes & licenses	-	130	-	-	-	130	10,627	10,757	416	20	11,193
Telephone	1,979	4,147	33	283	2,149	8,591	6,156	14,747	2,168	848	17,763
Utilities	7,588	30,355	-	6,422	-	44,365	83,372	127,737	11,091	2,919	141,747
Building security	335	1,340	-	283	60	2,018	-	2,018	490	129	2,637
Printing and video	1,831	1,831	1,831	1,831	654	7,978	-	7,978	1,831	3,270	13,079
Postage	471	784	94	220	-	1,569	11	1,580	941	627	3,148
Travel and meetings	-	585	116	101	160	962	4,645	5,607	13,589	1,480	20,676
Direct assistance	100,996	116,514	11,510	91,384	42,817	363,221	-	363,221	-	-	363,221
Maintenance and repairs	4,386	25,549	702	4,823	3,620	39,080	39,281	78,361	6,492	3,412	88,265
Miscellaneous	112	467	100	938	1,473	3,090	677	3,767	2,984	6,354	13,105
Interest expense	-	-	-	-	358	358	8,410	8,768	2	-	8,770
Direct program expense	33,021	-	-	-	-	33,021	-	33,021	-	-	33,021
Professional development	-	-	-	143	760	903	-	903	805	418	2,126
Fundraising events	-	-	-	-	-	-	-	-	-	42,977	42,977
Minvilla management fees	-	-	-	-	-	-	28,032	28,032	-	-	28,032
Grants to Minvilla	-	-	62,993	-	-	62,993	(62,993)	-	-	-	-
Depreciation and amortization	15,956	63,824	-	13,501	3,498	96,779	216,432	313,211	23,320	6,137	342,668
<b>Total Expenses</b>	<b>\$ 231,689</b>	<b>\$ 754,102</b>	<b>\$ 266,992</b>	<b>\$ 213,450</b>	<b>\$ 242,424</b>	<b>\$ 1,708,657</b>	<b>\$ 551,302</b>	<b>\$ 2,259,959</b>	<b>\$ 190,604</b>	<b>\$ 130,233</b>	<b>\$ 2,580,796</b>

The accompanying notes are an integral part of these financial statements.



# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

## Consolidated Statements of Functional Expenses

For the Year Ended December 31, 2018

	Program Expenses										
	Bush Family Refuge	Resource Center	Minvilla Manor Resident Services	Clinic	Street. Outreach and Low Barrier Shelter	Total VMC Program Expenses	Minvilla Manor Apts	Total 2018 Program Expenses	Management and General	Fundraising/ Development Expenses	Total 2018 Expenses
Salaries, wages, and benefits	\$ 69,995	\$ 500,472	\$ 148,298	\$ 85,471	\$ 58,621	\$ 862,857	\$ 183,903	\$ 1,046,760	\$ 90,205	\$ 53,518	\$ 1,190,483
Payroll taxes	3,769	30,156	10,052	3,141	6,911	54,029	13,842	67,871	5,654	3,141	76,666
Office supplies and expense	2,653	7,253	1,601	687	931	13,125	1,345	14,470	3,637	1,697	19,804
Information technology	4,988	15,033	1,920	1,579	1,128	24,648	3,886	28,534	3,140	4,316	35,990
Insurance	1,851	7,403	-	1,566	-	10,820	11,597	22,417	2,705	712	25,834
Professional fees	1,600	1,600	1,067	1,067	-	5,334	15,202	20,536	3,733	1,600	25,869
Taxes & licenses	-	65	-	-	-	65	7,292	7,357	414	20	7,791
Telephone	1,916	4,075	-	274	1,528	7,793	5,672	13,465	2,098	821	16,384
Utilities	7,341	29,363	-	6,211	-	42,915	79,326	122,241	10,729	2,823	135,793
Building security	353	1,412	-	299	-	2,064	-	2,064	516	136	2,716
Printing and video	2,771	2,771	2,771	2,771	-	11,084	-	11,084	2,771	4,619	18,474
Postage	685	1,142	137	320	-	2,284	30	2,314	1,370	913	4,597
Travel and meetings	12	224	60	49	295	640	3,180	3,820	12,970	437	17,227
Direct assistance	94,862	138,353	11,053	84,748	642	329,658	-	329,658	-	-	329,658
Maintenance and repairs	5,041	24,675	4,049	3,392	901	38,058	26,764	64,822	4,597	1,177	70,596
Miscellaneous	4	826	79	382	738	2,029	1,539	3,568	5,672	20	9,260
Interest expense	-	-	-	-	-	-	8,190	8,190	-	-	8,190
Direct program expense	43,936	-	-	-	-	43,936	-	43,936	-	-	43,936
Professional development	-	10	-	79	-	89	-	89	2,517	397	3,003
Fundraising events	-	-	-	-	-	-	-	-	-	53,213	53,213
Minvilla management fees	-	-	-	-	-	-	29,208	29,208	-	-	29,208
Grants to Minvilla	-	-	60,570	-	-	60,570	(60,570)	-	-	-	-
Depreciation	13,680	61,438	-	17,876	44	93,038	214,280	307,318	19,994	5,262	332,574
<b>Total Expenses</b>	<b>\$ 255,457</b>	<b>\$ 826,271</b>	<b>\$ 241,657</b>	<b>\$ 209,912</b>	<b>\$ 71,739</b>	<b>\$ 1,605,036</b>	<b>\$ 544,686</b>	<b>\$ 2,149,722</b>	<b>\$ 172,722</b>	<b>\$ 134,822</b>	<b>\$ 2,457,266</b>

