

GOD'S PIT CREW, INC.
AUDITED FINANCIAL STATEMENTS

December 31, 2022

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Statement of Assets, Liabilities and Net Assets - Modified Cash Basis

GOD'S PIT CREW, INC.
INDEPENDENT AUDITOR'S REPORT
For the Year Ended December 31, 2022

To the Board of Directors
God's Pit Crew, Inc.
Danville, Virginia

Opinion

We have audited the accompanying financial statements of God's Pit Crew, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets - modified cash basis as of December 31, 2022, and the related statements of support, revenues, and expenses - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis, for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the statement of assets, liabilities and net assets - modified cash basis as of December 31, 2022, and the related statements of support, revenues, and expenses - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis, for the year then ended, and the related notes to the financial statements in accordance with the basis of accounting as described in Note A.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 God's Pit Crew, 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 opinion.

Emphasis of Matter

As discussed in Note A to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Audit of 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.

Statement of Assets, Liabilities and Net Assets - Modified Cash Basis

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 God's Pit Crew, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 God's Pit Crew, Inc. 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 God's Pit Crew, Inc. 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.



Jones & Associates, PLC
Danville, Virginia
July 21, 2023

God's Pit Crew, Inc.

Statement of Assets, Liabilities and Net Assets - Modified Cash Basis

<i>December 31,</i>		2022
Assets		
Cash and cash equivalents - Notes A, D, and E	\$	2,938,067
Inventory - Note B		1,322,939
Property and equipment - Note C		2,670,906
Total assets	\$	6,931,912
Liabilities and Net Assets		
Total liabilities	\$	-
Net assets		
Undesignated		6,931,912
Total net assets		6,931,912
Total liabilities and net assets	\$	6,931,912

God's Pit Crew, Inc.

Statement of Support, Revenues, and Expenses - Modified Cash Basis

Year Ended December 31,	2022
	<u>Without Donor Restrictions</u>
Unrestricted activities	
Revenue and support	
Contributions	\$ 6,375,380
Non-cash donations	6,982,744
Special events and fundraisers	188,595
Grants	187,450
Gain on dispositions of property and equipment	35,974
Interest earned	22,635
Total unrestricted revenue and support	13,792,778
Expenses	
Program services	12,369,491
Supporting activities	
Fundraising	690,151
Management and general	215,175
Total supporting activities	905,326
Total expenses	13,274,817
Increase in unrestricted net assets	517,961
Change in net assets	517,961
Net assets, beginning of year	6,413,951
Net assets, end of year	\$ 6,931,912

See notes to the financial statements.

God's Pit Crew, Inc.

Statement of Functional Expenses - Modified Cash Basis
Year Ended December 31, 2022



	Program Services	Supporting Activities			Total Expenses
		Fundraising	Management and General	Total Supporting Activities	
Salaries and benefits	\$ 980,909	\$ 90,944	\$ 119,095	\$ 210,039	\$ 1,190,948
In kind donations-distributions	6,869,165	-	-	-	6,869,165
Accounting	-	-	9,882	9,882	9,882
Advertising	-	324,209	-	324,209	324,209
Blessing buckets	797,328	-	-	-	797,328
Conference expense	15,185	-	-	-	15,185
Depreciation	317,740	-	-	-	317,740
Disaster relief	2,273,937	-	-	-	2,273,937
Fundraising	-	208,947	-	208,947	208,947
Insurance	110,246	13,955	15,351	29,306	139,552
Interest expense	43,392	5,493	6,042	11,535	54,927
Legal fees	-	-	10,586	10,586	10,586
Meals and entertainment	11,704	-	-	-	11,704
Office	-	40,003	46,960	86,963	86,963
Rebuild special project	134,360	-	-	-	134,360
Repairs and maintenance	191,664	-	-	-	191,664
Trucks	495,231	-	-	-	495,231
Utilities	52,136	6,600	7,259	13,859	65,995
Volunteer program	76,494	-	-	-	76,494
	\$ 12,369,491	\$ 690,151	\$ 215,175	\$ 905,326	\$ 13,274,817

See notes to the financial statements.

God's Pit Crew, Inc.

Statement of Cash Flows - Modified Cash Basis Year Ended December 31, 2022

Cash flows from operating activities		
Change in net assets	\$	517,961
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		317,740
Gain on dispositions of property and equipment		(35,974)
Changes in assets and liabilities:		
Inventory		246,347
Total adjustments		528,113
Net cash provided by operating activities		1,046,074
Cash flows from investing activities		
Proceeds from dispositions of property and equipment		8,356
Purchases of property and equipment		(1,193,515)
Net cash used in investing activities		(1,185,159)
Cash flows from financing activities		
Principal payments under mortgage payable obligations		-
Principal payments under notes payable obligations		-
Net cash used in financing activities		-
Net increase in cash and cash equivalents		(139,085)
Cash and cash equivalents, beginning of year		3,077,152
Cash and cash equivalents, end of year		\$ 2,938,067

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for interest	\$	54,927
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A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: *God's Pit Crew, Inc.* (God's Pit Crew) is a faith based nonprofit corporation, formed in 2000. It is comprised of volunteers and employees who wish to serve others in their time of need. God's Pit Crew provides help to its local communities along with national disaster relief and international relief. The mission of God's Pit Crew is as follows: With God's help and direction to bring hope, healing and restoration to hurting people in times of crisis.

