

DEBRE MEHERET ST. MICHAEL'S CHURCH INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Prepared by

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Debre Meheret St. Michael's Church Inc.
3010 Earl Place, NE
Washington, DC 20018

Opinion

We have audited the financial statements of Debre Meheret St. Michael's Church Inc., which comprise the balance sheets as of December 31, 2022, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Debre Meheret St. Michael's Church Inc. as of December 31, 2022, and the results of its operations 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Debre Meheret St. Michael's Church Inc. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Debre Meheret St. Michael's Church Inc.'s ability to continue as a going concern for coming year.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if *there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.*

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Debre Meheret St. Michael's Church Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Debre Meheret St. Michael's Church Inc.'s ability to continue as a going concern for a reasonable period of time.

The accompanying notes are an integral part of these financial statements

Debre Meheret St. Michael's Church Inc.
2022 Audit

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.

A handwritten signature in blue ink that reads "James O. Roberson, Jr." with a stylized flourish at the end.

James O. Roberson, Jr, CPA

Silver Spring, MD
August 19, 2024

The accompanying notes are an integral part of these financial statements

DEBRE MEHERET ST. MICHAEL'S CHURCH INC.
STATEMENT OF FINANCIAL POSITION
As of December 31, 2022

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$464,978
Account receivable	7,572
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Total Current Assets	\$472,550

PROPERTY AND EQUIPMENT:

Land (Note 3)	240,000
Building and improvements	1,215,997
Furniture, fixtures and equipment	179,425
Parking Lots	169,199
Vehicles	72,192
Kewaye Kedusan	9,000
Bladensburg Property	3,011,189
	<hr/>

	4,897,000
Less: accumulated depreciation	<u>(1,034,434)</u>

Net property and equipment 3,862,566

Total Assets **\$4,335,116**

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES:

Account Payable	0
Other Current Liabilities	0
Total current liabilities	0

LONG TERM LIABILITIES:

Other – Long Term Liabilities 2,316,117

TOTAL LIABILITIES 2,316,117

NET ASSETS:

Restricted	323,586
Unrestricted	<u>1,695,413</u>
Total Net Assets	<u>2,018,999</u>

Total Liabilities and net assets **\$4,335,116**

The accompanying notes are an integral part of these financial statements

DEBRE MEHERET ST. MICHAEL'S CHURCH INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

CHANGES IN UNRESTRICTED NET ASSETS:

Earned Revenue	\$141,531
Offering (Muday Methewat)	271,325
Membership Dues	47,371
Special Fund & Events	65,905
Donations & Other	72,278
New Building Fund raising	11,731
Fund Raising Agencies	67,536
New Building Fund	473,212
Total Revenue	<u>\$1,150,889</u>
Operating expenses:	
Program and Service	(612,815)
Other income and (expenses):	
Depreciation	(40,385)
Adjustment	(266)
Increase (decrease) in unrestricted net assets	497,423
NET ASSETS, beginning of the year	<u>1,521,576</u>
NET ASSETS, end of the year	<u>\$2,018,999</u>

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STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

Decrease in Cash and Cash Equivalents

Cash flow from operating activities:

Change in net assets	\$497,689
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities	
• Depreciation	40,385
• Changes in assets and liabilities	
(Increase) decrease in:	
Accounts Receivables	(5,000)
Lon-Term Liabilities	2,316,117
Net Cash provided by operating activities	<u>\$2,849,191</u>

Cash flows from (for) investing activities:

• Building & Improvement	(37,900)
• Parking Lots	(6,702)
• Bladensburg Property	(3,011,189)
• Unrestricted Retained Earnings	(266)
Net cash from investing	<u>(\$3,056,057)</u>
Net increase in cash and cash equivalents	(\$206,866)
Cash and cash equivalents, beginning of the year	<u>\$671,844</u>
Cash and cash equivalents, end of the year	<u>\$464,978</u>

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

St. Michael's Church of Northeast D.C. (Church) is incorporated under the laws of the State District of Columbia. The Church is exempt from Federal and State income taxes under the Internal Revenue Code Section 501(c) (3).

The Church's primary activities are church services. The Church's primary source of revenue is free-will donations.

BASIS OF ACCOUNTING

The financial statements of the Church have been prepared on the accrual basis of accounting and conform to generally accepted accounting principles as applicable to not for-profit organizations.

CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, the Church considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

All property and equipment over \$500, with an estimated life exceeding one year is depreciated using the straight-line method over the estimated useful life of the related asset. Donated fixed assets are recorded at the fair market value and are capitalized. Betterments and renewals are capitalized. Maintenance and repairs are charged to operations when incurred. Useful lives of the related assets are as follows:

Buildings and improvements	30 years
Furniture and equipment	5 years
Transportation equipment	5 years

CONTRIBUTIONS AND DEFERRED REVENUE

The Church reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of the donated assets if the restrictions are not met in the period of receipt. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. If a stipulated time restriction ends or a purpose restriction is accomplished during the year the donation is received, the donation is recognized as unrestricted revenue.

The accompanying notes are an integral part of these financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to the Church's various programs. These contributed services do not meet the criteria for recognition required by generally accepted accounting principles and are not reflected in the accompanying financial statements.

ESTIMATES

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

The accompanying notes are an integral part of these financial statements