

# **Eblen Charities, Inc. and Affiliate**

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## **Consolidated Financial Statements**

**Year Ended December 31, 2016  
(with summarized comparative totals for 2015)**

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## **Independent Auditors' Report**

Board of Directors  
Eblen Charities, Inc. and Affiliate  
Asheville, North Carolina

We have audited the accompanying consolidated financial statements of Eblen Charities, Inc. and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statement of activities, consolidated statement of functional expenses, and the consolidated statement of cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 2016 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Eblen Charities, Inc. and Affiliate as of December 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The summarized comparative information presented herein as of and for the year ended December 31, 2015 was audited by other auditors whose report dated August 9, 2016 expressed an unmodified opinion.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The consolidating information presented in the supplemental schedules on pages 15 and 16 is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations, and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Dixon Hughes Goodman LLP*

**Asheville, North Carolina  
September 14, 2017**

**Eblen Charities, Inc. and Affiliate**  
**Consolidated Statement of Financial Position**

As of December 31, 2016

(With summarized comparative totals as of December 31, 2015)

	<b>2016</b>	<b>2015</b>
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash and Equivalents	\$ 1,195,653	\$ 1,482,974
Contributions Receivable, Net	49,406	20,045
Total Current Assets	1,245,059	1,503,019
<b><u>Long-Term Assets</u></b>		
Investments	485,453	551,718
Property and Equipment, Net	2,295,777	569,355
Total Long-Term Assets	2,781,230	1,121,073
<b>Total Assets</b>	<b>\$ 4,026,289</b>	<b>\$ 2,624,092</b>
<b><u>Liabilities and Net Assets</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 97,492	\$ 58,046
Capital Lease Payable, Current Portion	2,155	1,789
Payroll and Taxes Payable	11,444	13,278
Unearned Grant Revenue	316,544	504,612
Short-Term Debt	1,550,400	-
Total Current Liabilities	1,978,035	577,725
<b><u>Long-Term Liabilities</u></b>		
Capital Lease Obligation, Net of Current Portion	3,325	5,481
Total Liabilities	1,981,360	583,206
<b><u>Net Assets</u></b>		
Investment in Fixed Assets	657,307	562,085
Unrestricted	598,932	726,929
Temporarily Restricted	788,690	751,872
Total Net Assets	2,044,929	2,040,886
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,026,289</b>	<b>\$ 2,624,092</b>

See accompanying notes.

**Eblen Charities, Inc. and Affiliate**  
**Consolidated Statement of Activities**

Year Ended December 31, 2016

(With summarized comparative totals for the year ended December 31, 2015)

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>2016 Total</b>	<b>2015 Total</b>
<b><u>Support</u></b>				
Grants	\$ 20,500	\$ 1,938,806	\$ 1,959,306	\$ 2,121,756
Contributions	493,357	213,609	706,966	935,947
Program Income	487,170	2,060	489,230	320,181
Investment Gains/(Losses)	23,480	-	23,480	(26,215)
In-Kind Contributions	1,873,310	-	1,873,310	1,874,832
Other Income	26,620	178	26,798	21,968
Net Assets Released From Restrictions	2,117,835	(2,117,835)	-	-
<b>Total Support</b>	<b>5,042,272</b>	<b>36,818</b>	<b>5,079,090</b>	<b>5,248,469</b>
<b><u>Expenses</u></b>				
Program Services	4,620,275	-	4,620,275	4,797,972
Management and General	147,485	-	147,485	230,155
Fundraising	307,287	-	307,287	316,424
<b>Total Expenses</b>	<b>5,075,047</b>	<b>-</b>	<b>5,075,047</b>	<b>5,344,551</b>
Change in Net Assets	(32,775)	36,818	4,043	(96,082)
Net Assets, Beginning of Year	1,289,014	751,872	2,040,886	2,136,968
<b>Net Assets, End of Year</b>	<b>\$ 1,256,239</b>	<b>\$ 788,690</b>	<b>\$ 2,044,929</b>	<b>\$ 2,040,886</b>

See accompanying notes.

