
CRISIS CONTROL MINISTRY, INC.

Financial Statements
Year Ended September 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2023, 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.

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, 2023, 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 for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crisis Control Ministry, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Crisis Control Ministry's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crisis Control Ministry's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Gray, Callison & Jones CPA, PC

November 13, 2023
Winston-Salem, NC

CRISIS CONTROL MINISTRY, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
SEPTEMBER 30, 2023

<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 1,927,769
Refundable items	9,170
TOTAL CURRENT ASSETS	<u>1,936,939</u>
PROPERTY AND EQUIPMENT, net	<u>894,869</u>
TOTAL ASSETS	<u><u>\$ 2,831,808</u></u>
<u>NET ASSETS</u>	
NET ASSETS	
Without donor restrictions:	
Available for current operations	\$ 1,840,084
Net investment in property and equipment	894,869
	<u>2,734,953</u>
With donor restrictions	<u>96,855</u>
TOTAL NET ASSETS	<u><u>\$ 2,831,808</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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions, grants and other support	\$ 2,575,081	\$ 898,168	\$ 3,473,249
In-kind contributions	-	2,368,171	2,368,171
Interest income	33,080	-	33,080
Net assets released from restrictions	3,233,625	(3,233,625)	-
TOTAL SUPPORT AND REVENUE	<u>5,841,786</u>	<u>32,714</u>	<u>5,874,500</u>
EXPENSES			
Client assistance	4,801,261	-	4,801,261
Supporting services:			
General and administration	438,642	-	438,642
Fundraising	393,245	-	393,245
TOTAL EXPENSES	<u>5,633,148</u>	<u>-</u>	<u>5,633,148</u>
CHANGE IN NET ASSETS BEFORE TRANSFER	208,638	32,714	241,352
TRANSFER TO HOPE TRUST	<u>(400,000)</u>	<u>-</u>	<u>(400,000)</u>
CHANGE IN NET ASSETS	(191,362)	32,714	(158,648)
NET ASSETS - beginning of year	<u>2,926,315</u>	<u>64,141</u>	<u>2,990,456</u>
NET ASSETS - end of year	<u>\$ 2,734,953</u>	<u>\$ 96,855</u>	<u>\$ 2,831,808</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, 2023

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Client Assistance</u>	<u>General & Administrative</u>	<u>Fundraising</u>	
CLIENT ASSISTANCE				
Groceries	\$ 86,210	\$ -	\$ -	\$ 86,210
Groceries In-Kind	1,185,684	-	-	1,185,684
Fuel	11,880	-	-	11,880
Rent	860,455	-	-	860,455
Electricity	132,576	-	-	132,576
Gas	19,300	-	-	19,300
Water	35,254	-	-	35,254
Pharmacy	300,115	-	-	300,115
Pharmacy In-Kind	1,182,487	-	-	1,182,487
Other	31,788	-	-	31,788
	<u>3,845,749</u>	<u>-</u>	<u>-</u>	<u>3,845,749</u>
PERSONNEL COSTS				
Salaries and temporary wages	561,030	228,786	158,003	947,819
Benefits	109,790	34,801	26,421	171,012
Payroll taxes	44,990	14,261	10,827	70,078
	<u>715,810</u>	<u>277,848</u>	<u>195,251</u>	<u>1,188,909</u>
OTHER OPERATING COSTS				
Telephone	9,772	1,221	1,222	12,215
Utilities	21,314	2,599	2,079	25,992
Office supplies/equipment	20,074	15,056	15,055	50,185
Postage	1,856	1,856	14,847	18,559
Philanthropy and fundraising	-	-	85,903	85,903
Insurance	18,399	5,257	2,628	26,284
Professional services	9,135	9,135	-	18,270
Repairs and maintenance	48,439	5,907	4,726	59,072
Janitorial	29,989	3,657	2,926	36,572
Continuing education	1,102	2,206	1,103	4,411
Ministry support	-	63,555	-	63,555
Technology	22,592	22,593	30,123	75,308
Volunteer support	10,503	-	-	10,503
Travel	1,673	-	-	1,673
Bank fees	-	10,963	-	10,963
Dues and subscriptions	-	7,652	-	7,652
Advertising/Newsletter	4,178	4,177	33,414	41,769
	<u>199,026</u>	<u>155,834</u>	<u>194,026</u>	<u>548,886</u>
DEPRECIATION	<u>40,676</u>	<u>4,960</u>	<u>3,968</u>	<u>49,604</u>
TOTAL EXPENSES	<u>\$ 4,801,261</u>	<u>\$ 438,642</u>	<u>\$ 393,245</u>	<u>\$ 5,633,148</u>

See Independent Auditors' Report and Notes to the Financial Statements

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 Ministry 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, 2023, the Ministry reported net assets without restrictions and net assets with restrictions of \$2,734,953 and \$96,855, 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
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, 2023, were approximately \$354,877.

