CHRISTIAN RECOVERY CENTERS, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2024

CHRISTIAN RECOVERY CENTERS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Christian Recovery Centers, Inc.
Shallotte, North Carolina

Opinions

We have audited the accompanying financial statements of the Christian Recovery Centers, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, statement of functional expenses, and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Christian Recovery Centers, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements of our report. We are required to be independent of the Christian Recovery Centers, Inc., and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management 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, 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 the Christian Recovery Centers, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinions. 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 and *Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* , we:

- Exercise professional judgement 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 as 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 the Christian Recovery Centers, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Christian Recovery Centers, Inc'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have aslo issued our report dated April 17, 2025, on our consideration of Christian Recovery Centers, 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 solely 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 Christian Recovery Centers, Inc'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 Christian Recovery Centers, Inc's internal control over financial reporting and compliance.



Whiteville, North Carolina
April 17, 2025

Financial Section

CHRISTIAN RECOVERY CENTERS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

Assets	
Current Assets	
Cash and cash equivalents	$ 619,724
Accounts receivable	188,981
Prepaid expenses	22,197
Total Current Assets	830,902
Non-Current Assets	
Security deposit	2,400
Fixed assets, net	6,603,444
Total Non-Current Assets	6,605,844
Total Assets	7,436,746
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	95,515
Unearned revenues	156,515
Notes payable, current portion	131,594
Total current liabilities	383,624
Long-Term Liabilities	
Notes payable, net of current portion	2,544,960
Total Long-Term Liabilities	2,544,960
Total Liabilities	2,928,584
Net Assets	
With donor restrictions	1,216,316
Without donor restrictions	3,291,847
Total Net Assets	4,508,163
Total Liabilities and Net Assets	$ 7,436,747

The accompanying notes are an integral part of the financial statements.

CHRISTIAN RECOVERY CENTERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without donor restrictions	With donor restrictions	Total
Public Support and Revenues			
Contributions	$ 412,810	$ -	$ 412,810
Fundraisers	133,067	-	133,067
Grant Revenues	758,140	-	758,140
Business Income	2,006,087	-	2,006,087
In-kind Contributions	389,043	-	389,043
Phase 4 Program Fees	188,951	-	188,951
Sales and Taxes Refund	53,933	-	53,933
Interest Income	19,853	-	19,853
Other Income	63,382	-	63,382
Total Public Support and Revenues	4,025,266	-	4,025,266
Expenses			
Program Services	2,995,358		2,995,358
Management and General	668,416		668,416
Fundraising	289,291		289,291
Total Expenses	3,953,065	-	3,953,065
Change in Net Assets	72,201	-	72,201
Net Assets, Beginning of Year	2,931,351	1,216,316	4,147,667
Prior period adjustment (see Notes 8)	288,295	-	288,295
Net Assets, Beginning of Year, restated	3,219,646	1,216,316	4,435,962
Net Assets, End of Year	$ 3,291,847	$ 1,216,316	$ 4,508,163

The accompanying notes are an integral part of the financial statements.

CHRISTIAN RECOVERY CENTERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Fundraising	Total
Payroll & Employee Support	$ 1,276,539	$ 339,691	$ 179,581	$ 1,795,811
Administrative	225,942	25,721	-	251,663
Advertising	-	43,097	-	43,097
Depreciation	187,803	69,171	-	256,974
Special Events	-	-	67,322	67,322
Insurance	211,301	13,478	-	224,779
Interest	49,974	-	-	49,974
Medical Services	24,641	-	-	24,641
Ministry Program Supplies	10,243	-	-	10,243
Office	-	49,277	-	49,277
Rent	118,339	-	-	118,339
Property Taxes	354	-	-	354
Repairs and Maintenance	212,690	-	-	212,690
Resident Services	135,188	-	-	135,188
Supplies	219,959	66,378	31,815	318,152
Training	23,796	14,061	-	37,857
Utilities	183,809	47,154	-	230,963
Vehicle	94,768	388	10,573	105,729
Miscellaneous	20,012	-	-	20,012
Total	$ 2,995,358	$ 668,416	$ 289,291	$ 3,953,065

The accompanying notes are an integral part of the financial statements.