## Eblen Charities, Inc. and Affiliate Consolidated Statement of Functional Expenses

Year Ended December 31, 2016

(With summarized comparative totals for the year ended December 31, 2015)

	Supporting Services			Total		2016 Total Expenses		2015 Total Expenses	
	Program Services	General and Administrative	Fundraising	Total	Total	2016 Total Expenses	2015 Total Expenses		
Assistance payments									
Direct:									
Utilities/telephone/heating	\$ 1,761,037	\$ -	\$ -	\$ -	\$ -	\$ 1,761,037	\$ -	\$ 1,820,496	
Medical	80,555	-	-	-	-	80,555	-	48,434	
Dental	28,556	-	-	-	-	28,556	-	18,439	
Emergency	35,239	-	-	-	-	35,239	-	29,169	
Housing	290,100	-	-	-	-	290,100	-	232,519	
Travel	38,411	-	-	-	-	38,411	-	119,364	
Insurance	49,924	-	-	-	-	49,924	-	42,842	
Clothing	44,054	-	-	-	-	44,054	-	65,089	
Other	108,623	-	-	-	-	108,623	-	175,275	
In-kind	1,564,339	-	-	-	-	1,564,339	-	1,715,170	
Total assistance payments	4,000,838	-	-	-	-	4,000,838	-	4,266,797	
In-kind expenses	-	450	184,221	184,671	184,671	184,671	159,662		
Salaries	355,062	79,222	15,488	94,710	94,710	449,772	480,377		
Payroll taxes	26,737	7,643	2,848	10,491	10,491	37,228	39,866		
Employee benefits	27,692	6,179	1,208	7,387	7,387	35,079	33,419		
Fees & licenses	1,027	-	-	-	-	1,027	3,315		
Fundraising	-	-	98,649	98,649	98,649	98,649	104,816		
Office	43,242	9,648	1,886	11,534	11,534	54,776	67,237		
Rent and Utilities	68,476	15,279	2,987	18,266	18,266	86,742	70,141		
Professional fees	-	29,064	-	29,064	29,064	29,064	26,417		
Service charges	15,109	-	-	-	-	15,109	10,331		
Travel	4,249	-	-	-	-	4,249	3,340		
Postage	4,630	-	-	-	-	4,630	3,667		
Telephone	8,867	-	-	-	-	8,867	11,515		
Other	33,479	-	-	-	-	33,479	32,784		
Depreciation	30,867	-	-	-	-	30,867	30,867		
	<u>\$ 4,620,275</u>	<u>\$ 147,485</u>	<u>\$ 307,287</u>	<u>\$ 454,772</u>	<u>\$ 454,772</u>	<u>\$ 5,075,047</u>	<u>\$ 5,344,551</u>		

See accompanying notes.

**Eblen Charities, Inc. and Affiliate**  
**Consolidated Statement of Cash Flows**

Year Ended December 31, 2016

(With summarized comparative totals for the year ended December 31, 2015)

<b><u>Cash Flows from Operating Activities</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Change in Net Assets	\$ 4,043	\$ (96,082)
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	30,867	30,863
Realized gain on investments	(59,966)	(2,883)
Unrealized loss on investments	36,486	29,098
(Increase)/Decrease in Operating Assets:		
Accounts Receivable	(29,361)	(933)
Increase/(Decrease) in Operating Liabilities:		
Accounts Payable	39,446	22,574
Payroll and Taxes Payable	(1,834)	12,031
Unearned revenue	(188,068)	101,066
Net Cash Provided/(Used) by Operating Activities	<u>(168,387)</u>	<u>95,734</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Proceeds from sale of investments	490,594	504,503
Purchase of investments	(400,849)	(395,868)
Purchase of property and equipment	(1,757,289)	-
Net Cash Provided/(Used) by Investing Activities	<u>(1,667,544)</u>	<u>108,635</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Payments of capital lease	(1,790)	(1,596)
Proceeds from debt	1,550,400	-
Net Cash Provided/(Used) by Financing Activities	<u>1,548,610</u>	<u>(1,596)</u>
Net Change in Cash and Equivalents	(287,321)	202,773
Cash and Equivalents, Beginning of Year	<u>1,482,974</u>	<u>1,280,201</u>
<b>Cash and Equivalents, End of Year</b>	<b><u>\$ 1,195,653</u></b>	<b><u>\$ 1,482,974</u></b>

See accompanying notes.



