

**VOLUNTEER MINISTRY CENTER, INC.
(A NOT-FOR-PROFIT CORPORATION)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Volunteer Ministry Center, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Volunteer Ministry Center, Inc., (a not-for-profit corporation), which comprise the consolidated statement of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Volunteer Ministry Center, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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 (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 Volunteer Ministry Center, Inc. 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.

Other Matter

The consolidated financial statements of Volunteer Ministry Center, Inc. for the year ended December 31, 2022, before the restatement described in Note 13, were audited by another auditor whose report dated September 29, 2023, expressed an unmodified opinion on those statements. As part of our audit of the December 31, 2024 consolidated financial statements, we also audited the adjustments described in Note 13 that were applied to restate the 2022 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 consolidated financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 consolidated financial statements as a whole.

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 consolidated 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 Volunteer Ministry Center, Inc.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

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 *and Government 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 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 Volunteer Ministry Center, Inc.'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 Volunteer Ministry Center, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 35-42 and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards shown on pages 31-34 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and 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 accompanying supplementary information and the accompanying Schedule of Expenditures of Federal Awards listed above is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2025 on our consideration of Volunteer Ministry Center, Inc.'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 solely 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 effectiveness of Volunteer Ministry Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Volunteer Ministry Center, Inc.'s internal control over financial reporting and compliance.

Tarwater & Company, PC

Knoxville, TN
July 23, 2025

VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023

| | 2024 | 2023 |
|---|---------------|---------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,142,804 | \$ 388,751 |
| Investments, available-for-sale | 431,608 | 404,644 |
| Grants and accounts receivable | 409,612 | 410,480 |
| Prepaid expenses and other current assets | 23,565 | 110,133 |
| Total current assets | 2,007,589 | 1,314,008 |
| Property and equipment, net | | |
| Property and equipment | 24,636,210 | 24,458,861 |
| Accumulated depreciation | (5,888,604) | (5,075,738) |
| Total property and equipment | 18,747,606 | 19,383,123 |
| Other assets | | |
| Capitalized costs - tax credit fees, net | 26,472 | 29,913 |
| Restricted deposits | 234,588 | 37,655 |
| Endowment investment | 2,230,270 | 1,475,776 |
| Total other assets | 21,238,936 | 20,926,467 |
| Total assets | \$ 23,246,525 | \$ 22,240,475 |

The accompanying notes are an integral part of these consolidated financial statements.

VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023

| | 2024 | 2023 |
|--|---------------|---------------|
| Liabilities | | |
| Current liabilities | | |
| Current portion of long-term debt | \$ 72,000 | \$ - |
| Accounts payable and accrued expenses | 148,634 | 309,956 |
| Total current liabilities | 220,634 | 309,956 |
| Long-term liabilities | | |
| Other long-term liabilities | 5,000 | 4,600 |
| Long-term debt, net of current portion | 2,604,842 | 9,415,023 |
| Total long-term liabilities | 2,609,842 | 9,419,623 |
| Total liabilities | 2,830,476 | 9,729,579 |
| Net assets | | |
| Without donor restrictions | 9,408,562 | 9,504,092 |
| Without donor restrictions - board designated | - | 250,000 |
| With donor restrictions | 2,227,063 | 1,117,737 |
| Total net assets before non-controlling interest | 11,635,625 | 10,871,829 |
| Non-controlling interest | 8,780,424 | 1,639,067 |
| Total net assets | 20,416,049 | 12,510,896 |
| Total liabilities and net assets | \$ 23,246,525 | \$ 22,240,475 |

The accompanying notes are an integral part of these consolidated financial statements.

**VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| Revenue, gains and other support | | | |
| Contributions and pledges | \$ 111,953 | \$ 1,109,326 | \$ 1,221,279 |
| Foundations | 439,823 | - | 439,823 |
| United Way grants | 123,525 | - | 123,525 |
| Government grants | 1,510,494 | - | 1,510,494 |
| Fundraising revenue | 362,197 | - | 362,197 |
| Net rental revenue - Caswell Manor | 566,762 | - | 566,762 |
| Net rental revenue - Minvilla Manor | 588,380 | - | 588,380 |
| Miscellaneous revenue | 12,926 | - | 12,926 |
| Investment return, net | 26,964 | 138,318 | 165,282 |
| In-kind contributions | 25,410 | - | 25,410 |
| Contributions of nonfinancial assets | 19,740 | - | 19,740 |
| Net assets released from restrictions | 138,318 | (138,318) | - |
| Total revenues and other support | <u>3,926,492</u> | <u>1,109,326</u> | <u>5,035,818</u> |
| Expenses | | | |
| Program expenses | 3,475,152 | - | 3,475,152 |
| Management and general | 1,107,307 | - | 1,107,307 |
| Fundraising | 134,620 | - | 134,620 |
| Total expenses | <u>4,717,079</u> | <u>-</u> | <u>4,717,079</u> |
| Change in net assets | (790,587) | 1,109,326 | 318,739 |
| Other adjustments to net assets: | | | |
| Contributions | 7,586,414 | - | 7,586,414 |
| Net assets, beginning of year | <u>11,393,159</u> | <u>1,117,737</u> | <u>12,510,896</u> |
| Net assets at end of year | <u>\$ 18,188,986</u> | <u>\$ 2,227,063</u> | <u>\$ 20,416,049</u> |
| Allocation of net assets | | | |
| Controlling interest | | | |
| Beginning net assets | \$ 9,754,092 | \$ 1,117,737 | \$ 10,871,829 |
| Change in net assets | (345,530) | 1,109,326 | 763,796 |
| Noncontrolling interest | | | |
| Beginning net assets | 1,639,067 | - | 1,639,067 |
| Change in net assets | 7,141,357 | - | 7,141,357 |
| Net assets at end of year | <u>\$ 18,188,986</u> | <u>\$ 2,227,063</u> | <u>\$ 20,416,049</u> |

The accompanying notes are an integral part of these consolidated financial statements.

VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------|
| Revenue, gains and other support | | | |
| Contributions and pledges | \$ 616,357 | \$ 1,100,000 | \$ 1,716,357 |
| Foundations | 334,800 | - | 334,800 |
| United Way grants | 176,447 | - | 176,447 |
| Government grants | 1,977,123 | - | 1,977,123 |
| Fundraising revenue | 333,579 | - | 333,579 |
| Net rental revenue - Caswell Manor | 426,811 | - | 426,811 |
| Net rental revenue - Minvilla Manor | 504,027 | - | 504,027 |
| Developer fee income | 1,154,044 | - | 1,154,044 |
| Miscellaneous revenue | 2,090 | - | 2,090 |
| Investment return, net | 165,636 | - | 165,636 |
| In-kind donations | 16,607 | - | 16,607 |
| Net assets released from restrictions | 518,744 | (518,744) | - |
| | <u>6,226,265</u> | <u>581,256</u> | <u>6,807,521</u> |
| Expenses | | | |
| Program expenses | 4,084,961 | - | 4,084,961 |
| Management and general | 473,292 | - | 473,292 |
| Fundraising | 140,525 | - | 140,525 |
| Total expenses | <u>4,698,778</u> | <u>-</u> | <u>4,698,778</u> |
| Change in net assets | 1,527,487 | 581,256 | 2,108,743 |
| Net assets at beginning of year, as previously stated | 11,305,672 | 536,481 | 11,842,153 |
| Prior period adjustment (See Note 13) | <u>(1,440,000)</u> | <u>-</u> | <u>(1,440,000)</u> |
| Net assets at end of year | <u>\$ 11,393,159</u> | <u>\$ 1,117,737</u> | <u>\$ 12,510,896</u> |
| Allocation of net assets | | | |
| Controlling interest | | | |
| Beginning net assets | \$ 9,098,748 | \$ 536,481 | \$ 9,635,229 |
| Change in net assets | 655,344 | 581,256 | 1,236,600 |
| Noncontrolling interest | | | |
| Beginning net assets | 2,206,924 | - | 2,206,924 |
| Change in net assets | <u>(567,857)</u> | <u>-</u> | <u>(567,857)</u> |
| Net assets at end of year | <u>\$ 11,393,159</u> | <u>\$ 1,117,737</u> | <u>\$ 12,510,896</u> |

The accompanying notes are an integral part of these consolidated financial statements.

VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

| | Program Services | | | | | | | Support Services | | | | Total | | |
|-------------------------------|--------------------|-------------------|----------------------------------|-------------------|---------------------------------------|-----------------------------------|------------------------|----------------------------|--------------------|---------------------|------------------------|---------------------|------------------------|-----------------------------------|
| | Bush Family Refuge | Resource Center | Minvilla Manor Resident Services | Clinic | Street Outreach & Low Barrier Shelter | Caswell Manor and the Guest House | Other Program Services | Total VMC Program Expenses | Caswell Manor Apts | Minvilla Manor Apts | Total Program Expenses | | Management and General | Fundraising/ Development Expenses |
| Expenses | | | | | | | | | | | | | | |
| Salaries, wages, and benefits | \$ 77,033 | \$ 441,812 | \$ 338,983 | \$ 89,931 | \$ 272,816 | \$ 208,449 | \$ 181,092 | \$ 1,610,116 | \$ 106,348 | \$ 108,216 | \$ 1,824,680 | \$ 407,597 | \$ 26,681 | \$ 2,258,958 |
| Payroll taxes | - | - | - | - | - | - | - | - | - | 8,878 | 8,878 | 129,445 | - | 138,323 |
| Office supplies and expense | 55 | 328 | 1,938 | 834 | 1,474 | 158 | - | 4,787 | 4,541 | 4,339 | 13,667 | 42,487 | 142 | 56,296 |
| Information technology | - | 275 | - | - | 200 | 347 | - | 822 | 2,788 | 2,100 | 5,710 | 52,407 | 1,747 | 59,864 |
| Insurance | - | - | - | - | - | - | - | - | 47,888 | 12,946 | 60,834 | 33,504 | - | 94,338 |
| Professional fees | - | - | 1,225 | - | - | 17,112 | - | 18,337 | 2,263 | 13,709 | 34,309 | 79,386 | - | 113,695 |
| Taxes & licenses | - | - | 3,077 | - | - | 570 | - | 3,647 | 1,074 | 1,127 | 5,848 | 902 | 70 | 6,820 |
| Telephone | 87 | 104 | - | - | 1,601 | 433 | 1,737 | 3,962 | - | 10,805 | 14,767 | 17,834 | - | 32,601 |
| Rent | - | - | - | - | - | - | 18,000 | 18,000 | - | - | 18,000 | - | - | 18,000 |
| Utilities | 6,693 | 26,774 | - | 5,664 | - | - | - | 39,131 | 82,780 | 101,919 | 223,830 | 9,783 | 2,574 | 236,187 |
| Building security | - | - | 539 | - | - | - | 971 | 1,510 | - | - | 1,510 | 7,936 | - | 9,446 |
| Printing and video | - | - | - | - | - | - | - | - | - | - | - | 7,539 | 6,778 | 14,317 |
| Postage | 7 | - | - | - | - | - | - | 7 | - | - | 7 | 1,736 | 1,182 | 2,925 |
| Travel and meetings | 272 | - | 64 | - | - | 267 | - | 603 | - | - | 603 | 8,550 | 265 | 9,418 |
| Direct assistance | 193,567 | 33,138 | 3,582 | 20,021 | 34,855 | 3,763 | 21,826 | 310,752 | - | - | 310,752 | - | - | 310,752 |
| Maintenance and repairs | 11,505 | 6,541 | - | 5 | 266 | 55 | 1,088 | 19,460 | 36,109 | 30,416 | 85,985 | 28,447 | - | 114,432 |
| Miscellaneous | - | 69 | - | - | 2,779 | - | - | 2,848 | 7,957 | - | 10,805 | 7,503 | - | 18,308 |
| Interest expense | - | - | - | - | - | - | - | - | 39,521 | 8,198 | 47,719 | 12,398 | - | 60,117 |
| Professional development | 560 | 3,056 | 960 | 100 | 1,000 | 101 | 13 | 5,790 | 22,064 | 1,567 | 29,421 | 11,456 | 1,207 | 42,084 |
| Fundraising events | - | - | - | - | - | - | - | - | - | - | - | - | 93,974 | 93,974 |
| Management fees | - | - | - | - | - | 950 | 9,126 | 10,076 | - | - | 10,076 | - | - | 10,076 |
| Bad Debt | 65 | - | 9,275 | - | 193 | - | - | 9,533 | 36,317 | - | 45,850 | 1,666 | - | 47,516 |
| Development Cost | - | - | - | - | - | 152,325 | - | 152,325 | - | - | 152,325 | - | - | 152,325 |
| Depreciation and amortization | - | - | - | - | - | - | - | - | 383,534 | 186,042 | 569,576 | 246,731 | - | 816,307 |
| Total expenses | \$ 289,844 | \$ 512,097 | \$ 359,643 | \$ 116,555 | \$ 315,184 | \$ 384,530 | \$ 233,853 | \$ 2,211,706 | \$ 773,184 | \$ 490,262 | \$ 3,475,152 | \$ 1,107,307 | \$ 134,620 | \$ 4,717,079 |

The accompanying notes are an integral part of these consolidated financial statements.

VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

| | Program Services | | | | | | | | | Support Services | | Total | |
|-------------------------------|--------------------|-------------------|----------------------------------|-------------------|---------------------------------------|-----------------------------------|----------------------------|--------------------|---------------------|------------------------|------------------------|-------------------|----------------------------------|
| | Bush Family Refuge | Resource Center | Minvilla Manor Resident Services | Clinic | Street Outreach & Low Barrier Shelter | Caswell Manor and the Guest House | Total VMC Program Expenses | Caswell Manor Apts | Minvilla Manor Apts | Total Program Expenses | Management and General | | Funraising/ Development Expenses |
| Expenses | | | | | | | | | | | | | |
| Salaries, wages, and benefits | \$ 198,303 | \$ 568,025 | \$ 408,920 | \$ 106,798 | \$ 803,207 | \$ 44,195 | \$ 2,129,448 | \$ 52,631 | \$ 144,930 | \$ 2,327,010 | \$ 161,911 | \$ 51,018 | \$ 2,539,939 |
| Payroll taxes | 11,412 | 32,690 | 23,534 | 6,146 | 47,434 | 2,543 | 123,760 | 3,029 | 8,341 | 135,130 | 9,318 | 2,936 | 147,384 |
| Office supplies and expense | 834 | 3,755 | 651 | 187 | 2,509 | 1,656 | 9,592 | 5,881 | 4,636 | 20,109 | 39,838 | 2,868 | 62,815 |
| Information technology | - | 200 | 795 | 1,649 | 2,918 | 2,027 | 7,589 | 3,268 | 2,671 | 13,528 | 44,651 | 1,537 | 59,716 |
| Insurance | - | - | - | - | - | - | - | 47,479 | 8,190 | 55,669 | 31,058 | - | 86,727 |
| Professional fees | - | 105 | - | - | - | - | 105 | 6,951 | 12,698 | 19,754 | 32,916 | - | 52,670 |
| Taxes & licenses | - | 85 | - | - | 67 | - | 152 | 2,261 | 9,106 | 11,519 | 2,429 | 20 | 13,968 |
| Telephone | 179 | 69 | - | - | 4,851 | 783 | 5,882 | 2,237 | 8,487 | 16,606 | 16,470 | - | 33,076 |
| Rent | - | - | - | - | 72,000 | - | 72,000 | - | - | 72,000 | - | - | 72,000 |
| Utilities | 6,595 | 26,385 | - | 5,581 | - | - | 38,561 | 56,031 | 91,926 | 186,518 | 9,643 | 2,538 | 198,699 |
| Building security | - | - | 1,922 | - | 512 | - | 2,434 | - | - | 2,434 | 2,207 | - | 4,641 |
| Printing and video | - | - | - | - | - | - | - | - | - | - | 7,389 | 6,929 | 14,318 |
| Postage | - | - | - | - | 720 | 147 | 867 | - | - | 867 | 1,515 | - | 2,382 |
| Travel and meetings | - | 5 | - | 73 | 438 | - | 516 | - | - | 516 | 22,168 | 1,775 | 24,459 |
| Direct assistance | 119,744 | 24,993 | 6,778 | 23,347 | 50,184 | 5,328 | 230,374 | - | - | 230,374 | 47 | - | 230,421 |
| Maintenance and repairs | 189 | 18,864 | 4,752 | 471 | 17,568 | 2,897 | 44,741 | 3,142 | 126,819 | 174,702 | 31,951 | - | 206,653 |
| Miscellaneous | - | 244 | 330 | 242 | 68 | 715 | 1,599 | 11,174 | - | 13,329 | - | 151 | 13,480 |
| Interest expense | - | - | - | - | - | - | - | 33,604 | 8,190 | 41,794 | 12,928 | - | 54,722 |
| Professional development | - | - | 60 | - | - | 60 | 120 | - | 355 | 475 | 18,774 | 340 | 19,589 |
| Fundraising events | - | - | - | - | - | - | - | - | - | - | - | 70,413 | 70,413 |
| Management fees | - | - | - | - | - | - | - | 24,822 | 60,396 | 85,218 | - | - | 85,218 |
| Depreciation and amortization | 12,148 | 135,527 | - | 20,577 | 45,687 | - | 213,939 | 281,858 | 181,612 | 677,409 | 28,079 | - | 705,488 |
| Total expenses | \$ 349,404 | \$ 810,947 | \$ 505,456 | \$ 165,071 | \$ 1,048,163 | \$ 138,708 | \$ 3,017,750 | \$ 456,011 | \$ 610,643 | \$ 4,084,961 | \$ 473,292 | \$ 140,525 | \$ 4,698,778 |

The accompanying notes are an integral part of these consolidated financial statements.

VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

| | 2024 | 2023 |
|--|--------------|--------------|
| Cash flow from operating activities: | | |
| Change in net assets | \$ 318,739 | \$ 2,108,743 |
| Adjustments to reconcile change in net assets to cash flows provided by operating activities: | | |
| Depreciation and amortization | 816,307 | 705,488 |
| Unrealized gain on investments | (85,791) | (158,846) |
| Realized gain on sale of investments | (38,612) | - |
| Amortization of deferred loan costs | 8,190 | - |
| Forgivable loan principal recognized as revenue | (72,000) | - |
| Decrease (increase) contributions and grants receivables | 868 | 152,385 |
| Decrease (increase) prepaid expenses and other assets | 86,566 | 9,620 |
| Decrease (increase) intangible assets | - | (28,820) |
| Increase (decrease) accounts payable and accrued expenses | (163,622) | (504,979) |
| Increase (decrease) tenant security deposits | 400 | 23,100 |
| Increase (decrease) deferred revenue | - | (12,500) |
| Net cash provided by operating activities | 871,045 | 2,294,191 |
| Cash flow from investing activities: | | |
| Purchase of investments | (792,503) | (1,368,477) |
| Proceeds from the sale of investments | 135,450 | 18,477 |
| Purchase of property and equipment | (49,420) | (1,459,789) |
| Net cash used in investing activities | (706,473) | (2,809,789) |
| Cash flow from financing activities: | | |
| Payments on construction loan | (6,800,000) | - |
| Proceeds from note payable | - | 75,039 |
| Contributions of capital from noncontrolling interest | 7,586,414 | - |
| Net cash provided by financing activities | 786,414 | 75,039 |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 950,986 | (440,559) |
| Beginning of period cash, cash equivalents and restricted cash | 426,406 | 866,965 |
| End of period cash, cash equivalents and restricted cash | \$ 1,377,392 | \$ 426,406 |
| Cash, cash equivalents and restricted cash | | |
| Cash and cash equivalents | \$ 1,142,804 | \$ 388,751 |
| Restricted cash | 234,588 | 37,655 |
| Total cash, cash equivalents and restricted cash | \$ 1,377,392 | \$ 426,406 |
| Supplemental disclosures: | | |
| Interest paid | \$ 51,919 | \$ 69,545 |
| Donated services and supplies | \$ 45,150 | \$ 16,607 |

The accompanying notes are an integral
part of these consolidated financial statements.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **NATURE OF CENTER AND OPERATIONS**

Volunteer Ministry Center, Inc. (“VMC” or “the Organization”) was formed in 1987 as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code to facilitate permanent supportive housing for those who are homeless, to provide services to prevent homelessness, and to support other people within the community who are in crisis. VMC works in cooperation with the Knoxville religious community, local, state, and federal governments, and other caring individuals, businesses, and groups to accomplish its “Housing First” approach and to provide other essential services such as food, day shelter, counseling, dental exams, and case management.