Basis of accounting: God's Pit Crew prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when received, rather than when earned, and expenses are generally recognized when paid rather than when incurred. Modifications to the cash basis of accounting result from management's decision to record property and equipment acquisitions as additions in the accompanying statement of assets, liabilities and net assets - modified cash basis rather than an expense. Additionally, the depreciation of property and equipment, and the reporting of non-cash revenue, support, and expenses related to donated inventory are recorded in the statement of assets, liabilities and net assets - modified cash basis, and the statement of support, revenues, and expenses - modified cash basis even though such transactions did not use cash.

Basis of financial statement presentation: God's Pit Crew reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. The God's Pit Crew's Board of Directors has not designated net assets without donor restrictions as of December 31, 2022.

Net Assets With Donor Restrictions: Net assets that are subject to restrictions imposed by the donor. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of estimates: Preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment, and the valuation of donated inventory. Accordingly, actual results could differ from those estimates.

Contributions: Contributions received, including unconditional promises to give, are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions in the period received, as applicable. However, contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the net assets without donor restrictions class.

Contributions of non-cash donations placed in inventory are recorded at 60% of their retail value. Donations of property and equipment are recorded as support at their estimated fair value at the time of donation.

Donated services: God's Pit Crew receives a significant amount of donated services from unpaid volunteers who assist in program and fundraising activities. No amounts have been recognized in the statement of support, revenues, and expenses - modified cash basis.

Donated property and equipment: Donations of property and equipment are recorded as support at their estimated fair value at the time of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, God's Pit Crew reports expirations of donor restrictions when the donated, or acquired, assets are placed in service as instructed by the donor. God's Pit Crew reclassifies support with donor restrictions to support without donor restrictions at that time.

Cash and cash equivalents: For financial statement purposes, God's Pit Crew considers money market funds and certificates of deposit purchased with an original maturity of three months or less to be cash and cash equivalents. The carrying amounts for cash and cash equivalents approximate fair value because of the short maturity of these instruments.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income tax status: God's Pit Crew has obtained an exemption from income taxes under code section 501(c)(3) of the Internal Revenue Service, except for unrelated business income, which is taxable. God's Pit Crew recognizes or derecognizes its tax positions based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. God's Pit Crew does not believe its financial statements include or reflect any uncertain tax positions.

Functional allocation of expense: The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of support, revenues, and expenses - modified cash basis, and functional expenses - modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct costs and an allocated portion of shared costs.

Advertising Costs: God's Pit Crew expenses advertising costs as they are incurred.

Date of management's review of subsequent events: Management has evaluated subsequent events through July 21, 2023 the date which the financial statement was available to be issued. There have been no events that qualify for either recognition nor disclosure in God's Pit Crew's financial statements.

B. INVENTORY

Inventory consists primarily of donated goods held for use in disaster relief and product distribution. Substantially all of God's Pit Crew inventory is donated by individuals or commercial enterprises. The revenue and corresponding expense have been recorded for such donated goods, which are valued based 60% of the retail value. Purchased inventory is stated at the lower of cost (first-in, first-out) or market.

C. PROPERTY AND EQUIPMENT

Land is recorded at cost or at estimated fair value at date of gift if acquired by gift. Acquisitions of equipment and building greater than \$5,000 are recorded at cost or at estimated fair value at date of gift if acquired by gift, less accumulated depreciation and amortization. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the related assets. The useful lives are estimated as follows:

Buildings	27.5 - 39 years
Furniture and equipment	5 - 7 years

The recorded value and associated accumulated depreciation of property sold or retired is removed from the accounts and any gain or loss is reflected in the accompanying statement of support, revenues, and expenses - modified cash basis.

Notes to the Financial Statements

C. PROPERTY AND EQUIPMENT- CONTINUED

Property and equipment consisted of the following at December 31, 2022:

Land	\$ 376,332
Equipment	3,293,044
Buildings	1,054,200
	<u>4,723,576</u>
Less accumulated depreciation	<u>(2,052,670)</u>
	<u>\$ 2,670,906</u>

D. CONCENTRATIONS

Credit risk: God's Pit Crew maintains demand deposits with commercial banks. At times, certain balances held within these accounts may not be fully guaranteed or insured by the United States of America's federal government. The uninsured portion of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to God's Pit Crew.

E. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

Cash and Cash Equivalents	\$2,938,067
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As part of God's Pit Crew's liquidity management plan, cash in excess of daily requirements are invested in short-term savings, which was \$1,889,085 as of December 31, 2022. God's Pit Crew regularly monitors liquidity and maintains liquidity reserves required to meet its operational needs. In addition to financial assets available to meet general expenditures over the next year, it operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.