

**BETHEL COLONY OF MERCY, INC.
LENOIR, NORTH CAROLINA**

FINANCIAL STATEMENTS – MODIFIED CASH BASIS

AND

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

OCTOBER 31, 2025 AND 2024

**BETHEL COLONY OF MERCY, INC.
FINANCIAL STATEMENTS – MODIFIED CASH BASIS
OCTOBER 31, 2025 AND 2024**

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To 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, 2025 and 2024, 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.

Goldstein & Loggia CPA's, LLC

Goldstein & Loggia CPA's, PLLC

March 8, 2026

BETHEL COLONY OF MERCY, INC.
LENOIR, NORTH CAROLINA
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
AS OF OCTOBER 31, 2025 AND 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents - unrestricted	\$ 113,172	\$ 239,722
Cash and cash equivalents – restricted	21,308	111,441
Investments – at cost	790,284	789,229
Total current assets	924,764	1,140,392
 Property and equipment		
Land and building	3,107,898	2,901,359
Equipment	269,218	240,939
Total property and equipment, at cost	3,377,116	3,142,298
Less: accumulated depreciation	(273,680)	(221,961)
Total property and equipment, net	3,103,436	2,920,337
Total assets	\$ 4,028,200	\$ 4,060,729
 Liabilities and net assets		
Net assets		
Without donor restrictions	\$ 4,006,892	\$ 3,949,288
With donor restrictions	21,308	111,441
Total net assets	4,028,200	4,060,729
Total liabilities and net assets	\$ 4,028,200	\$ 4,060,729

See Independent Accountants' Compilation Report
See Notes to Financial Statements

BETHEL COLONY OF MERCY, INC.
LENOIR, NORTH CAROLINA
STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEARS ENDED OCTOBER 31, 2025 AND 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>
Revenues and other support:						
Contributions	\$ 1,009,983	\$ -	\$ 1,009,983	\$ 1,022,573	\$ 11,441	\$ 1,034,014
Entry fees	99,572	21,308	120,880	113,388	-	113,388
Dividends and interest – net of investment expense	80,318	-	80,318	48,189	-	48,189
Net realized gain (loss) on sale of securities and real estate	228,552	-	228,552	(16,817)	-	(16,817)
Client service income	60,048	-	60,048	57,823	-	57,823
Other income	133,620	-	133,620	121,546	-	121,546
Net assets released from restrictions: Satisfaction of program restrictions	111,441	(111,441)	-	2,550	(2,550)	-
Total revenues and other support:	<u>1,723,534</u>	<u>(90,133)</u>	<u>1,633,401</u>	<u>1,349,252</u>	<u>8,891</u>	<u>1,358,143</u>
Expenses:						
Salaries and wages	620,676	-	620,676	519,055	-	519,055
Payroll taxes and employee benefits	115,708	-	115,708	109,369	-	109,369
Retirement expense	288,016	-	288,016	-	-	-
Food and supplies	43,724	-	43,724	32,677	-	32,677
Maintenance and repairs	81,219	-	81,219	57,569	-	57,569
Utilities	166,390	-	166,390	147,757	-	147,757
Professional fees	6,266	-	6,266	7,221	-	7,221
Insurance	88,560	-	88,560	60,903	-	60,903
Office expense	41,782	-	41,782	84,139	-	84,139
Public relations	54,914	-	54,914	48,133	-	48,133
Education	12,493	-	12,493	13,807	-	13,807
Depreciation	51,719	-	51,719	44,810	-	44,810
Vehicle expense	43,555	-	43,555	81,997	-	81,997
Other expenses	50,908	-	50,908	54,433	-	54,433
Total expenses	<u>1,665,930</u>	<u>-</u>	<u>1,665,930</u>	<u>1,261,870</u>	<u>-</u>	<u>1,261,870</u>
Change in net assets	57,604	(90,133)	(32,529)	87,382	8,891	96,273
Net assets - beginning of year	<u>3,949,288</u>	<u>111,441</u>	<u>4,060,729</u>	<u>3,861,906</u>	<u>102,550</u>	<u>3,964,456</u>
Net assets - end of year	<u>\$ 4,006,892</u>	<u>\$ 21,308</u>	<u>\$ 4,028,200</u>	<u>\$ 3,949,288</u>	<u>\$ 111,441</u>	<u>\$ 4,060,729</u>

BETHEL COLONY OF MERCY, INC.
LENOIR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2025 AND 2024

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose – Bethel Colony of Mercy, Inc. (the “Organization”) was organized as a nonprofit entity in 1949 and incorporated in the State of North Carolina. Its purpose is to transform 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. The Organization 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 the Organization.