As part of its mission, VMC developed Minvilla Manor, a 57-unit apartment complex located in Knoxville, Tennessee. Minvilla Manor provides permanent housing for formerly homeless individuals. The units are rent subsidized by the local housing authority, and all tenants must have verifiable income. The Minvilla Manor property is owned by Minvilla Manor, LP and operated by Minvilla Manor MT, LP. Minvilla Manor was acquired, developed, and is operated under the low-income housing tax credit program (LIHTC) (See Note 16).

VMC also developed Caswell Manor, a 48-unit apartment complex to provide housing to low-income individuals. The property is owned and operated by Caswell Manor, LP. Caswell Manor GP, LLC is the General Partner of Caswell Manor, LP. The limited partner is an unrelated investor. Caswell Manor was acquired, developed, and is operated under the low-income housing tax credit program (LIHTC) (See Note 16).

These consolidated financial statements include the accounts of VMC and its subsidiaries: Minvilla Manor, GP, Inc.; Minvilla Manor, LP; Minvilla Manor MT, LP; Caswell Manor, LP; and Caswell Manor GP, LLC.

As a result of VMC’s control, these entities are consolidated in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Consolidation

The consolidated financial statements include the accounts of VMC and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Noncontrolling Interests

Noncontrolling interests consist of the 84.99%, 99.99%, and 99.991% ownership by the limited partners of Minvilla Manor, LP; Minvilla Manor MT, LP; and Caswell Manor, LP, respectively. The noncontrolling interests have been aggregated and separately identified in the equity section of the consolidated statements of financial position. Earnings from the noncontrolling interests have also been separately classified in the consolidated statements of activities.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Organization prepares its consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all unrestricted highly liquid investment instruments with original maturities of three months or less to be cash equivalents.

Investments

The Organization classifies its investments as available-for-sale, and they are carried at fair value. Realized gains and losses determined using the average cost method are included in earnings. Unrealized gains and losses based on the difference between cost and fair value are reported as a component of investment return on the consolidated statement of activities. Donated investments are recorded at the fair value on the date of the contribution and thereafter carried in accordance with the above provisions.

Purchases and sales of securities are recorded at the settlement date. Investment income is reported in the period earned as an increase in net assets without donor restrictions unless the use of the assets received is limited by donor-imposed restrictions.

Grants and Accounts Receivable

Grant revenue and related receivables are recorded when the Organization incurs expenses eligible for reimbursement under the terms of the corresponding contract or grant. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history and agency attributes. At December 31, 2024 and 2023, the Organization considers all receivables to be fully collectible and, therefore, no allowance for uncollectible accounts has been recorded. If amounts become uncollectible, they will be charged to operations when that determination is made.

**VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair market value on the date of donation. Depreciation is provided for in amounts sufficient to relate the cost of the depreciable assets to operations over the estimated service lives. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Improvements above the Organization's capitalization threshold of \$3,000 are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Estimated service lives are as follows:

| | <u>Estimated Life</u> | <u>Method</u> |
|-----------------------------------|-----------------------|---------------|
| Building and Improvements | 10 – 40 years | Straight-line |
| Land Improvements | 10 – 15 years | Straight-line |
| Furniture, fixtures and equipment | 5 – 12 years | Straight-line |
| Vehicles | 5 years | Straight-line |

Impairment of Long-Lived Assets

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. There were no impairment losses recognized for the years ended December 31, 2024 and 2023.

Fair Value of Financial Instruments

Cash and cash equivalents, designated cash reserves, accounts receivable, accrued liabilities, and accounts payable are reflected in the consolidated financial statements at cost, which approximates fair value because of the short-term maturity of those instruments.

Deferred Financing Costs and Tax Credit Monitoring Fees

Deferred loan costs are amortized using the straight-line method over the life of the loan. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using straight-line method is not materially different from the results that would have been obtained under the effective yield method.

Tax credit monitoring fees for monitoring low-income housing tax compliance are being amortized over the compliance period of 15 years.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Restricted Deposits

Restricted deposits consist of funds restricted by replacement reserve and escrow accounts for real estate taxes and property insurance for Minvilla Manor, LP, Minvilla Manor MT, LP, and Caswell Manor, LP. These funds are contractually restricted, which differs from donor restricted funds

Revenue Recognition

Revenues are recognized when services are rendered. The Organization recognizes revenue from fundraising on the day of a fundraising event.

Contributions and revenue received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any donor restrictions. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted support.

The Organization recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest in assets held by another organization are received. Conditional promises to give, that is, those with a measurable performance or other barrier and right of return, are not recognized until the condition on which they depend has been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. However, such discounts were not material and have not been recorded in the consolidated financial statements. Conditional promises to give, that is, those with a measurable performance or other barrier and right of return, are not recognized until such time as the conditions on which they depend are substantially met.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Rental Revenue

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. The Partnership believes that such both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Partnership on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Deferred Revenue

Revenue received for future fundraising events is deferred and recognized in the period in which the events take place. Rental payments received in advance are deferred until earned. Grant proceeds received in advance are deferred until earned.

In-kind contributions

Contributed services are reflected in the consolidated financial statements at the fair value of the services received. The contribution of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the years ended December 31, 2024 and 2023, the Organization received contributed services totaling \$25,410 and \$14,565, respectively. Additionally, a substantial number of unpaid volunteers have contributed significant amounts of their time in the Organization's programs. However, no amounts have been reflected in the accompanying consolidated financial statements for these contributed services because these services do not meet the criteria for recognition as contributed services under GAAP.

Contributions of nonfinancial assets

Contributions of nonfinancial assets, which may include supplies, equipment, and real property, are recorded at fair value at the date of the contribution. During the years ended December 31, 2024 and December 31, 2023, the Organization received contributions of nonfinancial assets of \$19,740 and \$2,042, respectively.

Advertising

The Organization expenses advertising costs as incurred. For the years ended December 31, 2024 and 2023, advertising costs totaled \$7,657 and \$3,517, respectively.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Leases

The Organization accounts for leases on the Consolidated Statement of Financial Position through recognition of a liability for the discounted present value of future fixed lease payments and a corresponding right-of-use (“ROU”) asset. The Organization’s accounting for finance leases remained substantially unchanged from its prior accounting for capital leases. The ROU asset recorded at commencement of the lease represents the right to use the underlying asset over the lease term in exchange for the lease payments. Lease with an initial term of 12 months or less that do not have an option to purchase the underlying asset that is deemed reasonably certain to be exercised are not recorded on the Consolidated Statement of Financial Position; rather, rent expense for these leases is recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease.

The Organization evaluated lease obligations as of December 31, 2024 and 2023. The Organization has not recorded a ROU asset or lease liability as such amounts would not be significant to the consolidated financial statements.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service (IRS) as other than a private foundation. Therefore, the Organization is not taxed on income derived from its exempt functions. However, the Organization is subject to tax on unrelated business income. For the years ended December 31, 2024 and 2023, the Organization had no unrelated business income.

The Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on an evaluation of the Organization’s tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the years ended December 31, 2024 and 2023, and the Organization has accrued no interest or penalties related to uncertain tax positions for the years then ended. It is the Organization’s policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Organization files U.S. Federal and state returns annually, as applicable.

Functional Allocation of Expenses

The costs of providing program and supporting activities have been summarized on a functional basis in these consolidated financial statements. Expenses that can be identified with a specific program or supporting service are allocated directly according to their functional expenditure classification. However, certain categories of expense are attributable to more than one program or supporting function and require allocation on a reasonable basis that is consistently applied. Expenses that are related to more than one function are allocated between the appropriate functions. The most significant of the Organization’s joint costs are the costs associated with salaries, payroll taxes, employee benefits, and grants. The Organization allocates these joint costs primarily using proportional methods based on the programs and supporting services benefited.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Measurement of Operations

The Organization's operating revenues in excess of expenses and transfers includes; (1) all operating revenues and expenses that are an integral part of its programs and supporting activities; (2) net assets released from donor restrictions to support operating expenditures; and (3) any transfers from board-designated and other non-operating funds to support current operating activities. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions.

Reclassifications

Reclassifications have been made to prior year balances to conform to the current year presentation.

3. **LIQUIDITY AND AVAILABILITY OF RESOURCES**

A summary of the Organizations financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use because of donor-imposed restrictions or certain board designations, within one year of the Consolidated Statement of Financial Position date is as follows:

| | 2024 | 2023 |
|--|--------------|--------------|
| Cash and cash equivalents | \$ 1,142,804 | \$ 388,751 |
| Investments, available-for-sale | 431,608 | 404,644 |
| Accounts and grants receivables | 409,612 | 410,480 |
| Financial assets at end of year | 1,984,024 | 1,203,875 |
| Less assets unavailable for general expenditures within one year: | | |
| Restricted by donors (see note 12) | (255,707) | (17,737) |
| Board designated assets | - | - |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 1,728,317 | \$ 1,186,138 |

The Organization manages liquidity needed for operations primarily through budgeted monthly inflows and outflows. Cash inflows can be easily predicted since they are comprised mostly of rental and subsidy receipts. Cash outflows are planned accordingly so as not to exceed those expected inflows. A minimal amount of excess cash is on hand in the event of unexpected outflows. In addition, the Organization maintains funds in reserve for replacement accounts for planned property improvements.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. **FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles provide a fair value hierarchy framework that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and the lowest priority to unobservable inputs [Level 3 measurements]. The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Level 1. These are assets and liabilities where values are based on unadjusted quoted prices for identical assets in an active market the Center has the ability to access. Level 1 securities include exchange-traded debt and equity securities for which there are quoted prices in active markets.

