

**GREATER HICKORY
COOPERATIVE CHRISTIAN MINISTRY**

**Financial Statements
Years Ended December 31, 2009 and 2008**

Table of Contents

INDEPENDENT AUDITOR'S REPORT	1
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FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statement of Activities	3
Statements of Cash Flows	4
Statement of Functional Expense	5 - 6
Notes to Financial Statements	7 - 17

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Greater Hickory Cooperative Christian Ministry
Hickory, North Carolina

We have audited the accompanying statements of financial position of the Greater Hickory Cooperative Christian Ministry (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the organization's 2008 financial statements and in our report dated August 14, 2009 we expressed an unqualified opinion on those statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Hickory Cooperative Christian Ministry, as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Capps, Armstrong & Priestley, LLP

July 31, 2010

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash, unrestricted	\$ 395,092	\$ 344,929
Inventories	1,193,607	1,232,861
Other receivables	5,766	3,069
Other current assets	75	89
Property and equipment	2,374,057	2,391,130
Accumulated depreciation	(661,079)	(614,627)
Cash, restricted	497,130	517,336
Promises to give, restricted (net of discount on long-term pledges of \$777 and \$16,127 in 2009 and 2008 and allowance for uncollectible promises of \$17,252 and \$20,765 in 2009 and 2008)	206,627	559,983
Beneficial interest in assets held by foundation	<u>79,634</u>	<u>72,110</u>
Total assets	<u>\$4,090,909</u>	<u>\$4,506,880</u>
LIABILITIES		
Accounts payable	\$ 16,659	\$ 14,877
Note payable	<u>37,734</u>	<u>41,543</u>
Total liabilities	<u>54,393</u>	<u>56,420</u>
NET ASSETS		
Unrestricted	3,167,738	3,453,054
Board designated endowment	70,766	69,269
Temporarily restricted	295,254	427,879
Permanently restricted	<u>502,758</u>	<u>500,258</u>
Total net assets	<u>4,036,516</u>	<u>4,450,460</u>
Total liabilities and net assets	<u>\$4,090,909</u>	<u>\$4,506,880</u>

See accompanying notes

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

STATEMENT OF ACTIVITIES

Year ended December 31, 2009 (with comparative totals for December 31, 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>December 31, 2009</u>	<u>December 31, 2008</u>
SUPPORT AND REVENUES					
State/federal grants	\$ 64,361	\$ -	\$ -	\$ 64,361	\$ 45,592
Foundation grants	217,984	2,029	-	220,013	266,667
Public support	311,399	36,183	2,500	350,082	449,977
Net assets released from restrictions:					
Expiration of time	-	-	-	-	-
Satisfied by payments	191,025	(191,025)	-	-	-
Thrift store sales	128,666	-	-	128,666	123,557
Investment income	666	20,188	-	20,854	(5,346)
Special events income	73,028	-	-	73,028	75,818
Donated food and medicine	5,539,148	-	-	5,539,148	3,830,790
Donated services	100,983	-	-	100,983	118,600
Other income	4,155	-	-	4,155	2,307
Total support and revenues	<u>6,631,415</u>	<u>(132,625)</u>	<u>2,500</u>	<u>6,501,290</u>	<u>4,907,962</u>
EXPENSES					
Program services	6,479,072	-	-	6,479,072	4,641,907
Support services	436,162	-	-	436,162	378,218
Total expenses	<u>6,915,234</u>	<u>-</u>	<u>-</u>	<u>6,915,234</u>	<u>5,020,125</u>
CHANGE IN NET ASSETS	(283,819)	(132,625)	2,500	(413,944)	(112,163)
NET ASSETS, beginning	<u>3,522,323</u>	<u>427,879</u>	<u>500,258</u>	<u>4,450,460</u>	<u>4,562,623</u>
NET ASSETS, ending	<u>\$3,238,504</u>	<u>\$ 295,254</u>	<u>\$ 502,758</u>	<u>\$4,036,516</u>	<u>\$4,450,460</u>

