

***EASTERN CATAWBA COOPERATIVE CHRISTIAN
MINISTRY, INC.***

Financial Statements and Independent Auditors' Report
For the Years Ended December 31, 2012 and 2011

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.

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Certified Public Accountants

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Independent Auditors' Report

To the Board of Directors
Eastern Catawba Cooperative Christian Ministry, Inc.
Newton, North Carolina

We have audited the accompanying financial statements of Eastern Catawba Cooperative Christian Ministry, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. A audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Catawba Cooperative Christian Ministry, Inc. as of December 31, 2012 and 2011, 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.

Lawson Smith Church & Co.

May 13, 2013

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.

**Statements of Financial Position
December 31, 2012 and 2011**

<u>Assets</u>	<u>Notes</u>	2012		<u>Total</u>	
		<u>Unrestricted</u>	<u>Temporarily Restricted</u>		<u>Permanently Restricted</u>
Current assets:					
Cash and cash equivalents		\$ 307,108	\$ 86,426	\$ 155,354	\$ 548,887
Accounts receivable		177	-	-	177
Prepaid expenses		3,296	-	-	3,296
Total current assets		<u>310,580</u>	<u>86,426</u>	<u>155,354</u>	<u>552,360</u>
Property and equipment:					
Land and building (cost)		858,604	-	-	858,604
Equipment (cost)		68,265	-	-	68,265
Trucks and autos (cost)		25,399	-	-	25,399
Accumulated depreciation		(212,236)	-	-	(212,236)
Equipment (net)		<u>740,032</u>	<u>-</u>	<u>-</u>	<u>740,032</u>
Total assets		<u>\$ 1,050,612</u>	<u>\$ 86,426</u>	<u>\$ 155,354</u>	<u>\$1,292,392</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable		\$ 20,907	\$ -	\$ -	\$ 20,907
Accrued expenses		5,144	-	-	5,144
Total current liabilities		<u>26,052</u>	<u>-</u>	<u>-</u>	<u>26,052</u>
Net assets:					
Unrestricted		1,024,561	-	-	1,024,561
Temporarily restricted		-	86,426	-	86,426
Permanently restricted		-	-	155,354	155,354
Total net assets		<u>1,024,561</u>	<u>86,426</u>	<u>155,354</u>	<u>1,266,341</u>
Total liabilities and net assets		<u>\$ 1,050,612</u>	<u>\$ 86,426</u>	<u>\$ 155,354</u>	<u>\$1,292,392</u>

See accompanying notes to financial statements.

2011		
<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 383,955	\$ 134,863	\$ 518,818
258	-	258
<u>3,325</u>	<u>-</u>	<u>3,325</u>
<u>387,538</u>	<u>134,863</u>	<u>522,401</u>
858,604	-	858,604
68,265	-	68,265
2,500	-	2,500
<u>(181,795)</u>	<u>-</u>	<u>(181,795)</u>
<u>747,574</u>	<u>-</u>	<u>747,574</u>
<u>\$ 1,135,112</u>	<u>\$ 134,863</u>	<u>\$ 1,269,975</u>
\$ 3,314	\$ -	\$ 3,314
<u>6,073</u>	<u>-</u>	<u>6,073</u>
<u>9,387</u>	<u>-</u>	<u>9,387</u>
1,125,725	-	1,125,725
-	-	-
<u>-</u>	<u>134,863</u>	<u>134,863</u>
<u>1,125,725</u>	<u>134,863</u>	<u>1,260,588</u>
<u>\$ 1,135,112</u>	<u>\$ 134,863</u>	<u>\$ 1,269,975</u>

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.

