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# ***SMITH, STEVENS & FORD, PA***

**CERTIFIED PUBLIC ACCOUNTANTS**

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POST OFFICE BOX 1225  
210 MULBERRY STREET, SW  
LENOIR, NORTH CAROLINA 28645

DAVID F. STEVENS, CPA  
KAREN R. FORD, CPA


TELEPHONE (828) 758-8431  
FAX (828) 758-0331  
EMAIL [ssf@ssfcpa.net](mailto:ssf@ssfcpa.net)

## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Bethel Colony of Mercy, Inc.  
Lenoir, North Carolina

Management is responsible for the accompanying financial statements of Bethel Colony of Mercy, Inc. (a non-profit corporation), which comprise the statements of assets, liabilities and net assets - modified cash basis as of October 31, 2024 and 2023, and the related statements of revenues, expenses and other changes in net assets - modified cash basis for the years then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.



Certified Public Accountants  
Lenoir, North Carolina

January 9, 2025

BETHEL COLONY OF MERCY, INC.  
Lenoir, North Carolina  
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS  
October 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents - unrestricted	\$ 239,722	\$ 57,939
Cash and cash equivalents – restricted	111,441	102,550
Investments – at cost	789,229	775,842
Investments – Other	<u>                    </u>	<u>167,000</u>
<b>TOTAL CURRENT ASSETS</b>	<b>1,140,392</b>	<b>1,103,331</b>
<b>Property and Equipment:</b>		
Land and building	\$2,901,359	\$2,813,998
Equipment	240,939	224,278
Accumulated Depreciation	<u>(221,961)</u>	<u>(177,151)</u>
<b>NET FIXED ASSETS</b>	<b><u>2,920,337</u></b>	<b><u>2,861,125</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,060,729</u></b>	<b><u>\$ 3,964,456</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>NET ASSETS</b>		
Without donor restrictions	\$ 3,949,288	\$ 3,861,906
With donor restrictions	<u>111,441</u>	<u>102,550</u>
<b>TOTAL NET ASSETS</b>	<b><u>4,060,729</u></b>	<b><u>3,964,456</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,060,729</u></b>	<b><u>\$ 3,964,456</u></b>

BETHEL COLONY OF MERCY, INC.  
Lenoir, North Carolina  
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS -  
MODIFIED CASH BASIS  
Year Ended October 31, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Contributions	\$ 1,022,573	\$ 11,441	\$1,034,014
Entry fees	113,388		113,388
Dividends and interest – net of investment expense	48,189		48,189
Net realized gains (loss) on sale of securities and real estate	(16,817)		(16,817)
Client service income	57,823		57,823
Other income	121,546		121,546
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,550</u>	<u>(2,550)</u>	<u>          </u>
 TOTAL REVENUES AND OTHER SUPPORT	 <u>1,349,252</u>	 <u>8,891</u>	 <u>1,358,143</u>
 EXPENSES:			
Salaries and wages	519,055		519,055
Payroll taxes and employee benefits	109,369		109,369
Food and supplies	32,677		32,677
Maintenance and repairs	57,569		57,569
Utilities	147,757		147,757
Professional fees	7,221		7,221
Insurance	60,903		60,903
Office expense	84,139		84,139
Public relations	48,133		48,133
Education	13,807		13,807
Depreciation and amortization	44,810		44,810
Vehicle expense	81,997		81,997
Other expenses	<u>54,433</u>	<u>          </u>	<u>54,433</u>
 TOTAL EXPENSES	 <u>1,261,870</u>	 <u>-0-</u>	 <u>1,261,870</u>
 CHANGE IN NET ASSETS	 87,382	 8,891	 96,273
 NET ASSETS - BEGINNING OF YEAR	 <u>3,861,906</u>	 <u>102,550</u>	 <u>3,964,456</u>
 NET ASSETS – END OF YEAR	 <u>\$3,949,288</u>	 <u>\$ 111,441</u>	 <u>\$ 4,060,729</u>

BETHEL COLONY OF MERCY, INC.  
Lenoir, North Carolina  
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS –  
MODIFIED CASH BASIS  
Year Ended October 31, 2023