CHRISTIAN RECOVERY CENTERS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

Change in Net Assets		$ 72,201
Cash Flows from Operating Activities		
Adjustments to reconcile change in net assets to net cash provided (used) by operating activies:		
Depreciation	256,974	
Change in:		
Accounts Receivable	(120,059)	
Unearned Revenues	156,515	
Prepaid Expenses	(22,197)	
Security Deposit	(1,000)	
Accounts Payable	9,813	
Net Cash Provided (Used) by Operating Activities		280,046
Cash Flows from Investing Activies		
Purchase of Fixed Assets	(203,486)	
Net Cash Provided (Used) by Investing Activities		(203,486)
Cash Flows from Financing Activies		
Proceeds from Notes Payable	118,222	
Payments on Notes Payable	(99,727)	
Net Cash Provided (Used) by Financing Activities		18,495
Net Change in Cash		167,256
Cash, Beginning of Year		452,469
Cash, End of Year		$ 619,724

The accompanying notes are an integral part of the financial statements.

CHRISTIAN RECOVERY CENTERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Activities

Christian Recovery Centers, Inc. (the Organization) is a not-for-profit treatment center serving those suffering from active addiction. It is not a traditional short-term rehabilitation facility. The Organization includes multiple types of recovery resources, including the 12-step program and therapeutic professional services, in its treatment curriculum. Opportunities to move forward in the recovery process are also presented in a traditional educational and social reform standpoint to each resident at no cost to them or their families. This is a proven program that works absolutely for anyone willing to adopt it. Work force redevelopment and continuing education continues to provide more meaning and impact to their residents. The Organization partners with multiple agencies as an effort to provide vocational training that will assist in creating resume items that lead the way to more meaningful employment opportunities. The Organization's primary purpose is to provide each resident with the spiritual and educational tools necessary for a long-term recovery from the illness of addiction and the beginning of a successful life.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets available for use at the discretion of the Organization's Board of Directors and/or management for general operating purposes.

Net assets with donor restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions which are restricted for specific programs are reflected as net asset's without donor restrictions if these funds are received and spent in the same fiscal year.

Cash

The Organization considers all highly liquid investments with an original maturity when purchased of three months or less to be cash.

Accounts Receivable

Accounts receivable are customer obligations due according to the customer's terms. The Organization provides various services to customers, including landscaping, cleaning, and catering. Management reviews accounts receivable annually to determine if any receivables are collectible and therefore has not established an allowance for doubtful accounts.

Fixed Assets

The Organization capitalizes all expenses for land, building, and equipment in excess of $1,000. Land, building, and equipment are carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 39 years.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, its income is not subject to federal income tax. Accordingly, the Organization has made no provision for income taxes.

Revenue Recognition - Contributions and Grants

Contributions and grants received are recognized as revenues at their fair values when they become unconditional. Contributions and grants are recorded as with donor restrictions if they are received with donor or granter stipulations that limit the use of the donation. Conditional contributions and grants are not included as support until such time as the conditions are substantially met.

Revenue Recognition - In-Kind Contributions

The value of donated goods and services meeting the criteria for recognition are recorded as in-kind contributions, with the corresponding assets or expenses recorded when the fair values of the goods and services are available.

Revenue Recognition - Business Income and Work Trip

The Organization recognizes business income and work trip revenues when or as performance obligations are satisfied.

Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Management and general costs that benefit multiple functional areas have been allocated among the programs and supporting services according to time and effort.

Note 2. Liquidity and Availability

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's strategic goal is to build a cash balance that will support three to six months of operating expenses. The Organization's working capital and cash flows have seasonal variations during the fiscal year attributable to cash receipts for program services and a concentration of contributions recieved at calendar year-end.

