

BUCKHEAD CHRISTIAN MINISTRY, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2018

BUCKHEAD CHRISTIAN MINISTRY, INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position as of June 30, 2018	3
Statement of Activities for the Year Ended June 30, 2018	4
Statement of Functional Expenses for the Year Ended June 30, 2018	5
Statement of Cash Flows for the Year Ended June 30, 2018	6
Notes to Financial Statements	7
Supplemental Information:	
Schedule of State Awards Expended for the Year Ended June 30, 2018	20



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Buckhead Christian Ministry, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Buckhead Christian Ministry, Inc. (a non-profit Organization), which comprise the statement of financial position as of June 30, 2018 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buckhead Christian Ministry, Inc. as of June 30, 2018, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of state awards expended on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Brooks, McInnis & Company, LLC

Atlanta, Georgia
August 20, 2018

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$	683,958
Grants and contracts receivable		55,000
Unconditional promises to give		160,034
Investments		1,361,193
Inventory		45,490
Prepaid expenses and other assets		11,324
Property and equipment, net		<u>1,686,293</u>
 Total assets	 \$	 <u><u>4,003,292</u></u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$	12,350
Accrued expenses		<u>45,078</u>
 Total liabilities		 <u>57,428</u>
 Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Available for operations		645,232
Board-designated endowment fund		1,186,935
Expended for property and equipment		<u>1,686,293</u>
Total net assets without donor restrictions		3,518,460
With donor restrictions		<u>427,404</u>
Total net assets		<u>3,945,864</u>
 Total liabilities and net assets	 \$	 <u><u>4,003,292</u></u>

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Changes in net assets without donor restrictions:	
Revenues, gains and support:	
Contributions	\$ 1,330,949
Grants and contracts revenue	15,000
Thrift store revenue	124,497
In-kind donations	226,904
Special event revenue, net of \$76,878 in direct expenses	184,805
Foundation 3 program fees	10,307
Interest income	279
Investment income	86,275
Other income	3,458
Total revenues	1,982,474
Net assets released from restrictions	462,909
Total revenues, gains and support without donor restrictions	2,445,383
Expenses:	
Program services:	
Emergency assistance	906,672
Budget for Life	239,429
Foundation 3	229,619
Buckhead Thriftique	264,620
Volunteer program	118,381
Total program services	1,758,721
Supporting services:	
Management and general	109,135
Fundraising	267,503
Total expenses	2,135,359
Increase in net assets without donor restrictions	310,024
Changes in net assets with donor restrictions:	
Contributions	732,850
Investment income	1,021
Net assets released from restrictions	(462,909)
Increase in net assets with donor restrictions	270,962
Increase in net assets	580,986
Net assets, beginning of year	3,364,878
Net assets, end of year	\$ 3,945,864

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Emergency Assistance	Budget for Life	Foundation 3	Buckhead Thriftique	Volunteer Services	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 138,716	\$ 101,511	\$ 83,584	\$ 66,993	\$ 79,548	\$ 470,352	\$ 41,844	\$ 137,601	\$ 649,797
Payroll taxes	10,563	7,581	6,114	5,004	5,801	35,063	2,952	9,905	47,920
Employee benefits	36,843	12,858	18,271	23,088	16,439	107,499	6,808	22,276	136,583
Total payroll expense	186,122	121,950	107,969	95,085	101,788	612,914	51,604	169,782	834,300
Community assistance programs	580,748	81,714	80,740	13,001	-	756,203	-	-	756,203
Volunteer training and recognition	-	-	-	-	438	438	-	-	438
Supplies	731	187	319	2,530	201	3,968	633	225	4,826
Printing and postage	1,786	481	778	975	229	4,249	275	549	5,073
Equipment rental and maintenance	8,126	2,084	3,542	2,292	1,042	17,086	1,250	2,500	20,836
Telephone and data expense	14,352	3,588	1,526	5,371	1,500	26,337	1,983	1,293	29,613
Computer software and maintenance	29,302	7,326	3,115	-	2,113	41,856	4,049	23,455	69,360
Insurance	8,073	2,070	3,519	2,277	1,035	16,974	1,242	2,484	20,700
Retail space rent	-	-	-	70,377	-	70,377	-	-	70,377
Utilities	12,506	3,127	1,329	9,150	902	27,014	1,728	1,127	29,869
Building repairs and maintenance	24,038	6,009	2,555	4,080	1,733	38,415	3,322	2,166	43,903
Depreciation	22,546	5,781	9,828	6,359	2,890	47,404	3,469	6,937	57,810
Advertising	-	-	-	2,906	-	2,906	-	-	2,906
Fundraising and public relations	-	-	-	-	-	-	-	6,195	6,195
Professional fees	9,062	2,324	9,883	37,356	2,437	61,062	37,168	37,913	136,143
Bank charges and investment advisor fees	626	160	273	6,226	80	7,365	1,080	10,214	18,659
Other	8,654	2,628	4,243	6,635	1,993	24,153	1,332	2,663	28,148
Total expenses	\$ 906,672	\$ 239,429	\$ 229,619	\$ 264,620	\$ 118,381	\$ 1,758,721	\$ 109,135	\$ 267,503	\$ 2,135,359
Percentage of total expenses	42%	11%	11%	12%	6%	82%	5%	13%	100%