**Eblen Charities and Affiliate**  
**Notes to the Consolidated Financial Statements**

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

**Nature of Organization**

Eblen Charities (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** - Realizing that living with the effects of illnesses and disabilities reaches further than the need for medication; the Emergency Assistance Program reaches out to provide help in other areas that families may need.
- **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.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Use of Estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

**Eblen Charities, Inc. and Subsidiary**  
**Notes to Financial Statements**

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**Principles of Consolidation**

The consolidated financial statements include the assets and liabilities and results of operations of Eblen Charities, Inc. and Asheville Buncombe Educational Housing, LLC, collectively referred to as the "Organization". All inter-entity transactions and balances have been eliminated in consolidation.

**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 consolidated statement of activities as net assets released from restrictions. Grants that are considered exchange transactions are reported as revenue when they are earned.

**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 consolidated statement of cash flows exclude permanently restricted cash and cash equivalents.

**Accounts Receivable**

Accounts receivable consists of promises to give, are recorded as unrestricted contributions in the consolidated statements of financial position or direct additions to temporarily restricted net assets, if restricted by the donor or time, net of any allowances for doubtful accounts.

**Allowance for Doubtful Accounts**

Doubtful accounts are accounted for using the allowance method. The allowance is increased or decreased based upon management's evaluation, by provisions to bad debt expense charged to income. Uncollectible balances are written off against the allowance. Recoveries of previously written off balances are credited to income.

**Investments in Marketable Securities**

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

**Fair value measurements**

Fair value as defined under GAAP is an exit price, representing 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. The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used when measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Organization has adopted the provisions of the fair value option for financial assets and financial liabilities, which permits entities to choose to measure eligible items at fair value at specified election dates. The fair value option (i) may be applied instrument by instrument, with certain exceptions, (ii) is irrevocable (unless a new election date occurs), and (iii) is applied only to entire instruments and not to portions of instruments. The Organization elected the fair value option for their investments, and as such these securities are treated as trading securities. Unrealized gains or losses are reported within the performance indicator, 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 \$5,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Small tools,

**Eblen Charities, Inc. and Subsidiary**  
**Notes to Financial Statements**

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maintenance and repairs are charged against income as incurred, and additions, renewals and improvements that materially extend the life of the asset are capitalized and depreciated over their useful lives. Upon disposition of equipment, the asset and related accumulated depreciation accounts are relieved and any related gain or loss is credited or charged to general expenses. 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.

**Net assets**

The Organization reports its net assets using the following three classes; unrestricted, temporarily restricted, and permanently restricted depending on the presence and type of donor-imposed restrictions limiting the Organization's ability to use or dispose of specific contributed assets or the economic benefits embodied in those assets. Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. Temporarily restricted net assets are those net assets whose use by the Organization has been limited by donors (a) to later periods of time or after specified dates or (b) to specified purposes.

**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. GAAP 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 consolidated financial statements as in-kind support are offset by like amounts included in expenses or assets.

The Organization received contributed materials, supplies, fundraising and other tangible assets during the year ended December 31, 2016, with a fair value on the dates of donation of \$1,749,010.

The Organization also received contributed equipment during the year ended December 31, 2016 in the amount of \$124,300. This equipment was contributed to Asheville Buncombe Educational Housing, LLC, which is an affiliate of Eblen Charities, Inc.

In addition, a number of volunteers have donated 10,355 hours to the Organization's program and support services at a total value of \$238,061. These in-kind contributions are not reflected in the consolidated financial statements since these services do not meet the criteria for recognition.

**Reclassification**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year consolidated financial statements. Reclassification did not impact change in net assets or net asset balances.

**Eblen Charities, Inc. and Subsidiary**  
**Notes to Financial Statements**

**Subsequent Events**

Subsequent events have been evaluated through September 14, 2017, which is the date the consolidated financial statements were available to be issued.

**Note 2 – Cash and Cash Equivalents**

<u>As of December 31:</u>	<u>2016</u>	<u>2015</u>
Unrestricted	\$ 102,210	\$ 229,431
Temporarily restricted	<u>1,093,443</u>	<u>1,253,543</u>
Total Cash and Equivalents	<u>\$ 1,195,653</u>	<u>\$ 1,482,974</u>

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

At times, the Company may have balances in excess of the limits insured under the federal deposit insurance requirements at a certain institution. Management does not consider there to be any material credit risk related to this concentration.

