

Eblen Charities, Inc. and Affiliate

Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

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Independent Auditors' Report

Board of Directors
Eblen Charities, Inc. and Affiliate
Asheville, NC

Opinion

We have audited the accompanying consolidated financial statements of Eblen Charities, Inc. and Affiliate (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, the related consolidated statements of activities and functional expenses for the year ended December 31, 2021, the consolidated statements of cash flows for the years ended December 31, 2021 and 2020, and the related notes to the consolidated financial statements, (collectively, the "financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, the changes in its net assets for the year ended December 31, 2021, and its cash flows for the years ended December 31, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for 12 months from the date of this report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 consolidated financial statements, and our report dated June 10, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audits were 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 17 and 18 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.

FORVIS

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 8, 2022, on our consideration of the Organization'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 the internal control over financial reporting or on compliance. Accordingly, we express no such opinion. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

FORVIS, LLP

**High Point, NC
August 8, 2022**

Eblen Charities, Inc. and Affiliate
Consolidated Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 978,583	\$ 600,327
Designated cash and cash equivalents	1,850,050	1,749,853
Contributions receivable, net	-	81,171
Total current assets	<u>2,828,633</u>	<u>2,431,351</u>
Long-term assets:		
Investments	690,490	642,636
Property and equipment, net	3,120,861	3,188,192
Total long-term assets	<u>3,811,351</u>	<u>3,830,828</u>
Total assets	<u>\$ 6,639,984</u>	<u>\$ 6,262,179</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 72,127	\$ 43,997
Accrued salaries and payroll taxes	30,199	24,427
Notes payable, current portion	189,000	189,000
Total current liabilities	<u>291,326</u>	<u>257,424</u>
Long-term liabilities:		
Notes payable, net of unamortized discount and current portion	<u>1,393,793</u>	1,497,001
Total liabilities	<u>1,685,119</u>	<u>1,754,425</u>
Net assets:		
Net assets without donor restrictions	3,480,156	3,033,042
Net assets with donor restrictions	1,474,709	1,474,712
Total net assets	<u>4,954,865</u>	<u>4,507,754</u>
Total liabilities and net assets	<u>\$ 6,639,984</u>	<u>\$ 6,262,179</u>

See accompanying notes.

Eblen Charities, Inc. and Affiliate
Consolidated Statements of Activities
Year Ended December 31, 2021 (with Comparative Totals for 2020)

	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	2021 Total	2020 Total Summarized Information
Support:				
Grants	\$ 226,647	\$ 2,361,984	\$ 2,588,631	\$ 2,824,029
Contributions	324,615	81,405	406,020	707,485
Program income	651,529	-	651,529	469,667
Investment gains	52,272	-	52,272	56,174
In-kind contributions	240,148	-	240,148	503,893
Rental income	246,940	-	246,940	251,812
Other income	14,637	-	14,637	6,023
Net assets released from restrictions	2,443,392	(2,443,392)	-	-
Total support	4,200,180	(3)	4,200,177	4,819,083
Expenses:				
Program services	3,602,466	-	3,602,466	4,478,161
Management and general	89,365	-	89,365	85,131
Fundraising	61,235	-	61,235	82,214
Total expenses	3,753,066	-	3,753,066	4,645,506
Change in net assets	447,114	(3)	447,111	173,577
Net assets, beginning of year	3,033,042	1,474,712	4,507,754	4,334,177
Net assets, end of year	\$ 3,480,156	\$ 1,474,709	\$ 4,954,865	\$ 4,507,754

Eblen Charities, Inc. and Affiliate
Consolidated Statements of Functional Expenses
Year Ended December 31, 2021 (with Comparative Totals for 2020)