The accompanying notes are an integral part of these financial statements.

# VOLUNTEER MINISTRY CENTER, INC.AND SUBSIDIARIES

## Notes to the Financial Statements

### NOTE 1 – NATURE OF ACTIVITIES

Volunteer Ministry Center, Inc. (VMC or The Company) is a non-profit corporation with a mission to facilitate permanent supportive housing for those who are homeless, to provide services to prevent homelessness and to support other people within the community who are in crisis. VMC works in cooperation with the Knoxville religious community, local, state, and federal governments, and other caring individuals, businesses and groups to accomplish its “Housing First” approach and to provide other essential services such as food, day shelter, counseling, dental exams, and case management.

As part of its mission, VMC developed Minvilla Manor, a 57-unit apartment complex located in Knoxville, Tennessee. Minvilla Manor provides permanent housing for formerly homeless individuals. The units are rent-subsidized by the local housing authority and all tenants must have verifiable income. The Minvilla Manor property is owned by Minvilla Manor, GP (a general partnership) and operated by Minvilla Manor MT, LP (a limited partnership). Minvilla Manor was acquired, developed, and is operated under the low-income housing tax credit program (See Note 12).

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** – VMC prepares its consolidated financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Basis of Presentation** – Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board may designate a portion of these assets for specific purposes which will make them unavailable for use at management’s discretion.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Certain net assets may be subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Company reports gifts of cash or other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions without donor restrictions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future years or restricted by the donor for specific purposes are reported as donor restricted support that increases that net asset classification.

**Principles of Consolidation** – The consolidated financial statements include the accounts of VMC, its subsidiary, Minvilla Manor, GP, Inc. (a Tennessee corporation), and Minvilla Manor, LP and Minvilla Manor MT, LP. VMC is the sole owner of Minvilla Manor, GP, Inc., which serves as the general partner of Minvilla Manor, LP and Minvilla Manor MT, LP. All significant intercompany balances and transactions have been eliminated in consolidation

## VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

### Notes to the Financial Statements

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

**Presentation of Financial Statements of Not-for-Profit Entities** – Effective August 2017, the FASB issued Accounting Standard Update (ASU) 2016-14, “*Presentation of Financial Statements of Not-for-Profit Entities*” (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions;” (b) modifying the presentation of underwater endowment funds and related disclosures; (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise; (d) requiring that all nonprofits present as analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs; (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (f) presenting investment return net of external and direct internal investment expenses; and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit statements.

**Noncontrolling Interests** – Noncontrolling interests consist of the 84.99% and 99.99% ownership by the limited partners of Minvilla Manor, LP and Minvilla Manor MT, LP, respectively. The noncontrolling interests have been aggregated and separately identified in the equity section of the consolidated statements of financial position. Earnings from the noncontrolling interests have also been separately classified in the consolidated statements of activities.

**Public Support and Revenues** – Contributions and revenue received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any donor restrictions. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted support.

**Rental Revenue** - Rental revenue is recognized when earned. VMC receives rental revenue from the tenants of Minvilla Manor as well as from leases of office space to other nonprofit organizations. All leases are operating leases.

**Deferred Revenue** – Revenue received for future fundraising events is deferred and recognized in the period in which the events take place. Rental payments received in advance are deferred until earned.

**Cash and Cash Equivalents** - The Company considers all money market accounts and highly liquid debt instruments with maturity of 90 days or less to be cash equivalents. The Company maintains at various financial institutions cash accounts which may exceed federally insured amounts and which may at times exceed balance sheet amounts due to outstanding checks.

**Fair Value Measurements** – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a fair value hierarchy, which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

## VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

### Notes to the Financial Statements

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

**Property and Equipment** – Property and equipment is recorded at cost, or if donated, at fair market value on the date of the gift. It is the Company's policy to capitalize property and equipment with a cost of \$1,000 or more. Lesser amounts are expensed. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets (three to forty years). Depreciation expense was \$341,147 and \$324,272 for the years ended December 31, 2019 and 2018, respectively. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in operations for the period. The cost of repairs and maintenance is charged to expense as incurred.

