

**DEBRE MEHERET ST. MICHAEL'S CHURCH INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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, 2023, 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, 2023, 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.  
2023 Audit Report*

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  
September 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, 2023**

**ASSETS**

**CURRENT ASSETS:**

Cash in Banks	\$998,599
Account receivable	9,374
Undeposited Funds	7,039

Total Current Assets \$1,015,012

**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	3,025,189

4,911,002

Less: accumulated depreciation (1,071,261)

Net property and equipment 3,839,741

**Total Assets** **\$4,854,752**

**LIABILITIES AND FUND BALANCE**

**CURRENT LIABILITIES:**

Account Payable	0
Current portion – long term loan	<u>14,984</u>
Total current liabilities	14,984

**LONG TERM LIABILITIES:**

Other – Long Term Liabilities 2,274,655

**TOTAL LIABILITIES** 2,289,639

**NET ASSETS:**

Restricted	778,485
Unrestricted	<u>1,786,628</u>
Total Net Assets	<u>2,565,113</u>

**Total Liabilities and net assets** **\$4,854,752**

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, 2023**

**CHANGES IN UNRESTRICTED NET ASSETS:**

Earned Revenue	\$173,303
Offering (Muday Methewat)	270,617
Membership Dues	79,099
Special Project Fund & Events	49,553
Donations & Other	82,032
New Building Fund Raising	309,077
Fund Raising Agencies	19,010
New Building Fund	288,190
	<hr/>
Total Revenue	\$1,270,881
Operating expenses:	
Program and Service	(686,482)
Other income and (expenses):	
Depreciation	(36,825)
Gift Shop	(360)
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Increase (decrease) in unrestricted net assets	547,214
<b>NET ASSETS</b> , beginning of the year	<u>\$2,017,999</u>
<b>NET ASSETS</b> , end of the year	<u>\$2,565,113</u>

The accompanying notes are an integral part of these financial statements

**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2023**

**Decrease in Cash and Cash Equivalents**

**Cash flow from operating activities:**

Change in net assets	\$547,213
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities	
• Depreciation	36,824
• Changes in assets and liabilities	
(Increase) decrease in:	
Accounts Receivables	(1,802)
Current Portion Long-Term Liabilities	14,984
Net Cash provided by operating activities	<u>\$597,219</u>

**Cash flows from (for) investing activities:**

• Temporarily restricted NA – Capital Project Funds	14,955
• Temporarily restricted NA – Kitchen Renovations	2,500
• Temporarily restricted NA – New Building	417,457
• Temporarily restricted NA – Sunday School	19,986
• Bladensburg Property	(14,000)
• Long-term liabilities - other	(41,462)
• Unrestricted Retained Earnings	(455,997)
• Rounding	1
Net cash from investing	<u>(56,560)</u>
Net increase in cash and cash equivalents	540,659
Cash and cash equivalents, beginning of the year	<u>\$464,978</u>
Cash and cash equivalents, end of the year	<u>\$1,005,637</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