

BUCKHEAD CHRISTIAN MINISTRY, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2021 AND 2020



BUCKHEAD CHRISTIAN MINISTRY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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) (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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. Those standards require that we plan and perform the audits 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2021, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Brooks, McInnis & Company, LLC

Atlanta, Georgia
October 7, 2021

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 952,967	\$ 1,014,339
Grants and contracts receivable	-	250,000
Unconditional promises to give	72,040	45,171
Certificate of deposit	394,307	390,577
Prepaid expenses and other assets	10,973	10,667
Investments	1,645,638	1,246,669
Inventory	114,495	70,011
Cash with donor restrictions for technology, infrastructure, and vehicles	-	140,977
Cash restricted for endowment	25,000	-
Property and equipment, net	<u>1,721,088</u>	<u>1,735,261</u>
 Total assets	 <u>\$ 4,936,508</u>	 <u>\$ 4,903,672</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 35,429	\$ 24,338
Accrued expenses	84,102	61,396
Refundable advance	-	10,000
Paycheck Protection Program loan	<u>189,800</u>	<u>189,800</u>
Total liabilities	<u>309,331</u>	<u>285,534</u>
Net assets:		
Without donor restrictions:		
Available for operations	975,306	1,137,159
Board-designated endowment fund	1,645,550	1,246,581
Expended for property and equipment	<u>1,721,088</u>	<u>1,735,261</u>
Total net assets without donor restrictions	4,341,944	4,119,001
With donor restrictions	<u>285,233</u>	<u>499,137</u>
Total net assets	<u>4,627,177</u>	<u>4,618,138</u>
 Total liabilities and net assets	 <u>\$ 4,936,508</u>	 <u>\$ 4,903,672</u>

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Changes in net assets without donor restrictions:		
Revenues, gains and support:		
Contributions	\$ 1,866,493	\$ 2,289,839
Program service fees	153,427	-
Thrift store revenue	137,360	97,952
In-kind donations	31,104	161,050
Special event revenue, net of direct expenses of \$64,780 and \$93,693 in fiscal 2021 and 2020, respectively	206,587	140,583
Investment income (loss)	398,112	(3,689)
Other income	27,728	35,550
Total revenues	2,820,811	2,721,285
Net assets released from restrictions	2,364,608	1,198,770
Total revenues, gains and support without donor restrictions	5,185,419	3,920,055
Expenses:		
Program services:		
Emergency Assistance	2,954,954	1,549,485
Budget for Life	483,225	493,090
Foundation 3	326,913	352,899
Buckhead Thriftique	476,542	379,392
Volunteer Services	203,300	193,372
Total program services	4,444,934	2,968,238
Supporting services:		
Management and general	144,063	176,809
Fundraising	373,479	330,804
Total expenses	4,962,476	3,475,851
Increase in net assets without donor restrictions	222,943	444,204
Changes in net assets with donor restrictions:		
Contributions	831,914	494,988
Grants and contracts	1,317,933	631,823
Investment income	857	307
Net assets released from restrictions	(2,364,608)	(1,198,770)
Decrease in net assets with donor restrictions	(213,904)	(71,652)
Increase in net assets	9,039	372,552
Net assets, beginning of year	4,618,138	4,245,586
Net assets, end of year	\$ 4,627,177	\$ 4,618,138

