

Asbury United Methodist Church

Financial Report
December 31, 2021

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Independent Auditor's Report

To the Finance Committee
Asbury United Methodist Church

Qualified Opinion

We have audited the financial statements of Asbury United Methodist Church (Church), which comprise the statement of assets, liabilities and net assets on a modified cash basis as of December 31, 2021, the related statements of revenue collected and expenses paid and changes in net assets on a modified cash basis and functional expenses on a modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the assets, liabilities and net assets of the Church as of December 31, 2021, and its revenue collected and expenses paid and changes in net assets during the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Qualified Opinion

Financial statements prepared under the modified cash basis of accounting normally would reflect the recognition of depreciation on property and equipment. However, as disclosed in Note 3, management has elected not to recognize such depreciation. In addition, financial statements prepared under the modified cash basis of accounting would normally reflect purchased assets at historical costs. However, as disclosed in Note 3, the Church has certain assets which are not valued at historical costs. The effects of these practices on the financial statements are not reasonably determinable.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Asbury United Methodist Church 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 qualified audit opinion.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 1 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 this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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.

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 GAAS 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 GAAS, 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 Asbury United Methodist Church'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 Asbury United Methodist Church'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.

Haley & Woods, LLP

Birmingham, Alabama
June 3, 2022

Asbury United Methodist Church

**Statement of Assets, Liabilities and Net Assets – Modified Cash Basis
December 31, 2021**

Assets

Current assets:

Cash and cash equivalents	\$ 2,922,048
Total current assets	2,922,048

Property and equipment, net	<u>26,787,917</u>
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Total assets	\$ 29,709,965
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Liabilities and Net Assets

Current liabilities:

Payroll withholding	\$ 210
Current portion of long-term debt	<u>234,415</u>
Total current liabilities	234,625

Noncurrent liabilities:

Long-term debt, less current portion	<u>7,516,017</u>
Total noncurrent liabilities	7,516,017

Total liabilities	7,750,642
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Net assets:

Without donor restrictions	
Undesignated	336,611
Designated by the Board	1,494,063
Net investment in property and equipment	19,037,485
With donor restrictions	<u>1,091,164</u>
Total net assets	21,959,323

Total liabilities and net assets	\$ 29,709,965
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See notes to financial statements.

Asbury United Methodist Church

**Statement of Revenue Collected and Expenses Paid and Changes in Net Assets –
Modified Cash Basis
Year Ended December 31, 2021**

Changes in net assets without donor restrictions:

Revenue collected:

Ministry contributions	\$ 4,431,254
CASA tuition and fees	597,985
Paycheck protection program grant	381,209
Employee retention credit grant	165,156
Recreation	77,816
Food service	51,298
Other	30,767
Anchor ministry	29,173
Interest	5,070
	<u>5,769,728</u>

Net assets released from restrictions:

Expiration of time restrictions on pledges	45,000
Restrictions satisfied by expenditures made	778,398
	<u>823,398</u>
	<u>6,593,126</u>

Expenses paid from operations:

Program services:

Ministries	1,440,797
CASA	888,486
Missions in action	765,507
Congregation services	586,071
North Alabama Conference	554,531
Administration	579,548
	<u>4,814,940</u>

Expenses paid from designated and restricted funds:

Program services:

Ministries	319,876
Missions in action	148,788
CASA	63,745
Congregation services	40,247
Capital improvements	125,937
Administration	36,584
	<u>735,177</u>

**Excess of revenue without donor restrictions
collected over expenses paid**

1,043,009

(Continued)

Asbury United Methodist Church

**Statement of Revenue Collected and Expenses Paid and Changes in Net Assets –
Modified Cash Basis
Year Ended December 31, 2021 Continued**

Changes in net assets with donor restrictions:	
Revenue collected:	
Ministry contributions	407,406
Missions in action	148,318
Capital contributions	117,701
Congregation services	67,944
CASA	44,416
Staff appreciation contributions	36,280
	<u>822,065</u>
Net assets released from restrictions:	
Expiration of time restrictions on pledges	(45,000)
Restrictions satisfied by expenditures made	(778,398)
	<u>(823,398)</u>
Excess of revenue with donor restrictions collected over releases from restrictions	<u>(1,333)</u>
Excess of revenue collected over expenses paid	1,041,676
Net assets without donor restrictions:	
Beginning of year	<u>20,917,647</u>
End of year	<u><u>\$ 21,959,323</u></u>

See notes to financial statements.

