VOLUNTEER MINISTRY CENTER, INC.
AND SUBSIDIARIES

Consolidated Financial Statements
with Supplementary Information

For the Years Ended December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

Vance CPA LLC
Certified Public Accountants
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VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
TABLE OF CONTENTS
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Volunteer Ministry Center, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Volunteer Ministry Center, Inc. and Subsidiaries (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Volunteer Ministry Center, Inc. and Subsidiaries as of December 31, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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 Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 the 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. and Subsidiaries 's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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. and Subsidiaries internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Volunteer Ministry Center, Inc. and Subsidiaries 's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and consolidating statements of activities on pages 24 through 29 are presented for purposes of additional analysis and are 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 audits 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 September 29, 2023 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 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 the organization'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.

Knoxville, TN
September 29, 2023

Vance CPA LLC

Vance CPA LLC

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Consolidated Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	$ 343,198	$ 1,575,275
Restricted cash	561,856	469,893
Grants receivable	562,865	321,341
Prepaid expenses and other current assets	94,053	43,118
Total current assets	1,561,972	2,409,627
Total Property and Equipment, net	17,573,513	11,611,938
Other Assets		
Intangible assets, net	326,195	580,967
Investments, mutual funds	325,057	376,185
Endowment investment	4,987	6,053
Total other assets	656,239	963,205
Total Assets	**$ 19,791,724**	**$ 14,984,771**
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	855,970	271,408
Deferred revenue	12,500	6,100
Notes payable, current	—	—
Line of credit	—	141,307
Total current liabilities	868,470	418,815
Long-term Liabilities:		
Tenant security deposits	2,500	2,650
Notes payable, long-term	7,826,663	4,558,936
Total long-term liabilities	7,829,163	4,561,586
Total Liabilities	**8,697,633**	**4,980,401**
NET ASSETS		
Without Donor Restrictions	8,260,312	7,129,358
With Donor Restrictions	561,856	410,608
Net assets attributable to Volunteer Ministry Center, Inc. & Subsidiaries	8,822,168	7,539,966
Noncontrolling interests	2,271,923	2,464,404
Total net assets	**11,094,091**	**10,004,370**
Total Liabilities and Net Assets	**$ 19,791,724**	**$ 14,984,771**

See accompanying notes to the basic financial statements.

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Consolidated Statements of Activities
December 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	12/31/2022 Total	12/31/2021 Totals
Revenues, gains, and other support:				
Contributions and pledges	$ 747,204	$ 151,248	$ 898,452	$ 801,292
Foundations	476,388	—	476,388	456,589
United Way grants	179,662	—	179,662	172,255
Government grants	2,790,319	—	2,790,319	2,301,489
Fundraising revenue	268,859	—	268,859	331,740
Rental revenue - leases	—	—	—	—
Net rental revenue – Minvilla Manor	514,139	—	514,139	518,494
Caswell Manor	54,478	—	54,478	107,419
Miscellaneous revenue	9,717	—	9,717	173,301
Investment income	(54,831)	—	(54,831)	18,799
In-kind donations	159,593	—	159,593	115,584
Assets released from program restrictions	—	—	—	—
Total revenues, gains, and other support	5,145,528	151,248	5,296,776	4,996,962
Expenses				
Program expenses	3,663,060	—	3,663,060	3,188,679
Management and general	411,559	—	411,559	248,482
Fundraising/development expenses	132,437	—	132,437	138,206
Total expenses	4,207,056	—	4,207,056	3,575,367
Change in Net Assets	938,472	151,248	1,089,720	1,421,596
Change in net assets – Attributable to noncontrolling interests	192,481	—	192,481	(666,946)
Change in net assets - Attributable to Volunteer Ministry Center, Inc.	$ 1,130,953	$ 151,248	$ 1,282,201	$ 754,650

See accompanying notes to the basic financial statements.

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Net Assets
December 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	Total	Noncontrolling Interests	Total Net Assets
Balance at December 31, 2020	6,725,820	59,497	6,785,317	1,802,456	8,587,773
Change in net assets	403,539	351,111	754,650	661,947	1,416,597
Balance at December 31, 2021	7,129,359	410,608	7,539,967	2,464,403	10,004,370
Change in net assets	1,130,953	151,248	1,282,201	(192,480)	1,089,721
Balance at December 31, 2022	$ 8,260,312	$ 561,856	$ 8,822,168	$ 2,271,923	$ 11,094,090

See accompanying notes to the basic financial statements.

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPEARTING ACTIVITIES		
Change in net assets	$ 1,089,720	$ 1,421,596
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and Amortization	514,461	375,589
Loss on investments	54,831	—
Amortization of deferred financing fees	8,393	8,393
Net endowment fund income	1,066	505
Change in operating assets and liabilities		
Grants receivable	(241,524)	(57,061)
Prepaid expenses and other current assets	(50,935)	10,525
Intangible assets	254,772	—
Accounts payable and accrued expenses	586,588	47,110
Tenant security deposits	(150)	—
Deferred revenue	6,400	(18,864)
Net Cash Flows from Operating Activities	**2,223,622**	**1,787,793**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(6,484,429)	(3,680,158)
Change from sale/(purchase) of investments	(3,703)	(108,091)
Capital contributions	2,975	796,941
Net Cash Flows from Investing Activities	**(6,485,157)**	**(2,991,308)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment/Proceeds from line of credit	(141,307)	141,307
Proceeds from note payable	3,267,727	3,272,161
Payments of note payable	—	(650,000)
Distribution of capital to noncontrolling interest	(5,000)	(5,000)
Net Cash Flows from Financing Activities	**3,121,420**	**2,758,468**
Net change in cash, restricted cash, and cash equivalents	(1,140,114)	1,554,953
Cash, Restricted Cash, and Cash Equivalents – Beginning of Year	**2,045,168**	**490,216**
Cash, Restricted Cash, and Cash Equivalents – End of Year	**$ 905,054**	**$ 2,045,169**
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 27,168	$ 11,021
Income taxes paid	$ —	$ —
Donated services and supplies	$ 159,593	$ 115,584

See accompanying notes to the basic financial statements.