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Contributions	\$ 849,539	\$ 102,550	\$ 952,089
Contributions – real estate	167,000		167,000
Entry fees	108,233		108,233
Dividends and interest – net of investment expense	37,572		37,572
Net realized gains on sale of securities	29,375		29,375
Client service income	72,122		72,122
Other income	125,754		125,754
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>1,456</u>	<u>(1,456)</u>	<u>          </u>
TOTAL REVENUES AND OTHER SUPPORT	<u>1,391,051</u>	<u>101,094</u>	<u>1,492,145</u>
EXPENSES:			
Salaries and wages	510,028		510,028
Payroll taxes and employee benefits	116,501		116,501
Food and supplies	31,822		31,822
Maintenance and repairs	59,079		59,079
Utilities	136,050		136,050
Professional fees	7,705		7,705
Insurance	55,007		55,007
Office expense	61,305		61,305
Public relations	55,881		55,881
Education	15,654		15,654
Depreciation and amortization	39,292		39,292
Vehicle expense	51,776		51,776
Other expenses	<u>55,690</u>	<u>          </u>	<u>55,690</u>
TOTAL EXPENSES	<u>1,195,790</u>	<u>-0-</u>	<u>1,195,790</u>
CHANGES IN NET ASSETS	195,261	101,094	296,355
NET ASSETS – BEGINNING OF YEAR	<u>3,666,645</u>	<u>1,456</u>	<u>3,668,101</u>
NET ASSETS – END OF YEAR	<u>\$ 3,861,906</u>	<u>\$ 102,550</u>	<u>\$3,964,456</u>

BETHEL COLONY OF MERCY, INC.  
Lenoir, North Carolina  
NOTES TO FINANCIAL STATEMENTS  
Years Ended October 31, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Organization and Purpose – Bethel Colony of Mercy, Inc. (Organization) was organized as a nonprofit entity for the purpose of transforming drug addicted and alcoholic men and women in western North Carolina through religious, faith and biblical principles. The majority of the revenue of the Organization is through contributions.

Modified Cash Basis of Accounting – The accompanying financial statements have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under the modified cash basis of accounting, revenues are recognized when collected rather than when earned, and expenditures generally are recognized when paid rather than when incurred. Accrued expenses and grant commitments are not recorded in the financial statements.

Donated Services and Assets – Donations are recorded when received rather than when pledged. All assets are valued at the fair market value at the date of gift. Bethel Colony of Mercy, Inc. does not place a value on food, supplies, labor and building supplies donated due to the difficulty in determining the value of the gift. However, these donations are considered essential to the operation of Bethel Colony of Mercy, Inc.

Investments - Investments consist primarily of money market accounts, securities, and mutual funds. Investments are measured at cost in the statement of assets, liabilities, and net assets. The realized gain or loss on investments is reflected in the statement of revenues, expenses, and other changes in net assets. Investments are valued at fair market value in Note 3.

Intangible Assets – Intangible assets subject to amortization include closing costs of \$5,278, which are amortized on a straight-line basis over five years. Amortization expense for the years ended October 31, 2024 and 2023 were \$-0- and \$352, respectively.

Income Taxes – Bethel Colony of Mercy, Inc. has been recognized by the IRS as exempt from federal income taxes under IRC 501(c)(3), which qualifies it to accept charitable contributions from donors. Additionally, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. We have determined that the Organization is not subject to unrelated business income tax and, accordingly, we have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for the years ended October 31, 2024 or 2023. The Organization's policy is to classify income tax related interest and penalties in interest expense and penalties, respectively. For the years ended October 31, 2024 and 2023, there were no interest or penalty amounts incurred.

Property and Depreciation – Real estate and other depreciable assets greater than \$500 are recorded at cost. Depreciation over the estimated useful lives is determined on the straight-line method over 39-40 years for buildings, 5-7 years for equipment and 15 years for land improvements.

BETHEL COLONY OF MERCY, INC.  
Lenoir, North Carolina  
NOTES TO FINANCIAL STATEMENTS  
Years Ended October 31, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Functional Expenses – The Organization shares certain expenses between its various programs. The shared expenses are allocated based on specific identification, wages paid or another reasonable basis. Management evaluates the allocations on a periodic basis and adjusts the allocations accordingly.

Classification of Net Assets – Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets with Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

Estimates and Assumptions - Preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect some of the amounts reported and disclosures. Actual results could differ from those estimates.

Concentration of Credit Risk – The Organization’s invested cash balances, at times, may exceed federally insured limits. On October 31, 2024 and 2023, no bank balances exceeded insured limits. Investments in money market accounts and securities held in brokerage accounts are not covered by federal insurance.