Level 2. These are assets and liabilities where values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

Level 3. These are assets and liabilities for which inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities reflect the Center's own assumptions in pricing the asset based on the best information available.

In accordance with the fair value hierarchy, the following table presents the fair value of those assets and liabilities required to be measured on a recurring basis as of December 31, 2024 and 2023:

| | 2024 | | |
|---------------------------|--------------|------------|---------|
| | Level 1 | Level 2 | Level 3 |
| Equity securities | \$ 1,176,518 | \$ - | \$ - |
| Fixed income securities | - | 797,135 | - |
| Cash and cash equivalents | 688,225 | - | - |
| | \$ 1,864,743 | \$ 797,135 | \$ - |
| | 2023 | | |
| | Level 1 | Level 2 | Level 3 |
| Equity securities | \$ 1,097,667 | \$ - | \$ - |
| Fixed income securities | - | 744,415 | - |
| Cash and cash equivalents | 38,338 | - | - |
| | \$ 1,136,005 | \$ 744,415 | \$ - |

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. **INVESTMENTS**

Investment securities are stated at fair value based on quoted market or market prices for similar securities. Unrealized gains and losses are recognized based on the change in fair value and are reported as a component of investment return. Realized gains and losses are recognized using the average cost method and are reported as a component of investment return. In addition, external and direct internal expenses relating to investment activities have been netted against investment return. Investments include certain cash and cash equivalents intended for long-term investing, and allocation of additional cash and cash equivalents intended for long-term investing is included as purchases of investments on the consolidated statement of cash flows.

Investments as of December 31, 2024 are as follows:

| | <u>Fair Value</u> | <u>Cost</u> | <u>Unrealized Gain/(Loss)</u> |
|---------------------------|-------------------|-------------------|-----------------------------------|
| Equity securities | \$ 212,792 | \$ 239,143 | \$ (26,351) |
| Fixed income securities | 213,282 | 226,919 | (13,637) |
| Cash and cash equivalents | 5,534 | 5,534 | - |
| | <u>\$ 431,608</u> | <u>\$ 471,596</u> | <u>\$ (39,988)</u> |

Investments as of December 31, 2023 are as follows:

| | <u>Fair Value</u> | <u>Cost</u> | <u>Unrealized Gain/(Loss)</u> |
|---------------------------|-------------------|-------------------|-----------------------------------|
| Equity securities | \$ 196,080 | \$ 224,760 | \$ (28,680) |
| Fixed income securities | 204,572 | 220,725 | (16,153) |
| Cash and cash equivalents | 3,992 | 3,992 | - |
| | <u>\$ 404,644</u> | <u>\$ 449,477</u> | <u>\$ (44,833)</u> |

Investment return includes the following for the years ended December 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|------------------|------------------|
| Interest and dividends | \$ 12,120 | \$ 10,193 |
| Realized gain on sale of investments | 9,999 | 11,789 |
| Unrealized gain on investments | 4,845 | 19,711 |
| | <u>\$ 26,964</u> | <u>\$ 41,693</u> |

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. **RESTRICTED DEPOSITS**

Restricted deposits are comprised of tenant security deposits and operating reserves. As of December 31, 2024, the restricted cash deposits totaled \$234,588 and were made up of \$5,524 in tenant security deposits, \$36,749 in replacement reserves, and \$192,315 in operating reserves. As of December 31, 2023, the restricted cash balances totaled \$37,655 and were made up of \$4,594 in tenant security deposits and \$32,7010 in replacement reserves.

7. **ENDOWMENT FUNDS**

East Tennessee Foundation Endowment Fund

In December of 2012, a donor contributed \$5,000 to East Tennessee Foundation to create the Volunteer Ministry Center, Inc. Endowment Fund (the Fund). East Tennessee Foundation will hold, manage, invest, and administer all contributions to the Fund, and make any and all distributions from the Fund. Consistent with the Foundation Board's discretion, only the net income, or an amount equal to the annual spending rate (percentage of market value), shall be distributed to VMC each year (Annual Distribution Amount). Also, VMC may request a distribution of all or some portion of the Fund in excess of the Annual Distribution Amount, which request is subject to the approval of the Foundation. During the year ended December 31, 2024, the Fund was closed and the account total of \$5,180 was distributed to the Organization. There were no distributions from the Fund for the year ended December 31, 2023.

VMC Endowment Fund

In February 2023, an Anonymous Foundation (the Foundation) established the Volunteer Ministry Center Endowment Fund (The VMC Endowment Fund) for the purpose of providing a source of regular distributions to assist in paying the Center's ongoing operating expenses. Distributions will be made in accordance with the Center's policy at the time of the distribution and are expected generally to be based on an expected percentage of 4% to 5% of the fund's three year rolling average fair market value. The Foundation's gift to the endowment fund will be a matching gift such that the Foundation will match gifts made to VMC on or before December 31, 2024, that are specifically designated for the endowment, up to \$1,000,000. The VMC Endowment Fund will be a permanent fund, with returns being used at VMC's discretion to support its mission in perpetuity. The fund is intended to take a long-term diversified investment strategy, with a planned rate of return above that of a fixed income investment, while taking on less risk than would be generated from being fully invested in the stock market. This strategy is intended to achieve a return greater than annual spending rate of 5% set by the Board. There were no distributions from The VMC Endowment Fund for the years ended December 31, 2024 and 2023. The VMC Endowment Fund is considered a Level 1 investment. The fair value of the Fund was \$2,230,270 and \$1,475,776 as of December 31, 2024 and 2023, respectively, with \$1,971,356 and \$1,350,000 being donor-restricted for the years ended December 31, 2024 and 2023, respectively. Additional contributions not yet transferred to the endowment are classified as net assets with donor restrictions and total \$162,970 at December 31, 2024.

**VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

7. ENDOWMENT FUNDS

VMC Endowment Fund

Unrealized gains and losses are recognized based on the change in fair value and are reported as a component of investment return. Realized gains and losses are recognized using the average cost method and are reported as a component of investment return. In addition, external and direct internal expenses relating to investment activities have been netted against investment return. The Endowment includes certain cash and cash equivalents intended for long-term investing, and contributions to the fund are shown as contribution revenue on the consolidated statement of activities and treated as purchases of investments on the consolidated statement of cash flows.

The Endowment as of December 31, 2024 is recorded as follows:

| | <u>Fair Value</u> | <u>Cost</u> | <u>Unrealized Gain/(Loss)</u> |
|---------------------------|---------------------|---------------------|-----------------------------------|
| Equity securities | \$ 963,726 | \$ 790,171 | \$ 173,555 |
| Fixed income securities | 583,853 | 576,830 | 7,023 |
| Cash and cash equivalents | 682,691 | 682,691 | - |
| | <u>\$ 2,230,270</u> | <u>\$ 2,049,692</u> | <u>\$ 180,578</u> |

The Endowment as of December 31, 2023 is recorded as follows:

| | <u>Fair Value</u> | <u>Cost</u> | <u>Unrealized Gain/(Loss)</u> |
|---------------------------|---------------------|---------------------|-----------------------------------|
| Equity securities | \$ 901,587 | \$ 825,898 | \$ 75,689 |
| Fixed income securities | 539,843 | 515,900 | 23,943 |
| Cash and cash equivalents | 34,346 | 34,346 | - |
| | <u>\$ 1,475,776</u> | <u>\$ 1,376,144</u> | <u>\$ 99,632</u> |

Investment Return

Investment return on the endowment includes the following for the years ended December 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|-------------------|-------------------|
| Interest and dividends | \$ 41,824 | \$ 18,028 |
| Realized gain on sale of investments | 28,613 | 6,303 |
| Unrealized gain on investments | 80,946 | 99,612 |
| Investment management fees | (13,065) | (3,347) |
| | <u>\$ 138,318</u> | <u>\$ 120,596</u> |

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. **ENDOWMENT FUNDS**

VMC Endowment Fund

Net investment income or (loss) for the Fund was \$138,318 and \$120,596 in 2024 and 2023, respectively, and is included in investment return in the Consolidated Statements of Activities. The following table represents the change in value of the endowment fund, and the restrictions on its net assets for the year ended December 31, 2024:

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> |
|---|---------------------------------------|------------------------------------|
| Contributions | \$ - | \$ 621,356 |
| Investment return, net | - | 138,318 |
| Withdrawals | (5,180) | - |
| Net assets released from donor restrictions | <u>138,318</u> | <u>(138,318)</u> |
| Change in net assets, endowment fund | 133,138 | 621,356 |
| Endowment, beginning of year | <u>125,776</u> | <u>1,350,000</u> |
| Endowment, end of year of year | <u>\$ 258,914</u> | <u>\$ 1,971,356</u> |

The following table represents the change in value of the endowment fund, and the restrictions on its net assets for the year ended December 31, 2023:

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> |
|---|---------------------------------------|------------------------------------|
| Contributions | \$ - | \$ 1,350,000 |
| Investment return, net | - | 120,596 |
| Net assets released from donor restrictions | <u>120,596</u> | <u>(120,596)</u> |
| Change in net assets, endowment fund | 120,596 | 1,350,000 |
| Endowment, beginning of year | <u>5,180</u> | <u>-</u> |
| Endowment, end of year of year | <u>\$ 125,776</u> | <u>\$ 1,350,000</u> |

**VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

8. PROPERTY AND EQUIPMENT

A summary of property and equipment of the Organization and its subsidiaries as of December 31, 2024 and 2023 consist of the following:

| | 2024 | 2023 |
|----------------------------|----------------------|----------------------|
| Land and improvements | \$ 2,292,694 | \$ 2,292,694 |
| Buildings and improvements | 19,432,157 | 19,304,227 |
| Equipment and fixtures | 2,720,178 | 2,670,759 |
| Vehicles | 191,181 | 191,181 |
| | 24,636,210 | 24,458,861 |
| Accumulated depreciation | (5,888,604) | (5,075,738) |
| | \$ 18,747,606 | \$ 19,383,123 |

Depreciation expense totaled \$812,866 and \$705,488 for the years ended December 31, 2024 and 2023, respectively.