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2022

	Program Expenses											
	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	Minvilla Manor Apts	Total 2022 Program Expenses	Management and General	Fundraising/ Development Expenses	Total 2022 Expenses
Salaries, wages, and benefits	$ 164,394	$ 470,896	$ 338,997	$ 88,536	$ 683,272	$ 36,638	$ 1,782,733	$ 120,148	$ 1,902,881	$ 166,183	$ 53,968	$ 2,123,032
Payroll taxes	26,174	30,558	21,789	6,510	39,860	2,658	127,549	-	127,549	13,948	5,314	146,811
Office supplies and expense	1,312	4,199	631	73	30,055	605	36,875	35,845	72,720	29,583	1,185	103,488
Information technology	27	1,254	859	-	2,530	2,885	7,555	-	7,555	16,040	746	24,341
Insurance	-	-	-	-	-	-	-	-	-	32,296	-	32,296
Professional fees	-	792	2,831	-	3,216	793	7,632	28,338	35,970	11,353	1,555	48,878
Taxes & licenses	-	139	-	-	254	-	393	25,439	25,832	313	10	26,155
Telephone	-	-	-	-	5,844	509	6,353	-	6,353	15,729	-	22,082
Rent	-	-	-	-	65,875	-	65,875	-	65,875	-	-	65,875
Utilities	6,479	25,915	-	5,482	-	-	37,876	87,254	125,130	9,470	2,490	137,090
Building security	-	-	3,261	-	1,334	-	4,595	-	4,595	4,093	-	8,688
Printing and video	20	40	20	20	120	-	220	-	220	13,160	4,275	17,655
Postage	-	1	-	-	7	-	8	-	8	2,841	725	3,574
Travel and meetings	385	10	2,053	83	1,220	55	3,806	-	3,806	18,516	1,548	23,870
Direct assistance	403,406	145,146	5,834	48,100	46,043	258	648,787	-	648,787	-	-	648,787
Maintenance and repairs	968	23,721	18,454	269	29,557	21	72,990	376	73,366	23,517	-	96,883
Miscellaneous	78	1,270	827	942	6,120	1,596	10,833	-	10,833	15,048	574	26,455
Interest expense	-	-	-	-	899	-	899	26,009	26,908	260	-	27,168
Direct program expense	-	-	-	-	-	-	-	-	-	-	-	-
Professional development	-	25	26	275	415	-	741	-	741	2,180	483	3,404
Fundraising events	-	-	-	-	-	-	-	-	-	-	49,820	49,820
Minvilla management fees	-	-	33,257	-	-	-	33,257	-	33,257	-	-	33,257
Grants to Minvilla	-	-	74,171	-	-	-	74,171	(74,171)	-	-	-	-
Grants to Caswell	-	-	-	-	-	14,593	14,593	-	14,593	-	-	14,593
Depreciation and amortization	25,337	101,345	-	21,438	52,057	-	200,177	275,904	476,081	37,029	9,744	522,854
Total Expenses	$ 628,580	$ 805,311	$ 503,010	$ 171,728	$ 968,678	$ 60,611	$ 3,137,918	$ 525,142	$ 3,663,060	$ 411,559	$ 132,437	$ 4,207,056

See accompanying notes to the basic financial statements.