VMC reviews its investment in the real estate of Minvilla Manor for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized for the years ended December 31, 2019 and 2018, respectively.

**Amortization of Intangible Assets** – Monitoring fees for monitoring low-income housing tax compliance are being amortized over fifteen years. Amortization expense for 2019 and 2018 was \$1,520. Estimated amortization expense for each of the next five years through December 31, 2020 is \$1,520 annually.

**Deferred Financing Fees** - Deferred financing fees of \$122,857, the cost to issue the bonds and to obtain the debt related to Minvilla Manor are being amortized to interest expense on a straight-line basis over fifteen years. Interest expense from the amortization of these fees totaled \$8,190 for both 2019 and 2018. Estimated interest expense from the amortization of these fees is estimated to be \$8,190 annually for each of the next five years.

The long-term portion of notes payable is presented on the balance sheet net of the unamortized portion of these fees which totaled \$49,004 and \$57,194 for the years ended December 31, 2019 and 2018, respectively, as further disclosed in note 7.

**Donated Services and Materials** – VMC recognizes revenue for donated services requiring expertise at the fair value of those services. The Company also recognizes revenue for specific donations of supplies, program materials, and property/equipment.

Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to assist in all of VMC's programs, particularly in providing counsel and meals to individuals in need, and assistance with administrative functions. The value of this contributed time is not reflected in these consolidated financial statements since these services do not satisfy the criteria for recognition under generally accepted accounting principles.

**Tax-exempt Status** – VMC is a not-for-profit organization that is exempt from federal income tax under Code Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. In addition, the Company qualifies for the charitable contributions deduction under Section 170(b)(1)(A). During the years ended December 31, 2019 and 2018, the organization had no activities unrelated to its exempt purpose, and therefore, incurred no tax liability due to unrelated business income.

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

## Notes to the Financial Statements

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The Organization accounts for uncertain tax positions using a two-step approach. The first step is to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step is to measure and recognize in the financial statements the largest amount of benefit that is greater than 50% likely of being realized upon the ultimate settlement. The organization had no uncertain tax positions that required significant adjustments to the financial statements as of December 31, 2019 and 2018.

Income taxes related to income earned from operations at Minvilla Manor are levied on the limited partners at the general partnership level. Accordingly, no provision for income taxes is reflected in the accompanying consolidated financial statements. The Partnership's tax returns are subject to examination by the taxing authorities for a period of three years. If such examinations were to result in changes to the Partnership income tax returns, taxable income or loss as reported by each of the partners could be affected accordingly. While no income tax returns are currently being examined by the taxing authorities, tax years since 2014 remain open.

**Use of Estimates** – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses** – The Center's expenses are presented on a functional basis, showing basic program activities and support services. The Center incurs costs and expenses related to its program services and supporting activities. Expenses that are directly related to, and can be assigned to, program services or a single supporting activity are charged directly to such function. Expenses that are related to more than one function are allocated between the appropriate functions. The most significant of the Center's joint costs are the costs associated with salaries, payroll taxes, employee benefits, and grants. The Center allocates these joint costs primarily using proportional methods based on the programs and supporting services benefited.

**Measurement of Operations** – The Foundation's operating revenues in excess of expenses and transfers includes; (1) all operating revenues and expenses that are an integral part of its programs and supporting activities; (2) net assets released from donor restrictions to support operating expenditures; and (3) any transfers from board-designated and other non-operating funds to support current operating activities. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions.

**Subsequent Events** – The Center has evaluated subsequent events for potential recognition and disclosure through May 22, 2020, the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact contribution revenue. Other financial impact could occur though such potential impact is unknown at this time. Management has evaluated the activity of the organization through May 22, 2020 and has concluded that no events have occurred after December 31, 2019 that would require recognition in the financial statements.

On April 15, 2020, the Center received \$217,842 in the form of a forgivable loan from the U.S. Small Business Administration Payroll Protection Program. The loan funds can also be used to pay payroll and related expenses, interest on mortgages, rent and utilities. For the loan to be forgiven, all loan funds must be expended within 8 weeks of the loan date and 75% of the funds must be used to for payroll. Any funds not used for a qualifying purpose or used within this timeframe will not be forgiven and will be repayable with interest at 1% two years from the date of the loan.

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

## Notes to the Financial Statements

### NOTE 3 – RESTRICTED CASH

Restricted cash is comprised of tenant security deposits and the operating reserves as defined in the Partnership agreements of Minvilla Manor, LP and Minvilla Manor MT, LP. As of December 31, 2019, the restricted cash balances totaled \$191,827 and were made up of \$2,650 in tenant security deposits and \$189,177 in operating reserves. As of December 31, 2018, the restricted cash balances totaled \$222,400 and were made up of \$2,650 in tenant security deposits and \$219,750 in operating reserves.

