



**Financial Statements**  
For the year ended December 31, 2012

# EBLEN CHARITIES, INC.

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# BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Eblen Charities, Inc.  
Asheville, North Carolina

We have audited the accompanying financial statements of Eblen Charities, Inc. (a non-profit corporation) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eblen Charities, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2013, on our consideration of Eblen Charities, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eblen Charities, Inc.'s internal control over financial reporting and compliance.

*Burleson & Earley, P.A.*

Certified Public Accountants  
August 9, 2013

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**Eblen Charities, Inc.**  
**Statement of Financial Position**  
**December 31, 2012**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and equivalents	\$ 960,600
Investments in marketable securities	1,067,135
Accounts receivable	<u>31,355</u>
	2,059,090
<b>Capital Assets</b>	
Property and equipment, net of accumulated depreciation	<u>6,768,000</u>
<b>Total Assets</b>	<u><u>\$ 8,827,090</u></u>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Current portion of long term debt	\$ 3,900,208
Accounts payable	14,277
Payroll taxes payable	8,121
Accrued expenses	<u>18,866</u>
	3,941,472
<b>Longterm Liabilities</b>	
Note payable	<u>-</u>
<b>Total Liabilities</b>	3,941,472
<b>Net Assets</b>	
Unrestricted	4,016,313
Temporarily restricted	<u>869,305</u>
<b>Total Net Assets</b>	<u>4,885,618</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 8,827,090</u></u>

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

**Eblen Charities, Inc.**  
**Statement of Activities**  
**For the year ended December 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and Other Support</b>			
Contributions	\$ 239,811	\$ -	\$ 239,811
Donor designated contributions, including promises to give		402,079	402,079
Fees for service	101,076		101,076
Grants		2,095,350	2,095,350
Fundraising	366,713		366,713
Interest income	4,821		4,821
Dividend income	17,079		17,079
Realized gains on investments	7,600		7,600
Unrealized gains on investments	32,769		32,769
Loss on disposal of fixed assets	(10)		(10)
Miscellaneous income	23,732		23,732
In-kind contributions:			
Program services	1,850,757		1,850,757
General and administrative	29,667		29,667
Fundraising	259,888		259,888
Net assets released from restrictions	2,341,801	(2,341,801)	-
Total revenue and other support	<u>5,275,704</u>	<u>155,628</u>	<u>5,431,332</u>
<b>Expenses</b>			
Program services	5,042,929		5,042,929
Supporting services			
General and administrative	146,607		146,607
Fundraising	447,115		447,115
Total expenses	<u>5,636,651</u>	<u>-</u>	<u>5,636,651</u>
Change in net assets	(360,947)	155,628	(205,319)
Net assets, beginning of year	<u>4,377,260</u>	<u>713,677</u>	<u>5,090,937</u>
Net assets, end of year	<u>\$ 4,016,313</u>	<u>\$ 869,305</u>	<u>\$ 4,885,618</u>

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

**Eblen Charities, Inc.**  
**Statement of Functional Expenses**  
**For the year ended December 31, 2012**

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Assistance payments	\$ 1,389,792	\$ -	\$ -	\$ -	\$ 1,389,792
Direct:					
Utilities/telephone/heating	71,004	-	-	-	71,004
Medical	24,831	-	-	-	24,831
Dental	9,760	-	-	-	9,760
Emergency	401,051	-	-	-	401,051
Housing	49,616	-	-	-	49,616
Travel	88,255	-	-	-	88,255
Specific assistance to groups	72,719	-	-	-	72,719
Insurance	47,131	-	-	-	47,131
Clothing	65,626	-	-	-	65,626
Other	1,850,757	-	-	-	1,850,757
In-kind	4,070,542	-	-	-	4,070,542
Total assistance payments					
In-kind expenses		29,667	259,888	289,555	289,555
Salaries	345,357	70,875	37,113	107,988	453,345
Payroll taxes	29,994	6,155	3,223	9,379	39,373
Employee benefits	34,576	7,096	3,716	10,811	45,387
Fundraising	-	-	129,731	129,731	129,731
Office	36,911	4,614	4,614	9,228	46,139
Rent and Utilities	70,646	8,831	8,831	17,661	88,307
Professional fees	-	19,369	-	19,369	19,369
Service charges	15,723	-	-	-	15,723
Travel	1,200	-	-	-	1,200
Postage	5,032	-	-	-	5,032
Telephone	23,216	-	-	-	23,216
Other	27,077	-	-	-	27,077
Interest	214,227	-	-	-	214,227
Depreciation	168,428	-	-	-	168,428
	<u>\$ 5,042,929</u>	<u>\$ 146,607</u>	<u>\$ 447,115</u>	<u>\$ 593,722</u>	<u>\$ 5,636,651</u>

