

WESTERN CAROLINA RESCUE MINISTRIES, INC.

ASHEVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Western Carolina Rescue Ministries, Inc.
Asheville, North Carolina

Opinion

I have audited the accompanying financial statements of Western Carolina Rescue Ministries, Inc. (a non-profit organization) which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Carolina Rescue Ministries, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditors Responsibilities for the audit of the Financial Statements section of my report. I am required to be independent of Western Carolina Rescue Ministries, Inc and to meet my other ethical responsibilities in accordance with the relevant ethical requirements related to my audit. I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 Western Carolina Rescue Ministries, Inc'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 Responsibility for the Audit of the Financial Statements

My 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 my 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.

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

- 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 Western Carolina Rescue Ministries, Inc'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Carolina Rescue Ministries, Inc ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Suzan H. Sluder, CPA PA

Arden, North Carolina
June 3, 2025

WESTERN CAROLINA RESCUE MINISTRIES, INC.

Statement of Financial Position

December 31, 2024

Assets

Current assets:

Cash and equivalents	\$ 598,781
Cash and equivalents-restricted	7,110
Cash and equivalents-endowment fund	20,484
Investments-endowment fund	40,653
Other receivables	6,315
Prepaid expenses	23,233
Total current assets	<u>696,576</u>

Receivable from CCRM	374,759
Construction in progress	531,986
Property and equipment, net	<u>4,795,146</u>

Total assets	<u><u>\$ 6,398,467</u></u>
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Liabilities and Net Assets

Current liabilities:

Current maturities of long-term notes payable	\$ 626,862
Line of credit	300,000
Accounts payable	46,310
Accrued liabilities	95,899
Total current liabilities	<u>1,069,071</u>

Long-term notes payable, less current maturities	<u>394,182</u>
Total liabilities	<u>1,463,253</u>

Net Assets:

Without donor restrictions:

Undesignated	1,033,110
Investment in property and equipment	3,774,102
Total net assets without donor restrictions	<u>4,807,212</u>

With donor restrictions	<u>128,002</u>
Total net assets	<u>4,935,214</u>

Total liabilities and net assets	<u><u>\$ 6,398,467</u></u>
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The accompanying notes are an integral part of these financial statements.

WESTERN CAROLINA RESCUE MINISTRIES, INC.

Statement of Activities

For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Public support and other revenues:			
Contributions and grants	\$ 2,255,053	\$ 205,041	\$ 2,460,094
In-kind donations - food	154,934		154,934
In-kind donations - program supplies	538,443		538,443
In-kind donations - parking and lease payments due to Hurricane Helene	17,500		17,500
Transitional housing income	15,962		15,962
Other income	31,110		31,110
Rental income	55,100		55,100
Investment income	6,482		6,482
Unrealized gains (losses) on investments	(5,037)		(5,037)
Releases of restrictions:			
The Refuge Center	64,058	(64,058)	
Impact Ministry	14,486	(14,486)	
New Direction	100	(100)	
Total public support and other revenues	<u>3,148,191</u>	<u>126,397</u>	<u>3,274,588</u>
Expenses:			
Program services	2,584,467		2,584,467
Supporting services	<u>652,563</u>		<u>652,563</u>
Total expenses	<u>3,237,030</u>		<u>3,237,030</u>
Increase (decrease) in net assets	(88,839)	126,397	37,558
Net assets, beginning of year, as adjusted	<u>4,896,051</u>	<u>1,605</u>	<u>4,897,656</u>
Net assets, end of year	<u><u>\$ 4,807,212</u></u>	<u><u>\$ 128,002</u></u>	<u><u>\$ 4,935,214</u></u>