### NOTE 4 - INVESTMENTS

Investments at December 31, 2019 and 2018 consisted of bond mutual funds of \$322,030 and \$388,938, respectively. The funds are reflected at their published net asset value at December 31 which is considered a level 1 fair value measurement.

### NOTE 5 – EAST TENNESSEE FOUNDATION ENDOWMENT FUND

In December of 2012, a donor contributed \$5,000 to East Tennessee Foundation to create the Volunteer Ministry Center, Inc. Endowment Fund (the Fund). East Tennessee Foundation will hold manage, invest, and administer all contributions to the Fund, and make any and all distributions from the Fund. Consistent with the Foundation Board's discretion, only the net income, or an amount equal to the annual spending rate (percentage of market value), shall be distributed to VMC each year (Annual Distribution Amount). Also, VMC may request a distribution of all or some portion of the Fund in excess of the Annual Distribution Amount, which request is subject to the approval of the Foundation. There were no distributions from the Fund for the years ended December 31, 2019 and 2018 respectively.

The Volunteer Ministry Center, Inc. Endowment Fund is held in East Tennessee Foundation's long-term commingled investment fund, which is a unitized investment pool. The VMC Endowment Fund has a pro-rata share of the overall pool that is accounted for separately. East Tennessee Foundation adopted FASB ASC 820-10, Fair Value Measurements, which establishes a three-level hierarchy for fair value measurements based upon transparency of inputs to the valuation of an asset or liability and whether they are observable or unobservable. The VMC Endowment fund is considered a level 2 investment and the fair value of the Fund was \$5,075 and \$4,571 for the years ended December 31, 2019 and 2018 were, respectively. Net investment income or (loss) for the Fund was \$504 in 2019 and (\$670) in 2018 and is included in investment income in the Consolidated Statements of Activities.

### NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following major classifications:

	<u>2019</u>	<u>2018</u>
Land	\$ 691,872	\$ 573,607
Land improvements	418,945	329,882
Buildings	10,388,928	9,935,415
Vehicles	33,583	33,583
Furniture, fixtures and equipment	<u>751,960</u>	<u>639,355</u>
	12,285,288	11,511,842
Less accumulated depreciation	<u>(3,180,250)</u>	<u>(2,839,103)</u>
	<u>\$ 9,105,038</u>	<u>\$ 8,672,739</u>

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

## Notes to the Financial Statements

### NOTE 7 – LINE OF CREDIT

VMC has a \$400,000 line of credit with a financial institution which accrues interest at a variable rate based on the financial institution's base rate (4.75% at December 31, 2019). Interest is due and payable monthly with principal payments as funds are available, or upon demand. The outstanding balance on the line as of December 31, 2019 and 2018 was \$142,998 and \$0, respectively. This agreement is renewable annually and expires August 12, 2020. The line is secured by the first Deed of Trust on the land and building at 511 North Broadway in Knoxville, Tennessee.

### NOTE 8 – NOTES PAYABLE

**FHLB Note Payable** - During 2010, Volunteer Ministry Center, Inc. entered into an Affordable Housing Program Agreement (Rental Project) with Federal Home Loan Bank of Atlanta for funding to be used for Minvilla Manor. Under the agreement, Federal Home Loan Bank provided a deferred and forgivable loan of \$500,000. Minvilla Manor was completed in October, 2010 and the funds were received from Federal Home Loan Bank through Regions Bank. Assuming that VMC and the Minvilla Manor Project meet all terms of the Affordable Housing Program Agreement and other requirements of Federal Home Loan Bank, the loan will be forgiven at the end of the fifteen-year retention period. If the requirements are not met during the retention period, the loan must be paid in full to Regions Bank/Federal Home Loan Bank. During the fifteen-year retention period, Regions Bank will hold a Deed of Trust on the Minvilla Manor Property.

**THDA Note Payable** - The Company has a promissory note payable, dated December 13, 2010 in the amount of \$819,195 to the Tennessee Housing Development Agency (THDA). The proceeds of this loan were used to develop the Minvilla Manor project. The balance of this note for the years ended December 31, 2019 and 2018 was \$819,195 for both years. This note is non-interest bearing and is repayable in full on December 13, 2040. If the Company fails to comply with the Tax Credit Program requirements, the note will be considered in default and will be due immediately. The note is secured by a deed of trust on the Property.

