

BUCKHEAD CHRISTIAN MINISTRY, INC.

---

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020 AND 2019

BUCKHEAD CHRISTIAN MINISTRY, INC.

TABLE OF CONTENTS

---

	Page
Independent Auditor's Report	1
Financial Statements:	
Statement s of Financial Position as of June 30, 2020 and 2019	3
Statement s of Activities for the Years Ended June 30, 2020 and 2019	4
Statement of Functional Expenses for the Year Ended June 30, 2020	5
Statement of Functional Expenses for the Year Ended June 30, 2019	6
Statement s of Cash Flows for the Years Ended June 30, 2020 and 2019	7
Notes to Financial Statements	8
Supplemental Information:	
Schedule of State Awards Expended for the Year Ended June 30, 2020	24



## 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 statements of financial position as of June 30, 2020 and 2019 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. 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, 2020 and 2019, 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.

## 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 24 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 19, 2020

BUCKHEAD CHRISTIAN MINISTRY, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019

ASSETS	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,014,339	\$ 633,558
Grants and contracts receivable	250,000	-
Unconditional promises to give	45,171	354,867
Certificate of deposit	390,577	-
Prepaid expenses and other assets	10,667	12,837
Investments	1,246,669	1,484,444
Inventory	70,011	78,065
Cash with donor restrictions for technology, infrastructure, and vehicles	140,977	100,890
Property and equipment, net	<u>1,735,261</u>	<u>1,670,480</u>
 Total assets	 <u>\$ 4,903,672</u>	 <u>\$ 4,335,141</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 24,338	\$ 32,236
Accrued expenses	61,396	57,319
Refundable advance	10,000	-
Paycheck Protection Program loan	189,800	-
Total liabilities	<u>285,534</u>	<u>89,555</u>
Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Available for operations	1,137,159	753,051
Board-designated endowment fund	1,246,581	1,251,266
Expended for property and equipment	1,735,261	1,670,480
Total net assets without donor restrictions	<u>4,119,001</u>	<u>3,674,797</u>
With donor restrictions	499,137	570,789
Total net assets	<u>4,618,138</u>	<u>4,245,586</u>
 Total liabilities and net assets	 <u>\$ 4,903,672</u>	 <u>\$ 4,335,141</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, 2020 AND 2019

	2020	2019
Changes in net assets without donor restrictions:		
Revenues, gains and support:		
Contributions	\$ 2,289,839	\$ 1,188,689
Thrift store revenue	97,952	140,655
In-kind donations	161,050	217,508
Special event revenue, net of direct expenses of \$93,693 and \$75,782 in fiscal 2020 and 2019, respectively	140,583	197,992
Investment income (loss)	(3,689)	69,912
Other income	35,550	19,064
Total revenues	2,721,285	1,833,820
Net assets released from restrictions	1,198,770	1,030,128
Total revenues, gains and support without donor restrictions	3,920,055	2,863,948
Expenses:		
Program services:		
Emergency Assistance	1,549,485	1,017,330
Budget for Life	493,090	428,790
Foundation 3	352,899	303,188
Buckhead Thriftique	379,392	255,131
Volunteer Services	193,372	207,082
Total program services	2,968,238	2,211,521
Supporting services:		
Management and general	176,809	214,380
Fundraising	330,804	281,710
Total expenses	3,475,851	2,707,611
Increase in net assets without donor restrictions	444,204	156,337
Changes in net assets with donor restrictions:		
Contributions	494,988	1,073,174
Grants and contracts	631,823	97,000
Investment income	307	3,339
Net assets released from restrictions	(1,198,770)	(1,030,128)
Increase (decrease) in net assets with donor restrictions	(71,652)	143,385
Increase in net assets	372,552	299,722
Net assets, beginning of year	4,245,586	3,945,864
Net assets, end of year	\$ 4,618,138	\$ 4,245,586