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

Consolidated Statements of Functional Expenses

For the Year Ended December 31, 2021

	Program Expenses											
	Bush Family Refuge	Resource Center	Minvilla Manor Resident Services	Clinic	Street Outreach and Low Barrier	Caswell and The Guest House	Total VMC Program Expenses	Minvilla Manor Apts	Total 2021 Program Expenses	Management and General	Fundraising/ Development Expenses	Total 2021 Expenses
Salaries, wages, and benefits	$ 80,303	$ 433,675	$ 282,846	$ 69,505	$ 538,289	$ 48,011	$ 1,452,629	$ 218,636	$ 1,671,265	$ 153,477	$ 52,174	$ 1,876,916
Payroll taxes	5,277	28,514	18,324	3,329	34,883	3,158	93,485	-	93,485	10,126	3,426	107,037
Office supplies and expense	2,174	12,046	3,479	1,122	13,197	7,212	39,230	2,460	41,690	4,781	1,741	48,212
Information technology	1,979	7,445	1,724	1,077	3,928	737	16,890	1,617	18,507	2,924	2,724	24,155
Insurance	3,121	12,770	-	2,838	2,838	2,008	23,575	19,695	43,270	3,973	851	48,094
Professional fees	2,478	2,478	1,652	1,652	-	-	8,260	14,439	22,699	5,783	2,478	30,960
Taxes & licenses	-	132	-	-	62	442	636	1,194	1,830	1,631	-	3,461
Telephone	2,364	5,127	-	338	6,298	(192)	13,935	10,923	24,858	2,589	1,013	28,460
Rent	-	-	-	-	57,300	-	57,300	-	57,300	-	-	57,300
Utilities	6,527	26,103	-	5,522	-	-	38,152	80,970	119,122	9,539	2,512	131,173
Building security	338	1,350	-	286	962	-	2,936	-	2,936	493	130	3,559
Printing and video	1,489	1,489	1,489	1,489	532	2,668	9,156	-	9,156	1,489	2,659	13,304
Postage	454	740	89	207	-	15	1,505	-	1,505	888	994	3,387
Travel and meetings	532	704	542	56	286	-	2,120	285	2,405	5,567	1,538	9,510
Direct assistance	178,206	101,170	8,524	50,875	34,284	176,206	549,265	-	549,265	-	-	549,265
Maintenance and repairs	3,817	27,218	1,346	3,743	44,905	720	81,749	51,960	133,709	6,405	3,378	143,492
Miscellaneous	1,032	1,059	517	162	6,304	173	9,247	353	9,600	5,759	185	15,544
Interest expense	-	-	-	-	2,533	-	2,533	8,393	10,926	95	-	11,021
Direct program expense	-	-	-	-	-	-	-	-	-	-		-
Professional development	-	78	-	125	109	-	312	-	312	3,956	-	4,268
Fundraising events	-	-	-	-	-	-	-	-	-	-	54,770	54,770
Minvilla management fees	-	-		-	-	-	-	31,876	31,876	-		31,876
Grants to Minvilla	-	-	63,623	-	-	-	63,623	(63,623)	-	-	-	-
Grants to Caswell	-	-	-	-	-	4,013	4,013	-	4,013	-		4,013
Depreciation and amortization	19,847	79,387	-	16,793	40,778	-	156,805	182,144	338,949	29,007	7,633	375,589
Total Expenses	$ 309,938	$ 741,485	$ 384,155	$ 159,119	$ 787,488	$ 245,171	$ 2,627,356	$ 561,323	$ 3,188,679	$ 248,482	$ 138,206	$ 3,575,367

See accompanying notes to the basic financial statements.

NOTE 1 – NATURE OF ACTIVITIES

Volunteer Ministry Center, Inc. (VMC or The Center) is a non-profit corporation with a mission 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, GP (a general partnership) and operated by Minvilla Manor MT, LP (a limited partnership). Minvilla Manor was acquired, developed, and is operated under the low-income housing tax credit program (See Note 12).

In 2020, VMC formed Caswell Manor, LP and Caswell Manor, GP. Caswell Manor, LP purchased an existing apartment complex for redevelopment. VMC intends to develop the property and operate in under the low-income housing tax credit program. Caswell Manor, GP will be the general partner in Caswell Manor, LP and an investor will be a limited partner.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Accounting</u>
VMC prepares its consolidated financial statements on the accrual basis of accounting in Accordance with generally accepted accounting principles.

<u>Basis of Presentation</u>
Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

> *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board may designate a portion of these assets for specific purposes which will make them unavailable for use at management's discretion.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the VMC and/or the passage of time. Certain net assets may be subject to donor-imposed stipulations that they be maintained permanently by the Center. The Center reports gifts of cash or other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

All contributions without donor restrictions are considered to be available for use unless specifically restricted
by the donor. Amounts received that are designated for future years or restricted by the donor for specific purposes are reported as donor restricted support that increases that net asset classification.

Principles of Consolidation – The consolidated financial statements include the accounts of VMC, its subsidiary, Minvilla Manor, GP, Inc. (a Tennessee corporation), and Minvilla Manor, LP and Minvilla Manor MT, LP. VMC is the sole owner of Minvilla Manor, GP, Inc., which serves as the general partner of Minvilla Manor, LP and Minvilla Manor MT, LP. VMC is also the sole owner Caswell Manor, LP and Caswell Manor, GP. All significant intercompany balances and transactions have been eliminated in consolidation.

<u>Presentation of Financial Statements of Not-for-Profit Entities</u>
Effective 2018, the FASB issued Accounting Standard Update (ASU) 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions;" (b) modifying the presentation of underwater endowment funds and related disclosures; (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise; (d) requiring that all nonprofits present as analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs; (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (f) presenting investment return net of external and direct internal investment expenses; and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Noncontrolling Interests

Noncontrolling interests consist of the 84.99% and 99.99% ownership by the limited partners of Minvilla Manor, LP and Minvilla Manor MT, 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.

Public Support and Revenues

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 statements 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.

Rental Revenue

Rental revenue is recognized when earned. VMC receives rental revenue from the tenants of Minvilla Manor as well as from leases of office space to other nonprofit organizations. All leases are operating leases.

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.

Cash and Cash Equivalents

The Center considers all money market accounts and highly liquid debt instruments with maturity of 90 days or less to be cash equivalents. The Company maintains at various financial institutions cash accounts which may exceed federally insured amounts and which may at times exceed balance sheet amounts due to outstanding checks.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a fair value hierarchy, which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment is recorded at cost, or if donated, at fair market value on the date of the gift. It is the Center's policy to capitalize property and equipment with a cost of $1,000 or more. Lesser amounts are expensed. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets (three to forty years). Depreciation expense was $431,459 and $374,069 for the years ended December 31, 2022 and 2021, respectively. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in operations for the period. The cost of repairs and maintenance is charged to expense as incurred.

VMC reviews its investment in the real estate of Minvilla Manor for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized for the years ended December 31, 2022 and 2021, respectively.