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

**Eblen Charities, Inc.**  
**Statement of Cash Flows**  
**For the year ended December 31, 2012**

<b>Cash flows from operating activities</b>	
Change in net assets	\$ (205,319)
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:	
Depreciation	168,428
Realized (gain) loss on investments	(7,600)
Unrealized (gain) loss on investments	(32,769)
Loss on disposal of fixed assets	10
Changes in operating assets and liabilities:	
Increase in accounts receivable	(13,254)
Increase in accounts payable	14,277
Increase in payroll taxes payable	5,276
Decrease in accrued expenses	<u>109</u>
Net cash used by operating activities	<u>(70,842)</u>
<b>Cash flows from investing activities</b>	
Proceeds from sale of investments	375,052
Purchase of investments	(170,772)
Acquisition of property and equipment	<u>(1,980)</u>
Net cash provided by investing activities	<u>202,300</u>
<b>Cash flows from financing activities</b>	
Payments of long term debt	<u>(26,647)</u>
Net cash used by financing activities	<u>(26,647)</u>
<b>Net increase in cash and cash equivalents</b>	104,811
<b>Cash and cash equivalents, beginning of year</b>	855,789
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 960,600</u></u>
<b>Supplementary Information</b>	
Interest paid	<u><u>\$ 214,227</u></u>

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

**Eblen Charities, Inc.**  
**Notes to the Financial Statements**

**Note 1 – Nature of Organization and Summary of Significant Accounting Policies**

**Nature of Organization**

Eblen Charities, Inc. (the Organization) is a not-for-profit corporation established under the laws of the State of North Carolina. The mission of the Organization is to provide aid and assistance to people and their families in Western North Carolina who suffer from the effects of chronic illness and disabilities. Through financial aid and other support, the Organization recognizes the unique physical, emotional, social, and spiritual needs of each person they serve.

**Program Services**

The Organization, through over 70 outreach programs, assists children, adults, and families in Western North Carolina who are living with illnesses and disabilities with medication, travel, medical supplies, heat and utility assistance, food, and other emergency aid. The outreach programs are grouped into the following program groups:

- **Health** - In order to help stem the rising costs of medication, medical supplies and health care, Eblen Medical helps provide medical assistance to children, adults, and families living in our community by providing medication, medical supplies, physician and dental visits, eye glasses and other health care needs.
- **Energy** - The Eblen Energy Project has delivered hundreds of thousands of gallons of oil, natural gas, and assisted with electric bills to families in our community living with illnesses and disabilities. By providing heating oil and assistance with funding for gas and electric bills, purchasing space heaters, fans and air conditioning window units we can help ensure that our neighbors are not left out in the cold during the winter or suffer through the heat of summer.
- **Education** - Through the outreach of the Eblen Charities, the work of the Eblen Center for Social Enterprise, and partnerships with Buncombe County, Asheville City, and other local school systems, Eblen offers a number of programs to students, faculty and all involved in education. The program provides assistance ranging from breakfast, lunch, and snacks to shoes, clothing, school supplies and assists with programs that help ensure that students will not leave school before graduation.
- **Emergency Assistance** - Beginning full-time outreach in 1992 to try to help families travel to area hospitals to obtain medical care, Eblen Assistance has grown to encompass a number of outreach programs that provides emergency assistance which includes a vast array of emergency assistance depending on the need of each individual or families who calls.
- **Housing** - To help in assisting those in our community who have to decide between paying their rent or mortgage, purchasing medication, or paying for other needs, the Eblen Charities has worked in partnership with other organizations and has developed programs that respond quickly to the needs of families who are in danger of losing their homes.