Asbury United Methodist Church

**Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2021**

	Ministries	CASA	Missions in Action	Congregation Services	North Alabama Conference	Total Programs	Administration	Total
Salaries and wages	\$ 749,869	\$ 529,608	\$ 222,348	\$ 256,414	\$ -	\$1,758,239	\$ 296,465	\$2,054,704
Payroll taxes and benefits	157,778	70,381	47,333	47,333	94,247	417,072	63,112	480,184
Bank fees	-	-	-	-	-	-	39,873	39,873
Insurance	24,213	18,160	6,054	6,054	-	54,481	6,054	60,535
Interest	128,417	96,314	32,105	32,105	-	288,941	32,105	321,046
Ministerial support	-	-	-	-	447,618	447,618	-	447,618
Miscellaneous	4,941	1,815	-	1,601	-	8,357	27,069	35,426
Missions	3,538	-	410,468	-	1,542	415,548	-	415,548
Postage and copying	1,504	3,618	20	958	-	6,100	26,897	32,997
Professional development	15,018	-	-	340	-	15,358	16,335	31,693
Professional fees	-	-	-	-	-	-	13,976	13,976
Programs	94,529	4,331	-	77,763	11,124	187,747	70	187,817
Repairs and maintenance	106,568	79,138	26,379	26,379	-	238,464	26,379	264,843
Supplies	68,788	7,722	-	44,681	-	121,191	10,171	131,362
Telephone and communication	2,437	-	-	71,643	-	74,080	242	74,322
Utilities	83,197	77,399	20,800	20,800	-	202,196	20,800	222,996
Total expenses	\$1,440,797	\$ 888,486	\$ 765,507	\$ 586,071	\$ 554,531	\$4,235,392	\$ 579,548	\$4,814,940

See notes to financial statements.

Asbury United Methodist Church

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: Asbury United Methodist Church (Church) was established in 1986. The Church is affiliated with the North Alabama Conference of The United Methodist Church.

The Church's significant accounting policies are as follows:

Financial statement presentation: For financial statement presentation, the Church uses the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Church reports information regarding its financial position and activities according to the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are amounts which are currently available at the discretion of the Church for use in their operations and ministries. Net assets with donor restrictions are amounts which are restricted by donors for specific operating purposes or future periods.

Basis of accounting: The Church maintains its accounting records on the modified cash basis of accounting, except as noted in Note 3. Under this method, revenues are recognized when collected rather than when earned, and expenses are recorded when the cash disbursement is made rather than when the liability is incurred. This basic approach is modified to include property and equipment and certain liabilities. Consequently, the Church has not recognized unconditional promises to give from members and accounts payable to vendors and their related effects on the change in net assets. Accordingly, these financial statements are not intended to present the financial position and the changes in net assets in conformity with accounting principles generally accepted in the United States of America (GAAP).

Revenue recognition: The Church receives support from its members as well as outside donors. In addition, the Church receives revenue from tuition and fees from its CASA preschool program as well as fees for other programs. Revenues are recorded when collected, which is consistent with the modified cash basis of accounting.

Cash and cash equivalents: The Church considers all liquid investments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2021, cash equivalents totaled \$495,288.

The Church maintains cash and cash equivalents at financial institutions which, at times, may exceed federally insured limits. The Church has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property and equipment: Prior to January 1, 2017, management recorded land and equipment at appraised value, and the old sanctuary building was recorded at insured value. Property and equipment purchased after December 31, 2016 are stated at cost and at fair value on the date of donation determined by independent appraisal for donated assets, as more fully described in Note 3. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are not depreciated.

Upon sale or other retirement of property and equipment, the cost is removed from the related accounts, and any gain or loss is recognized.

Prepaid pledges: Pledges collected in advance of the year to which they pertain are recorded by the Church as net assets with donor restrictions and are transferred to net assets without donor restrictions during the period for which they relate.

Asbury United Methodist Church

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Other donor restricted net assets: Pledges and contributions restricted by donors are recorded as an increase in net assets with donor restrictions. When donor restricted funds are disbursed in accordance with such restrictions, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Functional expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of revenue collected and expenses paid and changes in net assets – modified cash basis and in the statement of functional expenses. Accordingly, certain costs have been allocated consistently among the program services and supporting services benefited based on a percentage method on the following bases: 1) insurance, interest, repairs and maintenance and utilities is allocated based on square-footage used by each function, and 2) salaries and benefits are allocated based on estimates of time and effort.

Use of estimates: The preparation of financial statements in conformity with the modified cash basis of accounting 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: The Church is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and is not considered to be a private foundation under the Code. Management does not believe the Church has been involved in any actions that would change its tax status and is not subject to United States (U.S.) federal tax examinations by tax authorities.

Subsequent events: Subsequent events have been evaluated through June 3, 2022, which is the date the financial statements were available for issuance.