9. LINE OF CREDIT

VMC has a \$400,000 line of credit with a financial institution which accrues interest at a variable rate based on the financial institution's base rate (7.5% at December 31, 2024). Interest is due and payable monthly with principal payments as funds are available, or upon demand. The outstanding balance on the line as of December 31, 2024 and 2023 was \$0 and \$0, respectively. This agreement is renewable annually and expires August 12, 2028. The line is secured by the first Deed of Trust on the land and building at 511 North Broadway in Knoxville, Tennessee.

10. NOTES PAYABLE AND LONG-TERM DEBT

FHLB Note Payable

During 2010, Volunteer Ministry Center, Inc. entered into an Affordable Housing Program Agreement (Rental Project) with Federal Home Loan Bank of Atlanta for funding to be used for Minvilla Manor. Under the agreement, Federal Home Loan Bank provided an interest-free, deferred and forgivable loan of \$500,000. Minvilla Manor was completed in November 2011, and the funds were received from Federal Home Loan Bank through Regions Bank. If the terms of the Affordable Housing Program Agreement and other requirements of Federal Home Loan Bank are met, the loan will be forgiven at the end of the 15-year retention period. If the requirements are not met during the retention period, the loan will become due and payable. During the 15-year retention period, Regions Bank will hold a Deed of Trust on the Minvilla Manor Property. As of December 31, 2024 and 2023, the balance of the note payable totaled \$500,000 and \$500,000, respectively.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. **NOTES PAYABLE AND LONG-TERM DEBT**

City of Knoxville Note Payable

On June 23, 2021, the Center obtained a promissory note from the City of Knoxville in the amount of \$1,440,000 as part of the City's Affordable Rental Development program. The loan agreement calls for the funds to be used exclusively for the purpose of constructing Caswell Manor. If Caswell complies with the requirements set forth in the agreement relating to the leasing of its units to low-income tenants, the note will be forgiven at a rate of 5% per year through the end of the affordability period on January 1, 2043. As of December 31, 2024 and 2023, the balance of the loan totaled \$1,368,000 and \$1,440,000, respectively. Forgiveness of debt for the years ended December 31, 2024 and 2023 totaled \$72,000 and \$0, respectively.

THDA Note Payable

Minvilla Manor, LP has a promissory note payable, dated December 13, 2010, in the amount of \$819,195 to the Tennessee Housing Development Agency (THDA). The proceeds of this loan were used to develop the Minvilla Manor project. This note is non-interest bearing and is repayable in full on December 13, 2040. If the Company fails to comply with the Tax Credit Program requirements, the note will be considered in default and will be due immediately. The note is secured by a deed of trust on the Property. As of December 31, 2024 and 2023, the balance of the note payable totaled \$819,195 and \$819,195, respectively.

Debt issuance costs related to the THDA note payable were \$122,857 and are being amortized over a period of 180 months. Unamortized costs as of December 31, 2024 and 2023 were \$8,053 and \$16,242, respectively. Amortization of debt issuance costs during the years ending December 31, 2024 and 2023 was \$8,190 and \$8,190, respectively, and is included in interest expense on the consolidated statement of functional expenses.

Construction Loan Payable

On June 24, 2021, Caswell Manor, LP obtained a construction loan from a local financial institution in the amount of \$6,800,000. This note bore interest of prime less four percent with a maximum ceiling of 2% and all principal and interest was paid off on July 5, 2024, by capital contributions made by the limited partner. Substantially all of the rental property and equipment was pledged as collateral on the loan. At December 31, 2024 and 2023, the outstanding balances were \$0 and \$6,800,000, and accrued interest was \$0 and \$0, respectively. Interest incurred and paid during the years ended December 31, 2024 and 2023 totaled \$39,521 and 69,545, respectively.

**VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

10. **NOTES PAYABLE AND LONG-TERM DEBT**

Aggregate maturities of notes payable and long-term debt and amortization of deferred loan costs for each of the next five years and thereafter are as follows:

| | <u>FHLB Note Payable</u> | <u>City of Knoxville Note Payable</u> | <u>THDA Note Payable</u> | <u>Loan Costs</u> |
|------------|------------------------------|---|------------------------------|-----------------------|
| 2025 | \$ - | \$ 72,000 | \$ - | \$ 8,053 |
| 2026 | 500,000 | 72,000 | - | - |
| 2027 | - | 72,000 | - | - |
| 2028 | - | 72,000 | - | - |
| 2029 | - | 72,000 | - | - |
| Thereafter | - | 1,008,000 | 819,195 | - |
| Total | <u>\$ 500,000</u> | <u>\$ 1,368,000</u> | <u>\$ 819,195</u> | <u>\$ 8,053</u> |

The fair value of the mortgage notes payable is estimated based on the current rates offered to the Project for debt of the same remaining maturities. At December 31, 2024 and 2023, the fair market value of the mortgage approximates the amounts recorded in the consolidated financial statements.

11. **INTANGIBLE ASSETS**

| | <u>Amortization Period</u> | <u>2024</u> |
|-------------------------------|--------------------------------|------------------|
| Tax Credit Fees | 15 years | \$ 51,620 |
| Less Accumulated Amortization | | (25,148) |
| Net Capitalized Costs | | <u>\$ 26,472</u> |

Amortization expense for each of the next five years and thereafter is as follows:

| | |
|------------------------------|------------------|
| Year ended December 31, 2024 | \$ 3,415 |
| 2026 | 1,921 |
| 2027 | 1,921 |
| 2028 | 1,921 |
| 2029 | 1,921 |
| Thereafter | 15,373 |
| | <u>\$ 26,472</u> |

Amortization expense for the years ended December 31, 2024 and 2023 was \$3,441 and \$3,441, respectively.

**VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

12. **NET ASSETS**

Net Assets Without Donor Restrictions

Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions in accordance with donor's stipulations results in the release of such restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of the Organization. Net assets with donor restrictions are designated by donors for specific purposes. As of December 31, 2024, net assets with donor restrictions consist of restricted cash of \$255,707 and cumulative contributions to the VMC endowment investment account of \$1,971,356, totaling \$2,227,063. As of December 31, 2023, net assets with donor restrictions consist of the restricted cash and the VMC endowment investment account totaling \$17,737 and \$1,350,000, respectively, totaling \$1,367,737.

13. **PRIOR PERIOD ADJUSTMENT**

It was determined that a loan with the City of Knoxville (see note 10) was recognized as grant revenue in a previous year, causing beginning net assets to be overstated and long-term debt to be understated. On January 1, 2023, management corrected the value of long-term debt by recording an adjustment. The effect of the adjustment was an increase to long-term debt of \$1,440,000 and a decrease to net assets without donor restrictions of \$1,440,000. The changes have the following affect on the Consolidated Statement of Financial Position as of January 1, 2023:

| | <u>As Originally Presented</u> | <u>After Adjustment</u> |
|--|------------------------------------|-----------------------------|
| Long-term debt, net of current portion | \$ 7,826,662 | \$ 9,266,662 |
| Net assets without donor restrictions | \$ 11,842,153 | \$ 10,402,153 |

14. **RETIREMENT PLAN**

Eligible employees of VMC are permitted to participate in a SIMPLE IRA retirement plan. Participants may elect to make contributions of up to the maximum permitted by IRS regulations. VMC matches employee contribution up to 3% of compensation. During the years ended December 31, 2024 and 2023, the retirement plan expense was \$25,645 and \$25,258 and is included in salaries, wages, and benefits in the consolidated statements of functional expenses.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. **PROGRAM AND SUPPORTING SERVICES**

The following program and supporting services are included in the accompanying consolidated financial statements:

Bush Family Refuge – Staffed by a full-time Refuge Director and by trained community volunteers, this program serves individuals who are homeless or may be at risk of losing their homes. These individuals and families may be provided with assistance and/or are linked to community agencies for resources such as food, shelter, clothing, medical services, and legal services.

Resource Center – Provides a “Housing First” approach to ending homelessness by assisting clients in obtaining permanent supportive housing, and by providing a case management relationship while in housing to ensure success. Also, the program provides daily supportive services to homeless individuals, including access to free showers, laundry facilities, computers, telephones, and mail services. In addition to meals and other services, the day resource center offers day-time shelter and protection for people during the heat of the summer and the cold of the winter.

Clinic – General dental services provided by volunteer dental professionals. Care is offered to homeless and low-income on a first-come, first-served basis free of charge.

Low Barrier, Housing Focused Shelter - As a collaborative effort between the Salvation Army and VMC, proposed is the operation of a low-barrier, housing focused overnight emergency shelter for 40 individuals experiencing homelessness and who are not accessing a traditional emergency shelter. Volunteer Ministry Center operates the shelter while utilizing a building on the campus of the Salvation Army.

Street Outreach - VMC provides street outreach social service workers to persons experiencing homelessness on the streets in the Knoxville community with two (2) outcomes, short and long term. First, connect individuals and families experiencing homelessness with a housing case manager to develop a housing case plan and other social services (short-term); and secondly, empower and assist individuals and families to achieve and sustain permanent housing (long term). Thus, street to home.

Minvilla Manor – Provides apartment units for permanent supportive housing for formerly homeless individuals. These units are rent subsidized by the local housing authority and all tenants must have some verifiable income.

Caswell Manor - Provides apartment units for permanent supportive housing for formerly homeless individuals. These units are rent subsidized by the local housing authority and all tenants must have some verifiable income

Management and General – Includes the functions necessary to administer VMC’s programs, manage the financial and budgetary responsibilities of VMC, and seeks to develop new programs within the scope of VMC’s mission.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. **PROGRAM AND SUPPORTING SERVICES**

Fundraising/Development – Provides the structure necessary to encourage and secure financial support from government agencies, foundations, churches, individuals, and businesses, and to increase visibility and awareness in the community.