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Cash flows from operating activities:	
Increase in net assets	\$ <u>580,986</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	57,810
Change in inventory	15,707
Realized and unrealized gain on investments	(57,003)
Changes in assets and liabilities:	
Grants and contracts receivable	(40,000)
Unconditional promises to give	(121,138)
Prepaid expenses and other assets	(1,181)
Accounts payable and accrued expenses	<u>(10,670)</u>
Total adjustments	<u>(156,475)</u>
Net cash provided by operating activities	<u>424,511</u>
Cash flows from investing activities:	
Re-investment of investment income	(30,293)
Proceeds from sales and maturities of investments	145,000
Purchase of property and equipment	<u>(52,997)</u>
Net cash provided by investing activities	<u>61,710</u>
Net increase in cash and cash equivalents	486,221
Cash and cash equivalents, beginning of year	<u>197,737</u>
Cash and cash equivalents, end of year	<u><u>\$ 683,958</u></u>

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Nature of Organization and Significant Accounting Policies

Buckhead Christian Ministry, Inc. (“BCM” or “the Organization”), a nonprofit 501(c)(3) organization, was incorporated in 1987 under the laws of the state of Georgia. The Organization was established by five area churches to provide life-changing services for individuals and families experiencing various stages of hunger or homelessness in Atlanta. Currently, the Organization receives support from over thirty area churches, as well as contributions from the general public.

The Organization accomplishes this purpose through a variety of programs designed to provide temporary support and money management education:

- The *Emergency Assistance Program* helps people in crisis by providing food, clothing, employment support, and one-time assistance paying rent, mortgage or utility bills.
- The *Budget for Life Program* provides intermediate assistance and prevents homelessness for working people who need more than one-time assistance in order to avoid losing their home by providing rent and utility payments, money management education, and support services for six months.
- The *Foundation 3 Program* helps families maintain safe and affordable housing, acquire and maintain stable employment, and acquire basic adult education, such as a GED, high school diploma, and/or vocational training.
- The *Buckhead Thriftique* provides free clothing to people in crisis and sells affordable clothing to the community.
- BCM’s *Volunteer Services* provides an opportunity for residents of Atlanta to serve their community.

Basis of Accounting and Presentation

The accounts are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). This basis of accounting requires recording revenues and gains when earned and expenses and losses when incurred.

The Organization 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 based on stipulations made by the donor.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Nature of Organization and Significant Accounting Policies – Continued

Contributions

In accordance with GAAP, contributions are recognized as revenue in the year they are received or promised, with allowances provided for unconditional promises to give estimated to be uncollectible. 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 risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts (if any) is included in contributions in the accompanying statements of activities and changes in net assets.

Depending on the existence and/or nature of any donor restrictions, contributions are recorded as support with donor restrictions or support without donor restrictions. Time and capital donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Equipment, Material, Supplies and Services

Donations of property and equipment are recorded as support at their estimated fair value. 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 and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

All non-cash gifts are recorded at their estimated fair value at date of receipt. Donated services are recognized at fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. No amounts have been recognized in the financial statements for general volunteer services, since these services do not meet the criteria.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Nature of Organization and Significant Accounting Policies – Continued

Property and Equipment

Property and equipment are stated at cost or estimated fair value at time of donation. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. Depreciation is computed by the straight-line method over the estimated useful lives as follows:

Buildings and improvements	10 - 40 years
Furniture, fixtures and equipment	3 - 5 years
Computers and software	3 - 5 years

Amortization of leasehold improvements is recognized on a straight-line basis over the shorter of the lease term or the estimate life of the improvement.