Note 2. Liquidity

As of December 31, 2021, the Church had financial assets available within one year of the statement assets, liabilities and net assets – modified cash basis date for general expenditures as follows:

Cash and cash equivalents	\$ 2,922,048
Less those unavailable for general expenditures within one year, due to:	
Board designations for specific purposes	(1,494,063)
Donor-imposed restrictions	(1,091,164)
	<u>\$ 336,821</u>

The Church has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, operating revenue generated throughout the year is budgeted to cover general operating expenditures.

Asbury United Methodist Church

Notes to Financial Statements

Note 3. Property and Equipment

At December 31, 2021, property and equipment consisted of the following:

Land	\$ 2,747,168
Buildings and improvements	23,442,025
Equipment	<u>598,724</u>
Net property and equipment	<u>\$ 26,787,917</u>

Prior to January 1, 2017, management recorded land and equipment at appraised value, and the old sanctuary building was recorded at insured value. These valuation methods are not considered as generally accepted modifications of the cash basis of accounting. The effects of these departures from the modified cash basis of accounting on the accompanying financial statements have not been determined.

Property and equipment purchased after December 31, 2016 was recorded at cost. Furthermore, during 2018, the Church moved into the new sanctuary. Capitalized cost associated with the new building totaled \$14,683,216. During 2019, the Church built a new columbarium with a cost of \$130,754 and made improvements to the sanctuary with a cost of \$54,919.

In addition, financial statements prepared under the modified cash basis of accounting normally would reflect the recognition of depreciation on property and equipment other than land. Management has elected not to recognize such depreciation. The effects of this practice on the financial statements are not reasonably determinable.

Note 4. Long-Term Debt

Long-term debt as of December 31, 2021 is summarized as follows:

Mortgage note payable to bank; bearing interest at a fixed rate of 3.90%; monthly principal and interest payments of \$44,347, maturing in November 2043; collateralized by the Church's property	\$ 7,750,432
Less current maturities	<u>(234,415)</u>
	<u>\$ 7,516,017</u>

Principal maturities of long-term debt for the next five years and thereafter are as follows:

Years ending December 31:	
2022	\$ 234,415
2023	243,365
2024	253,027
2025	263,074
2026	273,519
Thereafter	<u>6,483,032</u>
	<u>\$ 7,750,432</u>

Asbury United Methodist Church

Notes to Financial Statements

Note 5. Retirement Plan

The Church's employees are covered by a Church-sponsored defined contribution retirement plan through Wespath. Under this plan, after six months of employment, the Church contributes an amount equal to 5% of gross earnings for employees who work 30 hours or more per week. Retirement plan expense totaled \$97,706 for the year ended December 31, 2021.

Note 6. Net Assets without Donor Restrictions Designated by the Board

Net assets without donor restrictions designated by the Board are segregated into the following funds at December 31, 2021:

Operations carryover	\$	555,437
Missions in action		447,625
Cash flow reserve		200,000
Capital improvements		165,156
CASA		125,845
	\$	<u>1,494,063</u>

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for a future period or for various purposes as specified by the donor including the preservation and maintenance of the Church buildings, missions, capital projects and other ministries of the Church and are segregated into the following funds at December 31, 2021:

Ministry	\$	490,238
Missions in action		218,162
Congregation services		159,950
CASA		97,363
Capital improvements		85,683
Staff appreciation		37,730
Other		2,038
	\$	<u>1,091,164</u>

Note 8. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenditures satisfying the donor restricted purposes and/or passage of time during the year ended December 31, 2021:

Ministries	\$	312,408
Missions in action		148,788
Additional principal payments on debt		139,998
CASA		63,745
Congregation services		40,247
Capital improvements		35,842
Administration		29,902
	\$	<u>770,930</u>

Asbury United Methodist Church

Notes to Financial Statements

Note 9. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Church operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Church.

Independent Auditor's Report on the Supplementary Information

To the Finance Committee
Asbury United Methodist Church

We have audited the financial statements of Asbury United Methodist Church as of and for the year ended December 31, 2021, and have issued our report thereon, dated June 3, 2022, which contained a qualified opinion on those financial statements due to not recording depreciation on property and equipment and certain property and equipment not being recorded at historical costs. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effect on the accompanying information of the qualified opinion on the financial statements described above, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Haley & Woods, LLP