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.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	Emergency Assistance	Budget for Life	Foundation 3	Buckhead Thriftique	Volunteer Services	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 151,030	\$ 167,026	\$ 104,573	\$ 106,249	\$ 124,146	\$ 653,024	\$ 110,570	\$ 125,898	\$ 889,492
Payroll taxes	11,189	12,654	7,556	8,002	8,894	48,295	4,021	12,358	64,674
Employee benefits	36,999	26,606	23,461	14,526	28,384	129,976	31,094	19,838	180,908
Total payroll expense	199,218	206,286	135,590	128,777	161,424	831,295	145,685	158,094	1,135,074
Community assistance programs	654,966	177,622	116,583	-	-	949,171	-	-	949,171
Volunteer training and recognition	-	-	-	-	18,584	18,584	-	-	18,584
Supplies	1,989	510	867	2,642	255	6,263	572	612	7,447
Printing and postage	5,676	1,942	2,461	2,117	778	12,974	869	8,737	22,580
Equipment rental and maintenance	8,236	1,969	3,348	2,711	985	17,249	1,182	2,363	20,794
Telephone and data expense	17,416	4,354	1,851	1,766	2,181	27,568	2,407	1,570	31,545
Computer software and maintenance	41,667	10,417	4,430	-	6,468	62,982	8,503	21,410	92,895
Insurance	8,296	2,127	3,616	2,340	1,064	17,443	1,276	2,553	21,272
Retail space rent	-	-	-	75,997	-	75,997	-	-	75,997
Utilities	9,257	3,156	3,998	9,365	842	26,618	1,263	2,525	30,406
Building repairs and maintenance	16,589	5,655	7,163	4,256	1,508	35,171	2,262	4,524	41,957
Depreciation	26,719	6,851	11,647	7,536	3,425	56,178	4,111	8,221	68,510
Fundraising and public relations	-	-	-	-	-	-	562	15,953	16,515
Professional fees	7,082	1,831	3,087	1,998	4,538	18,536	42,740	44,974	106,250
Bank charges and other fees	236	62	102	7,348	30	7,778	252	3,631	11,661
Other	19,983	6,008	8,445	8,278	5,000	47,714	2,696	6,543	56,953
Total expenses	\$ 1,017,330	\$ 428,790	\$ 303,188	\$ 255,131	\$ 207,082	\$ 2,211,521	\$ 214,380	\$ 281,710	\$ 2,707,611
Percentage of total expenses	38%	16%	11%	9%	8%	82%	8%	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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase in net assets	\$ 372,552	\$ 299,723
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	78,867	68,510
Change in inventory	8,054	(32,575)
Realized and unrealized (gain) loss on investments	37,803	(36,843)
Changes in assets and liabilities:		
Grants and contracts receivable	(250,000)	55,000
Unconditional promises to give	309,696	(194,833)
Prepaid expenses and other assets	2,170	(1,513)
Refundable advance	10,000	-
Accounts payable and accrued expenses	(3,821)	32,127
Total adjustments	<u>192,769</u>	<u>(110,127)</u>
Net cash provided by operating activities	<u>565,321</u>	<u>189,596</u>
Cash flows from investing activities:		
Re-investment of investment income	(184,421)	(86,409)
Proceeds from sales and maturities of investments	384,393	-
Purchase of certificate of deposit	(390,577)	-
Purchase of property and equipment	<u>(143,648)</u>	<u>(52,697)</u>
Net cash used in investing activities	<u>(334,253)</u>	<u>(139,106)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	<u>189,800</u>	<u>-</u>
Net cash provided by financing activities	<u>189,800</u>	<u>-</u>
Net increase in cash and cash equivalents	420,868	50,490
Cash and cash equivalents, beginning of year	<u>734,448</u>	<u>683,958</u>
Cash and cash equivalents, end of year	<u>\$ 1,155,316</u>	<u>\$ 734,448</u>

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

BUCKHEAD CHRISTIAN MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

---

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, 2020 AND 2019

---

1. Nature of Organization and Significant Accounting Policies – Continued

Revenue

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. 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, 2020, contributions of \$30,000 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. There were no conditional contributions at June 30, 2019.