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

WESTERN CAROLINA RESCUE MINISTRIES, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services	Management and General	Fund- Raising	Total Supporting Services	Total
Compensation	\$ 1,057,978	\$ 135,638	\$ 162,766	\$ 298,404	\$ 1,356,382
Payroll taxes	71,684	9,190	11,028	20,218	91,902
Employee benefits	135,943	17,429	20,914	38,343	174,286
Total salaries and related expenses	<u>1,265,605</u>	<u>162,257</u>	<u>194,708</u>	<u>356,965</u>	<u>1,622,570</u>
Maintenance	35,724	3,970		3,970	39,694
Supplies	16,683	1,854		1,854	18,537
Office expenses	6,820	20,060	13,239	33,299	40,119
Utilities	65,106	18,602	9,301	27,903	93,009
Parking - inkind	7,200				7,200
Telephone	2,609	2,687	2,609	5,296	7,905
Food - purchased	21,349				21,349
Food - inkind	154,934				154,934
Insurance	50,014	20,974	9,680	30,654	80,668
Auto	33,507	14,051	6,485	20,536	54,043
Professional fees	43	7,826	86	7,912	7,955
Program expenses	155,980				155,980
Program expenses - inkind	525,943				525,943
Ministry projects	13,572				13,572
Fundraising expenses			128,008	128,008	128,008
Other		10,680		10,680	10,680
Total expenses before interest and depreciation	<u>2,355,089</u>	<u>262,961</u>	<u>364,116</u>	<u>627,077</u>	<u>2,982,166</u>
Interest	32,599	3,622		3,622	36,221
Depreciation	196,779	21,864		21,864	218,643
Total interest and depreciation	<u>229,378</u>	<u>25,486</u>	<u>0</u>	<u>25,486</u>	<u>254,864</u>
Total functional expenses	<u>\$ 2,584,467</u>	<u>\$ 288,447</u>	<u>\$ 364,116</u>	<u>\$ 652,563</u>	<u>\$ 3,237,030</u>

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

WESTERN CAROLINA RESCUE MINISTRIES, INC.

Statement of Cash Flows

For the Year Ended December 31, 2024

Cash flows from operating activities:

Increase (decrease) in net assets	\$	37,558
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation		218,643
Unrealized gain (loss) on investments		5,037
Changes in working capital - sources (uses):		
Other receivables		3,142
Prepaid expenss		(13,591)
Accounts payable		(9,612)
Accrued liabilities		49,632
Net cash provided from (used for) operating activities		<u>290,809</u>

Cash flows from investing activities:

Repayments received from CCRM		173,500
Purchase of investments for endowment fund		(45,690)
Purchase of property and equipment and construction in progress		(432,142)
Net cash provided from (used for) investing activities		<u>(304,332)</u>

Cash flows from financing activities:

Borrowings		377,013
Repayment of amounts borrowed		(101,665)
Net cash provided from (used for) financing activities		<u>275,348</u>

Increase (decrease) in cash and equivalents		261,825
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Beginning cash and cash equivalents		<u>364,550</u>
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Ending cash and cash equivalents	\$	<u><u>626,375</u></u>
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Supplemental disclosures of cash flow information:

Cash paid for interest	\$	36,221
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Reconciliation of cash:

Cash	\$	477,889
Cash - endowment fund		20,484
Restricted cash		<u>128,002</u>

Cash, cash equivalents and restricted cash at end of year	\$	<u><u>626,375</u></u>
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The accompanying notes are an integral part of these financial statements.

WESTERN CAROLINA RESCUE MINISTRIES, INC.
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Organization

Western Carolina Rescue Ministries, Inc. (Ministry) is a nonprofit corporation created for the purpose of providing food, shelter and Christian ministry to the poor and homeless in the Asheville area. It is funded primarily by contributions from the general public, churches and businesses. The Ministry wholly-owns a limited liability Ministry, WCRM – Shelby, LLC, which holds property and equipment that the Ministry acquired from another ministry in Shelby, North Carolina (Note 11).

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles that are generally accepted in the United States of America. Consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Income Taxes

The Ministry was established as a not-for-profit entity and has been recognized as an organization exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. During June 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 (FIN 48), “Accounting for Uncertainty in Income Taxes”, and clarified the accounting for the recognition and measurement of uncertainties in income taxes recognized in an entity’s financial statements and prescribes a threshold of more-likely-than not for recognition of tax positions taken or expected to be taken on the tax return. The Ministry’s policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support with the Internal Revenue Code and Regulations, Revenue Rulings , court decision and other evidence. As of December 31, 2024 the Ministry had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Recognition of Donor Restrictions

Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in restricted net assets depending on the nature of the restriction. When restrictions expire, restricted net assets are released to unrestricted net assets.

WESTERN CAROLINA RESCUE MINISTRIES, INC.
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Board-Designated Net Assets

Net assets without donor restrictions are subject to self-imposed limits by action of the governing board. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other use.