**Statements of Activities
For the Years Ended December 31, 2012 and 2011**

	2012			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Support and Revenue:				
Churches	\$ 134,768	\$ -	\$ -	\$ 134,768
Individuals	49,051	-	-	49,051
Corporate	12,247	-	-	12,247
Clothing sales	77,172	-	-	77,172
Backpack	-	69,699	-	69,699
United Way grants	-	45,000	-	45,000
Duke power assistance	-	3,376	-	3,376
Duke-Special BPM grant	-	10,622	-	10,622
Duke-Shareholder	-	125,695	-	125,695
FEMA funds	-	-	-	-
CACP	-	3,600	-	3,600
Memorials	10,430	-	-	10,430
George foundation	-	8,000	-	8,000
Lane foundation grant	-	-	-	-
Unifour foundation grant	-	20,000	-	20,000
Carlisle grant	-	5,000	-	5,000
Endowment income	-	-	16,761	16,761
Feinstein funds	-	8,749	-	8,749
Golf tournament	-	-	-	-
Crisis funds	-	560	-	560
Crop-food	-	2,823	-	2,823
Food-individuals/churches	-	6,976	-	6,976
DSS admin fee	33,963	-	-	33,963
Other sources	3,398	6,000	-	9,398
Miscellaneous	4,340	-	-	4,340
Fundraisers	40,599	-	-	40,599
Total support	<u>365,967</u>	<u>316,100</u>	<u>16,761</u>	<u>698,827</u>
Other Revenues (Expenses):				
Miscellaneous	-	-	-	-
Unrealized gain (loss) on investments	390	-	-	390
Interest and dividends	883	-	3,345	4,227
Total revenue	<u>1,273</u>	<u>-</u>	<u>3,345</u>	<u>4,618</u>
Net assets released from restrictions:				
Satisfaction of program transactions	229,674	(229,674)	-	-
Total support and revenue	<u>596,914</u>	<u>86,426</u>	<u>20,106</u>	<u>703,445</u>

2011		
<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 135,890	\$ -	\$ 135,890
33,178	-	33,178
18,152	-	18,152
82,213	-	82,213
55,196	-	55,196
42,250	-	42,250
5,070	-	5,070
15,919	-	15,919
-	-	-
30,402	-	30,402
-	-	-
14,247	-	14,247
8,841	-	8,841
10,000	-	10,000
10,000	-	10,000
6,500	-	6,500
-	575	575
9,539	-	9,539
37,788	-	37,788
1,966	-	1,966
3,380	-	3,380
1,849	-	1,849
12,790	-	12,790
40,486	-	40,486
5,502	-	5,502
1,000	-	1,000
<u>582,159</u>	<u>575</u>	<u>582,734</u>
1,089	-	1,089
-	-	-
<u>2,654</u>	<u>2,545</u>	<u>5,199</u>
<u>3,743</u>	<u>2,545</u>	<u>6,288</u>
-	-	-
<u>585,902</u>	<u>3,120</u>	<u>589,022</u>

cont.

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.

**Statements of Activities
For the Years Ended December 31, 2012 and 2011**

	2012			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Expenses:				
Program services	\$ 643,205	\$ -	\$ -	\$ 643,205
Supporting services	44,889	-	-	44,889
Fundraising	9,598	-	-	9,598
Total expenses	<u>697,692</u>	<u>-</u>	<u>-</u>	<u>697,692</u>
Changes in net assets	(100,778)	86,426	20,106	5,753
Net assets, beginning of year	1,125,725	-	134,863	1,260,588
Transfers between funds	(385)	-	385	-
Transfer from Head Start program	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 1,024,561</u>	<u>\$ 86,426</u>	<u>\$ 155,354</u>	<u>\$ 1,266,341</u>

See accompanying notes to financial statements.

2011		
<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 575,040	\$ -	\$ 575,040
31,695	-	31,695
12,710	-	12,710
<u>619,444</u>	<u>-</u>	<u>619,444</u>
(33,542)	3,120	(30,422)
1,148,262	115,837	1,264,099
(15,906)	15,906	-
26,910	-	26,910
<u>\$ 1,125,725</u>	<u>\$ 134,863</u>	<u>\$ 1,260,588</u>

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.

**Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011**

	2012			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Cash Flows From Operating Activities:				
Changes in net assets	\$ (100,778)	\$ 86,426	\$ 20,106	\$ 5,753
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:				
Depreciation	30,441	-	-	30,441
Transfers between funds	(385)	-	385	-
Transfer from Head Start Program	-	-	-	-
(Increase) decrease in operating assets:				
Accounts receivable	81	-	-	81
Prepaid expenses	29	-	-	29
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses	16,665	-	-	16,665
Total adjustments	46,831	-	385	47,216
Net cash provided (used) by operating activities	(53,947)	86,426	20,491	52,969
Cash Flows From Investing Activities:				
Purchase of fixed assets	(22,899)	-	-	(22,899)
Net cash provided (used) by investing activities	(22,899)	-	-	(22,899)
Increase (decrease) in cash and cash equivalents	(76,846)	86,426	20,491	30,070
Beginning cash and cash equivalents	383,955	-	134,863	518,818
Ending cash and cash equivalents	\$ 307,108	\$ 86,426	\$ 155,354	\$ 548,887

See accompanying notes to financial statements.