	Program Services			Supporting Services			2021 Total Expenses	2020 Total Expenses Summarized Information
	Eblen Charities	Asheville Buncombe Educational Housing LLC	Total	General and Administrative	Fundraising	Total		
Assistance payments direct:								
Utilities/telephone/heating	\$ 1,955,421	\$ -	\$ 1,955,421	\$ -	\$ -	\$ -	\$ 1,955,421	\$ 2,379,979
Medical	18,443	-	18,443	-	-	-	18,443	18,493
Dental	1,600	-	1,600	-	-	-	1,600	1,948
Housing	299,413	-	299,413	-	-	-	299,413	330,253
Travel	345	-	345	-	-	-	345	740
Insurance	1,077	-	1,077	-	-	-	1,077	9,614
Clothing	6,903	-	6,903	-	-	-	6,903	3,971
Other	92,293	-	92,293	-	-	-	92,293	333,517
In-kind	240,148	-	240,148	-	-	-	240,148	464,309
Total Assistance Payments	2,615,643	-	2,615,643	-	-	-	2,615,643	3,542,824
In-kind expenses	-	-	-	-	-	-	-	39,584
Salaries	503,085	-	503,085	34,739	18,575	53,314	556,399	484,963
Payroll taxes	38,892	-	38,892	2,684	1,436	4,120	43,012	37,301
Employee benefits	44,030	-	44,030	3,040	1,626	4,666	48,696	34,474
Fees & licenses	14,419	-	14,419	-	-	-	14,419	9,576
Fundraising	-	-	-	-	35,996	35,996	35,996	20,680
Office	27,979	45,123	73,102	1,932	1,033	2,965	76,067	90,717
Rent and utilities	69,588	-	69,588	4,805	2,569	7,374	76,962	78,504
Professional fees	-	-	-	42,165	-	42,165	42,165	35,249
Service charges	10,491	-	10,491	-	-	-	10,491	9,328
Travel	448	-	448	-	-	-	448	474
Postage	4,144	-	4,144	-	-	-	4,144	3,926
Telephone	10,326	-	10,326	-	-	-	10,326	12,782
Other	48,022	8,272	56,294	-	-	-	56,294	77,662
Interest	-	85,792	85,792	-	-	-	85,792	91,734
Depreciation	3,837	72,375	76,212	-	-	-	76,212	75,728
	<u>\$ 3,390,904</u>	<u>\$ 211,562</u>	<u>\$ 3,602,466</u>	<u>\$ 89,365</u>	<u>\$ 61,235</u>	<u>\$ 150,600</u>	<u>\$ 3,753,066</u>	<u>\$ 4,645,506</u>

See accompanying notes.

Eblen Charities, Inc. and Affiliate
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 447,111	\$ 173,577
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	76,212	75,728
Amortization of discount	85,792	91,734
Realized gains on investments	(33,145)	(16,360)
Unrealized gains on investments	(8,747)	(31,286)
Net change in:		
Contributions receivable, net	81,171	(52,328)
Accounts payable	28,130	22,548
Accrued salaries and payroll taxes	5,772	4,436
	<u>682,296</u>	<u>268,049</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of investments	(10,153)	(8,468)
Withdrawals from investment account	4,191	7,347
Purchase of property and equipment	(8,881)	-
	<u>(14,843)</u>	<u>(1,121)</u>
Net cash used by investing activities		
Cash flows from financing activities:		
Payments on notes payable	(189,000)	(173,250)
	<u>(189,000)</u>	<u>(173,250)</u>
Net cash used by financing activities		
Net change in cash, cash equivalents, and restricted cash and cash equivalents	478,453	93,678
Cash, cash equivalents, and restricted cash and cash equivalents beginning of year	<u>2,350,180</u>	<u>2,256,502</u>
Cash, cash equivalents, and restricted cash and cash equivalents, end of year	<u>\$ 2,828,633</u>	<u>\$ 2,350,180</u>

See accompanying notes.

Notes to Consolidated Financial Statements

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization

Eblen Charities, Inc. ("Eblen") is a not-for-profit corporation established under the laws of the State of North Carolina. The mission of Eblen 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, Eblen recognizes the unique physical, emotional, social, and spiritual needs of each person they serve.

Asheville Buncombe Education Housing, LLC is a not-for-profit organization with a mission to bring and retain quality teachers to the Buncombe County community by providing housing to teachers in the Buncombe County and Asheville City School Systems.

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.

Program services

Eblen Charities, Inc., 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 Inc., 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, Eblen Charities, Inc. 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.

Eblen Charities, Inc. and Affiliate
Notes to Consolidated Financial Statements

Basis of accounting

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").

Basis of presentation

The Organization is required to report information regarding its consolidated statement of financial position and consolidated statement of activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions 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.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of estimates

The preparation of consolidated 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.