16. **LOW-INCOME HOUSING TAX CREDITS**

Minvilla Manor was allocated low-income housing tax credits by the Tennessee Housing Development Agency (THDA) amounting to \$2,935,720. As of December 31, 2024, \$2,935,720 of the credits have been utilized by the partners. Caswell Manor was allocated low-income housing tax credits by THDA amounting to \$9,569,300. As of December 31, 2024, \$1,793,263 of the credits have been utilized by the partners. The remaining credits are expected to be available per the following schedule:

| | |
|------|----------------|
| 2025 | 956,930 |
| 2026 | 956,930 |
| 2027 | 956,930 |
| 2028 | 956,930 |
| 2029 | 956,930 |
| 2030 | 956,930 |
| 2031 | 956,930 |
| 2032 | 956,930 |
| 2033 | <u>120,597</u> |

\$ 7,776,037

The projects' low-income housing tax credits are contingent on their ability to maintain compliance with provisions of Internal Revenue Code Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital of the limited partners. These restrictions have been attached to the deeds for the land and buildings.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. **SUBSEQUENT EVENTS**

Events that occur after the consolidated statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. Management evaluated activity through July 23, 2025, the date the consolidated financial statements were available to be issued, and concluded that the following subsequent event has occurred that would require recognition in the consolidated financial statements or disclosure in the notes to the consolidated financial statements:

- In 2025, the employees of VMC voted in favor of unionizing with the formation of SEIU Local 205. Subsequent to the formation, two lawsuits were filed by SEIU. The first was for notifying members of the putative unit that their job functions would be performed by employees of a different company in contract with the Employer. The second was an unfair labor practices charge for a more strictly enforced attendance policy. VMC intends to contest the matter vigorously and believes it's defenses are strong. An estimate in regards to the outcome cannot be determined at this time.

18. **COMMITMENTS AND CONTINGENCIES**

Low-Income Housing Tax Credits

Caswell Manor, LP and Minvilla Manor, LP have guaranteed their Investor Limited Partners will be allocated federal low-income housing tax credits of no less than \$956,930 and \$293,372, respectively, per year during the credit period, as defined. In addition, any reductions in federal low-income housing tax credits for Minvilla Manor, LP and Caswell Manor, LP require certain payments to the Investor Limited Partners as defined by the Partnership Agreements. In the event any previously allocated low-income housing tax credits are required to be recaptured, the guarantors are required to pay the Investor Limited Partners the amount of the recapture plus any interest and penalties thereon.

Operating Deficit Guaranty

As the general partner of both Minvilla Manor, LP and Caswell Manor, LP, VMC is obligated to fund all operating deficits. Advances from VMC are treated as non-interest-bearing loans on Minvilla Manor, LP and Caswell Manor, LP's books and shall be paid out of available cash flow as defined per the limited partnerships' Operating Agreements. As of December 31, 2024, no advances have been made.

VOLUNTEER MINISTRY CENTER, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. **CONCENTRATIONS**

Economic Concentrations

The Organization operates in Knoxville, Tennessee. Future operations could be affected by changes in the economy or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

The Organization received approximately 35% and 33% of its total revenues from contributions and private grants and 24% and 14% of its total revenues from rental revenue related to the operations of Minvilla Manor and Caswell Manor in 2024 and 2023, respectively. If a significant reduction of any of these levels of support were to occur, this could have a material impact upon the operations of VMC.

Concentration of Government Funding

The Organization earns a substantial amount of its revenues through federal, state, and local governments. The Organization received 28% and 29% of gross revenue from federal, state, and local governments during the years ended December 31, 2024 and 2023, respectively. A significant reduction in the level of this support, were this to occur, could have a significant impact upon operations.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

SUPPLEMENTARY INFORMATION

**VOLUNTEER MINISTRY CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | ALN | Subaward Number | Expenditures | | |
|---|--------|--------------------|---------------------------------|-----------------------|-----------|
| | | | From Pass- Through Awards | From Direct Awards | Total |
| <u>U.S. Department of Homeland Security:</u> | | | | | |
| (Passthrough: United Way) Emergency Food and Shelter Program | 97.024 | 771200012 | \$ 30,927 | \$ - | \$ 30,927 |
| <u>U.S. Department of Health and Human Services:</u> | | | | | |
| (Passthrough: State of Tennessee Department of Health) Epidemiology and Laboratory Capacity for Infectious Diseases: Outreach Enhancement | 93.323 | Z-22-258976-03 | 9,131 | - | 9,131 |
| (Passthrough: State of Tennessee Department of Health) Epidemiology and Laboratory Capacity for Infectious Diseases: Street Outreach 2 | 93.323 | Z-22-258976-01 | 52,353 | - | 52,353 |
| Total 93.323 | | | 61,484 | - | 61,484 |
| (Passthrough: Knox County Department of Health) CDC/KCHD Opioid Funds | 93.U01 | Unknown | 59,600 | - | 59,600 |
| Total U.S. Department of Health and Human Services | | | 121,084 | - | 121,084 |
| <u>U.S. Department of the Treasury:</u> | | | | | |
| (Passthrough: Knox County) Coronavirus State and Local Fiscal Recovery Funds Program: The Foyer | 21.027 | 30153 | 18,000 | - | 18,000 |
| (Passthrough: Knox County) Coronavirus State and Local Fiscal Recovery Funds Program: Outreach Enhancement | 21.027 | 30153 | 37,638 | - | 37,638 |
| Total 21.027 | | | 55,638 | - | 55,638 |
| (Passthrough: Tennessee Housing Development Agency) Emergency Rental Assistance | 21.023 | ERA2-8226 | 231,826 | - | 231,826 |
| Total U.S. Department of Treasury | | | 287,464 | - | 287,464 |

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VOLUNTEER MINISTRY CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | ALN | Subaward Number | From Pass- Through Awards | From Direct Awards | Total |
|---|--------|--------------------|---------------------------------|-----------------------|---------|
| <u>U.S. Department of Housing and Urban Development:</u> | | | | | |
| Continuum of Care Program: Minvilla Manor | 14.267 | N/A | - | 86,819 | 86,819 |
| Continuum of Care Program: Caswell Manor | 14.267 | N/A | - | 283,184 | 283,184 |
| Total 14.267 | | | - | 370,003 | 370,003 |
| (Passthrough: City of Knoxville) Emergency Solutions Grant Program: Rapid Rehousing | 14.231 | C-23-0201 | 52,852 | - | 52,852 |
| (Passthrough: City of Knoxville) Emergency Solutions Grant Program: Rapid Rehousing | 14.231 | C-24-0247 | 14,095 | - | 14,095 |
| (Passthrough: City of Knoxville) Emergency Solutions Grant: Shelter Grant: Dental Clinic | 14.231 | C-23-0298 | 20,536 | - | 20,536 |
| (Passthrough: City of Knoxville) Emergency Solutions Grant: Shelter Grant: Dental Clinic | 14.231 | C-24-0157 | 10,591 | - | 10,591 |
| (Passthrough: City of Knoxville) Emergency Solutions Grant Program: Shelter Grant: Resource Center | 14.231 | C-23-0298 | 47,326 | - | 47,326 |
| (Passthrough: City of Knoxville) Emergency Solutions Grant Program: Shelter Grant: Resource Center | 14.231 | C-24-0157 | 39,554 | - | 39,554 |
| (Passthrough: City of Knoxville) Emergency Solutions Grant Program: Case Management Services | 14.231 | C-23-0255 | 32,209 | - | 32,209 |
| (Passthrough: City of Knoxville) Emergency Solutions Grant Program: Shelter Grant: Mobile Shower | 14.231 | C-23-0328 | 55,384 | - | 55,384 |
| Total 14.231 | | | 272,547 | - | 272,547 |

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**VOLUNTEER MINISTRY CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | ALN | Subaward Number | From Pass- Through Awards | From Direct Awards | Total |
|---|--------|--------------------|---------------------------------|-----------------------|---------------------|
| (Passthrough: City of Knoxville) Emergency Solutions Grant Program: CDBG Street Outreach 2 | 14.218 | C-24-0248 | 15,606 | - | 15,606 |
| (Passthrough: Knox County) Community Development Block Grant: CHAMP Assessments | 14.218 | C-23-0747 | 73,969 | - | 73,969 |
| Total 14.218 | | | 89,575 | - | 89,575 |
| Total U.S. Department of Housing and Urban Development | | | 362,122 | 370,003 | 732,125 |
| Total Federal Awards Expended: | | | \$ 801,597 | \$ 370,003 | \$ 1,171,600 |

**VOLUNTEER MINISTRY CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Volunteer Ministry Center, Inc. and subsidiaries, under programs of the Federal Government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of the Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Volunteer Ministry Center, Inc., it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Volunteer Ministry Center, Inc.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB's Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Volunteer Ministry Center, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

| | Volunteer Ministry Center, Inc. | Minvilla Manor, GP | Minvilla Manor, LP | Minvilla Manor MT, LP | Caswell Manor, LP | Eliminations | Consolidated Totals |
|---|---------------------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|------------------------|
| Assets | | | | | | | |
| Current Assets | | | | | | | |
| Cash and cash equivalents | \$ 940,361 | \$ 3,882 | \$ 15,000 | \$ 3,427 | 180,134 | \$ - | \$ 1,142,804 |
| Investments, available-for-sale | 431,608 | - | - | - | - | - | 431,608 |
| Grants and accounts receivable | 762,682 | 102,290 | - | 33,617 | 18,612 | (507,589) | 409,612 |
| Prepaid expenses and other current assets | 23,565 | - | - | - | - | - | 23,565 |
| Total current assets | 2,158,216 | 106,172 | 15,000 | 37,044 | 198,746 | (507,589) | 2,007,589 |
| Property and equipment, net | | | | | | | |
| Property and equipment | 5,987,612 | - | 7,178,488 | - | 11,470,110 | - | 24,636,210 |
| Right-of-use asset - operating | - | - | - | 714,444 | - | (714,444) | - |
| Accumulated depreciation | (2,341,720) | - | (2,885,334) | - | (661,550) | - | (5,888,604) |
| Total property and equipment, net | 3,645,892 | - | 4,293,154 | 714,444 | 10,808,560 | (714,444) | 18,747,606 |
| Other Assets | | | | | | | |
| Capitalized costs - tax credit fees, net | - | - | 1,494 | - | 24,978 | - | 26,472 |
| Restricted deposits | - | - | 28,715 | 3,032 | 202,841 | - | 234,588 |
| Developer fee receivable | 575,212 | - | - | - | - | (575,212) | - |
| Notes receivable | 4,608,142 | - | - | - | - | (4,608,142) | - |
| Investments in related entities | 393,234 | 357,003 | - | 1,197,842 | - | (1,948,079) | - |
| Endowment investment | 2,230,270 | - | - | - | - | - | 2,230,270 |
| Total other assets | 7,806,858 | 357,003 | 30,209 | 1,200,874 | 227,819 | (7,131,433) | 2,491,330 |
| Total assets | \$ 13,610,966 | \$ 463,175 | \$ 4,338,363 | \$ 1,952,362 | \$ 11,235,125 | \$ (8,353,466) | \$ 23,246,525 |