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. The intangible assets were fully amortized as of October 31, 2024.

Income Taxes – The Organization 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, 2025 or 2024. 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, 2025 and 2024, 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
OCTOBER 31, 2025 AND 2024

**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 disclosed. Actual results could differ from those estimates.

Concentration of Credit Risk – The Organization’s invested cash balances, at times, may exceed federally insured limits. As of October 31, 2025 and 2024, 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 \$54,914 and \$48,133 for the years ended October 31, 2025 and 2024, respectively.

BETHEL COLONY OF MERCY, INC.
LENOIR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2025 AND 2024

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>2025</u>	<u>2024</u>
With donor restrictions	\$ 21,308	\$ 111,441
Total cash restricted	<u>\$ 21,308</u>	<u>\$ 111,441</u>

NOTE 3 – INVESTMENTS

As of October 31, 2025 and 2024, investments were composed of the following:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Common stocks	\$ 89,517	\$ 140,201	\$ 91,068	\$ 124,879
Mutual funds	<u>700,767</u>	<u>848,369</u>	<u>698,161</u>	<u>982,169</u>
	<u>\$ 790,284</u>	<u>\$ 988,570</u>	<u>\$ 789,229</u>	<u>\$ 1,107,048</u>

Net realized gains of \$228,552 were reported for the year ended October 31, 2025. The cost of marketable securities sold is determined on the specific asset method. Gross proceeds from sales of securities available for sale totaled \$602,485 for the year ended October 31, 2025. Net unrealized gains amount to \$198,287 as of October 31, 2025.

Net realized gains of \$14,781 were reported for the year ended October 31, 2024. The cost of marketable securities sold is determined by 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 as of October 31, 2024.

The fair values of mutual funds and common stocks are reported at quoted market prices in active markets, which are a Level 1 measurement. There are no changes in methods or assumptions during the years ended October 31, 2025 and 2024 and there were no transfers between fair value hierarchy Levels.

External and direct internal expenses relating to investment revenues amounted to \$1,022, and \$958 have been netted against investment revenues in the accompanying Statements of Revenues, Expenses, and Other Changes in Net Assets for the years ended October 31, 2025 and 2024, respectively.

BETHEL COLONY OF MERCY, INC.
LENOIR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2025 AND 2024

NOTE 4 – FUNCTIONAL EXPENSES

Below is the statement of functional expenses for the year ended October 31, 2025:

	<u>Program services</u>	<u>Fundraising</u>	<u>Support services, management & general</u>	<u>Total</u>
Salaries and wages	\$ 573,188	\$ -	\$ 47,488	\$ 620,676
Payroll taxes and employee benefits	112,075	-	3,633	115,708
Retirement expense	-	-	288,016	288,016
Food and supplies	43,724	-	-	43,724
Maintenance and repairs	81,219	-	-	81,219
Utilities	166,390	-	-	166,390
Professional fees	-	-	6,266	6,266
Insurance	88,560	-	-	88,560
Office expense	-	-	41,782	41,782
Public relations	54,914	-	-	54,914
Education	12,493	-	-	12,493
Depreciation	51,719	-	-	51,719
Vehicle expense	43,555	-	-	43,555
Other expenses	50,908	-	-	50,908
	<u>\$ 1,278,745</u>	<u>\$ -</u>	<u>\$ 387,185</u>	<u>\$ 1,665,930</u>

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 & 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 expense	-	-	84,139	84,139
Public relations	48,133	-	-	48,133
Education	13,807	-	-	13,807
Depreciation	44,810	-	-	44,810
Vehicle expense	81,997	-	-	81,997
Other expenses	54,433	-	-	54,433
	<u>\$ 1,122,925</u>	<u>\$ -</u>	<u>\$ 138,945</u>	<u>\$ 1,261,870</u>

BETHEL COLONY OF MERCY, INC.
LENOIR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2025 AND 2024

NOTE 5 – RETIREMENT EXPENSE

The Organization purchased an annuity contract to fund a three-year retirement benefit arrangement for an employee. The annuity was purchased in October 2025 in the amount of \$288,016. The Company has not retained any further obligations under the arrangement.

NOTE 6 – LIQUIDITY AND AVAILABILITY

As of October 31, 2025, the Organization has \$113,172 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 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 8, 2026, which is the date the financial statements were available to be issued. No items have come to our attention that need to be recognized in the financial statements or disclosed in the notes to the financial statements.