

Asbury United Methodist Church

Financial Report
December 31, 2024

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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 statements of assets, liabilities and net assets on a modified cash basis as of December 31, 2024 and 2023, 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 years 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, 2024 and 2023, and its revenue collected and expenses paid and changes in net assets during the years 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 audits 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 audits. 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 audits.

Haley & Woods, LLP

Birmingham, Alabama
July 18, 2025

Asbury United Methodist Church

**Statements of Assets, Liabilities and Net Assets – Modified Cash Basis
December 31, 2024 and 2023**

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,059,172	\$ 3,504,955
Loan receivable, current	5,284	5,284
Total current assets	3,064,456	3,510,239
Loan receivable, less current portion	22,678	27,962
Property and equipment, net	27,066,805	26,728,727
Total assets	\$ 30,153,939	\$ 30,266,928
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 273,240	\$ 260,803
Total current liabilities	273,240	260,803
Long-term debt, less current portion	6,498,212	6,824,237
Total liabilities	6,771,452	7,085,040
Net assets:		
Without donor restrictions		
Undesignated	130,091	336,611
Designated by the Board	2,017,634	2,220,661
Net investment in property and equipment	20,295,353	19,643,687
	22,443,078	22,200,959
With donor restrictions	939,409	980,929
Total net assets	23,382,487	23,181,888
Total liabilities and net assets	\$ 30,153,939	\$ 30,266,928

See notes to financial statements.

Asbury United Methodist Church

**Statements of Revenue Collected and Expenses Paid and Changes in Net Assets –
Modified Cash Basis
Years Ended December 31, 2024 and 2023**

	2024	2023
Changes in net assets without donor restrictions:		
Revenue collected:		
Ministry contributions	\$ 4,447,890	\$ 4,363,604
CASA tuition and fees	862,236	760,500
Interest	133,787	95,154
Other	87,265	1,273
Recreation	71,568	80,387
Anchor ministry	53,432	46,561
Food service	9,795	24,544
Employee retention credit grant	-	427,304
	5,665,973	5,799,327
Net assets released from restrictions:		
Expiration of time restrictions on pledges	-	33,000
Restrictions satisfied by expenditures made	961,010	929,433
	961,010	962,433
	6,626,983	6,761,760
Expenses paid from operations:		
Program services:		
Ministries	1,772,242	1,667,399
CASA	1,112,118	982,784
Missions in action	879,285	844,597
Congregation services	604,915	606,844
North Alabama Conference	497,198	536,405
Administration	734,249	677,333
	5,600,007	5,315,362
Expenses paid from designated and restricted funds:		
Program services:		
Ministries	483,884	454,623
Missions in action	133,306	91,795
Congregation services	58,654	34,069
CASA	40,629	51,107
Capital improvements	37,354	83,788
Administration	31,030	34,953
	784,857	750,335
Excess of revenue without donor restrictions collected over expenses paid	242,119	696,063

(Continued)

Asbury United Methodist Church

**Statements of Revenue Collected and Expenses Paid and Changes in Net Assets –
Modified Cash Basis
Years Ended December 31, 2024 and 2023 Continued**

	2024	2023
Changes in net assets with donor restrictions:		
Revenue collected:		
Ministry contributions	558,466	660,693
Capital contributions	129,729	67,219
Missions in action	115,760	109,344
CASA	57,242	47,361
Congregation services	31,102	43,233
Staff appreciation contributions	27,191	30,430
	<u>919,490</u>	<u>958,280</u>
Net assets released from restrictions:		
Expiration of time restrictions on pledges	-	(33,000)
Restrictions satisfied by expenditures made	(961,010)	(929,433)
	<u>(961,010)</u>	<u>(962,433)</u>
Deficiency of revenue with donor restrictions collected under releases from restrictions	<u>(41,520)</u>	<u>(4,153)</u>
Excess of revenue collected over expenses paid	200,599	691,910
Net assets:		
Beginning of year	<u>23,181,888</u>	<u>22,489,978</u>
End of year	<u>\$ 23,382,487</u>	<u>\$ 23,181,888</u>

See notes to financial statements.