See accompanying notes

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$(413,944)	\$(112,163)
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	71,983	81,589
Bad debts	3	-
(Gain) loss from sale of fixed asset	212	376
(Increase) decrease in inventories	39,254	(138,827)
(Increase) decrease in promises to give	353,356	165,961
(Increase) decrease in other receivables	(2,697)	4,542
(Increase) decrease in other current assets	14	2,342
(Increase) decrease in investments	-	4,448
Increase (decrease) in accounts payable	1,782	(4,191)
Donated equipment	-	(625)
Donated stock	(214,709)	(5,177)
(Gain) loss on sale of stock	(240)	(186)
(Increase) decrease in beneficial interest	(7,524)	29,658
Net cash provided/(used) by operating activities	<u>(172,510)</u>	<u>27,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(8,671)	(10,845)
Proceeds from sale of stock	214,947	5,418
Proceeds from sale of fixed asset	-	200
Net cash provided/(used) by investing activities	<u>206,276</u>	<u>(5,227)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments of note payable	(3,809)	(3,434)
Net cash used by financing activities	<u>(3,809)</u>	<u>(3,434)</u>
Net increase in cash	<u>\$ 29,957</u>	<u>\$ 19,086</u>
CASH, beginning	\$ 862,265	\$ 843,179
CASH, ending	<u>892,222</u>	<u>862,265</u>
Net increase in cash	<u>\$ 29,957</u>	<u>\$ 19,086</u>

See accompanying notes

<u>Support Services</u>			<u>Totals</u>	
<u>Thrift Store</u>	<u>Fund Raising</u>	<u>Management & General</u>	<u>December 31, 2009</u>	<u>December 31, 2008</u>
\$ 26,667	\$ 36,161	\$ 142,157	\$ 636,763	\$ 607,415
2,040	2,767	10,875	48,712	58,377
4,038	6,032	26,135	86,511	82,550
-	-	3,092	9,245	7,472
-	-	-	78,847	44,928
-	-	-	646,635	780,780
-	-	-	4,941,233	2,998,534
9	-	310	1,025	187
4,494	1,124	5,618	24,473	24,327
184	-	12,619	13,353	12,599
244	61	305	1,221	1,191
8,740	1,289	4,141	42,269	36,122
-	-	10,567	79,802	84,250
234	172	108	18,536	26,848
-	-	-	5,241	9,371
-	969	4,005	4,974	913
-	1,795	15,807	20,460	17,445
744	678	9,945	15,916	10,726
-	-	846	846	4,468
-	-	1,223	1,883	1,092
278	1,014	3,260	5,309	14,023
-	-	1,126	2,771	2,246
1,039	-	(1,108)	(39)	1,128
-	-	393	393	834
48,711	52,062	251,424	6,686,379	4,827,826
59,403	-	-	59,403	(28,655)
14,021	4,678	9,376	71,982	81,589
-	-	(3,513)	(3,513)	20,765
-	-	-	100,983	118,600
<u>\$ 122,135</u>	<u>\$ 56,740</u>	<u>\$ 257,287</u>	<u>\$6,915,234</u>	<u>\$5,020,125</u>

See accompanying notes

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS

NOTE A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Greater Hickory Cooperative Christian Ministry was established in 1969 as a nonprofit organization composed of churches in the greater area of Hickory, North Carolina. The Ministry is supported primarily through member contributions. The services provided by the Ministry include: financial assistance for rent, utilities, heat, and food, clothing at the thrift shop, prescription drugs, medical assistance and interagency referrals. The Ministry's mission is to bring together the resources of the community to serve people in need of crisis assistance, support, and education, in response to God's call.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash in bank, cash on hand, and investments with an original maturity date of three months or less.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting. In addition, the Ministry reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Net Assets Classification:

Unrestricted net assets are those currently available for use in the operations of the Ministry under the direction of the board.

Temporarily restricted net assets are those stipulated by donors for specific purposes or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interest have ceased.