Revenue and other support

Grants and other contributions of cash and other assets are reported as 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, net assets with donor restriction are reclassified to net assets without donor restriction and reported on the consolidated statement of activities as net assets released from restrictions. Grants that are considered non-exchange transactions are reported as conditional or unconditional revenue when they are received. Rental income earned through Asheville Buncombe Educational Housing, LLC is recorded as unrestricted income.

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.

At times, the Organization 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.

Restricted cash and cash equivalents

Restricted cash is restricted by the terms of the contributions and the cash is intended for the Organization's various charitable programs. The Organization had restricted cash of \$1,850,050 and \$1,749,853 as of December 31, 2021 and 2020, respectively.

Eblen Charities, Inc. and Affiliate
Notes to Consolidated Financial Statements

Revenue recognition

The Organization derives its revenues primarily from contributions, grants, special events revenues, in-kind donations, and investment income.

Contributions and grants are recognized at a point in time when the contributions are received or promised. A purpose or time restriction may be imposed; however, the restriction is not considered an additional performance obligation.

Special event income consists of funds received from ticket purchases and auction items. Each item within special events income consists of one performance obligation that is recognized at a point in time. Recognition of revenues occurs when the special event has been held, when the sale of merchandise is completed, or when an auction item is delivered.

Investment revenue is recognized at a point in time as income is earned or realized.

In-kind donations are recognized at a point in time when items have been donated.

Contributions receivable

Contributions receivable consist of promises to give, are recorded as contributions without restriction on the consolidated statements of financial position or direct additions to net assets with donor restriction, if restricted by the donor or time, net of any allowances 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. As of December 31, 2021 and 2020, management did not consider it necessary to record an allowance for doubtful accounts.

Contributions receivable due in less than one year were \$0 and \$81,171 as of December 31, 2021 and 2020, respectively.

Investments

Investments consist of marketable securities with readily determinable fair values and all investments in debt securities are reported at fair market value based on quoted market prices on the consolidated statements of financial position. Unrealized gains and losses are included on 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.

Eblen Charities, Inc. and Affiliate
Notes to Consolidated Financial Statements

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, 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
Leasehold improvements	10 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.

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 years ended December 31, 2021 and 2020, with a fair value on the dates of donation of \$291,243 and \$503,893, respectively.

In addition, a number of volunteers have donated 4,733 and 4,829 hours to the Organization's program and support services at a total value of approximately \$135,000 and \$131,000 for the years ended December 31, 2021 and 2020, respectively. These in-kind contributions are not reflected in the consolidated financial statements since these services do not meet the criteria for recognition.

Eblen Charities, Inc. and Affiliate
Notes to Consolidated Financial Statements

Subsequent events

Subsequent events have been evaluated through August 8, 2022, which is the date the consolidated financial statements were available to be issued.

2. Investments and Fair Value

Investments in marketable securities as of December 31, 2021 and 2020 is summarized as follows:

<u>As of December 31, 2021:</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Equities/Mutual Funds	\$ 266,710	\$ 335,050	\$ 68,340
Fixed Income/Bonds	247,613	244,804	(2,809)
Cash	<u>110,636</u>	<u>110,636</u>	<u>-</u>
Total Investments	<u>\$ 624,959</u>	<u>\$ 690,490</u>	<u>\$ 65,531</u>

<u>As of December 31, 2020:</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Equities/Mutual Funds	\$ 159,553	\$ 210,713	\$ 51,160
Fixed Income/Bonds	317,089	325,698	8,609
Cash	<u>106,225</u>	<u>106,225</u>	<u>-</u>
Total Investments	<u>\$ 582,867</u>	<u>\$ 642,636</u>	<u>\$ 59,769</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 Organization 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 Organization'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, 2021 and 2020.

Eblen Charities, Inc. and Affiliate
Notes to Consolidated Financial Statements

	<u>Assets at Fair Value as of December 31, 2021:</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:			
Equities/Mutual Funds	\$ 335,050	\$ -	\$ -
Fixed Income/Bonds	<u>244,804</u>	<u>-</u>	<u>-</u>
	<u>\$ 579,854</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Assets at Fair Value as of December 31, 2020:</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:			
Equities/Mutual Funds	\$ 210,713	\$ -	\$ -
Fixed Income/Bonds	<u>325,698</u>	<u>-</u>	<u>-</u>
	<u>\$ 536,411</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2021 and 2020, 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.