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, 2021

	Emergency Assistance	Budget for Life	Foundation 3	Buckhead Thriftique	Volunteer Services	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 243,082	\$ 199,390	\$ 111,513	\$ 198,263	\$ 125,168	\$ 877,416	\$ 54,862	\$ 196,245	\$ 1,128,523
Payroll taxes	18,424	15,522	9,238	13,671	10,615	67,470	2,718	14,943	85,131
Employee benefits	58,153	19,189	28,279	24,099	36,103	165,823	11,336	38,433	215,592
Total payroll expense	<u>319,659</u>	<u>234,101</u>	<u>149,030</u>	<u>236,033</u>	<u>171,886</u>	<u>1,110,709</u>	<u>68,916</u>	<u>249,621</u>	<u>1,429,246</u>
Community assistance programs	2,277,282	204,317	134,854	-	-	2,616,453	-	-	2,616,453
Volunteer training and recognition	-	-	-	-	6,452	6,452	-	-	6,452
Supplies	403	104	176	1,254	52	1,989	276	124	2,389
Printing and postage	1,837	725	801	1,034	562	4,959	408	6,126	11,493
Equipment rental and maintenance	10,086	2,586	4,397	2,845	1,293	21,207	1,552	3,103	25,862
Telephone and data expense	22,846	5,408	2,331	1,104	1,559	33,248	2,989	2,056	38,293
Computer software and maintenance	51,476	12,899	5,472	433	9,218	79,498	7,113	28,489	115,100
Insurance	6,682	1,714	2,911	7,732	857	19,896	1,028	2,055	22,979
Retail space rent	-	-	-	136,925	-	136,925	-	-	136,925
Utilities	11,078	2,769	1,178	16,135	799	31,959	1,531	999	34,489
Advertising	-	-	-	9,268	-	9,268	-	-	9,268
Building repairs and maintenance	14,979	3,745	1,592	2,624	1,080	24,020	2,069	1,349	27,438
Depreciation	24,714	6,337	10,773	40,175	3,168	85,167	3,802	7,604	96,573
Fundraising and public relations	-	-	-	-	-	-	-	1,650	1,650
Professional fees	200,327	4,381	7,448	4,819	2,192	219,167	51,404	56,508	327,079
Bank charges and other fees	-	-	-	8,329	-	8,329	897	7,472	16,698
Other	13,585	4,139	5,950	7,832	4,182	35,688	2,078	6,323	44,089
Total expenses	<u>\$ 2,954,954</u>	<u>\$ 483,225</u>	<u>\$ 326,913</u>	<u>\$ 476,542</u>	<u>\$ 203,300</u>	<u>\$ 4,444,934</u>	<u>\$ 144,063</u>	<u>\$ 373,479</u>	<u>\$ 4,962,476</u>
Percentage of total expenses	60%	10%	7%	10%	4%	90%	3%	8%	100%

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, 2020

	Emergency Assistance	Budget for Life	Foundation 3	Buckhead Thriftique	Volunteer Services	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 248,797	\$ 189,788	\$ 110,901	\$ 127,792	\$ 118,589	\$ 795,867	\$ 84,852	\$ 159,219	\$ 1,039,938
Payroll taxes	18,402	14,630	8,906	7,299	9,725	58,962	3,563	14,379	76,904
Employee benefits	51,146	16,932	23,630	29,124	20,121	140,953	10,663	29,981	181,597
Total payroll expense	318,345	221,350	143,437	164,215	148,435	995,782	99,078	203,579	1,298,439
Community assistance programs	1,006,863	211,888	152,311	-	-	1,371,062	-	-	1,371,062
Volunteer training and recognition	-	-	-	-	15,227	15,227	-	-	15,227
Supplies	2,614	663	1,126	2,398	331	7,132	397	795	8,324
Printing and postage	6,663	4,451	2,904	2,163	926	17,107	1,025	2,050	20,182
Equipment rental and maintenance	10,094	2,588	4,399	2,847	1,294	21,222	1,553	3,043	25,818
Telephone and data expense	20,890	5,222	2,220	1,310	1,660	31,302	2,887	1,883	36,072
Computer software and maintenance	55,802	13,951	5,932	-	7,187	82,872	7,711	21,756	112,339
Insurance	8,975	2,301	3,913	2,532	1,151	18,872	1,381	2,762	23,015
Retail space rent	-	-	-	134,128	-	134,128	-	-	134,128
Utilities	13,042	3,260	1,387	14,008	940	32,637	1,802	1,175	35,614
Advertising	-	-	-	1,186	-	1,186	-	-	1,186
Building repairs and maintenance	34,471	7,947	3,379	6,221	2,292	54,310	4,392	2,865	61,567
Depreciation	26,361	6,759	11,491	18,710	3,379	66,700	4,056	8,111	78,867
Fundraising and public relations	-	-	-	-	-	-	-	7,095	7,095
Professional fees	29,330	7,520	12,785	8,723	3,760	62,118	49,162	61,625	172,905
Bank charges and other fees	(104)	25	43	7,723	12	7,699	1,338	8,196	17,233
Other	16,139	5,165	7,572	13,228	6,778	48,882	2,027	5,869	56,778
Total expenses	\$ 1,549,485	\$ 493,090	\$ 352,899	\$ 379,392	\$ 193,372	\$ 2,968,238	\$ 176,809	\$ 330,804	\$ 3,475,851
Percentage of total expenses	44%	14%	10%	11%	6%	85%	5%	10%	100%