Permanently restricted net assets are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes.

Contributions

The Ministry reports gifts of cash and other assets as restricted support 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 ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS

NOTE A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Company adopted SFAS 157 effective July 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States, and enhances disclosures about fair value measurements. SFAS 157 provides guidance on how to measure fair value when required under existing accounting standards. The statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels ("Level 1, 2, and 3"). Level 1 inputs are observable inputs that reflect quoted prices for identical assets or liabilities in active markets the Company has the ability to access at the measurement date. Level 2 inputs are observable inputs, other than quoted prices included in Level 1, for the asset or liability. Level 3 inputs are unobservable inputs reflecting the Company's estimates of the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The carrying amounts of cash and cash equivalents and unconditional promises to give to be received in less than one year approximate fair value because of the short maturity of those financial instruments. The fair value of unconditional promises to give to be received in more than one year is determined based on future cash flows discounted at 3.88% for 2009 and 2008. The carrying amounts of investments and beneficial interest in assets held by foundation are fair value. See Note I.

The carrying amount of notes payable approximate fair value.

The ministry's financial instruments at December 31, 2009 and 2008 are summarized as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:				
Cash and equivalents	\$ 892,222	\$ 892,222	\$ 862,265	\$ 862,265
Unconditional promises to give	221,593	221,593	559,983	559,983
Beneficial interest in assets held by foundation	79,634	79,634	72,110	72,110
Financial liabilities:				
Note payable	37,734	37,734	41,543	41,543

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS

NOTE A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The Ministry uses the allowance method of accounting to record bad debts arising from uncollectible promises to give. Under this method, a reserve for uncollectible promises is estimated by analyzing the age and composition of promises to give.

Promises to give are presented net of an unamortized discount of \$777 and \$16,127 as of December 31, 2009 and 2008, respectively. The discount rate used to calculate the present value of estimated future cash flows as of December 31, 2009 and 2008, was 3.88%.

Promises to give are considered either temporarily restricted or permanently restricted depending on the nature of the promise, until collected, and are presented net of an allowance for uncollectible promises of \$17,252 and \$20,765 as of December 31, 2009 and 2008, respectively.

Year ending December 31, 2010	\$ 214,056
2011 and thereafter	<u>10,600</u>
	224,656
Less unamortized discount on pledges	(777)
Less allowance for uncollectible pledges	<u>(17,252)</u>
	<u>\$ 206,627</u>

Property and equipment

Property and equipment are stated at cost. Donated property and equipment are recorded at their estimated fair market value as of the date donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding the length of time those assets are to be maintained, the Ministry reports expirations of donor restrictions when the donated asset is placed in service. Assets with a value of \$500 or above are capitalized, and depreciation is computed on the straight-line method based on the assets' estimated useful lives. Useful lives for all fixed assets range from 3 to 40 years. Depreciation expense was \$71,982 and \$81,589 for the years ended December 31, 2009 and 2008, respectively.

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS

NOTE A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

The Ministry received donated services from volunteers with specialized skills in the clinic and pharmacy, and donated goods for distribution to its clients for the years ended December 31, 2009 and 2008. Donated goods are valued at fair market value as of the date the Ministry received the contribution. Donated services are valued at an hourly rate multiplied by the number of hours worked by volunteers in the clinic and pharmacy. Donated goods of \$5,539,148 and \$3,830,790, and donated professional services of \$100,983 and \$118,600 are reflected in the financial statements as public support and client services expense for the years ended December 31, 2009 and 2008, respectively.

The ministry received donated warehouse space at \$2.50 per square foot for 1,920 square feet for the years ended December 31, 2009 and 2008.

In partnership with the Catawba County Department of Social Services (DSS) and the Faith Community Task Force on Poverty, the ministry accepts donated vehicles and provides them to individuals who qualify through the Work and Ride Program. The ministry received 2 vehicles and awarded 4 vehicles in 2009, and received 6 vehicles and awarded 6 vehicles in 2008. DSS maintains these records and they are not reflected in the financial statements.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred as well as allocations based on facility square footages, payroll percentages, number of users, and tasks.

