

BUCKHEAD CHRISTIAN MINISTRY, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2014 AND 2013

BUCKHEAD CHRISTIAN MINISTRY, INC.

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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. (the Organization), which comprise the statements of financial position as of December 31, 2014 and 2013 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buckhead Christian Ministry, Inc. as of December 31, 2014 and 2013, 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.

Brooks, McGinnis & Company, LLC

Atlanta, Georgia
March 26, 2015

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 634,789	\$ 680,328
Grants and contracts receivable	15,000	21,863
Unconditional promises to give, net	162,631	105,293
Investments	1,297,327	1,303,522
Inventory	125,756	99,878
Prepaid expenses and other assets	16,196	16,714
Property and equipment, net	1,787,913	1,811,440
 Total assets	 \$ 4,039,612	 \$ 4,039,038
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 11,524	\$ 7,904
Accrued expenses and other liabilities	91,255	73,781
 Total liabilities	 102,779	 81,685
 Commitments and contingencies		
Net assets:		
Unrestricted:		
Available for operations	917,981	818,358
Board-designated endowment fund	1,000,000	1,000,000
Expended for property and equipment	1,787,913	1,811,440
Total unrestricted net assets	3,705,894	3,629,798
Temporarily restricted	230,939	327,555
Total net assets	3,936,833	3,957,353
 Total liabilities and net assets	 \$ 4,039,612	 \$ 4,039,038

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Changes in unrestricted net assets:		
Revenues, gains and support:		
Contributions	\$ 962,298	\$ 977,131
Grant and contract revenue	48,938	93,139
Thrift store revenue	131,220	123,168
In-kind donations	333,351	407,345
Special event revenue, net of \$128,222 and \$130,884, respectively, in direct expenses	248,082	295,623
Transitional housing fees	2,354	10,373
Foundation 3 program fees	3,122	-
Interest income	974	1,198
Investment income	36,115	34,380
Loss on disposal of equipment	(2,018)	-
Other income	8,302	3,557
Total revenues	1,772,738	1,945,914
Net assets released from restrictions	498,178	276,794
Total unrestricted revenues, gains and support	2,270,916	2,222,708
Expenses:		
Program services:		
Emergency assistance	1,029,393	1,113,292
Intermediate assistance	212,597	207,154
Foundation 3	68,430	-
Transitional housing	153,545	296,794
Thrift store	205,145	192,236
Volunteer program	134,338	116,335
Total program services	1,803,448	1,925,811
Supporting services:		
Management and general	126,028	116,846
Fundraising	265,344	257,257
Total expenses	2,194,820	2,299,914
Increase (decrease) in unrestricted net assets	76,096	(77,206)
Changes in temporarily restricted net assets:		
Contributions	400,975	372,024
Interest income	-	325
Investment income	587	915
Net assets released from restrictions	(498,178)	(276,794)
Increase (decrease) in temporarily restricted net assets	(96,616)	96,470
Increase (decrease) in net assets	(20,520)	19,264
Net assets, beginning of year	3,957,353	3,938,089
Net assets, end of year	\$ 3,936,833	\$ 3,957,353

