

**NATIONS MINISTRY CENTER  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2022**

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Edmondson, Betzler & Dame  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Nations Ministry Center

### Opinion

We have audited the accompanying financial statements of Nations Ministry Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses, and cash flows 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 financial position of Nations Ministry Center as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nations Ministry Center 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.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nations Ministry Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's 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 auditor's 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, including omissions, 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Nations Ministry Center'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 Nations Ministry Center'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.



Edmondson, Betzler, & Dame, PLLC  
Brentwood, Tennessee

October 27, 2022

**NATIONS MINISTRY CENTER  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022**

**ASSETS**

Current assets:		
Cash	\$	539,961
Restricted cash		<u>98,620</u>
Total cash and cash equivalents		<u>638,581</u>
Grant receivable		25,639
Prepaid insurance		<u>22,629</u>
Total current assets		<u>686,849</u>
Long term assets:		
Property and equipment, net		<u>389,243</u>
Total assets		<u><u>\$ 1,076,092</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable	\$	<u>2,145</u>
Net assets:		
Without donor restrictions		975,327
With donor restrictions		<u>98,620</u>
Total net assets		<u>1,073,947</u>
Total liabilities and net assets		<u><u>\$ 1,076,092</u></u>

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

**NATIONS MINISTRY CENTER  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues and other support:			
Contributions	\$ 576,520	57,717	\$ 634,237
Grants	109,450	-	109,450
Contributions in-kind	39,083	-	39,083
Program revenue	34,883	-	34,883
Shop for cause	5,573	-	5,573
Gain on sale of equipment	5,517	-	5,517
Miscellaneous	1,750	-	1,750
Interest income	1,482	-	1,482
Net assets released from restrictions	27,288	(27,288)	-
Total revenues and other support	801,546	30,429	831,975
Expenses:			
Program services	713,002	-	713,002
Support services:			
Management and general	24,322	-	16,392
Fundraising	20,763	-	20,763
Total support services	45,085	-	37,155
Total expenses	758,087	-	758,087
Change in net assets	43,459	30,429	73,888
Net assets, beginning of year	931,868	68,191	1,000,059
Net assets, end of year	\$ 975,327	\$ 98,620	\$ 1,073,947

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

**NATIONS MINISTRY CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

	Program Services		Programs Subtotal	Supporting Services		Total Expenses
	Nations Academy	Immigration and Social Services		Management and General	Fundraising	
Salaries and wages	\$ 263,099	\$ 175,399	438,498	\$ 11,540	\$ 11,539	461,577
Payroll taxes	19,931	13,287	33,218	874	874	34,966
Employee benefits	-	4,321	4,321	-	-	4,321
<b>Total salaries and benefits</b>	<b>283,030</b>	<b>193,007</b>	<b>476,037</b>	<b>12,414</b>	<b>12,413</b>	<b>500,864</b>
Rent and mortgage assistance	-	76,305	76,305	-	-	76,305
Office expense and supplies	45,139	11,285	56,424	234	336	56,994
Travel and transportation	19,858	9,345	29,203	-	-	29,203
Depreciation	-	22,454	22,454	-	-	22,454
Rent	17,760	-	17,760	2,220	2,220	22,200
Facilities	-	18,789	18,789	1,034	1,034	20,857
Contract services	657	-	657	7,500	-	8,157
Insurance	-	4,437	4,437	555	554	5,546
Telephone and internet	-	2,914	2,914	365	364	3,643
Professional development	354	2,592	2,946	-	-	2,946
Postage	-	152	152	-	2,014	2,166
Payroll fees	-	2,037	2,037	-	-	2,037
Fees and memberships	-	759	759	-	890	1,649
Meals	1,253	94	1,347	-	27	1,374
Printing	-	410	410	-	911	1,321
Community outreach	-	371	371	-	-	371
<b>Total</b>	<b>\$ 368,051</b>	<b>\$ 344,951</b>	<b>\$ 713,002</b>	<b>\$ 24,322</b>	<b>\$ 20,763</b>	<b>\$ 758,087</b>

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

**NATIONS MINISTRY CENTER  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2022**

Cash flows from operating activities:	\$ 73,888
Increase in net assets	
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	22,454
Gain on sale of equipment	(5,517)
Increase in prepaid expenses	(1,427)
Decrease in contributions receivable	5,000
Decrease in grants receivable	5,298
Decrease in accounts payable	<u>(794)</u>
Net cash provided by operating activities	<u>98,902</u>
Cash flows from investing activities:	
Purchase of property and equipment	(35,248)
Proceeds from sale of equipment	<u>9,000</u>
Net cash used in investing activities	<u>(26,248)</u>
Net increase in cash	72,654
Cash, beginning of year	<u>565,927</u>
Cash, end of year	<u><u>\$ 638,581</u></u>

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



**NATIONS MINISTRY CENTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Nations Ministry Center's (the "Organization") purpose is to help refugee families become generationally self-sufficient through job coaching and training, education opportunity including summer reading programs and after-school literacy development, and family social services including immigration assistance.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted Cash

Certain cash accounts are classified as restricted assets on the statements of financial position because their use is limited by donor restrictions.