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 9,039	\$ 372,552
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	96,573	78,867
Contributions for endowment	(25,000)	-
Change in inventory	(44,484)	8,054
Realized and unrealized (gain) loss on investments	(367,342)	37,803
Changes in assets and liabilities:		
Grants and contracts receivable	250,000	(250,000)
Unconditional promises to give	(26,869)	309,696
Prepaid expenses and other assets	(306)	2,170
Refundable advance	(10,000)	10,000
Accounts payable and accrued expenses	33,797	(3,821)
Total adjustments	(93,631)	192,769
Net cash provided by (used in) operating activities	(84,592)	565,321
Cash flows from investing activities:		
Re-investment of investment income	(31,627)	(184,421)
Proceeds from sales and maturities of investments	-	384,393
Purchase of certificate of deposit	(3,730)	(390,577)
Purchase of property and equipment	(82,400)	(143,648)
Net cash used in investing activities	(117,757)	(334,253)
Cash flows from financing activities:		
Contributions for endowment	25,000	-
Proceeds from Paycheck Protection Program loan	-	189,800
Net cash provided by financing activities	25,000	189,800
Net increase (decrease) in cash and cash equivalents	(177,349)	420,868
Cash and cash equivalents, beginning of year	1,155,316	734,448
Cash and cash equivalents, end of year	\$ 977,967	\$ 1,155,316

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 AND 2020

1. Nature of Organization and Significant Accounting Policies – Continued

Revenue

Revenue from program service fees is recognized when services are provided. 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. State, local and federal contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at June 30, 2021 and 2020, contributions of \$27,500 and \$30,000, respectively, have not been recognized in the accompanying statement of activities because the condition on which they depend has not yet been met. The conditions depend on the donor making certain budget goals for their fiscal year.

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.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Nature of Organization and Significant Accounting Policies – Continued

Donated Equipment, Material, Supplies and Services – Continued

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.

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 years ended June 30, 2021 and 2020, 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.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Nature of Organization and Significant Accounting Policies – Continued

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, and employee benefits are allocated on the basis of estimates of time and effort.

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. The Organization places its cash with high credit quality financial institutions. At June 30, 2021 and 2020, the amount of uninsured balances was \$502,569 and \$1,090,747, respectively.

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.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 977,967	\$ 1,155,316
Grants and contracts receivable	-	250,000
Unconditional promises to give	72,040	45,171
Certificate of deposit	394,307	390,577
Investments	<u>1,645,638</u>	<u>1,246,669</u>
Total financial assets	3,089,952	3,087,733
Less:		
Cash restricted for technology, infrastructure, and vehicles	-	(140,977)
Cash restricted for endowment	(25,000)	-
Donor restricted investments and certificate of deposit for maintenance reserve	(91,515)	(90,658)
Internal designations of investments	<u>(1,645,550)</u>	<u>(1,246,581)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,327,887</u>	<u>\$ 1,609,517</u>

For the years ended June 30, 2021 and 2020, restricted contributions of \$168,718 and \$267,502, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

2. Liquidity and Availability of Financial Assets – Continued

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.