2011		
<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ (33,542)	\$ 3,120	\$ (30,422)
27,661	-	27,661
(15,906)	15,906	-
26,910	-	26,910
(258)	-	(258)
(3,325)	-	(3,325)
3,414	-	3,414
38,496	15,906	54,402
4,954	19,026	23,980
(5,228)	-	(5,228)
(5,228)	-	(5,228)
(274)	19,026	18,752
384,229	115,837	500,066
<u>\$ 383,955</u>	<u>\$ 134,863</u>	<u>\$ 518,818</u>

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.

**Statements of Functional Expenses
For the Years Ended December 31, 2012 and 2011**

	2012			
	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries	\$ 201,734	\$ 22,914	\$ -	\$ 224,648
Payroll taxes	25,656	2,914	-	28,571
Employee benefits	21,751	2,471	-	24,222
Professional and other services	9,397	1,067	-	10,465
Office supplies	3,748	426	-	4,174
Postage	1,989	226	-	2,215
Supplies	2,124	241	-	2,365
Utilities	13,254	1,505	-	14,759
Repairs and maintenance	11,487	1,305	-	12,791
Telephone	2,811	319	-	3,130
Dues and subscriptions	1,825	207	-	2,033
Training and travel	3,126	355	-	3,481
Contract labor	53,998	6,133	-	60,131
Fuel	5,879	668	-	6,546
Food purchases	16,130	-	-	16,130
Sales tax	-	-	-	-
Miscellaneous	852	97	-	948
Property taxes	772	88	-	860
Insurance	6,254	710	-	6,964
Advertising	1,208	137	-	1,345
Crisis	-	-	-	-
Duke energy	58,132	-	-	58,132
United Way	45,000	-	-	45,000
Fema	-	-	-	-
Foundations and memorials	26,780	-	-	26,780
Fundraisers	-	-	9,598	9,598
Backpack program	81,990	-	-	81,990
Christmas bureau	18,263	-	-	18,263
Rent	1,570	-	-	1,570
Pharmacy	140	-	-	140
Total expenses before depreciation	615,869	41,784	9,598	667,251
Depreciation	27,336	3,105	-	30,441
Total expenses	<u>\$ 643,205</u>	<u>\$ 44,889</u>	<u>\$ 9,598</u>	<u>\$ 697,692</u>

See accompanying notes to financial statements.

2011

<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
\$ 203,759	\$ 16,759	\$ -	\$ 220,518
14,006	1,152	-	15,158
-	-	-	-
1,718	141	-	1,859
5,420	446	-	5,866
1,415	116	-	1,532
2,993	246	-	3,240
12,227	1,006	-	13,233
12,143	999	-	13,141
2,775	228	-	3,003
1,299	107	-	1,406
2,602	214	-	2,817
57,692	4,745	-	62,438
6,543	538	-	7,081
18,653	-	-	18,653
3,121	257	-	3,378
2,479	204	-	2,683
1,228	101	-	1,329
14,075	1,158	-	15,232
1,211	100	-	1,311
13,075	1,075	-	14,151
22,272	-	-	22,272
41,853	-	-	41,853
25,682	-	-	25,682
7,315	-	-	7,315
-	-	12,710	12,710
58,425	-	-	58,425
15,026	-	-	15,026
-	-	-	-
472	-	-	472
549,481	29,593	12,710	591,783
25,559	2,102	-	27,661
\$ 575,040	\$ 31,695	\$ 12,710	\$ 619,444

EASTERN CATAWBA COOPERATIVE CHRISTIAN MINISTRY, INC.

Notes to Financial Statements For the Years Ended December 31, 2012 and 2011

1. General Information and Summary of Significant Accounting Policies

Organization - Eastern Catawba Cooperative Christian Ministry, Inc. is a nonprofit organization that brings together the resources of the Christian Community to serve people in need of crisis assistance, support and education to respond to God's call.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under the accrual basis, revenues are recognized in the accounting period in which they are earned regardless of when they are actually received. Expenses are recognized in the accounting period in which a liability is incurred regardless of when the expense is actually paid.

Basis of Presentation - The Organization reports in compliance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, Not-for-Profit Entities: Presentation of Financial Statements. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Funds which are available for current operation.

Temporarily Restricted Net Assets

Funds which consist of various grant monies to be used in a specified manner.