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Emergency Assistance	Intermediate Assistance	Foundation 3	Transitional Housing	Buckhead Thriftique	Volunteer Services	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 178,902	\$ 86,635	\$ 1,757	\$ 90,063	\$ 71,863	\$ 92,064	\$ 521,284	\$ 47,693	\$ 133,018	\$ 701,995
Payroll taxes	13,560	6,453	42	6,841	5,329	6,832	39,057	3,434	9,754	52,245
Employee benefits	34,515	10,296	15,941	-	19,432	13,112	93,296	5,845	21,873	121,014
Total payroll expense	226,977	103,384	17,740	96,904	96,624	112,008	653,637	56,972	164,645	875,254
Community assistance programs	710,205	86,933	25,429	54,137	-	-	876,704	-	-	876,704
Volunteer training and recognition	-	-	-	-	-	10,894	10,894	-	-	10,894
Supplies	3,468	868	1,476	-	4,447	434	10,693	1,946	1,150	13,789
Printing and postage	1,627	417	709	-	459	922	4,134	443	1,131	5,708
Equipment rental and maintenance	5,151	1,321	2,245	-	1,453	660	10,830	792	1,585	13,207
Telephone and data expense	10,293	2,573	1,094	-	4,052	742	18,754	1,422	928	21,104
Computer software and maintenance	11,599	1,480	2,969	2,504	2,368	2,003	22,923	3,504	15,088	41,515
Insurance	7,651	1,962	3,335	-	2,158	981	16,087	1,177	2,354	19,618
Retail space rent	-	-	-	-	63,585	-	63,585	-	-	63,585
Utilities	10,881	2,720	1,157	-	8,826	784	24,368	1,504	981	26,853
Building repairs and maintenance	18,578	4,644	1,975	-	6,466	1,339	33,002	2,567	1,674	37,243
Depreciation	20,462	5,247	8,919	-	5,771	2,623	43,022	3,148	6,296	52,466
Advertising	-	-	-	-	1,385	-	1,385	-	-	1,385
Fundraising and public relations	-	-	-	-	-	-	-	-	14,830	14,830
Professional fees	1,621	839	1,028	-	2,006	704	6,198	45,865	47,893	99,956
Bank charges and investment advisor fees	515	132	224	-	5,077	66	6,014	3,900	6,140	16,054
Other	365	77	130	-	468	178	1,218	2,788	649	4,655
Total expenses	\$ 1,029,393	\$ 212,597	\$ 68,430	\$ 153,545	\$ 205,145	\$ 134,338	\$ 1,803,448	\$ 126,028	\$ 265,344	\$ 2,194,820
Percentage of total expenses	47%	10%	3%	7%	9%	6%	82%	6%	12%	100%

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Emergency Assistance	Intermediate Assistance	Transitional Housing	Buckhead Thriftique	Volunteer Services	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 172,424	\$ 88,150	\$ 93,246	\$ 69,427	\$ 76,656	\$ 499,903	\$ 47,096	\$ 141,104	\$ 688,103
Payroll taxes	13,086	6,619	7,055	5,222	5,751	37,733	3,542	10,635	51,910
Employee benefits	33,952	10,465	16,370	19,202	13,444	93,433	6,988	21,124	121,545
Total payroll expense	<u>219,462</u>	<u>105,234</u>	<u>116,671</u>	<u>93,851</u>	<u>95,851</u>	<u>631,069</u>	<u>57,626</u>	<u>172,863</u>	<u>861,558</u>
Community assistance programs	795,811	83,346	150,696	-	-	1,029,853	-	-	1,029,853
Volunteer training and recognition	-	-	-	-	10,176	10,176	-	-	10,176
Supplies	2,861	734	1,247	3,770	367	8,979	3,813	880	13,672
Printing and postage	3,551	844	1,435	928	422	7,180	776	1,799	9,755
Equipment rental and maintenance	3,841	985	1,675	1,083	492	8,076	591	1,182	9,849
Telephone and data expense	6,999	1,750	744	1,978	505	11,976	967	631	13,574
Computer software and maintenance	10,898	2,938	5,014	2,834	2,029	23,713	1,634	15,708	41,055
Insurance	7,101	1,821	3,095	2,003	910	14,930	1,093	2,185	18,208
Retail space rent	-	-	-	61,320	-	61,320	-	-	61,320
Utilities	13,374	3,344	1,422	9,362	964	28,466	1,848	1,205	31,519
Building repairs and maintenance	22,690	5,672	2,412	5,407	1,636	37,817	3,135	2,045	42,997
Depreciation	24,754	-	11,586	2,633	2,633	41,606	2,633	8,426	52,665
Advertising	-	-	-	1,845	-	1,845	-	-	1,845
Fundraising and public relations	-	-	-	-	115	115	-	13,587	13,702
Professional fees	1,010	259	440	285	130	2,124	27,355	24,811	54,290
Bank charges and investment advisor fees	560	144	244	4,291	72	5,311	13,598	9,175	28,084
Other	380	83	113	646	33	1,255	1,777	2,760	5,792
Total expenses	<u>\$ 1,113,292</u>	<u>\$ 207,154</u>	<u>\$ 296,794</u>	<u>\$ 192,236</u>	<u>\$ 116,335</u>	<u>\$ 1,925,811</u>	<u>\$ 116,846</u>	<u>\$ 257,257</u>	<u>\$ 2,299,914</u>
Percentage of total expenses	48%	9%	13%	8%	5%	83%	5%	12%	100%