Amortization of Intangible Assets

Monitoring fees for monitoring low-income housing tax compliance are being amortized over fifteen years. Amortization expense for 2021 and 2020 was $1,520. Estimated amortization expense for each of the next five years through December 31, 2021 is $1,520 annually.

Deferred Financing Fees

Deferred financing fees of $122,857, the cost to issue the bonds and to obtain the debt related to Minvilla Manor are being amortized to interest expense on a straight-line basis over fifteen years. Interest expense from the amortization of these fees totaled $8,393 for 2022 and $8,393 for 2021. Estimated interest expense from the amortization of these fees is estimated to be $8,393 annually for each of the next five years.

The long-term portion of notes payable is presented on the balance sheet net of the unamortized portion of these fees which totaled $24,027 and $32,420 for the years ended December 31, 2022 and 2021, respectively, as further disclosed in note 7.

Donated Services and Materials

VMC recognizes revenue for donated services requiring expertise at the fair value of those services. The Center also recognizes revenue for specific donations of supplies, program materials, and property/equipment.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to assist in all of VMC's programs, particularly in providing counsel and meals to individuals in need, and assistance with administrative functions. The value of this contributed time is not reflected in these consolidated financial statements since these services do not satisfy the criteria for recognition under generally accepted accounting principles.

Tax-exempt Status
VMC is a not-for-profit organization that is exempt from federal income tax under Code Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. In addition, the Company qualifies for the charitable contributions deduction under Section 170(b)(1)(A). During the years ended December 31, 2022 and 2021, the organization had no activities unrelated to its exempt purpose, and therefore, incurred no tax liability due to unrelated business income.

The Center accounts for uncertain tax positions using a two-step approach. The first step is to determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position.

The second step is to measure and recognize in the financial statements the largest amount of benefit that is greater than 50% likely of being realized upon the ultimate settlement. The Center had no uncertain tax positions that required significant adjustments to the financial statements as of December 31, 2022 and 2021.

Income taxes related to income earned from operations at Minvilla Manor are levied on the limited partners at the general partnership level. Accordingly, no provision for income taxes is reflected in the accompanying consolidated financial statements. The Partnership's tax returns are subject to examination by the taxing authorities for a period of three years. If such examinations were to result in changes to the Partnership income tax returns, taxable income or loss as reported by each of the partners could be affected accordingly. While no income tax returns are currently being examined by the taxing authorities, tax years since 2018 remain open.

Use of Estimates
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in equity securities with readily determinable market values and all debt securities are carried at fair value with realized and unrealized gains and losses included in the 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.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a fair value hierarchy, which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The organization's investments are classified as level 1 of the fair value hierarchy as fully described in Note 4.

Functional Allocation of Expenses

The Center's expenses are presented on a functional basis, showing basic program activities and support services. The Center incurs costs and expenses related to its program services and supporting activities. Expenses that are directly related to, and can be assigned to, program services or a single supporting activity are charged directly to such function. Expenses that are related to more than one function are allocated between the appropriate functions. The most significant of the Center's joint costs are the costs associated with salaries, payroll taxes, employee benefits, and grants. The Center allocates these joint costs primarily using proportional methods based on the programs and supporting services benefited.

Measurement of Operations

The Center'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.

Subsequent Events

The Center has evaluated subsequent events for potential recognition and disclosure through September 30, 2023, the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements.

NOTE 3 – RESTRICTED CASH

Restricted cash is comprised of tenant security deposits, tax and insurance escrows and the operating reserves. As of December 31, 2022, the restricted cash balances totaled $561,856 and were made up of $2,500 in tenant security deposits and $559,356 in operating reserves. As of December 31, 2021, the restricted cash balances totaled $469,893 and were made up of $2,650 in tenant security deposits and $467,243 in operating reserves.

NOTE 4 – INVESTMENTS

Investments at December 31, 2022 and 2021 consisted of bond mutual funds of $325,057 and $376,184, respectively. The funds are reflected at their published net asset value at December 31 which is considered a level 1 fair value measurement.

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs include quoted prices for similar assets in active markets, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

> Level 1 Fair Value Measurement: The fair value of the mutual Organizations and fixed-income securities are based on quoted net asset values of the shares held by the Organization at year-end.
>
> Level 2 Fair Value Measurement: Level 2 inputs include quoted prices for similar assets in active markets or significant other observable inputs.
>
> Level 3 Fair Value Measurement: Level 3 inputs are not actively traded, and significant observable inputs are not available.

NOTE 5 – 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

NOTE 5 – EAST TENNESSEE FOUNDATION ENDOWMENT FUND (continued)

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. There were no distributions from the Fund for the years ended December 31, 2022 and 2021 respectively.

The Volunteer Ministry Center, Inc. Endowment Fund is held in East Tennessee Foundation's long-term commingled investment fund, which is a unitized investment pool. The VMC Endowment Fund has a pro-rata share of the overall pool that is accounted for separately. East Tennessee Foundation adopted FASB ASC 820-10, Fair Value Measurements, which establishes a three-level hierarchy for fair value measurements based upon transparency of inputs to the valuation of an asset or liability and whether they are observable or unobservable. The VMC Endowment fund is considered a level 2 investment and the fair value of the Fund was $4,987 for the year ended December 31, 2022 and ($505) for year ended 2021. Net investment income or (loss) for the Fund was ($1,066) in 2022 and ($505) in 2021 and is included in investment income in the Consolidated Statements of Activities.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following major classifications:

	2022	2021
Land	$ 1,345,445	$ 784,472
Land improvements	434,578	434,578
Buildings	10,439,205	10,976,107
Construction in progress	7,844,957	2,144,860
Vehicles	191,181	191,181
Furniture, fixtures and equipment	1,688,396	1,019,531
	21,943,762	15,550,728
Less accumulated depreciation	(4,370,249)	(3,938,790)
	$ 17,573,513	$11,611,938

NOTE 7 – 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 (4.0% at December 31, 2021). 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, 2022 and 2021 was $-0- and $-0-, respectively. This agreement is renewable annually and expires August 12, 2024. The line is secured by the first Deed of Trust on the land and building at 511 North Broadway in Knoxville, Tennessee.