A summary of the notes payable described above as of December 31, 2019 and 2018 is as follows:

	2019	2018
THDA note payable	\$ 819,195	\$ 819,195
FHLB note payable	500,000	500,000
Total notes payable	1,319,195	1,319,195
Less current portion of notes payable	-	-
	1,319,195	1,319,195
Less unamortized deferred financing fees	(49,003)	(57,193)
Long-term portion of notes payable	<u>\$ 1,270,192</u>	<u>\$ 1,262,002</u>

### NOTE 9 – RETIREMENT PLAN

Eligible employees of VMC are permitted to participate in a SIMPLE IRA retirement plan. Participants may elect to make contributions of up to the maximum permitted by IRS regulations. VMC matched employee contribution up to 3% of compensation. Retirement expense was \$16,989 for 2019 and \$14,410 for 2018, and is included in fringe benefits in the consolidated statements of functional expenses.

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

## Notes to the Financial Statements

### NOTE 10 – DONATED SERVICE/SUPPLIES

The fair value of donated services/supplies included as contributions in these consolidated financial statements and the corresponding program expenses are as follows for 2019:

	<u>Refuge</u>	<u>Resource Center</u>	<u>Minvilla Manor</u>	<u>Clinic</u>	<u>Total</u>
Program:					
Food and clothing	\$ 17,879	\$ 40,480	\$ -	\$ -	\$ 58,359
Medical	23,850	52,503	-	42,606	118,959
Holiday gifts	20,100	-	4,540	-	24,640
	<u>\$ 61,829</u>	<u>\$ 92,983</u>	<u>\$ 4,540</u>	<u>\$ 42,606</u>	<u>\$ 201,958</u>

The fair value of donated services/supplies included as contributions in these consolidated financial statements and the corresponding program expenses are as follows for 2018:

	<u>Refuge</u>	<u>Resource Center</u>	<u>Minvilla Manor</u>	<u>Clinic</u>	<u>Total</u>
Program:					
Food and clothing	\$ 12,777	\$ 56,648	\$ -	\$ -	\$ 69,425
Medical	23,700	52,503	-	38,188	114,391
Holiday gifts	21,450	-	4,010	-	25,460
	<u>\$ 57,927</u>	<u>\$ 109,151</u>	<u>\$ 4,010</u>	<u>\$ 38,188</u>	<u>\$ 209,276</u>

### NOTE 11 – RENTAL REVENUE UNDER OPERATING LEASES

The Company leases office space at their primary place of business which generates revenue under two operating leases. These leases expire at various dates through October 31, 2020. The future expected revenues under these noncancelable operating leases as of December 31, 2020, is \$22,200. Rental revenue recognized from noncancelable operating leases was \$22,200 for 2019 and \$21,200 for 2018.

### NOTE 12 – TENANT RENT AND TENANT ASSISTANCE VOUCHERS AND PAYMENTS

Revenue attributable to Tenant Assistance Vouchers was made available to qualified tenants through funds provided by the Department of Housing and Urban Development (HUD):

	<u>2019</u>	<u>2018</u>
Rental revenue	\$ 388,431	\$ 403,134
Tenant assistance vouchers	268,177	272,044

The continued availability of these payments is dependent upon HUD continuing to receive adequate funding for this program and is subject to annual appropriations by Congress. The HUD contract expires on September 30, 2022.



## VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

### Notes to the Financial Statements

#### NOTE 13 – LOW-INCOME HOUSING TAX CREDITS COMPLIANCE CONTINGENCIES

The Company was allocated low-income housing tax credits by the Tennessee Housing Development Agency amounting to \$2,935,720. As of December 31, 2019, \$1,840,404 of the credits have been utilized by the partners. The remaining credits are expected to be available over the next five years.

The project's low-income housing tax credits are contingent on its ability to maintain compliance with provisions of Internal Revenue Code Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital of the limited partners. These restrictions have been attached to the deed for the land and building.

#### NOTE 14 – CONCENTRATION OF RISK

Volunteer Ministry Center, Inc. received approximately 24% of its operating income in 2019 from contributions and private grants. In 2018, 23% of its operating income came from contributions and private grants. If a significant reduction of any of these levels of support were to occur, this could have a material impact upon the operations of VMC.

Volunteer Ministry Center, Inc. receives approximately 16% of its operating income from rental revenue related to the operations of Minvilla Manor. Future operations could be affected by changes in economic or other conditions in the Knoxville, Tennessee area or by changes in the demand for such housing. Operations are concentrated in the multifamily real estate market, which is a heavily regulated environment. Operations are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice of inadequate funding to pay for related cost, including the additional administrative burden, to comply with a change.

#### NOTE 15 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

The following program and supporting services are included in the accompanying consolidated financial statements:

*Bush Family Refuge* – Staffed by a full-time Refuge Director and by trained community volunteers, this program serves individuals who are homeless or may be at risk of losing their homes. These individuals and families may be provided with assistance and/or are linked to community agencies for resources such as food, shelter, clothing, medical services, and legal services.