Asbury United Methodist Church

**Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2024**

	Ministries	CASA	Missions in Action	Congregation Services	North Alabama Conference	Total Programs	Administration	Total
Salaries and wages	\$ 937,528	\$ 709,612	\$ 263,721	\$ 306,396	\$ -	\$ 2,217,257	\$ 351,628	\$ 2,568,885
Payroll taxes and benefits	207,879	82,544	62,364	62,364	129,849	545,000	83,150	628,150
Missions	4,815	-	458,514	-	1,596	464,925	-	464,925
Ministerial support	-	-	-	-	356,833	356,833	-	356,833
Repairs and maintenance	146,300	104,808	34,936	34,936	-	320,980	34,935	355,915
Interest	110,033	82,525	27,508	27,508	-	247,574	27,508	275,082
Utilities	95,028	86,271	23,757	23,757	-	228,813	23,756	252,569
Programs	101,469	6,696	-	58,251	8,920	175,336	23,786	199,122
Supplies	102,002	11,365	-	33,265	-	146,632	16,801	163,433
Insurance	31,285	23,464	7,821	7,821	-	70,391	7,822	78,213
Bank fees	-	-	-	-	-	-	60,371	60,371
Telephone and communication:	-	-	-	48,261	-	48,261	6,079	54,340
Professional development	29,098	-	-	-	-	29,098	15,109	44,207
Postage and copying	2,996	4,534	664	629	-	8,823	28,333	37,156
Miscellaneous	3,809	299	-	1,727	-	5,835	28,101	33,936
Professional fees	-	-	-	-	-	-	26,870	26,870
Total expenses	\$ 1,772,242	\$ 1,112,118	\$ 879,285	\$ 604,915	\$ 497,198	\$ 4,865,758	\$ 734,249	\$ 5,600,007

See notes to financial statements.

Asbury United Methodist Church

**Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2023**

	Ministries	CASA	Missions in Action	Congregation Services	North Alabama Conference	Total Programs	Administration	Total
Salaries and wages	\$ 885,200	\$ 627,160	\$ 252,206	\$ 300,450	\$ -	\$ 2,065,016	\$ 336,270	\$ 2,401,286
Payroll taxes and benefits	189,251	81,725	56,775	56,775	84,672	469,198	75,703	544,901
Missions	7,658	-	450,388	-	1,585	459,631	-	459,631
Ministerial support	-	-	-	-	438,661	438,661	-	438,661
Repairs and maintenance	131,507	85,511	28,504	28,504	-	274,026	28,503	302,529
Interest	114,148	85,611	28,537	28,537	-	256,833	28,536	285,369
Programs	128,766	4,232	-	73,530	11,487	218,015	4,409	222,424
Utilities	83,483	62,612	20,871	20,871	-	187,837	20,871	208,708
Supplies	78,905	10,765	-	52,534	-	142,204	14,441	156,645
Insurance	27,631	20,723	6,908	6,908	-	62,170	6,908	69,078
Bank fees	-	-	-	-	-	-	52,597	52,597
Telephone and communication	-	-	-	36,197	-	36,197	5,450	41,647
Miscellaneous	5,487	385	-	1,284	-	7,156	34,134	41,290
Postage and copying	2,448	4,060	408	653	-	7,569	28,068	35,637
Professional fees	-	-	-	-	-	-	27,813	27,813
Professional development	12,915	-	-	601	-	13,516	13,630	27,146
Total expenses	\$ 1,667,399	\$ 982,784	\$ 844,597	\$ 606,844	\$ 536,405	\$ 4,638,029	\$ 677,333	\$ 5,315,362

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, 2024 and 2023, cash equivalents totaled \$2,278,522 and \$1,908,358, respectively.

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 July 18, 2025, which is the date the financial statements were available for issuance.

Note 2. Liquidity

As of December 31, 2024 and 2023, 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:

	2024	2023
Cash and cash equivalents	\$ 3,059,172	\$ 3,504,955
Loan receivable, current	5,284	5,284
	<u>3,064,456</u>	<u>3,510,239</u>
Less those unavailable for general expenditures within one year, due to:		
Board designations for specific purposes	(2,017,634)	(2,220,661)
Donor-imposed restrictions	(939,409)	(980,929)
	<u>\$ 107,413</u>	<u>\$ 308,649</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, 2024 and 2023, property and equipment consisted of the following:

	2024	2023
Land	\$ 2,919,195	\$ 2,668,668
Buildings and improvements	23,037,025	23,037,025
Equipment	1,110,585	1,023,034
Net property and equipment	<u>\$ 27,066,805</u>	<u>\$ 26,728,727</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, 2024 and 2023 is summarized as follows:

	2024	2023
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	\$ 6,771,452	\$ 7,085,040
Less current maturities	(273,240)	(260,803)
	<u>\$ 6,498,212</u>	<u>\$ 6,824,237</u>

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

Years ending December 31:	
2025	\$ 273,240
2026	283,776
2027	295,044
2028	306,758
2029	318,938
Thereafter	5,293,696
	<u>\$ 6,771,452</u>

Asbury United Methodist Church

Notes to Financial Statements

Note 5. 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, 2024 and 2023:

	2024	2023
Operations carryover	\$ 862,886	\$ 888,881
Missions in action	441,324	458,775
Minister parsonage	403,992	598,748
Cash flow reserve	209,285	209,285
CASA	65,185	64,972
Operating fund holding account	34,962	-
	<u>\$ 2,017,634</u>	<u>\$ 2,220,661</u>

Note 6. 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, 2024 and 2023:

	2024	2023
Ministry	\$ 412,593	\$ 526,406
Missions in action	203,821	224,848
Congregation services	145,698	146,131
CASA	79,676	53,114
Capital improvements	70,430	-
Staff appreciation	27,191	30,430
	<u>\$ 939,409</u>	<u>\$ 980,929</u>

Note 7. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenditures satisfying the donor restricted purposes during the years ended December 31, 2024 and 2023:

	2024	2023
Ministries	\$ 498,306	\$ 464,072
Capital improvements	153,231	120,597
Missions in action	136,786	91,853
Additional principal payments on debt	56,500	89,500
Congregation services	55,078	34,069
CASA	30,679	94,386
Staff appreciation	30,430	34,953
Expiration of time restrictions on pledges	-	33,000
Administration	-	3
	<u>\$ 961,010</u>	<u>\$ 962,433</u>

Asbury United Methodist Church

Notes to Financial Statements

Note 8. 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 \$118,308 and \$66,815 for the years ended December 31, 2024 and 2023, respectively.

Note 9. Operating Leases

The Church leases certain office equipment under noncancelable operating leases. Future minimum rent payments as of December 31, 2024, are as follows:

Years ending December 31:

2025	\$	61,368
2026		38,202
2027		38,202
2028		38,202
2029		9,551
Thereafter		-

Total rent expense associated with these leases are included in postage and copying expenses in the statements of functional expenses.



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 years ended December 31, 2024 and 2023, and have issued our report thereon, dated July 18, 2025, 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
July 18, 2025

Asbury United Methodist Church

Operating Fund Statements of Revenue Collected and Expenses Paid – Modified Cash Basis Years Ended December 31, 2024 and 2023

	2024	2023
Revenue collected:		
Ministry contributions	\$ 4,447,890	\$ 4,353,604
CASA	832,963	738,546
Other	87,265	1,273
Recreation	71,568	80,387
Anchor ministry	53,432	46,561
Food service	9,795	24,544
Interest	2,295	5,380
	<u>5,505,208</u>	<u>5,250,295</u>
Expenses paid from operations:		
Staff parish relations	2,209,986	2,096,372
Trustees	961,082	867,975
CASA	848,832	733,564
North Alabama Conference apportionments	497,198	536,405
Missions in action	459,178	450,795
Worship ministry	76,337	67,359
Communications and media	70,961	76,793
Youth ministry	62,935	63,132
Finance	55,942	61,966
Children's ministry	53,440	49,410
Administration	46,865	42,389
Anchor ministry	45,039	38,992
Recreation	44,119	48,192
Nursery	43,924	51,353
Hospitality and connections	34,842	12,299
Music ministry	32,365	33,367
Food service	21,970	34,385
Discipleship	14,614	32,133
Adult ministry	12,227	8,745
Congregational care	3,833	2,311
Seniors/YAH Ministry	2,248	786
Church council	1,292	5,766
Women's ministry	747	746
Stewardship - financial	28	119
Scouting	3	8
	<u>5,600,007</u>	<u>5,315,362</u>
Deficiency of operating revenue collected over operating expenses paid	\$ (94,799)	\$ (65,067)