

**MILL VILLAGE
MINISTRIES**

GREENVILLE, SOUTH CAROLINA

**FINANCIAL STATEMENTS
December 31, 2021**

(With Independent Auditors' Report Thereon)

MILL VILLAGE MINISTRIES
Greenville, South Carolina

FINANCIAL STATEMENTS
December 31, 2021

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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mill Village Ministries
Greenville, South Carolina

Opinion

We have audited the accompanying statement of financial position of Mill Village Ministries (“the Organization”), as of December 31, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, as well as the related notes to the financial statements. These financial statements are the responsibility of the Organization’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mill Village Ministries, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 within one year after the date that the financial statements are available to be issued.

Auditors’ Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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.

Martin Smith and Company CPAs PA

Greenville, South Carolina
July 25, 2022

MILL VILLAGE MINISTRIES
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

| | |
|-----------------------------|----------------------------|
| Cash and cash equivalents | \$ 922,792 |
| Prepaid expenses | 56,626 |
| Property and equipment, net | <u>214,040</u> |
| Total assets | <u><u>\$ 1,193,458</u></u> |

LIABILITIES AND NET ASSETS

| | |
|---------------------------------------|----------------------------|
| Accounts payable and accrued expenses | \$ <u>2,835</u> |
| Total liabilities | <u>2,835</u> |
| Net assets: | |
| Without donor restrictions: | |
| Investment in property and equipment | 214,040 |
| Undesignated | <u>727,138</u> |
| | 941,178 |
| With donor restrictions | <u>249,445</u> |
| Total net assets | <u><u>1,190,623</u></u> |
| Total liabilities and net assets | <u><u>\$ 1,193,458</u></u> |

See accompanying notes to financial statements.

MILL VILLAGE MINISTRIES
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-----------------------------------|---------------------------------------|------------------------------------|---------------------|
| Revenue and support: | | | |
| Contributions | \$ 669,725 | \$ 135,195 | \$ 804,920 |
| Grants | 226,442 | 337,885 | 564,327 |
| Fundraising event income | 250,278 | - | 250,278 |
| FoodShare income | 275,307 | - | 275,307 |
| Bike Shop income | 79,864 | - | 79,864 |
| Interest income | 161 | - | 161 |
| Other income | 17,238 | - | 17,238 |
| Restricted contributions expended | 223,635 | (223,635) | - |
| Total revenue and support | <u>1,742,650</u> | <u>249,445</u> | <u>1,992,095</u> |
| Expenses: | | | |
| Program services | 1,241,992 | - | 1,241,992 |
| Total program services | <u>1,241,992</u> | <u>-0-</u> | <u>1,241,992</u> |
| Supporting services: | | | |
| Management and general | 184,302 | - | 184,302 |
| Fundraising | 227,981 | - | 227,981 |
| Total supporting services | <u>412,283</u> | <u>-0-</u> | <u>412,283</u> |
| Total expenses | <u>1,654,275</u> | <u>-0-</u> | <u>1,654,275</u> |
| Changes in net assets | 88,375 | 249,445 | 337,820 |
| Net assets at beginning of year | <u>852,803</u> | <u>-</u> | <u>852,803</u> |
| Net assets at end of year | <u>\$ 941,178</u> | <u>\$ 249,445</u> | <u>\$ 1,190,623</u> |

See accompanying notes to financial statements.

MILL VILLAGE MINISTRIES
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

| | |
|---|--------------------------|
| Cash flows from operating activities: | |
| Increase in net assets | \$ 337,820 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | |
| Depreciation | 49,183 |
| (Increase) decrease in assets: | |
| Prepaid expenses | (56,626) |
| Increase (decrease) in liabilities: | |
| Accounts payable and accrued expenses | (9,869) |
| Contributions restricted for capital improvements | <u>(135,195)</u> |
| Net cash provided by operating activities | <u>185,313</u> |
| Cash flows from investing activities: | |
| Purchases of property and equipment | <u>(128,971)</u> |
| Net cash used in investing activities | <u>(128,971)</u> |
| Cash flows from financing activities: | |
| Contributions restricted for capital improvements | <u>135,195</u> |
| Net cash provided by financing activities | <u>135,195</u> |
| Net increase in cash and cash equivalents | 191,537 |
| Cash and cash equivalents at beginning of year | <u>731,255</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 922,792</u></u> |

Schedule of non-cash financing and investing activities:
None.

See accompanying notes to financial statements.