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, 2020 AND 2019

---

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, 2020 and 2019, 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, 2020 AND 2019

---

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, 2020 and 2019, the amount of uninsured balances was \$1,090,747 and \$294,834, 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, 2020 AND 2019

---

1. Nature of Organization and Significant Accounting Policies – Continued

New Accounting Policies

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of Topic 606 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance requires retrospective application.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This new standard clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The guidance in this update should be applied on a modified prospective basis. Retrospective application is permitted.

These accounting policies are effective for fiscal years beginning after December 15, 2018. The Organization adopted these accounting policies for the year ended June 30, 2020. These new accounting policies did not affect total net assets for either the year ended June 30, 2020 or 2019.

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.

BUCKHEAD CHRISTIAN MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

2. Liquidity and Availability of Financial Assets – Continued

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,155,316	\$ 734,448
Grants and contracts receivable	250,000	-
Unconditional promises to give	45,171	354,867
Certificate of deposit	390,577	-
Investments	<u>1,246,669</u>	<u>1,484,444</u>
Total financial assets	<u>3,087,733</u>	<u>2,573,759</u>
Less:		
Cash restricted for technology, infrastructure, and vehicles	(140,977)	(100,890)
Donor restricted investments and certificate of deposit for maintenance reserve	(90,658)	(90,351)
Internal designations of investments	<u>(1,246,581)</u>	<u>(1,251,266)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,609,517</u>	<u>\$ 1,131,252</u>

For the years ended June 30, 2020 and 2019, restricted contributions of \$267,502 and \$379,548, respectively, 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 years 2020 and 2019.

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.

BUCKHEAD CHRISTIAN MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

---

2. Liquidity and Availability of Financial Assets – Continued

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.

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:

	2020	2019
Cash without donor restrictions	\$ 1,014,339	\$ 562,357
Cash restricted for various short-term purposes	-	71,201
Cash and cash equivalents	1,014,339	633,558
Cash restricted for technology, infrastructure and vehicles	140,977	100,890
Cash and cash equivalents, for the purpose of the statement of cash flows	\$ 1,155,316	\$ 734,448

4. Grants and Contracts Receivable

Receivables arise from contributions from government grants and contracts. Grants and contracts receivable at June 30, 2020 include \$250,000 from Fulton County. There were no grants and contracts receivable at June 30, 2019.



BUCKHEAD CHRISTIAN MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

---

5. Unconditional Promises to Give

Unconditional promises to give at June 30, 2020 and 2019 totaled \$45,171 and \$354,867, 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;
- 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.

BUCKHEAD CHRISTIAN MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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

BUCKHEAD CHRISTIAN MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

6. Investments – Continued

The fair market value of investments is summarized below at June 30, 2019:

	Fair Value Hierarchy Level	Endowment	Operating and Building Reserves	Total
Money market and cash funds	1	\$ 28,758	\$ 59,035	\$ 87,793
Fixed income mutual funds				
Commodities broad basket		44,557	-	44,557
International bonds		34,931	19,499	54,430
Government bonds		-	24,741	24,741
Bank loans		-	12,538	12,538
Short term bonds		81,506	85,724	167,230
High yield bonds		59,790	7,477	67,267
Emerging markets bonds		101,140	-	101,140
Corporate bonds		82,770	-	82,770
Intermediate term bonds		-	24,164	24,164
Total fixed income mutual funds	1	404,694	174,143	578,837
Equity mutual funds				
International equity		336,629	-	336,629
Large-cap U.S. equity		307,744	-	307,744
Mid-cap U.S. equity		105,653	-	105,653
Small-cap U.S. equity		67,788	-	67,788
Total equity mutual funds	1	817,814	-	817,814
		\$ 1,251,266	\$ 233,178	\$ 1,484,444

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.

BUCKHEAD CHRISTIAN MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

---

6. Investments – Continued

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.

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, 2020 and 2019.

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.