*Resource Center* – Provides a “Housing First” approach to ending homelessness by assisting clients in obtaining permanent supportive housing, and by providing a case management relationship while in housing to ensure success. Also, the program provides daily supportive services to homeless individuals, including access to free showers, laundry facilities, computers, telephones, and mail services. In addition to meals and other services, the day resource center offers day time shelter and protection for people during the heat of the summer and the cold of the winter.

*Clinic* – General dental services provided by volunteer dental professionals. Care is offered to homeless and low-income on a first-come, first-served basis free of charge.

## VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

### Notes to the Financial Statements

#### NOTE 15 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES, Continued

*Low Barrier, Housing Focused Shelter* - As a collaborative effort between the Salvation Army and Volunteer Ministry Center, proposed is the operation of a low-barrier, housing focused overnight emergency shelter for 40 individuals experiencing homelessness and who are not accessing a traditional emergency shelter. Volunteer Ministry Center operates the shelter while utilizing a building on the campus of the Salvation Army.

*Street Outreach* - Volunteer Ministry Center provides street outreach social service workers to persons experiencing homelessness on the streets in the Knoxville community with two (2) outcomes, short and long term. First, connect individuals and families experiencing homelessness with a housing case manager to develop a housing case plan and other social services (short-term); and secondly, empower and assist individuals and families to achieve and sustain permanent housing (long term). Thus, street to home.

*Minvilla Manor* – Provides apartment units for permanent supportive housing for formerly homeless individuals. These units are rent subsidized by the local housing authority and all tenants must have some verifiable income.

*Management and General* – Includes the functions necessary to manage the financial and budgetary responsibilities of VMC.

*Fundraising/Development* – Provides the structure necessary to encourage and secure financial support from government agencies, foundations, churches, individuals, and businesses, and to increase visibility and awareness in the community.

#### NOTE 16 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Company's financial assets available within one year of the consolidated statements of financial position as of December 31, 2019 for general expenditures are as follows:

Financial Assets:	<u>2019</u>
Cash and cash equivalents	\$ 229,146
Other current assets	30,020
Grant receivables	<u>259,592</u>
Total financial assets available within one year	518,758
Less: Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	<u>(50,068)</u>
Total amounts available for general expenditures within one year	<u>\$ 468,690</u>

As part of the Company's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Company maintains a limited amount of cash in the form of money market funds, a cash equivalent, in the various short-term investment accounts.

## **SUPPLEMENTAL INFORMATION**

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

Consolidating Schedule of the Statements of Financial Position

December 31, 2019

	Volunteer <u>Ministry Center, Inc.</u>	Minvilla <u>Manor, GP</u>	Minvilla <u>Manor, LP</u>	Minvilla <u>Manor MT, LP</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 191,409	\$ 17,568	\$ 19,077	\$ 1,092	\$ -	\$ 229,146
Restricted cash	44,991	-	61,164	85,672	-	191,827
Grants receivable	259,592	23,929	-	-	(23,929)	259,592
Prepaid expenses and other current assets	<u>27,490</u>	<u>1,000</u>	<u>-</u>	<u>1,530</u>	<u>-</u>	<u>30,020</u>
Total current assets	<u>523,482</u>	<u>42,497</u>	<u>80,241</u>	<u>88,294</u>	<u>(23,929)</u>	<u>710,585</u>
Property and Equipment, net	<u>3,972,028</u>	<u>-</u>	<u>5,133,010</u>	<u>-</u>	<u>-</u>	<u>9,105,038</u>
Other Assets						
Intangible assets, net	-	-	32,094	-		32,094
Notes receivable	2,196,073	-	-	-	(2,196,073)	-
Investments	322,030				-	322,030
Investments in related entities	420,783	347,787	-	1,268,401	(2,036,971)	-
Endowment investment	<u>5,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,075</u>
Total other assets	<u>2,943,961</u>	<u>347,787</u>	<u>32,094</u>	<u>1,268,401</u>	<u>(4,233,044)</u>	<u>359,199</u>
Total assets	<u>\$ 7,439,471</u>	<u>\$ 390,284</u>	<u>\$ 5,245,345</u>	<u>\$ 1,356,695</u>	<u>\$ (4,256,973)</u>	<u>\$ 10,174,822</u>