	2024
Net assets at year-end	$ 4,508,163
Less those unavailable for general expenditureswithin one year, due to:	
Donor-restricted payments	1,216,316
Net assets available to meet cash needsfor general expenditure within one year	$ 3,291,847

Note 3. Cash and Cash Equivalents

At December 31, 2024, the Organization's deposits had a carrying amount of $619,724 and a bank balance of $614,335. Of the bank balance, $359,396 was covered by federal depository insurance. The Organization's carrying cash amount also includes petty cash of $3,923.

Note 4. Fixed Assets

Fixed assets consist of the following:

Land	$ 649,230
Buildings and improvements	5,890,008
Furniture and equipment	253,278
Vehicles	523,193
Total Fixed Assets	7,315,709
Less: accumulated depreciation	(712,265)
Fixed assets, net	$ 6,603,444

Fixed assets, net include a net prior period adjustment of $288,295 (see Note 8).

Note 5: In-kind Contributions

The Organization received in-kind contributions of construction services to be capitalized in the amount of $389,043 during the year.

Note 6: Notes Payable

The Organization's notes payable consist of the following:	**2024**
In December 2022 the Organization was granted a $900,000 interest-free loan through the North Carolina Housing Finance Agency, which calls for monthly payments of $1,500 beginning in February 2023. The balance remaining at the end of twenty years is to be forgiven. The Rose House, a residential treatment facility serves as collateral for the interest-only note payable.	$ 863,413
In December 2022, the Organization borrowed $59,633 from its United Bank line of credit, monthly payments with an annuity of 2027. No collateral is required for this unsecured line of credits.	23,676

In November 2022, the Organization was granted a note payable of $369,750 from South State Bank, with interest payable at 6.35%, payable in 119 monthly installments of $2,744 beginning December 2022, with a final payment of the remaining balance due on November 30, 2032. No collateral is required for this unsecured notes payable.	349,502
In March 2024, the Organization was granted a note from NC Housing Finance Agency for $1,300,000, with annually payment of $50,000. A facility serves as collateral for this note payable.	1,266,667
In May, August, October, November 2023, the Organization was granted five notes from the United Bank for $18,027, $10,500, $48,361, $34,620, $51,400 the interest rates are 7.35%, 7.35%, 8.50%, 8.50%, 8.50% and monthly payments are $361, $210, $995, $712, $1,058. Five used cars serve as collateral for this note payable.	125,554
In March, May, August 2024, the Organization was granted three notes from the United Bank for $28,715, $13,500, $12,704, the interest rates are 8.50%, 8.50%, 8.00% and monthly payments are $411, $607, $440. Three used cars serve as collateral for this note payable.	47,742
Total notes payable	$ 2,676,554

Future maturities of notes payable as adjusted for subsequent events are as follows:

Year ended December 31,	
2025	$ 131,594
2026	138,514
2027	137,448
2028	102,646
2029	73,425
Thereafter	2,092,927
Total	$ 2,676,554

Note 7: Subsequent Events

Management has evaluated subsequent events through April 17, 2025, the date on which the financial statements were available for issuance.

Note 8: Prior Period Adjustment

Corrections were made to the fixed assets including $335,702 increase to building & improvements, $94,720 increase to furniture and equipment, $142,127 increase to accumulated depreciation, which increased the net assets by $288,295.

Compliance Section

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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*

Independent Auditors' Report

To the Board of Directors of
Christian Recovery Centers, Inc.
Shallotte, North Carolina

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, the financial statements of Christian Recovery Centers, Inc. (a North Carolina non-profit organization), which comprise the statement of the financial position as of December 31, 2024, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprises Christian Recovery Centers, Inc's basic financial statements, and have issued our report thereon dated April 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Christian Recovery Centers, 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 Christian Recovery Centers, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items [2024-001, and 2024-002] that we consider to be material weaknesses.