Property and Equipment

Property and equipment are reported at cost and include improvements that significantly add to utility or extend useful lives and exceed \$1,000. Costs of maintenance and repairs are charged to expense as incurred. Assets are depreciated using a straight-line basis to allocate cost over their estimated useful lives of 5 - 7 years for vehicles, furniture and equipment and over 15 - 27.5 years for buildings and improvements. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in income for the period. A gain on trade-in is applied to reduce the cost of the new acquisition.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**NATIONS MINISTRY CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions

All contributions are considered to be without donor restriction unless specifically stated by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period the contribution is received, the Organization reports the support as net assets without donor restriction.

Contributions Receivable

Contributions receivable, less an allowance for uncollectible amounts, are recognized as revenues in the period promised, and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Amounts expected to be collected within the next fiscal year are classified as current assets at the face value of the receivable. Amounts which are not collectible within the next fiscal year are recorded as non-current contributions receivable, using the estimated present value of the future cash flows. Donor pledges which are expected to be collected over a period greater than one year are discounted at current interest rates, if material.

Donated Materials and Services

Contributions of donated material that are usable for program services, fundraising, and support of management and general functions are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and which would typically need to be purchased if not donated, are recorded at their fair values in the period received.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. As of June 30, 2022, the Organization has no donated property or equipment which is restricted.

The fair value of donated volunteer services is not reflected in the accompanying financial statements since it is not practical to objectively determine the fair value of services received. However, management estimates that a substantial number of volunteers have donated significant amounts of their time.

NATIONS MINISTRY CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been made in the accompanying financial statements.

The Organization has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Organization continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended June 30, 2022, the Organization has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Organization has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Concentrations of Credit Risk

The Organization maintains bank accounts at one financial institution. Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash equivalents and short-term investments. The Organization utilizes the Insured Cash Sweep ("ICS") product at their financial institution for cash and cash equivalents in excess of their operating funds, which reduces or eliminates the risk related to concentrations of investments above FDIC insurance levels. The Organization has not experienced any losses in the accounts. Management believes the Organization is not exposed to any significant credit risk related to cash.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, payroll taxes, and payroll expense, which are allocated on the basis of estimates of time and effort, as well as facilities and depreciation, which are allocated on an estimate of usage. All other expenses are directly assigned to their related program.

**NATIONS MINISTRY CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred after June 30, 2022, through the date of the issued financial statements. During the period there were no material recognizable subsequent events that required recognition in the disclosures to the June 30, 2022 financial statements.

**NOTE 2 - PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Property and equipment at June 30, 2022, is as follows:

Building	\$ 254,364
Land	91,218
Vehicles	142,173
Land improvements	6,690
Furniture and fixtures	<u>12,480</u>
	506,925
Less: accumulated depreciation	<u>(117,682)</u>
	<u><u>\$ 389,243</u></u>

**NOTE 3 - ACCOUNTS PAYABLE**

The Organization maintains a line of credit on a credit card. The line has a credit limit available of \$30,000 and bear interest at 16.75% annual rate for purchases and 20.24% annual rate for cash advances. The outstanding balance on the credit card was \$2,145 as of June 30, 2022.

The Organization has a policy to pay liabilities or other obligations as they become due.

**NOTE 4 - NET ASSETS**

The Organization's governing board has designated, from net assets without donor restrictions of \$949,688, net assets for an operating reserve of \$300,000.

Net assets with donor restrictions as of June 30, 2022 were restricted for the following purposes:

Contributions received for capital improvements	\$ 19,708
Funds received with use restrictions	<u>78,913</u>
	<u><u>\$ 98,620</u></u>

**NATIONS MINISTRY CENTER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**NOTE 5 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization has \$664,220 of financial assets available within one year of the statement financial position date consisting of cash of \$638,581 and grants receivable of \$25,639. Cash of \$539,961 is not restricted by donors, and \$98,620 is restricted by donors, as of the financial statement date. Contributions receivable are restricted for capital improvements. The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet six months of normal operating expense, which are, on average, approximately \$492,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**NOTE 6 - DONATED MATERIALS AND SERVICES**

Donated facilities and supplies ("in-kind" contributions) included in the statement of activities are as follows:

Contributions in-kind:	
Rent	\$ 22,200
Supplies for Nations Academy	<u>16,883</u>
Total contributions in-kind	<u>39,083</u>
Expenses:	
Functional expenses:	
Program services	34,643
Management and general	2,220
Fundraising	<u>2,220</u>
Total expenses in-kind	<u>39,083</u>
Increase in net assets	<u><u>\$ -</u></u>