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 7. 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. As described in Note 10, the Organization maintains a line of credit in the amount of \$100,000 which it could draw upon in the event of an unanticipated liquidity event. Additionally, the Organization obtained a Paycheck Protection Program loan that is expected to be forgiven in fiscal 2021 as further discussed in Note 10.

During 2020, the global coronavirus pandemic threatened to deeply harm global growth. This has affected the U.S. and global equity markets, as well as consumer confidence, and the broad U.S. and global stock markets have experienced extreme volatility during 2020. It is uncertain how this downturn in the financial markets and consumer confidence may affect the operations, investments, funding, and contribution income of nonprofit organizations in the near future.

The Organization depends heavily on contributions and investment income to support its operations. The ability of contributors to continue giving may be dependent on current and future overall economic conditions. The volatility in the U.S. and global stock markets could result in a decrease in investment income available for distribution. While the Organization believes it has the resources to continue its programs, its ability to do so, and the extent to which it continues, may be dependent on many interdependent factors.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

3. Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of the following at June 30:

	2021	2020
Cash without donor restrictions	\$ 800,797	\$ 1,014,339
Cash restricted for various short-term purposes	152,170	-
Cash and cash equivalents	952,967	1,014,339
Cash restricted for technology, infrastructure and vehicles	-	140,977
Cash restricted for endowment	25,000	-
Cash and cash equivalents, for the purpose of the statement of cash flows	\$ 977,967	\$ 1,155,316

4. Grants and Contracts Receivable

Receivables arise from contributions from government grants and contracts. There were no grants and contracts receivable at June 30, 2021. Grants and contracts receivable at June 30, 2020 were \$250,000 from Fulton County.

5. Unconditional Promises to Give

Unconditional promises to give at June 30, 2021 and 2020 totaled \$72,040 and \$45,171, respectively. 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.

6. 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;

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. Investments – Continued

- 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.

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. Money market funds are carried at cost value, which approximates fair value. Accordingly, the Organization's direct investments in equity security investments, mutual funds, and money market funds are Level 1 investments.

The fair market value of investments is summarized below at June 30, 2021:

	Fair Value Hierarchy Level	Endowment	Operating and Building Reserves	Total
Money market and cash funds	1	\$ 23,547	\$ 88	\$ 23,635
Fixed income mutual funds				
Commodities broad basket		55,349	-	55,349
International bonds		36,372	-	36,372
Short term bonds		86,244	-	86,244
High yield bonds		67,294	-	67,294
Emerging markets bonds		126,652	-	126,652
Corporate bonds		92,941	-	92,941
Total fixed income mutual funds	1	464,852	-	464,852
Equity mutual funds				
International equity		439,591	-	439,591
Large-cap U.S. equity		467,877	-	467,877
Mid-cap U.S. equity		147,850	-	147,850
Small-cap U.S. equity		101,833	-	101,833
Total equity mutual funds	1	1,157,151	-	1,157,151
		\$ 1,645,550	\$ 88	\$ 1,645,638

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. Investments – Continued

The fair market value of investments is summarized below at June 30, 2020:

	Fair Value Hierarchy Level	Endowment	Operating and Building Reserves	Total
Money market and cash funds	1	\$ 23,646	\$ 88	\$ 23,734
Fixed income mutual funds				
Commodities broad basket		38,959	-	38,959
International bonds		36,378	-	36,378
Short term bonds		85,981	-	85,981
High yield bonds		58,566	-	58,566
Emerging markets bonds		97,605	-	97,605
Corporate bonds		90,643	-	90,643
Total fixed income mutual funds	1	408,132	-	408,132
Equity mutual funds				
International equity		324,065	-	324,065
Large-cap U.S. equity		328,344	-	328,344
Mid-cap U.S. equity		99,282	-	99,282
Small-cap U.S. equity		63,112	-	63,112
Total equity mutual funds	1	814,803	-	814,803
		\$ 1,246,581	\$ 88	\$ 1,246,669

Spending Policy

The payout rate for the board-designated endowment is determined annually by the Investment Committee of the Board of Directors 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 Directors to provide emergency funding for the Organization's initiatives as well as its general, administrative, and managerial expenses.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. Investments – Continued

Investment Policy and Strategy

The Investment Committee of the Board of Directors 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.