NOTE 8 – SHORT-TERM NOTE PAYABLE

On August 17, 2020, Caswell Manor, borrowed $650,000 to purchase an apartment complex in Knoxville, Tennessee. This loan bears interest at 3.75% per annum and was repaid on June 23, 2021. The loan balance at December 31, 2021 was zero.

NOTE 9 – NOTES PAYABLE

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 a deferred and forgivable loan of $500,000. Minvilla Manor was completed in October, 2010 and the funds were received from Federal Home Loan Bank through Regions Bank. Assuming that VMC and the Minvilla Manor Project meet all terms of the Affordable Housing Program Agreement and other requirements of Federal Home Loan Bank, the loan will be forgiven at the end of the fifteen-year retention period. If the requirements are not met during the retention period, the loan must be paid in full to Regions Bank/Federal Home Loan Bank. During the fifteen-year retention period, Regions Bank will hold a Deed of Trust on the Minvilla Manor Property.

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. The balance of this note for the years ended December 31, 2022 and 2021 was $819,195 for both years. 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.

Construction Loan Payable – On June 24, 2021 Caswell Manor LP entered into a construction loan agreement with a local bank for the purpose of construction of an apartment complex. The amount of the construction loan to is up to $6,800,000 and will be drawn on demand during the construction process. The loan is due and payable no later than June 23, 2024. The interest rate is prime less 4%. All principal and interest are due on due date.

NOTE 9 – NOTES PAYABLE (continued)

A summary of the notes payable described above as of December 31, 2022 and 2021 is as follows:

	2022	2021
THDA note payable	$ 819,195	$ 819,195
FHLB note payable	500,000	500,000
Construction Loan Apartment Complex	6,724,961	3,272,161
Total notes payable	8,044,156	4,591,356
Less current portion of notes payable	—	—
Less unamortized deferred financing fees	(217,493)	(32,420)
Long-term portion of notes payable	$7,826,663	$4,558,936

NOTE 10 – 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 matched employee contribution up to 3% of compensation. Retirement expense was $26,028 for 2022 and $19,746 for 2021 and is included in fringe benefits in the consolidated statements of functional expenses.

NOTE 11 – DONATED SERVICE/SUPPLIES

The fair value of donated services/supplies included as contributions in these consolidated financial statements and the corresponding program expenses are as follows for 2022:

Program:	
Food and clothing	$ 36,250
Medical	105,620
Holiday gifts	2,620
Other	15,103
	$ 159,593

NOTE 11 – DONATED SERVICE/SUPPLIES

The fair value of donated services/supplies included as contributions in these consolidated financial statements and the corresponding program expenses are as follows for 2021:

Program:

Food and clothing	$	24,550
Medical		88,904
Holiday gifts		2,130
	$	115,584

NOTE 12 – RENTAL REVENUE UNDER OPERATING LEASES

VMC annually leases office space at their primary place of business which generates revenue under two operating leases. These leases expire at various dates through October 31, 2021. The future expected revenues under these operating leases as of December 31, 2022, is $~~0~~. Rental revenue recognized from operating leases was $46,455 for 2022 and $-0- for 2021.

NOTE 13 – TENANT RENT AND TENANT ASSISTANCE VOUCHERS AND PAYMENTS

Revenue attributable to Tenant Assistance Vouchers was made available to qualified tenants through funds provided by the Department of Housing and Urban Development (HUD):

	2022	2021
Rental revenue	$ 467,684	$ 454,871
Tenant assistance vouchers	$ 361,413	$ 336,952

The continued availability of these payments is dependent upon HUD continuing to receive adequate funding for this program and is subject to annual appropriations by Congress. The HUD contract expires on September 30, 2023.

NOTE 14 – LOW-INCOME HOUSING TAX CREDITS COMPLIANCE CONTINGENCIES

Minvilla Manor was allocated low-income housing tax credits by the Tennessee Housing Development Agency amounting to $2,935,720. As of December 31, 2022, $2,935,720 of the credits have been utilized by the partners. The remaining credits are expected to be available over the next three years.

NOTE 14 – LOW-INCOME HOUSING TAX CREDITS COMPLIANCE CONTINGENCIES (continued)

The project's low-income housing tax credits are contingent on its 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 deed for the land and building.

NOTE 15 – CONCENTRATION OF RISK

VMC received approximately 29% of its operating income in 2022 from contributions and private grants. In 2021, 28% of its operating income came from contributions and private grants. 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.

VMC receives approximately 10% of its operating income from rental revenue related to the operations of Minvilla Manor. Future operations could be affected by changes in economic or other conditions in the Knoxville, Tennessee area or by changes in the demand for such housing. Operations are concentrated in the multifamily real estate market, which is a heavily regulated environment. Operations are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice of inadequate funding to pay for related cost, including the additional administrative burden, to comply with a change.

NOTE 16 – DESCRIPTION OF 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.