Birmingham, Alabama
June 3, 2022

Asbury United Methodist Church

**Operating Fund Statement of Revenue Collected and Expenses Paid –
Modified Cash Basis
Year Ended December 31, 2021**

Revenue collected:	
Ministry contributions	\$ 4,431,254
CASA	597,985
Paycheck protection program grant	381,209
Employee retention credit grant	165,156
Recreation	77,816
Food service	51,298
Other	30,767
Anchor ministry	29,173
Interest	5,070
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	5,769,728
Expenses paid from operations:	
Staff parish relations	1,869,047
Trustees	866,614
CASA	632,475
North Alabama Conference apportionments	554,531
Missions in action	410,488
Communications and media	105,920
Youth ministry	60,546
Children's ministry	53,153
Food service	50,392
Finance	46,118
Administration	37,100
Recreation	36,814
Anchor ministry	28,263
Worship ministry	25,473
Adult Sunday school	11,945
Music ministry	11,921
Family ministries	8,148
Congregational care	2,859
Nursery	1,872
Seniors/YAH Ministry	556
Women's ministry	509
Scouting	126
Church council	70
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	4,814,940
Excess of operating revenue collected over operating expenses paid	<hr/> \$ 954,788 <hr/>

June 3, 2022

Finance Committee
Asbury United Methodist Church
Birmingham, Alabama

Attention: Jay Nichols, Finance Committee Chairman

This letter is to inform the Finance Committee of Asbury United Methodist Church about significant matters related to the conduct of our audit as of and for the year ended December 31, 2021, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated January 18, 2022. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated April 7, 2022 regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies and Disclosures

In our meeting with you, the following is a list of significant accounting practices the matters that will be discussed, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- The Church has chosen to present its financial statements utilizing the modified cash basis of accounting, and has determined that this basis of accounting is an acceptable basis of accounting for its purposes. Financial statements prepared under the modified cash basis of accounting normally would reflect the recognition of depreciation on property and equipment. Management has elected not to recognize such depreciation. The effects of this practice on the financial statements are not reasonably determinable. In addition, financial statements prepared under the modified cash basis of accounting would normally reflect purchased property and equipment at historical costs. However, the Church has certain items of property and equipment which are not valued at historical costs. We have modified our opinion for these matters.

Audit Adjustments and Uncorrected Misstatements

There were no material audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements With Management

There were no disagreements with management during our audit.

Significant Issues Discussed With Management

There were no significant issues discussed with management.

Significant Difficulties Encountered in Performing the Audit

There were no significant difficulties encountered in performing the audit.

Management Representations

Attached is a copy of the management representation letter.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Asbury United Methodist Church.

This report is intended solely for the information and use of the Finance Committee and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Haley & Woods, LLP



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June 3, 2022

Haley & Woods, LLP
4220 Cahaba Heights Court, Suite 201
Birmingham, Alabama 35243

This representation letter is provided in connection with your audit of the financial statements of Asbury United Methodist Church (Church), which comprise the statement of assets, liabilities and net assets—modified cash basis as of December 31, 2021, the related statements of revenue collected and expenses paid and changes in net assets—modified cash basis and functional expenses—modified cash basis for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with the modified cash basis of accounting described in Note 1 to the financial statements.

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

Financial Statements

1. The financial statements referred to above are prepared on the modified cash basis of accounting as described in Note 1 to the financial statements (hereafter, modified cash basis of accounting), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, except as disclosed in Notes 1 and 3.
2. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 18, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with the modified cash basis of accounting.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the modified cash basis of accounting and disclosed adequately to achieve fair presentation.
6. All events subsequent to the date of the financial statements, and for which disclosure is necessary for fair presentation, have been disclosed.
7. There is no known actual or possible litigation and claims that should be accounted for and disclosed in accordance with the modified cash basis of accounting.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Recordable contributions collected, by appropriate net asset class.
 - b. Reclassifications between net asset classes.
 - c. Allocations of functional expenses based on reasonable basis.
 - d. Composition of assets in amounts needed to comply with all donor restrictions
 - e. Concentrations of credit risk.

- f. Receipt of a determination from the Internal Revenue Service that the Church is exempt from federal income taxes as a Section 501(c)(3) not-for-profit corporation, and that the Church has complied with the IRS regulations regarding this exemption.
9. With respect to drafting the financial statements services performed in the course of the audit:
 - a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
 10. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided


11. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audits;
 - c. Unrestricted access to persons within the Church from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All transactions have been recorded in the accounting records and are reflected in the financial statements, as subjected to the modified cash basis of accounting, except as disclosed in Note 1 and 3.
13. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of allegations of fraud or suspected fraud affecting the Church's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Church's financial statements received in communications from employees, former employees, regulators or others.
16. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
17. We are not aware of any pending or threatened litigation and claims whose effects were considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.
18. We have disclosed to you the identity of the Church's related parties and all the related-party relationships and transactions of which we are aware.

19. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Church's ability to record, process, summarize and report financial data.
20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

22. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with the modified cash basis of accounting except as disclosed in Notes 1 and 3 of the financial statements.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.
 - e. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

Asbury United Methodist Church



David Miller, Executive Director



Leah Gardner, Financial Director



Jay Nichols, Finance Committee Chairman