Advertising – The Organization expenses all advertising costs when incurred as public relations costs. Advertising costs were \$48,133 and \$55,881 for the years ended October 31, 2024 and 2023, respectively.

BETHEL COLONY OF MERCY, INC.  
Lenoir, North Carolina  
NOTES TO FINANCIAL STATEMENTS  
Years Ended October 31, 2024 and 2023

NOTE 2 – CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash in banks, cash on hand and highly liquid investments with an original maturity date of three months or less.

Cash Restricted is as follows:	<u>2024</u>	<u>2023</u>
With donor restrictions	\$ <u>111,441</u>	\$ <u>102,550</u>
Total Cash Restricted	\$ <u>111,441</u>	\$ <u>102,550</u>

NOTE 3 – INVESTMENTS:

At October 31, 2024 and 2023, investments were composed of the following:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Common Stock	\$ 91,068	\$ 124,879	\$ 95,119	\$ 102,651
Mutual Funds	<u>698,161</u>	<u>982,169</u>	<u>680,723</u>	<u>771,417</u>
	<u>\$ 789,229</u>	<u>\$1,107,048</u>	<u>\$ 775,842</u>	<u>\$ 874,068</u>

Net realized gains of \$14,781 were reported for the year ended October 31, 2024. The cost of marketable securities sold is determined on the specific asset method. Gross proceeds from sales of securities available for sale totaled \$51,913 for the year ended October 31, 2024. Net unrealized gains amount to \$317,818 at October 31, 2024. Market value is reported from quoted values and is data obtained from sources independent of the Organization.

Donated real estate received in the year ended October 31, 2023 was sold in the current year for \$145,000 less settlement fees which resulted in a realized loss of \$31,598.



BETHEL COLONY OF MERCY, INC.  
Lenoir, North Carolina  
NOTES TO FINANCIAL STATEMENTS  
Years Ended October 31, 2024 and 2023

NOTE 4 – FUNCTIONAL EXPENSES:

Below is the statement of functional expenses for the year ended October 31, 2024.

	<u>Program Services</u>	<u>Fundraising</u>	<u>Support Services, Management &amp; General</u>	<u>Total</u>
Salaries and wages	\$ 474,259		\$ 44,796	\$ 519,055
Payroll taxes and employee benefits	106,580		2,789	109,369
Food and supplies	32,677			32,677
Maintenance and repairs	57,569			57,569
Utilities	147,757			147,757
Professional fees			7,221	7,221
Insurance	60,903			60,903
Office supplies			84,139	84,139
Public relations	48,133			48,133
Education	13,807			13,807
Depreciation and amortization	44,810			44,810
Vehicle expenses	81,997			81,997
Other expenses	<u>54,433</u>			<u>54,433</u>
	<u>\$1,122,925</u>	<u>\$ -0-</u>	<u>\$138,945</u>	<u>\$1,261,870</u>

Below is the statement of functional expenses for the year ended October 31, 2023:

	<u>Program Services</u>	<u>Fundraising</u>	<u>Support Services Management &amp; General</u>	<u>Total</u>
Salaries and wage	\$ 438,964		\$ 40,755	\$ 479,719
Payroll taxes and employee benefits	89,016		3,118	92,134
Food and supplies	28,720			28,720
Maintenance and repairs	46,727			46,727
Utilities	130,317			130,317
Professional fees			5,549	5,549
Insurance	45,437			45,437
Office supplies			47,433	47,433
Public relations	44,735			44,735
Education	22,103			22,103
Depreciation and amortization	31,479			31,479
Interest expense	2,616			2,616
Vehicle expenses	56,332			56,332
Other expenses	<u>50,339</u>			<u>50,339</u>
Total Expenses	<u>\$ 986,785</u>	<u>\$ -0-</u>	<u>\$ 96,855</u>	<u>\$1,083,640</u>

BETHEL COLONY OF MERCY, INC.  
Lenoir, North Carolina  
NOTES TO FINANCIAL STATEMENTS  
Years Ended October 31, 2024 and 2023

NOTE 5 – LIQUIDITY:

At October 31, 2024, the Organization has \$239,722 cash and equivalents available to meet needs for general expenditures. All such funds are available to meet the cash needs of the Organization in the next 12 months. The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met monthly from contributions. The Organization has investments which could be liquidated, if necessary, to meet operating needs. In general, the Organization maintains sufficient financial assets on hand to meet 30 days' worth of normal operating expenses.

NOTE 6 – SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 9, 2025 which is the date the financial statements were available to be issued.