See Independent Auditor's Report

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

Consolidating Schedule of the Statement of Financial Position

December 31, 2019

	Volunteer <u>Ministry Center, Inc.</u>	Minvilla <u>Manor, GP</u>	Minvilla <u>Manor, LP</u>	Minvilla <u>Manor MT, LP</u>	<u>Eliminations</u>	<u>Total</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Current Liabilities						
Accounts payable and accrued expenses	\$ 92,886	\$ -	\$ 6,027	\$ 44,313	\$ (23,929)	\$ 119,297
Deferred revenue	28,164	-	-	-	-	28,164
Line of credit	142,998	-	-	-	-	142,998
Note payable, current	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>264,048</u>	<u>-</u>	<u>6,027</u>	<u>44,313</u>	<u>(23,929)</u>	<u>290,459</u>
Long-Term Liabilities						
Tenant security deposits	-	-	-	2,650	-	2,650
Notes payable, long-term	<u>500,000</u>	<u>-</u>	<u>2,966,265</u>	<u>-</u>	<u>(2,196,073)</u>	<u>1,270,192</u>
Total long-term liabilities	<u>500,000</u>	<u>-</u>	<u>2,966,265</u>	<u>2,650</u>	<u>(2,196,073)</u>	<u>1,272,842</u>
Total liabilities	<u>764,048</u>	<u>-</u>	<u>2,972,292</u>	<u>46,963</u>	<u>(2,220,002)</u>	<u>1,563,301</u>
Net Assets						
Without donor restrictions	6,625,355	390,284	1,272,353	343,766	(2,036,971)	6,594,787
With donor restrictions	50,068	-	-	-	-	50,068
Noncontrolling interests	<u>-</u>	<u>-</u>	<u>1,000,700</u>	<u>965,966</u>	<u>-</u>	<u>1,966,666</u>
Total net assets	<u>6,675,423</u>	<u>390,284</u>	<u>2,273,053</u>	<u>1,309,732</u>	<u>(2,036,971)</u>	<u>8,611,521</u>
Total liabilities and net assets	<u>\$ 7,439,471</u>	<u>\$ 390,284</u>	<u>\$ 5,245,345</u>	<u>\$ 1,356,695</u>	<u>\$ (4,256,973)</u>	<u>\$ 10,174,822</u>

See Independent Auditor's Report

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

Consolidating Schedule of the Statements of Financial Position

December 31, 2018

	Volunteer <u>Ministry Center, Inc.</u>	Minvilla <u>Manor, GP</u>	Minvilla <u>Manor, LP</u>	Minvilla <u>Manor MT, LP</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 353,617	\$ 19,401	\$ 14,901	\$ 11,502	\$ -	\$ 399,421
Restricted cash	30,530	-	75,739	116,131	-	222,400
Grants and accounts receivable	38,753	25,105	-	12,023	(25,105)	50,776
Prepaid expenses and other current assets	<u>13,724</u>	<u>984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,708</u>
Total current assets	<u>436,624</u>	<u>45,490</u>	<u>90,640</u>	<u>139,656</u>	<u>(25,105)</u>	<u>687,305</u>
Property and Equipment, net	<u>3,346,332</u>	<u>-</u>	<u>5,326,407</u>	<u>-</u>	<u>-</u>	<u>8,672,739</u>
Other Assets						
Intangible assets, net	-	-	33,614	-	-	33,614
Notes receivable	2,280,073	-	-	-	(2,280,073)	-
Investments	388,938	-	-	-	-	388,938
Investments in related entities	420,783	344,330	-	1,287,035	(2,052,148)	-
Endowment investment	<u>4,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,571</u>
Total other assets	<u>3,094,365</u>	<u>344,330</u>	<u>33,614</u>	<u>1,287,035</u>	<u>(4,332,221)</u>	<u>427,123</u>
Total assets	<u>\$ 6,877,321</u>	<u>\$ 389,820</u>	<u>\$ 5,450,661</u>	<u>\$ 1,426,691</u>	<u>\$ (4,357,326)</u>	<u>\$ 9,787,167</u>

See Independent Auditor's Report

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

Consolidating Schedule of the Statement of Financial Position

December 31, 2018

	Volunteer <u>Ministry Center, Inc.</u>	Minvilla <u>Manor, GP</u>	Minvilla <u>Manor, LP</u>	Minvilla <u>Manor MT, LP</u>	<u>Eliminations</u>	<u>Total</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
<b>Current Liabilities</b>						
Accounts payable and accrued expenses	\$ 64,313	\$ -	\$ 11,302	\$ 41,061	\$ (25,105)	\$ 91,571
Deferred revenue	27,295	-	-	-	-	27,295
Note payable, current	-	-	-	-	-	-
Total current liabilities	<u>91,608</u>	<u>-</u>	<u>11,302</u>	<u>41,061</u>	<u>(25,105)</u>	<u>118,866</u>
<b>Long-Term Liabilities</b>						
Tenant security deposits	-	-	-	2,650	-	2,650
Notes payable, long-term	<u>500,000</u>	<u>-</u>	<u>3,042,075</u>	<u>-</u>	<u>(2,280,073)</u>	<u>1,262,002</u>
Total long-term liabilities	<u>500,000</u>	<u>-</u>	<u>3,042,075</u>	<u>2,650</u>	<u>(2,280,073)</u>	<u>1,264,652</u>
Total liabilities	<u>591,608</u>	<u>-</u>	<u>3,053,377</u>	<u>43,711</u>	<u>(2,305,178)</u>	<u>1,383,518</u>
<b>Net Assets</b>						
Without donor restrictions	6,250,377	389,820	1,291,000	340,316	(2,052,148)	6,219,365
With donor restrictions	35,336	-	-	-	-	35,336
Noncontrolling interests	<u>-</u>	<u>-</u>	<u>1,106,284</u>	<u>1,042,664</u>	<u>-</u>	<u>2,148,948</u>
Total net assets	<u>6,285,713</u>	<u>389,820</u>	<u>2,397,284</u>	<u>1,382,980</u>	<u>(2,052,148)</u>	<u>8,403,649</u>
Total liabilities and net assets	<u>\$ 6,877,321</u>	<u>\$ 389,820</u>	<u>\$ 5,450,661</u>	<u>\$ 1,426,691</u>	<u>\$ (4,357,326)</u>	<u>\$ 9,787,167</u>