Advertising

The costs of advertising and marketing are charged to expense as they are incurred. Total advertising and marketing costs included in expenses were \$41,769 for the year ended September 30, 2023.

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, 2023, 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	\$ 1,927,769
Refundable items	<u>9,170</u>
Total financial assets at year-end available for general expenditures	<u><u>\$ 1,936,939</u></u>

CRISIS CONTROL MINISTRY, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE C: PROPERTY AND EQUIPMENT

As of September 30, 2023, property and equipment consisted of the following:

Land	\$ 63,406
Building	1,914,027
Furniture and equipment	<u>619,710</u>
	2,597,143
Accumulated depreciation	<u>(1,702,274)</u>
	<u><u>\$ 894,869</u></u>

Depreciation expense for the year ended September 30, 2023, totaled \$49,604.

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, 2023, the Ministry transferred \$400,000 into the Hope Trust of Crisis Control Ministry. This has been recorded as a separate line item on the Statement of Support and Revenue, Expenses, and Changes in Net Assets – Modified Cash Basis.

NOTE E: LEASES

The Ministry's Kernersville facility is leased for \$10 a year under a 10 year, non-cancellable lease with its owner. This lease is currently set to expire in May of 2033. Under this agreement, the Ministry is required to pay maintenance and utilities for 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
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE E: LEASES (CONTINUED)

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

2024	\$ 6,336
2025	<u>5,172</u>
	<u>\$ 11,508</u>

Total rent expense under lease agreements was \$6,336 for the year ended September 30, 2023.

NOTE F: NET ASSETS RESTRICTED BY DONORS

Net assets restricted by donors at September 30, 2023, are as follows:

Donor restricted by specific purpose:

Client Services:

Praise Project \$ 300

Infrastructure:

Duke Energy capital improvements grant 80,000

Events:

50th Anniversary 4,200

CROP Walk 12,355

\$ 96,855

CRISIS CONTROL MINISTRY, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, 2023:

Releases by Crisis Control Expenditures

Client Services:

Food	\$ 127,465
Fuel/Oil	6,040
General Client Assistance	25,500
Client Assistance, Kernersville	89,413
Pharmacy	87,703
STW	91,777
STW and Housing	161,747
Housing	55,000
Water	229
Advocacy Programs	3,942

Events:

CROP	10,475
Rhythm & Hope	2,100
Hope du Jour	16,250
Hope for the Holidays	277
50th Anniversary	55,300

Other:

Board/Staff Lunch	322
Pharmacy Services Director Salary	30,000
Praise Project	375
Pharmacy Personnel - COVID Staff	87,828
Hispanic Grant	13,711
	865,454

Releases of in-kind donations

Food	1,185,684
Pharmacy	1,182,487
	2,368,171
	\$ 3,233,625

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, 2023, totaled \$39,942.

NOTE H: INCOME TAXES

The Ministry files its income tax return in the U.S. Federal jurisdiction. The Ministry is no longer subject to income tax examination by tax authorities for the tax years prior to 2019. In the normal course of business, the Ministry is subject to examination by the various taxing authorities. Although the outcome of tax audits is always uncertain, the Ministry believes that there are no significant unrecognized tax liabilities at September 30, 2023.

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE I: RELATED PARTY TRANSACTIONS

The Ministry purchases fuel from a company that employs one of the Ministry's board members. Total fuel purchases from this related party during the year was \$9,637.

The primary sponsor of the Hope du Jour event is a company that employs one of the Ministry's board members. This company donated \$7,500 to the Ministry during the year ended September 30, 2023.

NOTE J: SUBSEQUENT EVENTS EVALUATION

The Ministry evaluated the effects subsequent events would have on the financial statements through November 13, 2023, which is the date the financial statements were available for issuance.