MILL VILLAGE MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

| | <u>Program Services</u> | <u>Supporting Services</u> | | <u>Total</u> |
|---------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| | | <u>Management And General</u> | <u>Fundraising</u> | |
| Payroll | \$ 457,533 | \$ 93,039 | \$ 100,502 | \$ 651,074 |
| Payroll taxes | 36,786 | 7,480 | 8,080 | 52,347 |
| Benefits | 21,532 | 4,378 | 4,730 | 30,640 |
| Program expenses | 501,921 | - | - | 501,921 |
| Occupancy expenses | 65,440 | 11,547 | - | 76,987 |
| Special events | - | - | 113,346 | 113,346 |
| Office expenses | 44,713 | 11,178 | - | 55,891 |
| Insurance | 39,501 | 4,389 | - | 43,890 |
| Advertising and promotion | - | 25,134 | 1,323 | 26,457 |
| Utilities | 13,299 | 1,478 | - | 14,777 |
| Other | - | 11,626 | - | 11,626 |
| Meals | 5,965 | 3,976 | - | 9,941 |
| Professional fees | - | 8,546 | - | 8,546 |
| Travel | 3,936 | 984 | - | 4,920 |
| Staff development | 2,183 | 546 | - | 2,729 |
| Depreciation | 49,183 | - | - | 49,183 |
| | <u>\$ 1,241,992</u> | <u>\$ 184,302</u> | <u>\$ 227,981</u> | <u>\$ 1,654,275</u> |

See accompanying notes to financial statements.

MILL VILLAGE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) **Nature of Organization**

Mill Village Ministries (“the Organization”) is a not-for-profit organization, formed in June 2012. Mill Village Ministries exists to unite with God’s vision for individual life change and holistic transformation of under-resourced communities. Its vision is to build relationships, leverage resources, and empower individuals to transform their communities. Mill Village Ministries is the umbrella organization for Mill Village Farms, Village Launch, Village Wrench, and Village Engage Greenville:

- **Mill Village Farms** – empowers the next generation of youth by creating employment opportunities for a diverse crew of youth and training teens through holistic educational experiences including personal finance, soft-skills, nutrition/cooking, entrepreneurship, and mindfulness. Mill Village Farms provides healthy food in Greenville, South Carolina by growing and harvesting produce, selling FoodShare boxes and making plants available to individuals and community gardens.
- **Village Launch** – equips under-resourced entrepreneurs to become providers, creators, and producers in their community. It provides training, mentoring, and community for aspiring entrepreneurs to start and grow their businesses through our Business Entrepreneur Academy, which focuses on under-represented entrepreneurs. It operates a co-working space for entrepreneurs and non-profits to collaboratively impact our community. In addition, it operates an affordable incubator kitchen offered to our alumni in the food industry.
- **Village Wrench** – exists to connect our community through bicycle repair, upward mobility, and educational empowerment. Its vision is an empowered community thriving through bicycles. It leads six monthly neighborhood bicycle free repair sites; trains teens through our 6-Cycle mentor program, which teaches youth character and bike-mechanic skills; employs teenagers and provides job-skill training at the bike shop; offers Earn-a-Bike, a program that allows community members to earn bicycles by volunteering in their neighborhoods, and provides a public repair space for people to work on their bicycles themselves, using spare parts from salvage bicycles that would have otherwise made their way to the landfill.
- **Village Engage** – transforms communities by compelling people of faith to build a more just and compassionate Greenville. It does this through education, engagement, and action. Specifically, it facilitates JustFaith programs, host social justice events in Greenville, and call participants to action through community organizing and advocacy.

b) **Basis of Accounting**

The financial statements of the Organization have been prepared utilizing the accrual method of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The financial statements present financial position and results of activities in conformity with accounting principles generally accepted in the United States of America.

MILL VILLAGE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

c) Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) in the *Accounting Standards Codification* (“ASC”). Under FASB ASC the Alliance is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations and currently available for operating purposes under the direction of the Board of Directors (“the Board”), designated by the Board for specific purposes, or invested in property and equipment.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

d) Contributions and Revenue

The Organization records contributions received as support without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose of restrictions.

Contributions are recognized when received or when the donor makes an unconditional promise to give to the Organization. Contributions which are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions and reported in the Statement of Activities as restricted contributions expended as the restrictions expire.

Noncash contributions are recorded as support at their estimated fair value at the date of the donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as support with donor restrictions.

e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances in depository institutions.

f) Property and Equipment

Property and equipment are stated at cost if purchased or fair market value at the date of donation. Major additions in excess of \$5,000 are capitalized and major items retired are removed from the accounts. Replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets are expensed currently. Straight-line depreciation is taken on the recorded value of the property and equipment over five to forty years.

MILL VILLAGE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

g) Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. A federal Form 990 is filed annually. The Organization has adopted the provisions of the *Accounting for Uncertainty in Income Taxes* topic of FASB ASC. This guidance addresses the accounting uncertainty in income taxes recognized in an organization's financial statements and prescribes a threshold of more-likely-than-not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It also provides related guidance on measurement classification, interest and penalties, and disclosure. The Organization has determined that it has no uncertain tax positions requiring accrual and disclosure.

h) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, which include the depreciable lives of assets and methods of depreciation.

i) Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

j) Statement of Financial Position Presentation

Assets and liabilities presented in the Statement of Financial Position are recorded in order of liquidity or nearness to conversion to cash.