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VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

| | Volunteer Ministry Center, Inc. | Minvilla Manor, GP | Minvilla Manor, LP | Minvilla Manor MT, LP | Caswell Manor, LP | Eliminations | Consolidated Totals |
|---|---------------------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|------------------------|
| Liabilities | | | | | | | |
| Current liabilities | | | | | | | |
| Current maturities of long-term debt | \$ 72,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 72,000 |
| Accounts payable and accrued expenses | 107,331 | 65,857 | 8,360 | 261,565 | 213,110 | (507,589) | 148,634 |
| Total current liabilities | 179,331 | 65,857 | 8,360 | 261,565 | 213,110 | (507,589) | 220,634 |
| Long-term liabilities | | | | | | | |
| Other long-term liabilities | - | - | - | 717,144 | 584,702 | (1,296,846) | 5,000 |
| Long-term debt, net of current portion | 1,796,000 | - | 2,550,405 | - | 2,859,389 | (4,600,952) | 2,604,842 |
| Total liabilities | 1,975,331 | 65,857 | 2,558,765 | 978,709 | 3,657,201 | (6,405,387) | 2,830,476 |
| Net assets | | | | | | | |
| Without donor restrictions | 9,408,572 | 397,318 | 1,201,737 | 353,098 | (4,084) | (1,948,079) | 9,408,562 |
| Without donor restrictions - board designated | - | - | - | - | - | - | - |
| With donor restrictions | 2,227,063 | - | - | - | - | - | 2,227,063 |
| Noncontrolling interests | - | - | 577,861 | 620,555 | 7,582,008 | - | 8,780,424 |
| Total net assets | 11,635,635 | 397,318 | 1,779,598 | 973,653 | 7,577,924 | (1,948,079) | 20,416,049 |
| Total liabilities and net assets | <u>\$ 13,610,966</u> | <u>\$ 463,175</u> | <u>\$ 4,338,363</u> | <u>\$ 1,952,362</u> | <u>\$ 11,235,125</u> | <u>\$ (8,353,466)</u> | <u>\$ 23,246,525</u> |

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VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

| | Volunteer Ministry Center, Inc. | Minvilla Manor, GP | Minvilla Manor, LP | Minvilla Manor MT, LP | Caswell Manor, LP | Eliminations | Consolidated Totals |
|---|---------------------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|------------------------|
| Assets | | | | | | | |
| Current Assets | | | | | | | |
| Cash and cash equivalents | \$ 226,211 | \$ 2,531 | \$ 55,483 | \$ 8,457 | \$ 96,069 | \$ - | \$ 388,751 |
| Investments | 404,644 | - | - | - | - | - | 404,644 |
| Grants and accounts receivable | 621,630 | 41,017 | - | 4,867 | 18,129 | (275,163) | 410,480 |
| Prepaid expenses and other current assets | 40,437 | - | 35,836 | 8,360 | 25,500 | - | 110,133 |
| Total current assets | 1,292,922 | 43,548 | 91,319 | 21,684 | 139,698 | (275,163) | 1,314,008 |
| Property and equipment, net | | | | | | | |
| Property and equipment | 5,938,193 | - | 7,178,488 | 803,749 | 11,342,180 | (803,749) | 24,458,861 |
| Accumulated depreciation | (2,094,989) | - | (2,700,812) | - | (279,937) | - | (5,075,738) |
| Total property and equipment, net | 3,843,204 | - | 4,477,676 | 803,749 | 11,062,243 | (803,749) | 19,383,123 |
| Other Assets | | | | | | | |
| Intangible assets, net | - | - | 3,014 | - | 26,899 | - | 29,913 |
| Restricted deposits | - | - | 28,715 | 6,977 | 1,963 | - | 37,655 |
| Developer fee receivable | 1,154,044 | - | - | - | - | (1,154,044) | - |
| Notes receivable | 4,828,434 | - | - | - | - | (4,828,434) | - |
| Investments in related entities | 415,065 | 357,010 | - | 1,210,843 | - | (1,982,918) | - |
| Endowment investment | 1,475,776 | - | - | - | - | - | 1,475,776 |
| Total other assets | 7,873,319 | 357,010 | 31,729 | 1,217,820 | 28,862 | (7,965,396) | 1,543,344 |
| Total assets | \$ 13,009,445 | \$ 400,558 | \$4,600,724 | \$2,043,253 | \$11,230,803 | \$ (9,044,308) | \$ 22,240,475 |

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VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

| | Volunteer Ministry Center, Inc. | Minvilla Manor, GP | Minvilla Manor, LP | Minvilla Manor MT, LP | Caswell Manor, LP | Eliminations | Consolidated Totals |
|---|---------------------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|------------------------|
| Liabilities | | | | | | | |
| Current liabilities | | | | | | | |
| Accounts payable and accrued expenses | 152,814 | 3,240 | 8,360 | 284,833 | 135,872 | (275,163) | \$ 309,956 |
| Total current liabilities | 152,814 | 3,240 | 8,360 | 284,833 | 135,872 | (275,163) | 309,956 |
| Long-term liabilities | | | | | | | |
| Other long-term liabilities | - | - | - | 806,449 | 1,192,426 | (1,994,275) | 4,600 |
| Long-term debt, net of current portion | 1,940,000 | - | 2,726,026 | - | 9,540,949 | (4,791,952) | 9,415,023 |
| Total liabilities | 2,092,814 | 3,240 | 2,734,386 | 1,091,282 | 10,869,247 | (7,061,390) | 9,729,579 |
| Net assets | | | | | | | |
| Without donor restrictions | 9,548,894 | 397,318 | 1,191,756 | 353,096 | (4,054) | (1,982,918) | 9,504,092 |
| Without donor restrictions - board designated | 250,000 | - | - | - | - | - | 250,000 |
| With donor restrictions | 1,117,737 | - | - | - | - | - | 1,117,737 |
| Noncontrolling interests | - | - | 674,582 | 598,875 | 365,610 | - | 1,639,067 |
| Total net assets | 10,916,631 | 397,318 | 1,866,338 | 951,971 | 361,556 | (1,982,918) | 12,510,896 |
| Total liabilities and net assets | <u>\$ 13,009,445</u> | <u>\$ 400,558</u> | <u>\$ 4,600,724</u> | <u>\$ 2,043,253</u> | <u>\$ 11,230,803</u> | <u>\$ (9,044,308)</u> | <u>\$ 22,240,475</u> |

See Independent Auditors' Report

VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

| | Volunteer Ministry Center, Inc. | Minvilla Manor, GP | Minvilla Manor, LP | Minvilla Manor MT, LP | Caswell Manor, LP | Eliminations | Total |
|---|---------------------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|----------------------|
| Revenue, gains and other support | | | | | | | |
| Contributions and pledges | \$ 1,221,279 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,221,279 |
| Foundations | 439,823 | - | - | - | - | - | 439,823 |
| United Way grants | 123,525 | - | - | - | - | - | 123,525 |
| Government grants | 1,510,494 | - | - | 74,204 | 87,110 | (161,314) | 1,510,494 |
| Fundraising revenue | 362,197 | - | - | - | - | - | 362,197 |
| Net rental revenue - Caswell Manor | - | - | - | - | 566,762 | - | 566,762 |
| Net rental revenue - Minvilla Manor | - | - | 107,500 | 588,380 | - | (107,500) | 588,380 |
| Miscellaneous revenue | 22,500 | 1,351 | - | 25,200 | - | (36,125) | 12,926 |
| Investment return, net | 165,282 | - | - | - | - | - | 165,282 |
| Interest income | 66,863 | - | - | - | - | (66,863) | - |
| Management fees | 376,871 | 61,273 | - | - | - | (438,144) | - |
| In-kind contributions | 25,410 | - | - | - | - | - | 25,410 |
| Contributions of nonfinancial assets | 19,740 | - | - | - | - | - | 19,740 |
| Income (loss) from subsidiaries | (33) | (7) | - | (13,001) | - | 13,041 | - |
| Total revenue, gains, and other support | <u>4,333,951</u> | <u>62,617</u> | <u>107,500</u> | <u>674,783</u> | <u>653,872</u> | <u>(796,905)</u> | <u>5,035,818</u> |
| Expenses | | | | | | | |
| Program expenses | 2,373,020 | 62,617 | 194,240 | 653,101 | 1,023,918 | (831,744) | 3,475,152 |
| Management and general | 1,107,307 | - | - | - | - | - | 1,107,307 |
| Fundraising | 134,620 | - | - | - | - | - | 134,620 |
| Total expenses | <u>3,614,947</u> | <u>62,617</u> | <u>194,240</u> | <u>653,101</u> | <u>1,023,918</u> | <u>(831,744)</u> | <u>4,717,079</u> |
| Change in net assets before other adjustments | 719,004 | - | (86,740) | 21,682 | (370,046) | 34,839 | 318,739 |
| Other adjustments | | | | | | | |
| Equity contributions | - | - | - | - | 7,586,414 | - | 7,586,414 |
| Total other adjustments | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,586,414</u> | <u>-</u> | <u>7,586,414</u> |
| Change in net assets | \$ 719,004 | \$ - | \$ (86,740) | \$ 21,682 | \$ 7,216,368 | \$ 34,839 | \$ 7,905,153 |
| Net assets, beginning of year | <u>10,916,631</u> | <u>397,318</u> | <u>1,866,338</u> | <u>951,971</u> | <u>361,556</u> | <u>(1,982,918)</u> | <u>12,510,896</u> |
| Net assets, end of year | <u>\$ 11,635,635</u> | <u>\$ 397,318</u> | <u>\$ 1,779,598</u> | <u>\$ 973,653</u> | <u>\$ 7,577,924</u> | <u>\$ (1,948,079)</u> | <u>\$ 20,416,049</u> |