**Note 4 – Accounts Receivable**

Accounts receivable, net of allowance of \$49,406 and \$20,045 as of December 31, 2016 and 2015, were as follows:

	<u>2016</u>	<u>2015</u>
Accounts receivable:		
Amounts due in less than one year	\$ 56,906	\$ 20,045
Allowance for doubtful accounts	<u>(7,500)</u>	<u>-</u>
Accounts receivable, net of allowance	<u>\$ 49,406</u>	<u>\$ 20,045</u>

**Note 5 – Investments and Fair Value**

Investments in marketable securities as of December 31, 2016 and 2015 is summarized as follows:

<u>As of December 31, 2016:</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Cash/Money Market Accounts	\$ 13,427	\$ 13,427	\$ -
Equities/Mutual Funds	326,700	322,434	(4,266)
Fixed Income/Bonds	<u>151,746</u>	<u>149,592</u>	<u>(2,154)</u>
Total Investments	<u>\$ 491,873</u>	<u>\$ 485,453</u>	<u>\$ (6,420)</u>
<u>As of December 31, 2015:</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Equities	<u>\$ 521,651</u>	<u>\$ 551,718</u>	<u>\$ 30,067</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

**Eblen Charities, Inc. and Subsidiary**  
**Notes to Financial Statements**

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 Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 31, 2016 and 2015.

	<b>Fair Value Measurements on a Recurring Basis as of December 31, 2016:</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Assets:			
Equities/Mutual Funds	\$ 322,434	\$ -	\$ -
Fixed Income/Bonds	<u>149,592</u>	<u>-</u>	<u>-</u>
	<u>\$ 472,026</u>	<u>\$ -</u>	<u>\$ -</u>

	<b>Fair Value Measurements on a Recurring Basis as of December 31, 2015:</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Assets:			
Equities	<u>\$ 551,718</u>	<u>\$ -</u>	<u>\$ -</u>

The Company had \$13,427 and \$0 of cash and cash equivalents included in investments on the consolidated balance sheets at December 31, 2016 and 2015, respectively, which was not classified as a level as prescribed within the provision.

	<b>2016 Level 1</b>	<b>2015 Level 1</b>
Total gains or losses (realized/unrealized)		
Included in revenue as realized gains	\$ 59,966	\$ 2,883
Included in revenue as unrealized losses	<u>(36,486)</u>	<u>(29,098)</u>
	<u>\$ 23,480</u>	<u>\$ (26,215)</u>

**Eblen Charities, Inc. and Subsidiary**  
**Notes to Financial Statements**

**Note 6 – Property and Equipment**

The following is a summary of property and equipment as of December 31, 2016 and 2015:

<b>As of December 31:</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Equipment and Furniture	\$ 166,405	\$ 166,406
Land – Eblen Charities, Inc.	482,122	482,122
Land – Asheville Buncombe Educational Housing	64,300	-
CIP – Asheville Buncombe Educational Housing	1,692,989	-
Leasehold improvements	<u>57,368</u>	<u>57,367</u>
	\$ 2,463,184	\$ 705,895
Less: Accumulated Depreciation	<u>(167,407)</u>	<u>(136,540)</u>
Property and Equipment, Net	<u><u>\$ 2,295,777</u></u>	<u><u>\$ 569,355</u></u>

Depreciation expense for the year ended December 31, 2016 and 2015 was \$30,867 and \$30,863, respectively.

Construction commitment at December 31, 2016 consisted of remaining project costs relating to the Asheville Buncombe Educational Housing project of approximately \$1,128,000 to the project contractor.

**Note 7 – Short-Term Debt**

Eblen Charities' debt consists of an interest-free short-term construction loan from State Employees Credit Union related to the Asheville Buncombe Educational Housing project. The balance outstanding as of December 31, 2016 was \$1,550,400. The debt is expected to be refinanced and converted into a conventional long term loan upon completion of the Asheville Buncombe Educational Housing project.