7. 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, 2021 and 2020.

In compliance with the Act, the Organization has adopted investment and spending policies for endowment assets as described in Note 6. 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.

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

	Without Donor Restrictions			With Donor Restrictions		Total
	Available for Appropriation	Board Designated	-	Perpetual in Nature	-	
Endowment net assets, June 30, 2020	\$ 178,156	\$ 1,068,425	\$	-	\$	1,246,581
Contributions	-	-		25,000		25,000
Investment return						
Investment income	31,539	-		-		31,539
Net appreciation (realized and unrealized)	367,430	-		-		367,430
Endowment net assets, June 30, 2021	\$ 577,125	\$ 1,068,425	\$	25,000	\$	1,670,550

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

7. Endowed Net Assets and Board-Designated Funds – Continued

	Without Donor Restrictions		
	Available for Appropriation	Board Designated	Total
Endowment net assets, June 30, 2019	\$ 182,841	\$ 1,068,425	\$ 1,251,266
Investment return			
Investment income	33,093	-	33,093
Net depreciation (realized and unrealized)	(37,778)	-	(37,778)
Endowment net assets, June 30, 2020	\$ 178,156	\$ 1,068,425	\$ 1,246,581

8. Property and Equipment, Net

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

	2021	2020
Land	\$ 639,512	\$ 639,512
Building and improvements	1,553,506	1,553,506
Furniture, fixtures and equipment	158,250	158,250
Computers and software	153,182	153,263
Vehicles	46,902	2,500
Leasehold improvements	157,306	128,977
Total property and equipment at cost	2,708,658	2,636,008
Less accumulated depreciation	(987,570)	(900,747)
Total property and equipment	\$ 1,721,088	\$ 1,735,261

For the years ended June 30, 2021 and 2020, depreciation and amortization expense was \$96,573 and \$78,867, respectively.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

9. Operating Lease Commitments

The Organization leases retail space for its thrift store, *Buckhead Thriftique*. The Organization is also obligated under various operating leases for office equipment. The future annual minimum lease payments for all leases at June 30, 2021 are as follows:

For Year End June 30,	Amount
2022	\$ 157,483
2023	152,758
2024	120,540
	\$ 430,781

Total rental and lease expense for all leases for the years ended June 30, 2021 and 2020 was \$154,319 and \$153,292, respectively.

10. Debt

The Organization has a \$100,000 line of credit at its 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, 2022. The interest rate varies according to the bank prime rate plus one percentage point. During the year ended June 30, 2020, draws of \$100,000 were made on this line of credit and were repaid prior to year-end. There were no draws on this line of credit during the year ended June 30, 2021.

In April 2020, the Organization obtained a loan from the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP) to assist with operating cash flow during the pandemic. Management intends to spend the proceeds on eligible amounts that will qualify for loan forgiveness. Any portion of the loan not forgiven will require repayment to the SBA within five years at an interest rate of 1.0%. The total received in 2020 was \$189,800 and has been recorded as a loan in the statement of financial position. Management expects that the loan will be forgiven in fiscal 2022 and the related gain on extinguishment of debt will be recorded at that time.