Donated Services and Materials

A substantial number of volunteers have donated a significant amount of time to the Ministry's operations and program services. Contributed services that create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills will be recognized as support. No amounts have been reflected in the acMinistrying financial statements for contributed services since the requirements for recognition were not met. Donated materials are reflected as in-kind contributions in the acMinistrying financial statements at their estimated fair market value at date of receipt. The value of food donated during the current year is based in a study commissioned by Second Harvest, a national food bank network. The study produced guidelines for determining the approximate average wholesale value of one pound of donated product at the national level. Although the value of items for different organizations may vary, average wholesale values of \$1.75 per pound have been used by this Ministry for the year ended December 31, 2024.

WESTERN CAROLINA RESCUE MINISTRIES, INC.
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Restricted Cash

The Ministry considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition.

Property and Equipment

Acquisitions of equipment and improvements are stated at cost except for donated equipment, which is stated at fair market value at date of receipt. It is the Ministry's policy to capitalize expenditures or donations of these items with values or costs in excess of \$1,000. Items of lesser amounts are expensed. Depreciation is computed annually using the straight-line method over the assets' estimated useful lives. Maintenance and repairs are charged to operating expense as incurred. Cost of renewals and betterments, which materially extend the useful lives of the assets or increase their productivity, are capitalized.

Advertising

Advertising costs are expensed as incurred. There was no advertising expense for the year ended December 31, 2024.

Functional Expenses

The Ministry allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their nature and expenditure classification. Other expenses that are common to several functions are allocated between program and supporting services based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Ministry.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WESTERN CAROLINA RESCUE MINISTRIES, INC.
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Ministry discloses for each class of financial instruments the methods, and when a valuation technique is used, the significant assumptions applied in determining the fair values of financial assets and liabilities. If there is a change in the valuation technique, then the Ministry discloses both the change and the reasons for the change. The Ministry estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Ministry using available market information and appropriate valuation methodologies.

The Ministry's financial instruments consist of cash, accounts payable, accrued expenses and long term debt.

Note 2 – Property and Equipment

A description of property and equipment is as follows:

<u>At December 31</u>	<u>2024</u>
At cost or fair value at the time of donation, as applicable:	
Land	\$ 147,000
Building and building improvements	5,707,072
Equipment, furniture and fixtures	784,167
Vehicles	191,972
	<u>6,830,211</u>
Less accumulated depreciation	<u>2,035,065</u>
Property and equipment, net	<u>\$ 4,795,146</u>

Depreciation expense for the year ended December 31, 2024 was \$ 218,643.

Note 3 – Concentration of Credit Risk

The Ministry has concentrated its credit risk for cash by maintaining deposits at local area banks which may at times exceed amounts covered by insurance provided by the U. S. Federal Deposit Insurance Corporation (FDIC). The Ministry has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

WESTERN CAROLINA RESCUE MINISTRIES, INC.
Notes to Financial Statements

Note 4 – Long-term Notes Payable

Long-term notes payable is described as follows:

<u>At December 31</u>	<u>2024</u>
TruPoint Bank – 59 monthly payments of \$ 6,493, including interest at 4.50%, and one balloon payment of the outstanding balance and all accrued interest, due in March 2025, collateralized by buildings and land at 221 Patton Avenue	\$ 65,495
SBA EIDL Loan – monthly payments of \$ 641, including interest at 2.75% and principal to begin 12 months from the date of note and to continue with the balance of principal and interest due in 2050, collateralized by all tangible and intangible personal property perfected by a UCC filing with the NC Secretary of State’s office	141,977
Truist Bank – monthly payments of interest at 7.50% and one balloon payment of the outstanding balance and all accrued interest due in October 2025, maximum borrowings of \$350,000 collateralized by buildings and land in Shelby, North Carolina	350,000
Truist Bank – monthly payments of interest at 8.00% and one balloon payment of the outstanding balance and all accrued interest due in November 2025, maximum borrowings of \$176,000 collateralized by buildings and land in Shelby, North Carolina	176,000
Truist Bank – 59 monthly payments of \$ 3,652, including interest at 4.50%, and one balloon payment of the outstanding balance and all accrued interest, due in March 2026, collateralized by buildings and land in Shelby, North Carolina	<u>287,572</u>
Total	1,021,044
Less current maturities	<u>(626,862)</u>
<u>Long-term debt, net of current maturities</u>	<u>\$ 394,182</u>

WESTERN CAROLINA RESCUE MINISTRIES, INC.
Notes to Financial Statements

Note 4 – Long-term Notes Payable (continued)