Report on Compliance and Other Matters

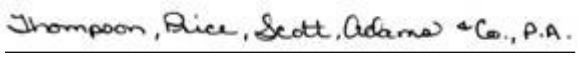
As part of obtaining reasonable assurance about whether the Christian Recovery Centers, Inc's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Christian Recovery Centers, Inc's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Christian Recovery Centers, Inc's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 result 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.



Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
April 17, 2025

CHRISTIAN RECOVERY CENTERS, INC.
Schedule of Findings and Responses
For the Year Ended December 31, 2024

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

• Material Weakness(es) identified?	X yes	___no
• Significant Deficiency(s) identified that are not considered to be material weaknesses	___yes	X none reported
Noncompliance material to financial statements noted	___yes	X no

Section II. Financial Statement Findings

Finding 2024-001 Reconciliation of Records

MATERIAL WEAKNESS

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting and ensure the consistency of financial reporting.

Condition: In reviewing records and testing certain account balances, we noted that several accounts were not reconciled and adjusted timely to include fixed assets, payables, and other various opening balances.

Effect: The Organization's management and other users of the financial statements do not have accurate information for decision making and monitoring of the Organization's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected.

Cause: The Organization experienced key finance staff turnovers during the fiscal year end. A change in the accounting system also resulted in errors that were not detected timely.

Recommendation: The Organization should evaluate the allocation of internal resources dedicated to financial reporting to ensure adequate resources are available for timely account reconciliations, year-end close, and annual financial reporting purposes.

Views of responsible officials and planned corrective actions: The Organization agrees with this finding. Please refer to the corrective action plan for details.

Section II. Financial Statement Findings (continued)

Finding 2024-002 **Prior Period Adjustments**

MATERIAL WEAKNESS

Criteria:	Management should have a system in place to verify that transactions are recorded in the correct fund and period, thereby reducing the likelihood of errors in financial reporting.
Condition:	Corrections were made to the fixed assets including $335,702 increase to building & improvements, $94,720 increase to furniture and equipment, $142,127 increase to accumulated depreciation, which increased the net assets by $288,295.
Effect:	The Organization's management and other users of the financial statements do not have accurate information for decisions-making and monitoring of the Organization's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected.
Cause:	Financial records were not reconciled accurately.
Recommendation:	The Organization should review the ledger and financial documents regularly to ensure that necessary adjustments are made timely and correctly during the year.
Views of responsible officials and planned corrective actions:	The Organization agrees with this finding. Please refer to the corrective action plan for details.

CHRISTIAN RECOVERY CENTERS INC

Corrective Action Plan
For the Year Ended December 31, 2024

Section II - Financial Statement Findings

Finding: 2024-001	**Reconciliation of Records**
Name of contact person:	Brenda Tompkins, Finance Director
Corrective Action:	The Finance Director wrote and implemented Standard Operating Procedures to address the material weaknesses in Accounts Payable in December 2024. These procedures are implemented and currently established internal control. Specific staff member will be assigned responsibility of confirming physical asset inventory for month-end closing process. The completion and review of this process will be documented. The Finance Director will oversee, reconcile, and document all account reconciliations. The Finance Director is establishing a monthly financial closing procedure that will address the following areas of reconciliation: Balance Sheet Assets/Liabilities, Accounts Receivables/Revenues, Accounts Payables/Expenditures. All reconciliations will be performed internally to reduce the risk of undetected material errors.
Proposed Completion Date:	4/30/2025.
Finding: 2024-002	**Prior Period Adjustments**
Name of contact person:	Brenda Tompkins, Finance Director
Corrective Action:	The Finance Director is producing a monthly financial closing procedure for accurate recording of the Balance Sheet and Profit and Loss accounts. This procedure will also involve reconciling Balance Sheet assets.
Proposed Completion Date:	4/30/2025.

CHRISTIAN RECOVERY CENTERS, INC.
Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2024

None reported.