Permanently Restricted Net Assets

Permanently restricted net assets represent contributions by donors who have indicated an intention that the assets are to remain in perpetuity as a permanent endowment of the Organization.

FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also requires additional disclosures about an organization's endowment funds (both donor-restricted and board designated endowment funds) and whether or not the organization is subject to UPMIFA.

The State of North Carolina enacted UPMIFA effective March 19, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Organization has adopted FASB ASC 958-205 for the year ended December 31, 2011. The Board of Directors has determined that the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

Restricted and Unrestricted Support and Revenue - Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Equipment - The cost of equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method for financial reporting purposes and for income tax purposes. The Organization does not have a written capitalization policy.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

The useful lives of equipment, for purposes of computing depreciation are:

Equipment	5 years
Office Furniture	7 years
Trucks and Autos	5 years
Building	39 years

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

Advertising - Advertising costs are charged to operations when incurred. Advertising expense was \$1,345 and \$1,311 for 2012 and 2011, respectively.

Concentration of Credit Risk - The Organization maintains its cash balances with financial institutions in North Carolina. The balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2012 and 2011, the Organization had deposits that exceeded the federal deposit insurance limit by \$151, 731 and \$139,372, respectively.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

- 2. **Donated Materials and Services** - Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services, immaterial equipment or materials in as much as no objective basis is available to measure the value of such items.

3. Summary Disclosure of Significant Contingencies

Federal Assisted Programs

The Organization has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Uncertain Tax Positions

FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, clarifies the accounting for uncertainty in income tax positions. Based on an evaluation of uncertain tax positions, management is required to measure potential tax liabilities that could have a risk of greater than a 50% likelihood of being realized upon settlement. As of December 31, 2012, management has determined that the Organization has no such risk and therefore no liabilities have been recorded for uncertain tax positions.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions material to the financial statements.

4. Endowment Funds

The Organization's endowment fund is established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

Endowment Net Asset Composition by Type of Fund as of December 31, 2012 and 2011:

	<u>Permanently Restricted</u>	
	<u>2012</u>	<u>2011</u>
Donor-restricted endowment fund	\$155,354	\$134,863
Total fund	<u>\$155,354</u>	<u>\$134,863</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2012 and 2011:

	<u>Permanently Restricted</u>	
	<u>2012</u>	<u>2011</u>
Endowment net assets beginning of year	\$ 134,863	\$115,837
Investment return:		
Investment income	3,345	2,545
Net depreciation (realized and unrealized)	-	-
Total investment return	-	-
Contributions	16,761	575
Appropriation of endowment assets for expenditure	-	-
Other changes:		
Transfers from unrestricted	<u>385</u>	<u>15,906</u>
Endowment net assets, end of year	<u>\$ 155,354</u>	<u>\$ 134,863</u>

Description of Amounts Classified as Permanently Restricted Net Assets (Endowment Only):

	<u>2012</u>	<u>2011</u>
Permanently Restricted Net Assets		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA	<u>\$155,354</u>	<u>\$134,863</u>
Total endowment funds classified as permanently restricted net assets	<u>\$155,354</u>	<u>\$134,863</u>

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a certificate of deposit and a savings account. The Foundation expects its endowment funds, over time, to provide a reasonable rate of return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distributions each year. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Organization's Return of Organization Exempt from Income Tax (Form 990) for 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they are filed.

5. Leases

Lessor of Property

The Organization is the lessor of certain real property located in Catawba County, North Carolina. The Organization received \$3,840 and \$-0- annual rental income in 2012 and 2011, respectively. The lease is for one year and expires on August 31, 2013.

Operating Leases

The Organization leases a building under an operating lease expiring in 2013.

The Organization pays no rent for the building but provides a letter to the landlord reflecting the donated use of the building at fair market value as determined by the landlord.

6. Subsequent Events

Management has evaluated subsequent events through May 13, 2013, the date on which the financial statements were available to be issued. Effective July 1, 2011 Eastern Catawba Cooperative Christian Ministry, Inc. relinquished its grantee status with the Eastern Catawba Cooperative Christian Ministry - Head Start. After this date Eastern Catawba Cooperative Christian Ministry, Inc. has no further responsibility for the care or daily concern of the Head Start program, children or facilities. Eastern Catawba Cooperative Christian Ministry, Inc. shall own certain assets and liabilities of Eastern Catawba Cooperative Christian Ministry - Head Start.