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

	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	33,104	-	33,104
Net depreciation (realized and unrealized)	(37,778)	-	(37,778)
Endowment net assets, June 30, 2020	\$ 178,167	\$ 1,068,425	\$ 1,246,592

BUCKHEAD CHRISTIAN MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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

	Without Donor Restrictions		
	Available for Appropriation	Board Designated	Total
Endowment net assets, June 30, 2018	\$ 118,510	\$ 1,068,425	\$ 1,186,935
Investment return			
Investment income	31,615	-	31,615
Net appreciation (realized and unrealized)	32,716	-	32,716
Endowment net assets, June 30, 2019	\$ 182,841	\$ 1,068,425	\$ 1,251,266

8. Property and Equipment, Net

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

	2020	2019
Land	\$ 639,512	\$ 639,512
Building and improvements	1,553,506	1,553,506
Furniture, fixtures and equipment	158,250	152,505
Computers and software	153,263	124,209
Vehicles	2,500	-
Leasehold improvements	128,977	22,628
Total property and equipment at cost	2,636,008	2,492,360
Less accumulated depreciation	(900,747)	(821,880)
Total property and equipment	\$ 1,735,261	\$ 1,670,480

For the years ended June 30, 2020 and 2019, depreciation and amortization expense was \$78,867 and \$68,510, respectively.

BUCKHEAD CHRISTIAN MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

---

9. Operating Lease Commitments

The Organization leases retail space for the Organization’s 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, 2020 are as follows:

For Year End June 30,	Amount
2021	\$ 154,319
2022	157,483
2023	152,758
2024	120,540
	\$ 585,100

Total rental and lease expense for all leases for the years ended June 30, 2020 and 2019 was \$153,292 and \$95,649, respectively.

10. Debt

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, 2021. 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, 2019.

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 2021 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 \$40,566 and \$42,216, respectively, for the years ended June 30, 2020 and 2019.

BUCKHEAD CHRISTIAN MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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:

	2020	2019
Community programs:		
Budget for Life	\$ -	\$ 205,000
Emergency Assistance	250,000	103,347
Thriftique	-	71,201
Purchase of vehicle	105,000	-
Technology and Infrastructure	35,977	100,890
Maintenance reserve	90,658	90,351
Time restricted	17,502	-
Total net assets with donor restrictions	\$ 499,137	\$ 570,789

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 year ended June 30:

	2020	2019
Community programs:		
Foundation 3	\$ 117,488	\$ 143,981
Budget for Life	184,995	172,800
Emergency Assistance	666,376	602,447
Technology and Infrastructure	64,912	44,301
Thriftique	89,999	4,099
Salary for Finance Education Manager		
Savings Match Program	65,000	-
Savings Match Program	10,000	-
Time restricted	-	62,500
Total net assets released from restrictions	\$ 1,198,770	\$ 1,030,128

14. Donated Equipment, Material, Supplies and Services

Contributions of food, clothing, and personal items valued at \$115,314 and \$164,357 have been reflected in the statement of activities for the years ending June 30, 2020 and 2019, respectively. The Organization also recorded \$45,736 and \$53,151 for accounting, legal and technology support services for the years ended June 30, 2020 and 2019, respectively.

BUCKHEAD CHRISTIAN MINISTRY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

---

14. Donated Equipment, Material, Supplies and Services – Continued

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 10,473 and 11,619 volunteer hours were provided to the Organization during the years ended June 30, 2020 and 2019, 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 2019 and 2018 was approximately \$18 to \$20 per hour. The value of the volunteer services provided during the years ended June 30, 2020 and 2019 is estimated to be approximately \$219,000 and \$217,000, 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 Edge Advisors. 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 \$1,600 and \$200,000 at June 30, 2020 and 2019, respectively. The certificate of deposit had a balance of approximately \$391,000 at June 30, 2020.

18. Subsequent Events

Management has evaluated events and transactions which occurred through August 19, 2020, 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, 2020

State Contract Number	Earned Revenues	Receipts	Due From State Agency
Fulton County Community Development COVID-19 Emergency Funding # 20-0270	\$ 500,000	\$ 250,000	\$ 250,000
Fulton County Community Development Block Grant subrecipient Agreement Federal Award Identification Number B-19-UC-13-003	46,823	46,823	-
Fulton County Community Development Department's Youth and Community Services Division - Award # 12332	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Total	<u>\$ 631,823</u>	<u>\$ 381,823</u>	<u>\$ 250,000</u>