Income Taxes

Buckhead Christian Ministry, Inc. is a not-for-profit organization exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended June 30, 2018, the Organization did not have any unrelated business income, and accordingly, no unrelated business income tax. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's Internal Revenue Service filings for the previous three years remain subject to examination.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated on a square foot basis include utilities, building repairs and maintenance, telephone and data expense, computer software and maintenance, insurance, printing and postage, depreciation, and equipment rental and maintenance. Salaries and wages, payroll taxes, employee benefits are allocated on the basis of estimates of time and effort.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Nature of Organization and Significant Accounting Policies – Continued

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash investments and highly liquid investments with maturities of three months or less to be cash equivalents. The balances in the Organization's bank accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2018. The Organization places its cash with high credit quality financial institutions. At June 30, 2018, the amount of uninsured balances was \$445,362.

Inventory

Inventory consists primarily of food and clothing items, which are donated to the Organization. Donated inventory is recorded at net realizable value on the date of donation. Inventory is reported in expense as determined on the first-in, first-out basis.

Advertising

Advertising costs are expensed as incurred.

New Accounting Policies

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements for Not-For-Profit Entities*, which improves the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The guidance requires retrospective application. The Organization adopted this guidance for the year ended June 30, 2018. The new accounting policy did not affect net assets.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

2. Liquidity and Availability of Financial Assets

The Organization is substantially supported by special event revenues, thrift store sales, and contributions without donor restrictions. However, a material amount of contributions with donor restrictions are received each year for various programs as well as for long term capital projects. As a donor's restrictions require funds to be used in a particular manner or in a future period, the Organization maintains those restricted funds so that they are available to meet those responsibilities as they are required to be met. Accordingly, related financial assets are not available to the Organization for its general expenditures. The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures may be incurred for program, fundraising, or administrative purposes.

The Organization's financial assets at June 30 (reduced by amounts that are not available for general use because of contractual, donor-imposed, or internal restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

Cash and cash equivalents	\$	683,958
Grants and contracts receivable		55,000
Unconditional promises to give		160,034
Investments		<u>1,361,193</u>
Total financial assets		2,260,185
Less:		
Donor restricted cash		(294,704)
Internal designations of investments		<u>(1,186,935)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>778,546</u></u>

For the year ended June 30, 2018, restricted contributions of \$132,700 were included in financial assets available to meet cash needs for general expenditures within one year. In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's operating cash and shows positive cash generated by operations for fiscal year 2018.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

2. Liquidity and Availability of Financial Assets – Continued

The Organization's governing body has designated a portion of its resources without donor restrictions for a board-designated endowment fund as described in Note 6. Those amounts are identified as internal designations in the above table. These funds are invested in a pool of investments for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. Furthermore, as described in Note 9, the Organization also maintains a line of credit in the amount of \$100,000 which it could draw upon in the event of an unanticipated liquidity event.

3. Grants and Contracts Receivable

Receivables arise from reimbursements owed under government grants and contracts. The Organization's ability to collect amounts due is affected by the outside agencies' acceptance of reimbursable expenses and performance-based outcomes, which must meet contract requirements. Grants and contracts receivable at June 30, 2018 included \$7,500 from the Emergency Food & Shelter Program and \$47,500 from Fulton County.

4. Unconditional Promises to Give

Unconditional promises to give at June 30, 2018 totaled \$160,034. All unconditional promises to give are expected to be collected within one year and are deemed by management to be fully collectible; therefore, no present value discount or allowance for doubtful promises to give has been recorded.

5. Investments

The Organization classifies its investment assets using a hierarchy of inputs to fair value measurements as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. Investments – Continued

Level 3 – Inputs that are unobservable and significant to the overall fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's investments in equity securities and mutual funds consist exclusively of investments in exchange-traded companies or mutual funds. Accordingly, the Organization's direct investments in equity security investments and mutual funds are Level 1 investments.

Additionally, at June 30, 2018, the Organization held money market funds and cash comprising approximately 5% of total investment assets. Money market funds are carried at cost value, which approximates fair value.