Income Taxes

The Ministry is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes is reflected in the financial statements.

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.

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS

Inventories

The Ministry maintains inventories of food, pharmaceuticals, clothing and household goods which have primarily been donated. The valuations of these inventories are estimated at wholesale for pharmaceuticals and at estimated retail for clothing and food. The Ministry's inventories consist of the following:

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Pharmaceuticals	\$1,074,776	\$1,057,908
Food	31,135	27,854
Clothing & Household goods	<u>87,696</u>	<u>147,099</u>
	<u>\$1,193,607</u>	<u>\$1,232,861</u>

NOTE B. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2009:

Available for future periods –	
North Carolina Community Foundation	\$ 79,634
Cash, restricted	<u>69,342</u>
Endowment earnings, not appropriated for expenditure	<u>14,621</u>
 Promises to give:	
St. Lukes United Methodist Church	8,500
City of Hickory Community Development	7,883
Viewmont Baptist Church	4,800
Faith in the Future, net	95,474
First Presbyterian Church	<u>15,000</u>
 Promises to give, restricted	<u>131,657</u>
 Total temporarily restricted assets	<u>\$ 295,254</u>

Permanently restricted net assets consist of the following at December 31, 2009:

Donor restricted endowment funds – cash, restricted	\$ 427,788
Donor restricted endowment funds – promises to give	<u>74,970</u>
	<u>\$ 502,758</u>

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS

NOTE C. PROPERTY AND EQUIPMENT

The property and equipment of the Ministry consists as follows:

	<u>2009</u>	<u>2008</u>
Land	\$ 176,345	\$ 176,345
Land improvements	22,575	22,575
Buildings and improvements	1,973,376	1,973,376
Vehicles	44,441	44,441
Furniture and equipment	<u>157,320</u>	<u>174,393</u>
	2,374,057	2,391,130
Accumulated depreciation	<u>(661,079)</u>	<u>(614,627)</u>
	<u>\$1,712,978</u>	<u>\$1,776,503</u>

NOTE D. NOTES PAYABLE

Note payable is comprised of the following:

	<u>2009</u>	<u>2008</u>
3.0% note, payable in 240 consecutive monthly payments of \$385.21, including interest, beginning June 1, 1999;	<u>\$ 37,734</u>	<u>\$ 41,543</u>

NOTE E. CONCENTRATION OF RISKS

The Greater Hickory Cooperative Christian Ministry maintains accounts at banks that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in 2009 and 2008, respectively. Cash at these institutions exceeded federally insured limits.

NOTE F. RETIREMENT PLAN

The Ministry has a simple-IRA plan whereby employees are eligible to participate after 1 year of service. CCM contributes 3% of a participant employee's salary. Total employer contributions were \$9,245 and \$7,472 for the years ended December 31, 2009 and 2008, respectively.

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS

NOTE G. INVESTMENTS

A summary of investment earnings included in investment income in the accompanying Statement of Activities for the year ended December 31 is as follows: (Includes activity in the beneficial interest in assets held by foundation.)

	<u>2009</u>	<u>2008</u>
Realized gains/(losses) on sale of equity securities	\$ 240	\$ 186
Dividends and interest	9,367	21,150
Unrealized gain (loss)	<u>11,247</u>	<u>(26,682)</u>
	<u>\$ 20,854</u>	<u>\$ (5,346)</u>

Proceeds from sales of marketable equity securities during the years ended December 31, 2009 and 2008, were \$213,489 and \$9,812, respectively.

NOTE H. LEASES

The ministry leases two copy machines in an operating lease agreement for thirty-six months with payments of \$373 per month, ending in April 2011.

The ministry leases telephone equipment in an operating lease agreement for sixty months with payments of \$188 per month ending in September 2013.