**Revenue and Other Support**

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

**Investments in Marketable Securities**

The investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market value in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities as a component of the change in net assets.



### **Property and Equipment**

Property and equipment, consisting primarily of buildings, land, office furniture and equipment, are stated at cost, or at fair value, if contributed. It is the Organization's policy to capitalize expenditures in excess of \$500. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Small tools, maintenance and repairs are charged against income as incurred, and additions, renewals and improvements that materially extend the life of the asset are capitalized. The following useful lives are assigned to the asset groups:

Office equipment	5 years
Furniture	7 years
Buildings	40 years

### **Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Continuance of such exemption is subject to compliance with regulations and review of activities by taxing authorities. The Organization is not aware of any transactions that would affect its tax-exempt status. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

### **Functional Expenses**

The Organization 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 by statistical means.

### **Donated Services and Materials**

The Organization records various types of in-kind support, including services, materials, supplies, fundraising expenses and other tangible assets. Generally accepted accounting principles requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Some services received by the Organization in providing service to clients do meet the criteria while other services provided in the office and at special events do not. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

The Organization received contributed professional services during the year ended December 31, 2012, with a fair value on the dates of donation of \$7,901.

The Organization received contributed materials, supplies, fundraising and other tangible assets during the year ended December 31, 2012, with a fair value on the dates of donation of \$2,132,411.

In addition, a number of volunteers have donated over 10,900 hours to the Organization's program and support services. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates.

### **Date of Management's Review**

Subsequent events have been evaluated through August 9, 2012, which is the date the financial statements were available to be issued.

## Note 2 – Cash and Cash Equivalents

Cash and cash equivalents includes the following at December 31, 2012:

Unrestricted	\$ 91,295
Temporarily restricted	869,305
	<u>\$ 960,600</u>

## Note 3 – Concentration of Credit Risk from Cash Deposits in Excess of Insured Limits

The Organization maintains its cash and equivalents at several financial institutions in Western North Carolina that are insured by the Federal Deposit Insurance Corporation. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2012. The uninsured balance was approximately \$287,000 at December 31, 2012.

## Note 4 – Investments and Fair Value

Investments in marketable securities as of December 31, 2012 is summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Equities	\$ 1,025,802	\$ 1,067,135	\$ 41,333
Total	<u>\$ 1,025,802</u>	<u>\$ 1,067,135</u>	<u>\$ 41,333</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2012:

	<u>Unrestricted</u>
Dividends	\$ 17,079
Interest	4,821
Realized gains (losses)	7,600
Unrealized gains (losses)	32,769
Total investment return	<u>\$ 62,269</u>

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market.

Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

The following table represents the Organizations's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 31, 2012.

<u>Fair Value Measurements on a Recurring Basis as of December 31, 2012</u>			
Assets:	Level 1	Level 2	Level 3
Investments	\$ 1,067,135	\$ -	\$ -

<u>Fair Value Measurements at December 31, 2012 Using Quoted Price Inputs (Level 1)</u>	
	Level 1
Total gains or losses (realized/unrealized)	
Included in revenue as realized gains/(losses)	7,600
Included in revenue as unrealized gains/(losses)	32,769
	<u>\$ 40,369</u>

#### **Note 5 – Property and Equipment**

The following is a summary of property and equipment as of December 31, 2012:

Equipment and Furniture	\$ 276,742
Land	1,996,500
Building	5,055,210
	<u>7,328,452</u>
Less: accumulated depreciation	(560,452)
Total	<u>\$ 6,768,000</u>

Depreciation expense for the years ended December 31, 2012 was \$168,428.