The fair market value of investments is summarized below at June 30, 2018:

	Fair Value Hierarchy Level	Endowment	Operating and Building Reserves	Total
Money market and cash funds	1	\$ 65,564	\$ 8,948	\$ 74,512
Fixed income mutual funds				
Commodities broad basket		47,081	-	47,081
International bonds		32,360	19,284	51,644
Government bonds		-	23,808	23,808
Bank loans		-	12,137	12,137
Short term bonds		77,436	80,738	158,174
High yield bonds		56,614	6,915	63,529
Emerging markets bonds		90,752	-	90,752
Corporate bonds		75,509	-	75,509
Intermediate term bonds		-	22,428	22,428
Total fixed income mutual funds	1	379,752	165,310	545,062
Equity mutual funds				
International equity		307,305	-	307,305
Large-cap U.S. equity		272,194	-	272,194
Mid-cap U.S. equity		99,634	-	99,634
Small-cap U.S. equity		62,486	-	62,486
Total equity mutual funds	1	741,619	-	741,619
		\$ 1,186,935	\$ 174,258	\$ 1,361,193

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. Investments – Continued

Spending Policy

The payout rate for the board-designated endowment is determined annually by the Investment Committee of the Board of Trustees and the amount shall be prudent and consistent with the endowment fund investment policy. If prudent, the payout can cause the fund to fall below the historical value of the gifts to the fund. However, the maximum payout rate in any one year shall ordinarily be no more than 7% of the board-designated endowment as measured by the average market value of the investment assets over the last twelve rolling quarters (3 years) preceding the calculation or the number of quarters available if less than twelve.

The Operating and Building Reserves may be used by the Board of Trustees to provide emergency funding for the Organization's initiatives as well as its general, administrative, and managerial expenses.

Investment Policy and Strategy

The Investment Committee of the Board of Trustees oversees the administration and distribution of the endowment fund. The Investment Committee manages the fund. The primary objective is to provide long-term growth of capital with a secondary objective of providing the necessary income to meet the current operational needs of the Organization. The investment policy generally governs asset allocation parameters, permissible investments, and other matters relevant to the prudent investment of the investments in a long-term manner using a time horizon of ten years.

6. Endowed Net Assets and Board-Designated Funds

In 2012, the Organization received a gift from a private grantor for the purpose of establishing a Board-Designated Endowment Fund to generate investment return to be used to support the Organization's Programs as established by the Board. Accordingly, the Organization follows the requirements of Georgia's Uniform Prudent Management of Institutional Funds Act (the Act).

From time to time, the fair value of invested assets associated with individual endowment funds may fall below the level that the Board requires to retain as a fund of perpetual duration. There were no deficiencies of this nature at June 30, 2018.

In compliance with the Act, the Organization has adopted investment and spending policies for endowment assets as described in Note 5. The objective of these policies is to provide a predictable stream of funding for the programs supported by its endowment while seeking to maintain the purchasing power of the endowment.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

6. Endowed Net Assets and Board Designated Funds – Continued

Endowment assets by net asset category and related changes consisted of the following as of June 30, 2018:

	Without Donor Restrictions		
	Available for Appropriation	Board Designated	Total
Endowment net assets, June 30, 2017	\$ 33,279	\$ 1,068,425	\$ 1,101,704
Investment return			
Investment income	25,740	-	25,740
Net appreciation (realized and unrealized)	59,491	-	59,491
Endowment net assets, June 30, 2018	\$ 118,510	\$ 1,068,425	\$ 1,186,935

7. Property and Equipment, Net

Components of property and equipment consist of the following at June 30, 2018:

Land	\$ 639,512
Building and improvements	1,518,044
Furniture, fixtures and equipment	150,528
Computers and software	120,222
Leasehold improvements	22,628
Total property and equipment at cost	2,450,934
Less accumulated depreciation	(764,641)
Total property and equipment	\$ 1,686,293

For the year ended June 30, 2018, depreciation and amortization expense was \$57,810.

8. Operating Lease Commitments

The Organization leases Showroom space for the Organization’s Thrift Store, *Buckhead Thriftique*. The lease expired on May 31, 2018 when it converted to a month to month agreement. The Organization is also obligated under various operating leases for office equipment. The future annual minimum lease payments for all leases include \$11,667 for the year ended June 30, 2019. Total rental and lease expense for all leases for the year ended June 30, 2018 was \$116,701.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

9. Line of Credit

The Organization has a \$100,000 line of credit open at the bank used for its operating accounts. This line of credit is due on demand and renews annually. The line of credit expires on June 15, 2019. The interest rate varies according to the bank prime rate plus one percentage point. There were no draws on this line of credit during the year ended June 30, 2018.