3. Property and Equipment

The following is a summary of property and equipment as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land – Eblen Charities, Inc.	\$ 482,122	\$ 482,122
Land – Asheville Buncombe Educational Housing	64,300	64,300
Equipment and furniture	57,121	48,240
Leasehold improvements	57,368	57,368
Apartment Building – Asheville Buncombe Educational Housing	<u>2,895,000</u>	<u>2,895,000</u>
	<u>3,555,911</u>	<u>3,547,030</u>
Less: accumulated depreciation	<u>(435,050)</u>	<u>(358,838)</u>
Property and Equipment, Net	<u>\$ 3,120,861</u>	<u>\$ 3,188,192</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$76,212 and \$75,728, respectively.

Eblen Charities, Inc. and Affiliate
Notes to Consolidated Financial Statements

4. Note Payable

A summary of the note payable at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
State Employees Credit Union loan with monthly payments of \$15,750 beginning December 2017 through November 2032 at 0% interest. This debt was converted from a construction loan to permanent debt in December 2017. Proceeds were used to fund the Asheville Buncombe Educational Housing apartment building. This debt is secured by the apartment building.	\$ 2,063,184	\$ 2,252,184
Unamortized discount	(480,391)	(566,183)
Less: current portion	<u>(189,000)</u>	<u>(189,000)</u>
Note payable, net of discount	<u>\$ 1,393,793</u>	<u>\$ 1,497,001</u>

Annual principal maturities of the note payable is as follows:

2022	\$ 189,000
2023	189,000
2024	189,000
2025	189,000
2026	189,000
Thereafter	<u>1,118,184</u>
	<u>\$ 2,063,184</u>

5. Paycheck Protection Program Loan

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act provides for the establishment of the Paycheck Protection Program (PPP), a new loan program under the Small Business Administration's 7(a) program providing loans to qualifying businesses. Additionally, loans originated under this program may be forgiven, in whole or in part, if certain criteria are met.

The Organization received \$118,300 in the first round of PPP funding during the year ended December 31, 2020, and an additional \$114,300 in the second round of funding during the year ended December 31, 2021. The Organization believes that it was eligible under the PPP to receive the funds and has met the requirements under the program to have the loan forgiven. Therefore, management has concluded that the receipt of these funds represents a government grant. The Organization elected to account for the receipt of these funds as a government grant by analogy to ASC 958-605. These funds were recognized as a refundable advance when received and classified in accordance with the scheduled maturity outlined in the PPP loan agreement assuming a ten-month deferral of payments from the end of the Organization's covered period. Grant income under this method of accounting may only be recognized when the conditions attached to the grant have been substantially met. The Organization has fully utilized the proceeds of the loan for qualifying expenses under the PPP and the Organization's covered period was closed as of the consolidated statement of financial position date. A forgiveness calculation was prepared and submitted to the Organization's lender indicating that the full amount of the loan qualifies for forgiveness. Both PPP loans have been forgiven as of the consolidated statement of financial position date. Grant income has been recognized on the consolidated statement of activities in the Grants line item.

Eblen Charities, Inc. and Affiliate
Notes to Consolidated Financial Statements

6. 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 years ended December 31, 2021 and 2020, the Organization contributed \$9,601 and \$7,408 to the plan, respectively.

7. Grant Revenue

Grant revenue is recognized in the following program areas:

December 31:	<u>2021</u>	<u>2020</u>
Crisis Intervention Program	\$ 735,841	\$ 782,183
LIEAP	1,076,776	939,710
LIEAP Pandemic	-	433,066
Project Share/Energy Neighbors	23,442	38,355
Dental Contract	-	10,250
Relocation Housing	111,042	71,303
Helping Each Member Cope	-	10,000
Emergency Assistance Program	309,394	364,612
Other	217,836	56,250
PPP Program Round 1	-	118,300
PPP Program Round 2	114,300	-
	<u>\$ 2,588,631</u>	<u>\$ 2,824,029</u>

8. 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 60 months. This lease was renewed in September 2018 for an additional 5 years with the same monthly rent amount.

On July 18, 2017, the Organization entered into a lease for copiers. The lease term is 60 months at \$841 per month.

Total expense for the years ended December 31, 2021 and 2020 were \$71,222 and \$65,574, respectively.