NOTE 16 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES (continued)

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 Volunteer Ministry Center, 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.

Management and General – Includes the functions necessary to manage the financial and budgetary responsibilities of VMC.

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.

NOTE 17 – LIQUIDITY AND AVAILABILITY OF RESOURCES

VMC's financial assets available within one year of the consolidated statements of financial position as of December 31, 2022 for general expenditures are as follows:

Financial Assets:	**2022**
Cash and cash equivalents	$ 343,198
Donor restricted cash	561,856
Other current assets	94,053
Grant receivables	562,865
Total financial assets available within one year	1,561,972
Less: Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(561,856)
Total amounts available for general expenditures within one year	$1,000,116

NOTE 17 – LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

As part of VMC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Company maintains a limited amount of cash in the form of money market funds, a cash equivalent, in the various short-term investment accounts.

SUPPLEMENTAL INFORMATION

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Consolidating Schedule of the Statements of Financial Position
For the Year Ended December 31, 2022

	Volunteer Ministry Center, Inc.	Minvilla Manor, GP	Minvilla Manor, LP	Minvilla Manor MT, LP	Caswell Manor, LP	Eliminations	Total
ASSETS							
Current Assets:							
Cash and cash equivalents	$ 288,864	$ 9,845	$ 18,427	$ 9,094	$ 16,968	$ -	$ 343,198
Restricted cash	536,482	-	18,434	6,940		-	561,856
Grants and accounts receivable	576,330	34,017	-			(47,482)	562,865
Prepaid expenses and other current assets	19,276	-	35,836	38,941	-	-	94,053
Total current assets	1,420,952	43,862	72,697	54,975	16,968	(47,482)	1,561,972
Property and Equipment, net	4,070,458	-	4,657,769	987,950	9,692,636	(1,835,300)	17,573,513
Other Assets							
Intangible assets, net	-	-	27,534	-	298,661		326,195
Notes receivable	4,105,327	-	-	-	-	(4,105,327)	-
Investments	325,057	-	-	-	-		325,057
Investments in related entities	426,357	357,154	-	1,224,833	-	(2,008,344)	-
Endowment investment	4,987	-	-	-	-	-	4,987
Total other assets	4,861,728	357,154	27,534	1,224,833	298,661	(6,113,671)	656,239
Total assets	$ 10,353,138	$ 401,016	$ 4,758,000	$ 2,267,758	$ 10,008,265	$ (7,996,453)	$ 19,791,724

See Independent Auditor's Report

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

Consolidating Schedule of the Statements of Financial Position
For the Year Ended December 31, 2022

	Volunteer Ministry Center, Inc.	Minvilla Manor, GP	Minvilla Manor, LP	Minvilla Manor MT, LP	Caswell Manor, LP	Eliminations	Total
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current Liabilities							
Accounts payable and accrued expenses	$ 139,610	$ 2,030	$ 36,554	$ 198,679	$ 526,579	$ (47,482)	$ 855,970
Deferred revenue	12,500	-	-	-	-		12,500
Other current liabilities	-	-	-	91,415	-	(91,415)	-
Note payable, current	-	-	-	-	-	-	-
Total current liabilities	152,110	2,030	36,554	290,094	526,579	(138,897)	868,470
Long-Term Liabilities							
Other long term liabilities	-	-	-	899,035	-	(896,535)	2,500
Notes payable, long-term	500,000	-	2,738,837	-	8,693,153	(4,105,327)	7,826,663
Total long-term liabilities	500,000	-	2,738,837	899,035	8,693,153	(5,001,862)	7,829,163
Total liabilities	652,110	2,030	2,775,391	1,189,129	9,219,732	(5,140,759)	8,697,633
Net Assets							
Without donor restrictions	9,164,546	398,986	1,210,323	346,169	(4,018)	(2,855,694)	8,260,312
With donor restrictions	536,482	-	18,434	6,940	-	-	561,856
Noncontrolling interests	-	-	753,852	725,520	792,551	-	2,271,923
Total net assets	9,701,028	398,986	1,982,609	1,078,629	788,533	(2,855,694)	11,094,091
Total liabilities and net assets	$ 10,353,138	$ 401,016	$ 4,758,000	$ 2,267,758	$ 10,008,265	$ (7,996,453)	$ 19,791,724

See Independent Auditor’s Report

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

Consolidating Schedule of the Statements of Financial Position
For the Year Ended December 31, 2021

	Volunteer Ministry Center, Inc.	Minvilla Manor, GP	Minvilla Manor, LP	Minvilla Manor MT, LP	Caswell Manor, LP	Eliminations	Total
ASSETS							
Current Assets:							
Cash and cash equivalents	$ 788,785	$ 17,559	$ 18,564	$ 11,617	$ 738,750	$ -	$ 1,575,275
Restricted cash	404,555	-	37,481	27,857	-	-	469,893
Grants and accounts receivable	1,058,971	28,068	8,962	27,261	-	(801,921)	321,341
Prepaid expenses and other current assets	16,193	945	-	280	25,700	-	43,118
Total current assets	2,268,504	46,572	65,007	67,015	764,450	(801,921)	2,409,627
Property and Equipment, net	4,010,075	-	4,803,430	-	2,798,433	-	11,611,938
Other Assets							
Intangible assets, net	-	-	29,054	-	551,913		580,967
Notes receivable	2,028,073	-	-	-	-	(2,028,073)	-
Investments	376,185	-	-	-	-		376,185
Investments in related entities	491,489	354,179	-	1,237,872	-	(2,083,540)	-
Endowment investment	6,053	-	-	-	-	-	6,053
Total other assets	2,901,800	354,179	29,054	1,237,872	551,913	(4,111,613)	963,205
Total assets	$ 9,180,379	$ 400,751	$ 4,897,491	$ 1,304,887	$ 4,114,797	$ (4,913,534)	$ 14,984,771