10. Retirement Plan

Previously, the Organization provided a Simplified Employee Pension Plan to all employees who are 21 years old and have earned at least \$600 during the first calendar year of hire. The Plan was 100% funded by the Organization on a discretionary basis and evaluated annually by the Organization's Board of Directors. The percentage contributed for 2018 was 5% of the employee's annual earnings. The Organization made contributions to employees' plans totaling \$11,620 for the year ended June 30, 2018. The Simplified Employee Pension Plan was discontinued as of January 1, 2018.

The Organization also provides a voluntary 403(b) retirement plan which is open to all full-time employees. The 403(b) plan is an employee contribution tax deferred annuity plan to be used for retirement benefits. Previously, the Organization did not make any contributions to this plan. Employer contributions to the plan began on January 1, 2018. The first 1% of the employee's annual earnings is matched plus an additional 3% contribution by the Organization. Additional employee contributions of next 3% of annual earnings are also matched by the Organization for a total employer contribution of 7%. The Organization made contributions to employees' plans totaling \$18,442 for the year ended June 30, 2018.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions are comprised of funds the Organization has received subject to donor-imposed restrictions consisting of the following at June 30, 2018:

Community programs:	
Budget for Life	\$ 70,000
Emergency assistance	47,500
Thriftique	15,200
Technology and Infrastructure	145,192
Maintenance reserve	87,012
Time restricted	62,500
Total net assets with donor restrictions	<u>\$ 427,404</u>

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

12. Net Assets Released from Restrictions

Net assets with donor restrictions were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the year ended June 30, 2018:

Community programs:	
Foundation 3	\$ 100,000
Budget for Life	130,450
Emergency Assistance	162,850
Technology and Infrastructure	34,809
Thriftique	34,800
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Total net assets released from restrictions	\$ 462,909
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13. Donated Equipment, Material, Supplies and Services

Contributions of food, clothing, and personal items valued at \$193,498 have been reflected in the statement of activities for the year ending June 30, 2018. The Organization also recorded \$33,406 for accounting, legal and technology support services for the year ending June 30, 2018.

The Organization benefits from the efforts of many volunteers. Travel and subsistence costs incurred by volunteers in carrying out their duties are reimbursed by the Organization. It is estimated that 10,787 volunteer hours were provided to the Organization during the year ended June 30, 2018. Although the volunteer hours are substantial, the nature of the skills provided by the volunteers is not specialized and do not create or enhance a nonfinancial asset. Accordingly, the value of these services is not recorded in the accompanying statement of activities. The published average fully loaded rate for administrative office assistants according to the U.S. Department of Labor, Bureau of Labor Statistics for 2018 is \$18 per hour. The estimated value of the volunteer services provided during the year ended June 30, 2018 is estimated to be approximately \$197,000, using this wage rate.

14. Commitments and Contingencies

Certain government funded programs are routinely subject to special audit. The audit reports are prepared by the governmental auditors for the Organization pursuant to specific regulatory requirements. Such agencies performing these audits have the authority to determine liabilities as well as to limit, suspend, or terminate the federal programs. Since the Organization does not expect claims to arise as a result of such audits, no provision for liabilities has been provided in the financial statements. Governmental grants are subject to renewal each year and funding is not guaranteed for future periods.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

15. Related Party Transactions

The investments are held in a master custodial account number that is owned by Edge Advisors. A member of the Organization's Board of Directors and Investment Committee is an executive at the company. The Organization will not be charged for access to the platform and no benefit will be received by the Edge Advisors. Control of the funds remains with the Organization.

16. Subsequent Events

Management has evaluated events and transactions which occurred through August 20, 2018, which was the date the financial statements were available to be issued. There were no significant subsequent events requiring recognition or disclosure in the financial statements.

BUCKHEAD CHRISTIAN MINISTRY, INC.



OTHER INFORMATION AS REQUIRED
BY THE STATE OF GEORIGIA

BUCKHEAD CHRISTIAN MINISTRY, INC.
 SCHEDULE OF STATE AWARDS EXPENDED
 FOR THE YEAR ENDED JUNE 30, 2018

State Contract Number	Earned Revenues	Receipts	Due From State Agency
Atlanta/Fulton/DeKalb Emergency Food and Shelter Program LRO ID 174000-096	\$ 15,000	\$ 7,500	\$ 7,500
Fulton County Office of Grants and Community Partnerships Award # 06968	95,000	47,500	47,500
Total	\$ 110,000	\$ 55,000	\$ 55,000