**Note 8 – Capital Lease**

Equipment under capital lease consists of a telephone system with a total cost of \$9,700. Accumulated depreciation in the consolidated statement of financial position included \$5,173 and \$3,233 as of December 31, 2016 and 2015, respectively, related to this equipment. Depreciation expense reported in the consolidated statement of activities includes \$1,940 and \$1,293 for the year ending December 31, 2016 and 2015, respectively for the equipment under capital lease. The lease includes a \$1 purchase option at the end of the lease period. Future minimum lease payments as of December 31, are as follows:

	<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Total</b></u>
2017	\$ 2,155	\$ 850	\$ 3,005
2018	2,596	409	3,005
2019	<u>729</u>	<u>23</u>	<u>752</u>
Total future minimum lease payments	5,480	1,282	6,762
Less: non-current portion	<u>(3,325)</u>	<u>(432)</u>	<u>(3,757)</u>
Capital lease payable, current	<u><u>\$ 2,155</u></u>	<u><u>\$ 850</u></u>	<u><u>\$ 3,005</u></u>

**Note 9 – 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 matches that contribution dollar for dollar up to three percent. For the year ended December 31, 2016 and 2015, the Organization contributed \$6,286 and \$6,678 to the plan, respectively.

**Eblen Charities, Inc. and Subsidiary**  
**Notes to Financial Statements**

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**Note 10 – Unearned Revenue**

Grants received as exchange transactions are recorded as revenue when they are earned. At December 31, 2016 and 2015, the following is a summary of unearned revenue:

<b>As of December 31:</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Crisis Intervention Program	\$ 32,343	\$ 15,911
Duke Merger	-	15
LIEAP	272,542	356,410
FEMA	-	85
Emergency Assistance Program	<u>11,659</u>	<u>132,191</u>
	<u><u>\$ 316,544</u></u>	<u><u>\$ 504,612</u></u>

**Note 11 – Grant Revenue**

Grant revenue is recognized as temporarily restricted in the following program areas:

<b>As of December 31:</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Crisis Intervention Program	\$ 496,411	\$ 327,786
Duke Merger	16	99,072
After Hours Contract	5,750	-
Duke Merger	7,000	-
LIEAP	915,012	978,600
FEMA	-	29,796
Graduation Initiative	85	50,000
Project Share/Energy Neighbors	30,493	32,081
Dental Contract	36,000	24,000
Relocation Housing	38,127	15,965
Community Service Navigator	-	10,000
Helping Each Member Cope	4,492	1,970
Emergency Assistance Program	<u>405,420</u>	<u>393,525</u>
	<u><u>\$ 1,938,806</u></u>	<u><u>\$ 1,962,795</u></u>

Program administrative fees were recognized by the Organization in the amount of \$20,500 and are presented as unrestricted grant revenue.

**Note 12 – 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, 2016 and 2015, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated 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.

**Eblen Charities, Inc. and Subsidiary**  
**Notes to Financial Statements**

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**Note 13 – Operating Lease Commitment**

The Organization leases office space at Westgate Plaza. The lease commenced on September 1, 2013 at a monthly rate of \$3,997, for a term of sixty months. With the expansion into adjoining space, the monthly rental increased to \$4,413.

On February 11, 2014, the Organization entered into a lease for office equipment. The lease term is 60 months at \$131 per month.

The future minimum rentals under these agreements are:

2017	\$	54,533
2018		36,879
2019		131

**Note 14– Temporarily Restrictions on Net Assets**

At December 31, 2016, temporarily restricted net assets are available for the following purposes:

<b>As of December 31:</b>	<u><b>2016</b></u>	<u><b>2015</b></u>
Donor Designated	\$ 99,518	\$ 112,950
Governmental Programs & Contracts	168,096	146,470
Partnerships with Businesses for Employee Assistance	390,869	369,504
Private Individuals	130,207	127,138
Other	-	(4,190)
	<u>\$ 788,690</u>	<u>\$ 751,872</u>

**Note 15– Related Party Transactions**

The Organization purchases materials, supplies and services from entities owned or related to some members of Board of Directors and the Advisory Board. These items are, in most cases, offered to the Organization at a discounted rate. Total purchases of materials, supplies and services from related parties was \$9,305 and \$12,091 for 2016 and 2015. In addition, one board member owns rental properties that have tenants that are clients of the Organization. Eligibility for rental assistance is determined based upon criteria applied to the client without regard to the identity of the landlord. Total rental assistance provided to tenants of the board member was \$2,100 and \$600 for 2016 and 2015.