See Independent Auditor’s Report

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Consolidating Schedule of the Statements of Financial Position
For the Year Ended December 31, 2021

	Volunteer Ministry Center, Inc.	Minvilla Manor, GP	Minvilla Manor, LP	Minvilla Manor MT, LP	Caswell Manor, LP	Eliminations	Total
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current Liabilities							
Accounts payable and accrued expenses	$ 169,796	$ 567	$ 13,312	$ 112,357	$ 729,815	$ (754,439)	$ 271,408
Deferred revenue	6,100	-	-	-	-		6,100
Line of credit	141,307	-	-	-	-		141,307
Note payable, current	-	-	-	-	47,482	(47,482)	0
Total current liabilities	317,203	567	13,312	112,357	777,297	(801,921)	418,815
Long-Term Liabilities							
Tenant security deposits	-	-	-	2,650	-		2,650
Notes payable, long-term	500,000	-	2,814,646	-	2,546,133	(1,301,843)	4,558,936
Total long-term liabilities	500,000	-	2,814,646	2,650	2,546,133	(1,301,843)	4,561,586
Total liabilities	817,203	567	2,827,958	115,007	3,323,430	(2,103,764)	4,980,401
Net Assets							
Without donor restrictions	7,952,568	400,184	1,241,804	350,146	(5,574)	(2,809,770)	7,129,358
With donor restrictions	410,608	-	-	-	-	-	410,608
Noncontrolling interests	-	-	827,729	839,734	796,941	-	2,464,404
Total net assets	8,363,176	400,184	2,069,533	1,189,880	791,367	(2,809,770)	10,004,370
Total liabilities and net assets	$ 9,180,379	$ 400,751	$ 4,897,491	$ 1,304,887	$ 4,114,797	$ (4,913,534)	$ 14,984,771

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES

Consolidating Schedule of the Statements of Activities

For the Year Ended December 31, 2022

	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	$ 898,452	$ -	$ -	$ -		$ -	$ 898,452
Foundations	476,388	-	-	-	-		476,388
United Way grants	179,662	-	-	-	-	-	179,662
Government grants	2,790,319	-	-	74,171	-	(74,171)	2,790,319
Fundraising revenue	268,859	-	-	-	-	-	268,859
Rental revenue - leases	-	-	107,500	-	-	(107,500)	-
Net rental revenue - Minvilla Manor	46,455	-	-	467,684	-		514,139
Caswell Manor - HUD Grant	54,478	-	-	-	-	-	54,478
Miscellaneous revenue	5,394	-	-	4,323		-	9,717
Gain (loss) on investments	(54,831)	-	-	-	-	-	(54,831)
Management fees	194,995	28,318	-	-	-	(223,313)	-
In-kind donations	159,593	-	-	-	-	-	159,593
Total revenue, gains, and other support	5,019,764	28,318	107,500	546,178	-	(404,984)	5,296,776
Expenses							
Program expenses	3,137,918	29,516	194,423	642,365	63,822	(404,984)	3,663,060
Management and general	411,559	-	-	-	-	-	411,559
Fundraising/development expenses	132,437	-	-	-	-	-	132,437
Total expenses	3,681,914	29,516	194,423	642,365	63,822	(404,984)	4,207,056
Change in net assets	$ 1,337,850	$ (1,198)	$ (86,923)	$ (96,187)	$ (63,822)	$ -	$ 1,089,720

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Consolidating Schedule of the Statement of Activities
For the Year Ended December 31, 2021

	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	$ 801,292	$ -	$ -	$ -		$ -	$ 801,292
Foundations	456,589	$ -	-	-	-		456,589
United Way grants	172,255	$ -	-	-	-	-	172,255
Government grants	2,301,489	$ -	-	63,623	4,013	(67,636)	2,301,489
Fundraising revenue	331,740	$ -	-	-	-	-	331,740
Rental revenue - leases	-	$ -	107,500	-	-	(107,500)	-
Net rental revenue - Minvilla Manor	63,623	$ -	-	454,871	-		518,494
Caswell Manor - HUD Grant	4,013	$ -	-	-	-	-	4,013
Miscellaneous revenue	165,182	$ -	-	2,191	5,928	-	173,301
Investment income	18,799	$ -	-	-	-	-	18,799
Management fees	122,846	27,772	-	-	-	(47,212)	103,406
In-kind donations	115,584	-	-	-	-	-	115,584
Total revenue, gains, and other support	4,553,412	27,772	107,500	520,685	9,941	(222,348)	4,996,962
Expenses							
Program expenses	2,627,356	21,184	195,351	562,844	4,291	(222,348)	3,188,679
Management and general	248,482	-	-	-	-	-	248,482
Fundraising/development expenses	138,206	-	-	-	-	-	138,206
Total expenses	3,014,044	21,184	195,351	562,844	4,291	(222,348)	3,575,367
Change in net assets	$ 1,539,368	$ 6,588	$ (87,851)	$ (42,159)	$ 5,650	$ -	$ 1,421,596