See Independent Auditors' Report

**VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

| | Volunteer Ministry Center, Inc. | Minvilla Manor, GP | Minvilla Manor, LP | Minvilla Manor MT, LP | Caswell Manor, LP | Eliminations | Total |
|---|---------------------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|----------------------|
| Allocation of net assets | | | | | | | |
| Controlling interest | | | | | | | |
| Beginning net assets | | | | | | | |
| Without donor restrictions | \$ 9,798,894 | \$ 397,318 | \$ 1,191,756 | \$ 353,096 | \$ (4,054) | \$ (1,982,918) | \$ 9,754,092 |
| With donor restrictions | 1,117,737 | - | - | - | - | - | 1,117,737 |
| Change in net assets | | | | | | | |
| Without donor restrictions | (140,322) | - | 9,981 | 2 | (30) | 34,839 | (95,530) |
| Without donor restrictions - board designated | (250,000) | - | - | - | - | - | (250,000) |
| With donor restrictions | 1,109,326 | - | - | - | - | - | 1,109,326 |
| Ending net assets | <u>11,635,635</u> | <u>397,318</u> | <u>1,201,737</u> | <u>353,098</u> | <u>(4,084)</u> | <u>(1,948,079)</u> | <u>11,635,625</u> |
| Noncontrolling interest | | | | | | | |
| Beginning net assets | - | - | 674,582 | 598,875 | 365,610 | - | 1,639,067 |
| Change in net assets | <u>-</u> | <u>-</u> | <u>(96,721)</u> | <u>21,680</u> | <u>7,216,398</u> | <u>-</u> | <u>7,141,357</u> |
| | <u>-</u> | <u>-</u> | <u>577,861</u> | <u>620,555</u> | <u>7,582,008</u> | <u>-</u> | <u>8,780,424</u> |
| Net assets, end of year | <u>\$ 11,635,635</u> | <u>\$ 397,318</u> | <u>\$ 1,779,598</u> | <u>\$ 973,653</u> | <u>\$ 7,577,924</u> | <u>\$ (1,948,079)</u> | <u>\$ 20,416,049</u> |

See Independent Auditors' Report

VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

| | Volunteer Ministry Center, Inc. | Minvilla Manor, GP | Minvilla Manor, LP | Minvilla Manor MT, LP | Caswell Manor, LP | Eliminations | Total |
|---|---------------------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|----------------------|
| Revenue, gains and other support | | | | | | | |
| Contributions and pledges | \$ 1,716,357 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,716,357 |
| Foundations | 334,800 | - | - | - | - | - | 334,800 |
| United Way grants | 176,447 | - | - | - | - | - | 176,447 |
| Government grants | 1,994,773 | - | - | 57,714 | 60,707 | (136,071) | 1,977,123 |
| Fundraising revenue | 333,579 | - | - | - | - | - | 333,579 |
| Net rental revenue - Caswell Manor | - | - | - | - | 426,811 | - | 426,811 |
| Net rental revenue - Minvilla Manor | - | - | 107,500 | 504,027 | - | (107,500) | 504,027 |
| Developer fee income | 1,154,044 | - | - | - | - | - | 1,154,044 |
| Miscellaneous revenue | 2,090 | - | - | - | - | - | 2,090 |
| Investment return, net | 165,636 | - | - | - | - | - | 165,636 |
| Interest income | 95,613 | - | - | - | - | (95,613) | - |
| Management fees | 365,640 | - | - | - | - | (365,640) | - |
| In-kind donations | 16,607 | - | - | - | - | - | 16,607 |
| Income (loss) from subsidiaries | (22,700) | (22) | - | (13,990) | - | 36,712 | - |
| Total revenue, gains, and other support | <u>6,332,886</u> | <u>(22)</u> | <u>107,500</u> | <u>547,751</u> | <u>487,518</u> | <u>(668,112)</u> | <u>6,807,521</u> |
| Expenses | | | | | | | |
| Program expenses | 3,063,465 | 22,645 | 200,771 | 674,409 | 849,495 | (725,824) | 4,084,961 |
| Management and general | 473,292 | - | - | - | - | - | 473,292 |
| Fundraising | 140,525 | - | - | - | - | - | 140,525 |
| Total expenses | <u>3,677,282</u> | <u>22,645</u> | <u>200,771</u> | <u>674,409</u> | <u>849,495</u> | <u>(725,824)</u> | <u>4,698,778</u> |
| Change in net assets before other adjustments | 2,655,604 | (22,667) | (93,271) | (126,658) | (361,977) | 57,712 | 2,108,743 |
| Other adjustments | | | | | | | |
| Equity contributions | - | 21,000 | - | - | - | (21,000) | - |
| Total other adjustments | <u>-</u> | <u>21,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(21,000)</u> | <u>-</u> |
| Change in net assets | \$ 2,655,604 | \$ (1,667) | \$ (93,271) | \$ (126,658) | \$ (361,977) | \$ 36,712 | \$ 2,108,743 |
| Net assets, beginning of year | 9,701,027 | 398,985 | 1,959,609 | 1,078,629 | 723,533 | (2,019,630) | 11,842,153 |
| Prior period adjustment (See Note 13) | (1,440,000) | - | - | - | - | - | (1,440,000) |
| Net assets, end of year | <u>\$ 10,916,631</u> | <u>\$ 397,318</u> | <u>\$ 1,866,338</u> | <u>\$ 951,971</u> | <u>\$ 361,556</u> | <u>\$ (1,982,918)</u> | <u>\$ 12,510,896</u> |

See Independent Auditors' Report

**VOLUNTEER MINISTRY CENTER, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

| | Volunteer Ministry Center, Inc. | Minvilla Manor, GP | Minvilla Manor, LP | Minvilla Manor MT, LP | Caswell Manor, LP | Eliminations | Total |
|---|---------------------------------------|-----------------------|-----------------------|--------------------------|----------------------|-----------------------|----------------------|
| Allocation of net assets | | | | | | | |
| Controlling interest | | | | | | | |
| Beginning net assets | | | | | | | |
| Without donor restrictions | \$ 7,724,546 | \$ 398,985 | \$ 1,205,756 | \$ 353,109 | \$ (4,018) | \$ (2,019,630) | \$ 7,658,748 |
| With donor restrictions | 536,481 | - | - | - | - | - | 536,481 |
| Change in net assets | | | | | | | |
| Without donor restrictions | 1,824,348 | (1,667) | (14,000) | (13) | (36) | 36,712 | 1,845,344 |
| Without donor restrictions - board designated | 250,000 | - | - | - | - | - | 250,000 |
| With donor restrictions | 581,256 | - | - | - | - | - | 581,256 |
| Ending net assets | <u>10,916,631</u> | <u>397,318</u> | <u>1,191,756</u> | <u>353,096</u> | <u>(4,054)</u> | <u>(1,982,918)</u> | <u>10,871,829</u> |
| Noncontrolling interest | | | | | | | |
| Beginning net assets | - | - | 753,853 | 725,520 | 727,551 | - | 2,206,924 |
| Change in net assets | <u>-</u> | <u>-</u> | <u>(79,271)</u> | <u>(126,645)</u> | <u>(361,941)</u> | <u>-</u> | <u>(567,857)</u> |
| | <u>-</u> | <u>-</u> | <u>674,582</u> | <u>598,875</u> | <u>365,610</u> | <u>-</u> | <u>1,639,067</u> |
| Net assets, end of year | <u>\$ 10,916,631</u> | <u>\$ 397,318</u> | <u>\$ 1,866,338</u> | <u>\$ 951,971</u> | <u>\$ 361,556</u> | <u>\$ (1,982,918)</u> | <u>\$ 12,510,896</u> |

See Independent Auditors' Report

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Volunteer Ministry Center, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Volunteer Ministry Center, Inc. (a not-for-profit corporation), which comprises the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expense and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 23, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Volunteer Ministry Center, Inc.'s internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Volunteer Ministry Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Volunteer Ministry Center, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Volunteer Ministry Center, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Tarwater & Company, PC

Knoxville, TN
July 23, 2025

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Volunteer Ministry Center, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited Volunteer Ministry Center, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Volunteer Ministry Center, Inc.'s major federal programs for the year ended December 31, 2024. Volunteer Ministry Center, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Volunteer Ministry Center, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Volunteer Ministry Center, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Volunteer Ministry Center, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Volunteer Ministry Center, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Volunteer Ministry Center, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Volunteer Ministry Center, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Volunteer Ministry Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Volunteer Ministry Center, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Volunteer Ministry Center, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of *internal control over compliance* was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tarwater & Company, PC

Knoxville, TN
July 23, 2025

**VOLUNTEER MINISTRY CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the consolidated financial statements of Volunteer Ministry Center, Inc.
2. No material weaknesses or significant deficiencies were identified during the audit of the consolidated financial statements.
3. No instances of noncompliance material to the consolidated financial statements of Volunteer Ministry Center, Inc. were disclosed during the audit.
4. No material weaknesses or significant deficiencies were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Volunteer Ministry Center, Inc. expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs included:
 - Department of Housing and Urban Development
 - Continuum of Care Program
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Volunteer Ministry Center, Inc. qualified as a low-risk auditee.

ALN 14.267

FINDINGS – CONSOLIDATED FINANCIAL STATEMENT AUDIT

NONE