Scheduled principal repayments on long-term debt for the next five years are as follows:

Years Ending December 31	Long-Term Debt
2025	\$ 626,862
2026	259,990
2027	4,056
2028	4,168
2029	4,285
Thereafter	<u>121,683</u>
Principal repayments	<u>\$ 1,021,044</u>

Note 5 – Line of Credit

The Ministry has a \$300,000 revolving line of credit with a bank, secured by personal property in Asheville, North Carolina. Borrowings under the line bear interest at 7.500%. The balance outstanding on the line of credit at December 31, 2024 was \$ 300,000. Interest is payable monthly and the outstanding principal is due at maturity, which is July 3, 2026. The agreement requires the Ministry to comply with certain financial and non-financial covenants.

Note 6 – Retirement Plan

During 2009, the Ministry established a Simple IRA defined contribution plan covering substantially all employees. The plan provides that an employee can voluntarily contribute up to \$16,000 to the plan for 2024 if they have received at least \$5,000 in annual compensation and have completed 90 days of service. The Ministry is required to match each employee's salary reduction contribution on a dollar for dollar basis up to 3% of the employee's compensation. The Ministry has the option to make non-elective contributions of 2% of the employee's compensation. If the board of directors chooses to make non-elective contributions, it must make them for all eligible employees whether or not they make salary reduction contributions. Expense related to the plan for the year ended December 31, 2024 was \$ 13,303.

Note 7 – Prior Period Adjustment

In February 2022, the executive committee of the board of directors authorized the Ministry to make monthly contributions to a 162B deferred compensation plan for the President/CEO. The President/CEO of the Ministry paused the contributions to this plan in September 2022. In February 2025, the executive committee voted to accrue the benefits that were authorized to be paid to him from October 2022 through February 2025 and resume the monthly contributions to this plan from March 2025 going forward. As a result, benefits accrued from October 2022 through December 2023

WESTERN CAROLINA RESCUE MINISTRIES, INC.
Notes to Financial Statements

Note 7 – Prior Period Adjustment (continued)

totalled \$30,000 and were recorded by the Ministry as a prior period adjustment. Below is a recap of the adjustment and the affect on the statement of financial position at December 31, 2023:

Accrued expenses associated with this adjustment as originally stated	\$ 0
Accrual of benefits from October 2022 through December 2023	<u>30,000</u>
Accrued expenses, as restated	<u>\$ 30,000</u>
Net assets without donor restrictions, as originally stated	\$ 4,926,051
Accrual of benefits from October 2022 through December 2023	<u>(30,000)</u>
Net assets without donor restrictions, as restated	<u>\$ 4,896,051</u>

Note 8 – Subsequent Events

Subsequent events have been evaluated through June 3, 2025, which is the date that the financial statements were available to be issued.

Note 9 - Construction in Progress

In late 2022, the Ministry purchased property on Washington Street in Shelby, NC for \$ 20,000 to provide 20-unit transitional housing for single women in the CCRM ministry. In 2024, the Ministry incurred \$ 531,986 in costs through December 31, 2024 to demolish and construct a new interior for this housing. Total estimated demolition and construction costs are expected to total \$ 570,000. The Ministry obtained two loans with total maximum borrowings of \$526,000 to finance demolition and construction costs (Note 4). The Ministry received a FHLB grant in 2025 and used these funds to repay the loans. This project was completed in February 2025.

Note 10 – Net Assets

Net assets with donor restrictions at December 31, 2024 were available for the following purposes:

New Direction Fund	\$ 5,812
The Refuge Center	120,892
Impact Fund	<u>1,298</u>
Total net assets with donor restrictions	<u>\$ 128,002</u>

Note 11 – Related Party Transactions

Inter-Faith Alliance Corporation (CCRM)

In January 2021, the Ministry received in donation the assets of the Inter-Faith Alliance Corporation DBA Cleveland County Rescue Ministry (CCRM) located in Shelby, North Carolina. These assets included land, buildings, furniture, fixtures and equipment valued at the time of donation totaling

WESTERN CAROLINA RESCUE MINISTRIES, INC.
Notes to Financial Statements

Note 11 – Related Party Transactions (continued)

Inter-Faith Alliance Corporation (CCRM) (continued)

\$ 1,357,300, located in Shelby, North Carolina. These assets transferred to the Ministry with an obligation to continue to be used as a shelter or affordable housing due to the provisions imposed by two FHLB grants which were previously received by CCRM during their ownership of the assets. This obligation is expected to fully expire in 2036.