See Independent Auditor's Report

REQUIRED SUPPLEMENTARY INFORMATION

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Grantor Agency	Program Name	CFDA* No.	Award No.	Expenditures
U.S. Department of Housing and Urban Development through Knox County, TN	Knox County Community Development Block Grant - CHAMP Assessments	14.218	C-22-0322, C-22-0515	$ 14,867
U.S. Department of Housing and Urban Development through City of Knoxville	Community Development Block Grant - Dental	14.218	C-22-0394	30,633
U.S. Department of Housing and Urban Development through City of Knoxville	Emergency Solutions: Shelter Grant - CDBG Outreach 2	14.218	C-22-0421	74,952
U.S. Department of Housing and Urban Development through City of Knoxville	Community Development Block Grant - Refuge Center	14.218	C-22-0001	45,373
		Total CFDA 14.218		**$ 165,825**
U.S. Department of Housing and Urban Development through City of Knoxville	Emergency Solutions: Street Outreach Enhancement	14.231	C-22-0033	191,519
U.S. Department of Housing and Urban Development through City of Knoxville	Emergency Solutions: Shelter Grant - COVID	14.231	C-21-0105	105,053
U.S. Department of Housing and Urban Development through City of Knoxville	Emergency Solutions: Shelter Grant: The Foyer	14.231	C-21-0357	29,739
U.S. Department of Housing and Urban Development through City of Knoxville	Emergency Solutions: Rapid Rehousing COVID	14.231	C-21-0317	136,501
U.S. Department of Housing and Urban Development through City of Knoxville	Emergency Solutions: Shelter Grant COVID - Foyer Restrooms	14.231	C-20-0278	14,609
U.S. Department of Housing and Urban Development through City of Knoxville	Emergency Solutions: Shelter Grant Mobile Shower	14.231	C-22-0482	8,925
		Total CFDA 14.231		**486,346**
U.S. Department of Housing and Urban Development	Emergency Solutions: Rapid Rehousing	14.267	TN-0367T4J022100	40,000
U.S. Department of Housing and Urban Development	Caswell Manor - Continuum of Care	14.267	TN-0039L4J022114	54,478
U.S. Department of Housing and Urban Development	Minvilla Manor - Continuum of Care	14.267	TN-0148L4J022112	74,171
		Total CFDA 14.267		**168,649**

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended December 31, 2022

Grantor Agency	Program Name	CFDA* No.	Award No.	Expenditures
U. S. Department of Treasury through Knox County, Tennessee	Emergency Rental Assistance	21.023	C-21-0240	455,893
		Total CFDA 21.023		**455,893**
U. S. Department of Treasury through Knox County, Tennessee	Coronavirus State and Local Fiscal Recovery Funds	21.027		12,500
		Total CFDA 21.027		-
				12,500
U.S. Department of Health and Human Services through State of Tennessee Dept. of Healt	ELC - Outreach Enhancement	93.323		33,843
U.S. Department of Health and Human Services through State of Tennessee Dept. of Healt	ELC - Street Outreach 2	93.323		30,449
		Total CFDA 93.323		**64,292**
Total Federal Awards Expended				**$ 1,353,505**

** CFDA - Catalog of Federal Domestic Assistance Number*

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Notes to Schedule of Expenditures of Federal Award
For the Year Ended December 31, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (‘the schedule”) includes the federal grant activity of Volunteer Ministry Center, Inc. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL EXPENDITURES

For the purposes of the schedule, expenditures of Federal awards are recognized on the accrual basis of accounting.

NOTE 3 – 10% DE MINIMIS INDIRECT COST RATE

Title 2, Section 200.414(f) of the Code of Federal Regulations (CFR) allows certain non-federal agencies that never received a negotiated federal indirect cost rate to instead use the 10% de minimis indirect cost rate to recover allowable indirect costs for federal grants and cooperative agreements. If the agency elects to use the 10% de minimis indirect cost rate, the agency must continue to use the 10% de minimis indirect cost rate for all federal awards until the agency negotiates a cost rate. The Organization did not elect to utilize the 10% deminimis indirect cost rate.

NOTE 4 – PASS-THROUGH AWARDS

The Organization received certain federal awards from pass-through awards of the State of Tennessee, the City of Knoxville, and Knox County. The total amount of such pass-through awards is included o the supplementary schedule of expenditures of federal awards.

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INDEPENDENT AUDITOR'S 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. and Subsidiaries

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, and the financial statements of Volunteer Ministry Center, Inc., as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Volunteer Ministry Center, Inc.'s basic financial statements, and have issued our report thereon dated September 29, 2023.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether Volunteer Ministry Center, Inc.'s 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 financial statements. 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Knoxville, TN
September 29, 2023

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Volunteer Ministry Center, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Volunteer Ministry Center, Inc.'s (VMC) 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 VMC's major federal programs for the year ended December 31, 2022. VMC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, VMC complied, in all material respects, with the types of 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, 2022.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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).j Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of VMC 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 VMC'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 VMC's federal programs.

Auditor's 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 VMC'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 VMC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 VMC'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 VMC'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 VMC'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 Auditor's 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.

Knoxville, TN
September 29, 2023

Vance CPA LLC

Vance CPA LLC

VOLUNTEER MINISTRY CENTER, INC. AND SUBSIDIARIES
Consolidating Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.023	Emergency Rental Assistance
14.267	Continum of Care

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as a low-risk auditee?	No
Section II - Financial Statement Findings	None reported
Section III - Federal Award Findings and Questioned Costs	None reported
Section IV - Prior Year Financial Statement Findings	None reported