Future minimum lease payments under operating leases at December 31, 2009 are as follows:

2011	\$ 3,748
2012	2,256
2013	<u>1,692</u>
	<u>\$ 7,696</u>

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS

NOTE I. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2009 and 2008 are as follows:

Fair value measurement at reporting date using:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets For Identical Assets (Level 1)</u>
<u>December 31, 2009</u>		
Cash – equivalents	\$ 892,222	\$ 892,222
Beneficial interest in assets held by foundation	<u>79,634</u>	<u>79,634</u>
	<u>\$ 971,856</u>	<u>\$ 971,856</u>
<u>December 31, 2008</u>		
Cash – equivalents	\$ 862,265	\$ 862,265
Beneficial interest in assets held by foundation	<u>72,110</u>	<u>72,110</u>
	<u>\$ 934,375</u>	<u>\$ 934,375</u>

Fair values for investments and beneficial interest in assets held by foundation are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE J. 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.

NOTE K. ENDOWMENT FUNDS

The ministries endowment consists of designated funds raised through the Faith in the Future campaign. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Accordingly, donor restricted amounts are included in permanently restricted net assets and the board designated amounts are included in unrestricted net assets.

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS

NOTE K. ENDOWMENT FUNDS (Continued)

The Board of Trustees 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Organization's investment policies.

The ministry has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to the ministry while seeking to maintain the purchasing power of these endowment assets over the long-term. In order to provide for growth of the funds, the Board of Directors has elected to spend only eighty percent (80%) of the annual net income (defined as interest and dividends) to support the ministry with twenty percent (20%) returned to principal. Capital gains will normally be returned to the endowment principal; however they may be distributed as income upon the vote of the Board of Directors.

The Board has approved an initial list of investments for the endowment funds. In 2009 and 2008, the funds were invested in money market funds and certificates of deposit. In order to build the endowments to the desired level, no income was distributed in 2009 or 2008.

Endowment net assets composition by type of fund as of December 31, 2009 and 2008 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<u>2009</u>			
Donor restricted Endowments Funds	\$ -	\$ 14,620	\$ 502,758
Board Designated Endowment Funds	<u>70,766</u>	<u>-</u>	<u>-</u>
Total funds	<u>\$ 70,766</u>	<u>\$ 14,620</u>	<u>\$ 502,758</u>

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS

NOTE K. ENDOWMENT FUNDS (Continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<u>2008</u>			
Donor restricted Endowments Funds	\$ -	\$ 7,739	\$ 500,258
Board Designated Endowment Funds	<u>69,269</u>	<u>-</u>	<u>-</u>
Total funds	<u>\$ 69,269</u>	<u>\$ 7,739</u>	<u>\$ 500,258</u>

Changes in endowment net assets as of December 31, 2009 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<u>2009</u>			
Endowment net assets, beginning of year	\$ 69,269	\$ 7,739	\$ 500,258
Contributions	650	-	2,500
Investment income	847	6,881	-
Appreciation/(Depreciation)	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 70,766</u>	<u>\$ 14,620</u>	<u>\$ 502,758</u>

Implementation of FSP FAS 117-1

In August 2008, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" (FSP FAS 117-1). FSP FAS 117-1 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). FSP FAS 117-1 also requires additional disclosures about an organizations endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of North Carolina enacted UPMIFA in 2009, the provisions of which apply to endowment funds existing on or established after that date. The Organization has adopted FSPFAS 117-1 for the year ending December 31, 2008. The Board of Trustees has determined that the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

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NOTES TO FINANCIAL STATEMENTS

NOTE L. SUBSEQUENT EVENTS

In May 2009, the FASB issued ASC 855 (formerly known as SFAS No. 165), Subsequent Events. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. SFAS 165 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date—that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure is intended to alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. ASC 855 is effective on a prospective basis for interim or annual periods ending after June 15, 2009.

Management of the Organization has evaluated subsequent events through July 31, 2010, which is the date the financial statements were available to be issued. They discovered no subsequent events that should be disclosed.