During 2022, the Ministry received an FHLB grant of \$500,000 to finance the purchase and improvements of property (Julius Street) in Shelby totaling \$ 397,574 for the purchase and \$ 297,742 for improvements as of December 31, 2023. This property is used in CCRM ministry operations. In addition, the Ministry purchased property on Washington Street to create transitional housing for their program. Construction began in 2023 to demolish and construct a new interior for this building (Note 9). As of December 31, 2024, the Ministry owned assets in Shelby, NC totaling \$ 2,747,482.

The Ministry assumed management responsibilities of CCRM in July 2020. After acquisition of the assets by the Ministry, the Ministry leased this property to CCRM for \$ 5,000 per month beginning on March 5, 2021 and continuing for a period of one year. This lease will automatically renew absent written notice from either party. The total paid by CCRM on this lease to the Ministry in 2024 was \$ 45,500. CCRM is responsible for utilities, maintenance and insurance costs on the leased property.

In addition, the Ministry received \$ 173,500 in repayments in 2024 from CCRM which had been advanced in prior years to finance operational costs. As of December 31, 2024, total amounts receivable from CCRM totaled \$ 374,759.

Board Contributions

Contributions from the Ministry's board of directors totaled \$ 17,000 for the year ended December 31, 2024.

Note 12 – Summary Disclosure of Significant Contingencies

Risk Management

The Ministry is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Ministry carries commercial insurance coverage for risks of loss.

WESTERN CAROLINA RESCUE MINISTRIES, INC.
Notes to Financial Statements

Note 13 – Endowment Fund

During 2022, the Ministry established an endowment fund to provide future income for programs and operations. At December 31, 2024 the fund consisted of money market funds, which is a component of cash and cash equivalents, and mutual funds. The fund is managed by the Executive Director and the Board of Directors. Income may be used to finance programs and operations as deemed appropriate by the Executive Director and Board of Directors and approved by a 2/3 vote of the Board. Income earned in the fund for 2024 was \$ 6,482.

Note 14 – Liquidity and Availability of Resources

The following reflects the Ministry's financial assets as of December 31, 2024, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

Financial assets:	\$ 673,343
<i>Less those funds unavailable for general expenditures due to:</i>	
Restricted by donor with time and purpose restrictions	<u>128,002</u>
Financial assets available to meet cash needs within one year	<u>\$ 545,341</u>

The Ministry manages its liquid resources by employing a variety of measures. The Ministry focuses on generating adequate contributions to cover the costs of its activities. In addition, the Ministry invests excess cash in investments to maximize return, taking into consideration the Ministry's low tolerance for investment market risk. The Ministry also monitors costs closely.

Note 15 – Warehouse Lease

The Ministry leases warehouse space in Swannanoa, North Carolina. The 3-year lease term is from July 15, 2022 through July 31, 2025. At every one year lease anniversary, the rent increases 3% from the previous lease year's annual rent. Base rent for the first year is \$60,000 annually or \$ 5,000 per month. Lease expense for the year ended December 31, 2024 was \$ 67,833. In 2024, payments of \$10,300 were forgiven by the lessor to provide relief to the Ministry as a result of Hurricane Helene. Remaining payments under this lease agreement are expected to be:

2025	\$ 31,827
2026	
2027	
2028	
2029	
Thereafter	<u> </u>
Total	<u>\$ 31,827</u>

WESTERN CAROLINA RESCUE MINISTRIES, INC.
Notes to Financial Statements

Note 16 - Fair Value Measurements

The Financial Accounting Standards Board (FASB) issued a statement that defines fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Ministry has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; and inputs that are derived principally from or corroborated by observable market data. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In some cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Ministry's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2024.

Stock Funds – These investments are public investment vehicles valued using the closing share price at a specific date. These investments are classified within Level 1 of the valuation hierarchy.

The preceding method described may produce a fair value calculation that may or may not be indicative of net realizable value or reflective of future values. Furthermore, management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

WESTERN CAROLINA RESCUE MINISTRIES, INC.
Notes to Financial Statements

Note 17 – Open Tax Positions

The Ministry's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2021, 2022, and 2023, are subject to examination by the IRS, generally for 3 years after they were filed.