#### **Note 7 – Pension Plan**

The Organization established a SIMPLE individual retirement plan for the employees. The employees contribute a percentage of their gross payroll and the Organization matching that contribution dollar for dollar up to three percent. For the years ended December 31, 2012, the Organization contributed \$5,948 to the plan.

#### **Note 8 – Long Term Debt**

On May 30, 2008, the Organization secured a note in the amount of \$1,000,000 to begin construction of the Eblen Center for Social Enterprise. This note required interest payments only. On October 30, 2008, the Organization secured the construction loan for the facility in the amount of \$4,000,000. From the proceeds of this loan, the initial loan of \$1,000,000 was paid in full. Payments of interest only were due monthly through November 1, 2011, at which time the loan matured. The terms were amended on January 20, 2012, extending the maturity date to August 1, 2012. Interest expense for 2012 is \$214,227. The loan is collateralized by the real estate. At December 31, 2012, the outstanding principal balance was \$3,900,208.

At the date of this report, the Organization is actively marketing the building for sale. The bank has agreed to accept a minimum floor of \$1.8 million to release the secured interest in the building. When the building sells, there is a strong likelihood that there will be an outstanding balance remaining on the loan. Based upon the current negotiated verbal terms with the bank, the Organization anticipates that any remaining outstanding debt will be forgiven.

The following represents the five year maturities of long term debt:

2013	<u>\$ 3,900,208</u>
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The Organization is currently in default in the performance of the obligations of the loan by failing to meet the Debt Service Coverage Ratio of 1.25 to 1.00.

## Note 9 – Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2012, do 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 Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

## Note 10 – Operating Lease Commitment

The Organization leases office space at Westgate Plaza. The lease commenced on June 1, 2010 at a monthly rate of \$2,914, for a term of thirty-six months. At the date of this report, the existing lease has expired. The Organization intends to stay in its existing space and expand into adjoining space. The terms of the new lease have not been negotiated and thus the future minimum rentals associated with it are unknown.

The future minimum rentals under these agreements are:

2013	\$14,570
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## Note 11– Temporarily Restrictions on Net Assets

At December 31, 2012, temporarily restricted net assets are available for the following purposes:

<u>Program</u>	
Accelerated Sports Institute	\$ 200
Avery's Creek Elementary	31,667
Beyond All Borders	4,450
Building Future Builders	1,203
Crisis Intervention Program	(8,262)
Drug Court	17,602
Emergency Assistance	41,417
Graduation Initiative	45,635
Helping Each Member Cope/Project Share/Energy Neighbors	19,112
If the Shoe Fits	1,303
Kimmel Foundation	739
Lasher Scholarship Fund	21,533
LIEAP	289,878
Med Pro RX	7,000
No Place Like Home	574
On Track	8,266
Rams to the Rescue	(1,150)
Regent Park Scholarship	2,177
Student Scholarship Fund	500
Walnut Cove Member's Association	2,993
Woodfin Water Assistance	7,375
Partnerships with Businesses for Employee Assistance	285,578
Private Individuals	89,515
	<u>\$ 869,305</u>

# BURLESON & EARLEY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of  
Eblen Charities, Inc.  
Asheville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Eblen Charities, Inc. (a nonprofit organization) as of and for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated August, 9, 2013.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Eblen Charities, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Eblen Charities, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below that we consider to be significant deficiencies.

### Finding

Audit adjustments were necessary to correct errors that are considered significant to the financial statements. The Organization should implement a periodic overview process for their general ledger that involves a detailed review of accounts. Through this review, errors can be identified and corrected and also communicated to the appropriate staff to prevent a future occurrence.

### Eblen Charities, Inc.'s Response to Finding

Management understands and agrees with this finding and will work with the staff in developing the necessary additional procedures related to these issues.

The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eblen Charities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Eblen Charities, Inc. in a separate letter dated August 9, 2013.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Burleson & Earley, P.A.*

Certified Public Accountants

August 9, 2013