See Independent Auditor's Report

# VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

Consolidating Schedules of the Statement of Activities

December 31, 2019

	Volunteer <u>Ministry Center, Inc.</u>	Minvilla <u>Manor, GP</u>	Minvilla <u>Manor, LP</u>	Minvilla <u>Manor MT, LP</u>	<u>Eliminations</u>	<u>Total</u>
Revenue, gains, and other support						
Contributions and pledges	\$ 481,648	\$ -	\$ -	\$ -	\$ -	\$ 481,648
Foundations	184,915	-	-	-	-	184,915
United Way grants	180,393	-	-	-	-	180,393
Government grants	899,022	-	-	62,993	(62,993)	899,022
Fundraising revenue	329,101	-	-	-	-	329,101
Rental revenue - leases	22,200	-	107,500	-	(107,500)	22,200
Net rental revenue - Minvilla Manor	62,993	-	-	388,431	-	451,424
Miscellaneous revenue	10,640	-	-	5,475	-	16,115
Investment income	26,892	-	-	-	-	26,892
Management fees	19,440	23,929	-	-	(43,369)	-
In-kind donations	<u>201,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,958</u>
Total revenue, gains, and other support	<u>2,419,202</u>	<u>23,929</u>	<u>107,500</u>	<u>456,899</u>	<u>(213,862)</u>	<u>2,793,668</u>
Expenses						
Program expenses	1,708,656	23,465	231,731	509,969	(213,862)	2,259,959
Management and general	190,604	-	-	-	-	190,604
Fundraising/development expenses	<u>130,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,233</u>
Total expenses	<u>2,029,493</u>	<u>23,465</u>	<u>231,731</u>	<u>509,969</u>	<u>(213,862)</u>	<u>2,580,796</u>
Change in net assets	<u>\$ 389,709</u>	<u>\$ 464</u>	<u>\$ (124,231)</u>	<u>\$ (53,070)</u>	<u>\$ -</u>	<u>\$ 212,872</u>

See Independent Auditor's Report



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December 31, 2018

	Volunteer <u>Ministry Center, Inc.</u>	Minvilla <u>Manor, GP</u>	Minvilla <u>Manor, LP</u>	Minvilla <u>Manor MT, LP</u>	<u>Eliminations</u>	<u>Total</u>
Revenue, gains, and other support						
Contributions and pledges	\$ 863,276	\$ -	\$ -	\$ -	\$ -	\$ 863,276
Foundations	182,499	-	-	-	-	182,499
United Way grants	235,967	-	-	-	-	235,967
Government grants	360,722	-	-	60,570	(60,570)	360,722
Fundraising revenue	363,433	-	-	-	-	363,433
Rental revenue - leases	21,200	-	107,500	-	(107,500)	21,200
Net rental revenue - Minvilla Manor	60,570	-	-	403,132	-	463,702
Miscellaneous revenue	3,131	2,101	-	4,063	-	9,295
Investment income	1,975	-	-	-	(228)	1,747
Management fees	15,000	25,105	-	-	(40,105)	-
In-kind donations	<u>209,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,276</u>
Total revenue, gains, and other support	<u>2,317,049</u>	<u>27,206</u>	<u>107,500</u>	<u>467,765</u>	<u>(208,403)</u>	<u>2,711,117</u>
Expenses						
Program expenses	1,605,036	16,467	233,820	502,802	(208,403)	2,149,722
Management and general	172,722	-	-	-	-	172,722
Fundraising/development expenses	<u>134,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,822</u>
Total expenses	<u>1,912,580</u>	<u>16,467</u>	<u>233,820</u>	<u>502,802</u>	<u>(208,403)</u>	<u>2,457,266</u>
Change in net assets	<u>\$ 404,469</u>	<u>\$ 10,739</u>	<u>\$ (126,320)</u>	<u>\$ (35,037)</u>	<u>\$ -</u>	<u>\$ 253,851</u>

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