11. Retirement Plan

The Organization 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. For all participants in the plan, the Organization makes a contribution of 3% of the employee's annual earnings. The Organization also matches employee contributions up to 4% of the employee's annual earnings. The Organization made contributions to employees' plans totaling \$39,458 and \$40,566, respectively, for the years ended June 30, 2021 and 2020.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

12. 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:

	<u>2021</u>	<u>2020</u>
Community programs:		
Emergency assistance	\$ -	\$ 250,000
Thriftique	6,377	-
Case manager salary	16,373	-
Purchase of vehicle	-	105,000
Maintenance of vehicle	32,541	-
Technology and infrastructure	-	35,977
Marketing and communications	96,880	-
Maintenance reserve	91,515	90,658
Time restricted	<u>16,547</u>	<u>17,502</u>
Total net assets with donor restriction for time and purpose	260,233	499,137
Perpetual restriction for endowment	<u>25,000</u>	-
Total net assets with donor restrictions	<u>\$ 285,233</u>	<u>\$ 499,137</u>

13. 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 years ended June 30:

	<u>2021</u>	<u>2020</u>
Community programs:		
Emergency Assistance	\$ 1,804,465	\$ 666,376
Thriftique	-	89,999
New Case Manager Salary	8,627	-
Salary for Finance Education Manager	-	65,000
Foundation 3	100,233	117,488
Budget for Life	233,702	184,995
Breaking Barriers Program	74,900	-
Savings Match Program	-	10,000
Purchase of vehicle	72,459	-
Technology and Infrastructure	35,978	64,912
Increase Brand Recognition and Thrift Store Sales	11,744	-
Marketing and Communications	5,000	-
Time restricted	<u>17,500</u>	-
Total net assets released from restrictions	<u>\$ 2,364,608</u>	<u>\$ 1,198,770</u>

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

14. Donated Equipment, Material, Supplies and Services

Contributions of food, clothing, and personal items valued at \$5,904 and \$115,314 have been reflected in the statement of activities for the years ending June 30, 2021 and 2020, respectively. The Organization also recorded \$25,200 and \$45,736 for accounting, legal and technology support services for the years ended June 30, 2021 and 2020, respectively.

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 2,490 and 10,473 volunteer hours were provided to the Organization during the years ended June 30, 2021 and 2020, respectively. 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 2021 and 2020 was approximately \$18 to \$20 per hour. The value of the volunteer services provided during the years ended June 30, 2021 and 2020 is estimated to be approximately \$47,000 and \$219,000, respectively, using this wage rate.

15. 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.

16. Related Party Transactions

A member of the Organization's Board of Directors and Investment Committee is an executive at a company which holds the Organization's investments in a master custodial account. The Organization is not charged for access to the platform and no benefit is received by the investment manager. Control of the funds remains with the Organization.

A member of the Organization's Board of Directors works for a bank at which the Organization maintains a money market account and a certificate of deposit. The money market account had a balance of approximately \$1,400 and \$1,600 at June 30, 2021 and 2020, respectively. The certificate of deposit had a balance of approximately \$394,000 and \$391,000 at June 30, 2021 and 2020, respectively.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

17. Subsequent Events

Management has evaluated events and transactions which occurred through October 7, 2021, 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.

REPORTS AND OTHER SCHEDULES AND INFORMATION
AS REQUIRED BY THE UNIFORM GUIDANCE

FOR THE YEAR ENDED
JUNE 30, 2021

BUCKHEAD CHRISTIAN MINISTRY, INC.
 SCHEUDLE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor Agency/Program Title/Grant Name and Pass-through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of the Treasury</u>		
Coronavirus Relief Fund		
Passed through United Way of Greater Atlanta:		
COVID-19 Emergency Rental Assistance Program Contract # EA-S-1200569	21.019	\$ 1,235,939
Emergency Rental Assistance Program		
Passed through United Way of Greater Atlanta:		
COVID-19 Emergency Rental Assistance Program Contract # EA-S-1200569	21.023	<u>153,427</u>
Total		<u>\$ 1,389,366</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Buckhead Christian Ministry, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Principles

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S 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

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

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 Buckhead Christian Ministry, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is 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 the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 financial statements. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brooks, McInnis & Company, LLC

Atlanta, Georgia
October 7, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Buckhead Christian Ministry, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not find any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be significant deficiencies.