2) CASH AND CASH EQUIVALENTS

The Organization maintains cash balances at three financial institutions. Accounts are protected by the Federal Depository Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2021, the Organization had \$168,876 in uninsured cash balances. Cash balances of \$249,445 are donor restricted for a capital campaign and program support at December 31, 2021.

3) PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021, are summarized as follows:

| | |
|------------------------------------|-------------------|
| Improvements | \$ 200,123 |
| Furniture, fixtures, and equipment | 48,972 |
| Vehicles | 196,846 |
| | <u>445,941</u> |
| Less accumulated depreciation | <u>(231,901)</u> |
| | <u>\$ 214,040</u> |

Depreciation expense for the year ended December 31, 2021, was \$49,183.

MILL VILLAGE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

4) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2021:

| | |
|------------------|-------------------|
| Capital projects | \$ 135,195 |
| Program support | <u>114,250</u> |
| | <u>\$ 249,445</u> |

Releases from restrictions of \$223,635 for the year ended December 31, 2021, represent funds used for restricted program support.

5) OPERATING LEASES

The Organization has entered into a lease agreement for office and program space of approximately 6,000 square feet located on Pendleton Street, Greenville, South Carolina. The lease term continues through June 2023, with rental payments due of \$42,000 and \$21,000 in 2022 and 2023, respectively. The Organization paid \$42,000 in rent payments on such lease for the year ended December 31, 2021.

6) DONATED SERVICES

A number of individuals have donated a significant amount of time to the Organization's programs; however, no amounts have been reflected for donated services.

7) REVENUE RECOGNITION

The Organization adopted the provisions of the *Revenue from Contracts with Customers* topic of FASB ASC. This guidance replaces most existing revenue recognition in U. S. GAAP and requires expanded disclosure relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The core principle is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by applying five steps listed in the guidance. The Organization's main revenue streams accounted for as exchange transactions derive from FoodShare income and Bike Shop sales.

The adoption of this ASC did not have a significant impact on the Organization's financial statements. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Revenue related to the FoodShare and Bike Shop sales is recognized at the time of sale. Management has concluded that no impact to revenue recognition has resulted from adoption of this ASC as it relates to these sales.

MILL VILLAGE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

7) REVENUE RECOGNITION, Continued

The Organization also recognizes revenue through both unconditional and conditional contributions and grants. Unconditional contributions are recognized when received, while a conditional contribution is recognized upon satisfaction of the donor's condition or when the grant funds have been expended in accordance with the provisions of the respective agreements. Management has determined that contributions and grants are non-reciprocal transactions and therefore fall under the scope of the *Contributions Received* topic of ASC.

The Organization generates revenue from special events. The exchange of assets or performance of services in exchange for assets of substantially lower value may be deemed to be a partial contribution. Such contribution would be measured at the difference between the fair value of the products provided or services performed, and the consideration received. Management concludes that the benefit to donors related to special events is immaterial in comparison to the consideration received by the donor as typically all that is received is insignificant amounts of food and beverage during the event. As such, consideration received through the conducting of special events is considered a contribution transaction and no impact to revenue recognition has resulted from the adoption of this ASC.

The Organization's other revenue streams include interest income and other income which are not included within the scope of this ASC.

8) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable because certain net assets are donor restricted (See Footnote 4). The Organization has the following financial assets that could readily be made available within one year of the Statement of Financial Position date to fund expenses without limitations:

| | |
|--|--------------------------|
| Financial assets: | |
| Cash | \$ <u>922,792</u> |
| Financial assets, at year-end | <u>922,792</u> |
| Less those unavailable for general expenditures within one year due to: | |
| Donor imposed restrictions: | |
| Restrictions by donor with purpose restrictions | <u>(249,445)</u> |
| | <u>(249,445)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | \$ <u><u>673,347</u></u> |

The Organization has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash.

MILL VILLAGE MINISTRIES
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

9) FAIR VALUE OF FINANCIAL INSTRUMENTS, Continued

The Organization has adopted the provisions of the *Fair Value Measurements* topic of FASB ASC. This guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

This guidance defines fair value as 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. It also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value. Level 1 inputs represent fair values obtained using quoted prices in active markets. Level 2 inputs represent fair values obtained from observable market data but not from quoted market prices. Level 3 inputs represent unobservable inputs that are supported by little or no market activity and are generally based on the entity's own assumptions.

The following methods and assumptions are used to estimate the fair value of each financial instrument:

Cash, accounts payable and accrued expenses – the carrying values approximate fair value due to their short maturities.

10) SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 25, 2022, the date the financial statements were available to be issued. There were no additional events requiring recording for the year ended December 31, 2021.