The future minimum rentals under these agreements are:

2022	\$ 53,007
2023	<u>31,974</u>
	<u>\$ 84,981</u>

Eblen Charities, Inc. and Affiliate
Notes to Consolidated Financial Statements

9. Net Assets with Donor Restrictions

As of December 31, 2021 and 2020, net assets with donor restrictions consisted of the following:

	<u>2021</u>	<u>2020</u>
Donor Designated	\$ 67,279	\$ 71,243
Governmental Programs & Contracts	410,814	486,267
Partnerships with Businesses for Employee Assistance	538,218	450,377
Private Individuals	65,173	87,417
Other	<u>393,225</u>	<u>379,408</u>
	<u>\$ 1,474,709</u>	<u>\$ 1,474,712</u>

10. Liquidity and Availability

The Organization is substantially supported by contributions from donors and grants. Because the donor's restrictions and grants require resources to be used for a particular purpose or in a future period, the Organization must maintain sufficient resources to meet those responsibilities. Thus the financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenses, liabilities and other obligations come due.

The following reflects the Organization's financial assets as of December 31, 2021 and 2020 reduced by amounts not available for general expenditure because of contractual or donor-imposed restrictions:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 978,583	\$ 600,327
Contributions Receivable, Net	-	81,171
Investments	<u>690,490</u>	<u>642,636</u>
	<u>\$ 1,669,073</u>	<u>\$ 1,324,134</u>

Supplementary Information

Eblen Charities, Inc. and Affiliate
Consolidating Statement of Financial Position
December 31, 2021

	Eblen Charities, Inc.	Asheville Buncombe Educational Housing LLC	Consolidated
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 812,043	\$ 166,540	\$ 978,583
Designated cash and cash equivalents	1,850,050	-	1,850,050
Total current assets	2,662,093	166,540	2,828,633
Long-term assets:			
Investments	690,490	-	690,490
Property and equipment, net	487,165	2,633,696	3,120,861
Total long-term assets	1,177,655	2,633,696	3,811,351
Total assets	\$ 3,839,748	\$ 2,800,236	\$ 6,639,984
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 36,394	\$ 35,733	\$ 72,127
Accrued salaries and payroll taxes	30,199	-	30,199
Notes payable, current portion	-	189,000	189,000
Total current liabilities	66,593	224,733	291,326
Long-term liabilities:			
Notes payable, net of discount	-	1,393,793	1,393,793
Total liabilities	66,593	1,618,526	1,685,119
Net assets:			
Net assets without donor restriction	2,298,446	1,181,710	3,480,156
Net assets with donor restriction	1,474,709	-	1,474,709
Total net assets	3,773,155	1,181,710	4,954,865
Total liabilities and net assets	\$ 3,839,748	\$ 2,800,236	\$ 6,639,984

Eblen Charities, Inc. and Affiliate
Consolidating Statement of Activities
Year Ended December 31, 2021

	Eblen Charities, Inc.			Asheville Buncombe Educational Housing LLC	Consolidated
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	
Support:					
Grants	\$ 226,647	\$ 2,361,984	\$ 2,588,631	\$ -	\$ 2,588,631
Contributions	324,615	81,405	406,020	-	406,020
Program income	651,529	-	651,529	-	651,529
Investment income	52,272	-	52,272	-	52,272
In-kind contributions	240,148	-	240,148	-	240,148
Rental income	-	-	-	246,940	246,940
Other income	7,500	-	7,500	7,137	14,637
Net assets released from restrictions	2,443,392	(2,443,392)	-	-	-
Total support	3,946,103	(3)	3,946,100	254,077	4,200,177
Expenses:					
Program services	3,390,904	-	3,390,904	211,562	3,602,466
Management and general	89,365	-	89,365	-	89,365
Fundraising	61,235	-	61,235	-	61,235
Total expenses	3,541,504	-	3,541,504	211,562	3,753,066
Change in net assets	404,599	(3)	404,596	42,515	447,111
Net assets, beginning of year	1,893,847	1,474,712	3,368,559	1,139,195	4,507,754
Net assets, end of year	\$ 2,298,446	\$ 1,474,709	\$ 3,773,155	\$ 1,181,710	\$ 4,954,865

See independent auditors' report.