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brooks, McAnnis & Company, LLC

Atlanta, Georgia
October 7, 2021

BUCKHEAD CHRISTIAN MINISTRY, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021

Section I – Summary of Audit Results

Financial Statements: Unmodified

Internal Control over Financial Reporting:

- Material weakness(es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None noted

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

Identification of major programs:

Name	<u>CFDA Number</u>
Coronavirus Relief Fund	21.019
Dollar threshold to distinguish between Type A and B programs?	\$750,000
Auditee qualified as a low-risk auditee?	No

Section II – Financial Statement Findings

2021-001 – Pledges Receivable – Internal Control (Significant Deficiency)

Criteria: Generally accepted accounting principles (“GAAP”) require that contributions (pledges or private grants) should be recognized as revenue in the year they are received or pledged.

Condition: During our audit for the year ended June 30, 2021, we noted that contributions and grants receivable were not properly recorded or recorded at all.

BUCKHEAD CHRISTIAN MINISTRY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings - Continued

2021-001 – Pledges Receivable – Internal Control (Significant Deficiency) - Continued

Effect: Failure to record contributions and grants receivable could result in revenues being understated.

Cause: Development personnel not timely communicating multi-year gifts to accounting.

Recommendation : We recommend that the Organization become familiar with the revenue recognition principles and financial statement presentation principles required by GAAP and develop procedures to comply with this standard. We also recommend that a process be implemented in which development communicates any pledges to finance in a timely manner.

Views of Responsible Officials and Planned Corrective Action: Reconciliations are being done monthly by each general ledger category beginning 07/01/21. We are utilizing Blackbaud more efficiently to provide us with more information to make reconciling easier. Advancement sends reconciliations monthly to finance to confirm and/or identify discrepancies requiring research.

2021-002 – Tracking of Donor Restricted Funds – Internal Controls (Significant Deficiency)

Criteria: Reconciliation of the general ledger to the donor records by the specific categories will ensure that donor restrictions are properly recorded in the accounting records and will facilitate tracking of expenditures for those purposes in accordance with the donor’s wishes.

Condition: During our audit for the year ended June 30, 2021, we noted that a reconciliation between Raiser’s Edge and QuickBooks was performed regularly during the year. However, we noted that the reconciliation was performed for total revenues only and the reconciliation did not include specific categories for donor restricted amounts. During the year ended June 30, 2021, the Organization received a \$25,000 gift for the endowment. This gift was not transferred to the investment account and was not tracked in accordance with the gift instructions.

Effect: Failure to record reconcile the general ledger to the donor records could result in incorrect tracking of expenditures in accordance with state law and the donor’s wishes.

Cause: Development and accounting personnel not reconciling by category during monthly reconciliations.

Recommendation: We recommend that Raiser’s Edge be reconciled to QuickBooks by category monthly or at least quarterly by the Business Administrator and development personnel. We also recommend that the input is regularly reviewed and that any input errors are corrected timely. We recommend that all supporting documentation is reviewed to ensure proper classification.

BUCKHEAD CHRISTIAN MINISTRY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings - Continued

2021-002 – Tracking of Donor Restricted Funds – Internal Controls (Significant Deficiency)

Views of Responsible Officials and Planned Corrective Action: We have improved our communication between Advancement and Finance to confirm multi-year Pledges. Total Pledges are established with reliable circulated documentation which allows Finance to make the necessary accounting entries. Specifically, church pledge forms will resemble the board member pledge form and will be reviewed by Advancement and Church Relations to ensure pledges are accurately managed.

Section III – Federal Award Findings and Questioned Costs

None

BUCKHEAD CHRISTIAN MINISTRY, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

The Organization was not required to have a Single Audit for the year ended June 30, 2020.