**Note 16 – Formation of Limited Liability Company**

On September 9, 2015, the Organization formed a single member LLC, the Asheville-Buncombe Educational Housing LLC (“the LLC”) that is considered a component unit of Eblen Charities in the accompanying consolidated financial statements. The purpose of this LLC is constructing and managing an apartment complex that will provide lower cost housing to teachers in Buncombe County. This is a partnership with Buncombe County, who has donated the land to the LLC. The LLC is responsible for property management and debt services costs, with any net earnings each year remaining will revert to the Organization for operations and client assistance.



***Supplementary Information***

**Eblen Charities, Inc. and Affiliate**  
**Consolidated Statement of Financial Position**

As of December 31, 2016

	<b>Eblen Charities, Inc.</b>	<b>Asheville Buncombe Educational Housing LLC</b>	<b>Consolidated</b>
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and Equivalents	\$ 1,195,653	\$ -	\$ 1,195,653
Contributions Receivable, Net	49,406	-	49,406
Total Current Assets	<u>1,245,059</u>	<u>-</u>	<u>1,245,059</u>
<b><u>Long-Term Assets</u></b>			
Investments	485,453	-	485,453
Property and Equipment, Net	538,488	1,757,289	2,295,777
Total Long-Term Assets	<u>1,023,941</u>	<u>1,757,289</u>	<u>2,781,230</u>
<b>Total Assets</b>	<b><u>\$ 2,269,000</u></b>	<b><u>\$ 1,757,289</u></b>	<b><u>\$ 4,026,289</u></b>
<b><u>Liabilities and Net Assets</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts Payable	\$ 14,903	\$ 82,589	\$ 97,492
Capital Lease Payable, Current Portion	2,155	-	2,155
Payroll and Taxes Payable	11,444	-	11,444
Unearned Grant Revenue	316,544	-	316,544
Short-Term Debt	-	1,550,400	1,550,400
Total Current Liabilities	<u>345,046</u>	<u>1,632,989</u>	<u>1,978,035</u>
<b><u>Long-Term Liabilities</u></b>			
Capital Lease Obligation, Net of Current	3,325	-	3,325
Total Liabilities	<u>348,371</u>	<u>1,632,989</u>	<u>1,981,360</u>
<b><u>Net Assets</u></b>			
Investment in Fixed Assets	533,007	124,300	657,307
Unrestricted	598,932	-	598,932
Temporarily Restricted	788,690	-	788,690
Total Net Assets	<u>1,920,629</u>	<u>124,300</u>	<u>2,044,929</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,269,000</u></b>	<b><u>\$ 1,757,289</u></b>	<b><u>\$ 4,026,289</u></b>

See independent auditors' report.

**Eblen Charities, Inc. and Affiliate**  
**Consolidated Statement of Activities**

Year Ended December 31, 2016

	Eblen Charities, Inc.		2016 Total	Asheville Buncombe Educational Housing LLC		Consolidated
	Unrestricted	Temporarily Restricted		Unrestricted	Consolidated	
<b>Support</b>						
Grants	\$ 20,500	\$ 1,938,806	\$ 1,959,306	\$ -	\$ 1,959,306	
Contributions	493,357	213,609	706,966	-	706,966	
Program Income	487,170	2,060	489,230	-	489,230	
Investment Gains/(Losses)	23,480	-	23,480	-	23,480	
In-Kind Contributions	1,749,010	-	1,749,010	124,300	1,873,310	
Other Income	26,620	178	26,798	-	26,798	
Net Assets Released						
From Restrictions	2,117,835	(2,117,835)	-	-	-	
<b>Total Support</b>	<b>4,917,972</b>	<b>36,818</b>	<b>4,954,790</b>	<b>124,300</b>	<b>5,079,090</b>	
<b>Expenses</b>						
Program Services	4,620,275	-	4,620,275	-	4,620,275	
Management and General	147,485	-	147,485	-	147,485	
Fundraising	307,287	-	307,287	-	307,287	
<b>Total Expenses</b>	<b>5,075,047</b>	<b>-</b>	<b>5,075,047</b>	<b>-</b>	<b>5,075,047</b>	
Change in Net Assets	(157,075)	36,818	(120,257)	124,300	4,043	
Net Assets, Beginning of Year	1,289,014	751,872	2,040,886	-	2,040,886	
<b>Net Assets, End of Year</b>	<b>\$ 1,131,939</b>	<b>\$ 788,690</b>	<b>\$ 1,920,629</b>	<b>\$ 124,300</b>	<b>\$ 2,044,929</b>	

See independent auditors' report.