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2014 AND 2013

	2014	2013
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (20,520)	\$ 19,264
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	52,466	52,665
Loss on disposal of equipment	2,018	-
Change in inventory	(25,878)	18,297
Realized and unrealized gain on investments	(5,401)	(603)
Changes in assets and liabilities:		
Grants and contracts receivable	6,863	3,956
Unconditional promises to give	(57,338)	(26,141)
Prepaid expenses and other assets	518	(2,622)
Accounts payable and accrued expenses	21,094	7,849
Total adjustments	(5,658)	53,401
Net cash provided by (used in) operating activities	(26,178)	72,665
Cash flows from investing activities:		
Purchase of investments	(31,301)	(144,207)
Proceeds from sales and maturities of investments	42,897	53,968
Proceeds from maturities of certificate of deposit	-	108,964
Purchase of property and equipment	(30,957)	(7,239)
Net cash provided by (used in) investing activities	(19,361)	11,486
Net increase (decrease) in cash and cash equivalents	(45,539)	84,151
Cash and cash equivalents, beginning of year	680,328	596,177
Cash and cash equivalents, end of year	\$ 634,789	\$ 680,328

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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 serve the Atlanta community by providing compassionate, emergency assistance to individuals and families facing hardship and to offer meaningful opportunities to serve. 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.
- Intermediate Assistance (*70/30 Project*) 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 *Transitional Housing Program* helps homeless families regain financial stability by providing an apartment, money management education, and support services for up to 18 to 24 months. This program was phased out in 2014 and transitioned to the Foundation 3 Program.
- 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. This basis of accounting requires recording revenues and gains when earned and expenses and losses when incurred.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

1. Nature of Organization and Significant Accounting Policies – Continued

Basis of Accounting and Presentation – Continued

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, net assets and changes therein are classified and reported as follows:

- Unrestricted net assets are resources not subject to donor-imposed restrictions or law.
- Temporarily restricted net assets are subject to restrictions imposed by donor or law that may be met either by actions of the Organization or the passage of time.

Contributions

In accordance with GAAP, contributions are recognized as revenue in the year they are received or promised, with allowances provided for unconditional promises to give estimated to be uncollectible. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts (if any) is included in contributions in the accompanying statements of activities and changes in net assets.

Depending on the existence and/or nature of any donor restrictions, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support. Time and capital donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets 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 unrestricted support 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 restricted support. 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 temporarily restricted net assets to unrestricted net assets at that time.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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 December 31, 2014 and 2013, 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 (based on a "more-likely-than-not" standard for substantiation) that are material to the financial statements. The Organization's Internal Revenue Service filings for the previous three years remain subject to examination.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

1. Nature of Organization and Significant Accounting Policies – Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash investments and highly liquid investments with maturities of three months or less to be cash equivalents. The balances in the Organization's bank accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of December 31, 2014 and 2013. The Organization places its cash with high credit quality financial institutions. At December 31, 2014 and 2013, the amount of uninsured balances was \$183,416 and \$145,983, respectively.

Inventory

Inventory consists primarily of food and clothing items, which are donated to the Organization. Donated inventory is recorded at fair value market 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.

Reclassification

Certain amounts previously reported have been reclassified to conform to the current year financial statement presentation.

2. Grants and Contracts Receivable

Receivables arise from reimbursements owed under government grants and contracts. The Organization's ability to collect amounts due is affected by the outside agencies' acceptance of reimbursable expenses and performance-based outcomes, which must meet contract requirements. The U.S. Department of Housing and Urban Development grant ended in fiscal 2014 and was not renewed.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

2. Grants and Contracts Receivable – Continued

Grants and contracts receivable are as follows at December 31:

	<u>2014</u>	<u>2013</u>
Due from:		
U.S. Department of Housing and Urban Development Homeless Assistance	\$ -	\$ 9,413
Atlanta/Fulton/DeKalb Emergency Food & Shelter Program	<u>15,000</u>	<u>12,450</u>
Total grants and contracts receivable	<u>\$ 15,000</u>	<u>\$ 21,863</u>

3. Unconditional Promises to Give, Net

The following is a summary of all unconditional promises to give at December 31:

	<u>2014</u>	<u>2013</u>
Total amounts due in:		
One year	\$ 162,631	\$ 90,588
Two years	<u>-</u>	<u>15,000</u>
Gross unconditional promises to give	162,631	105,588
Present value discount (1% effective rate)	<u>-</u>	<u>(295)</u>
Unconditional promises to give, net	<u>\$ 162,631</u>	<u>\$ 105,293</u>

All unconditional promises to give are deemed by management to be fully collectible; therefore, no allowance for doubtful promises to give has been recorded.

4. 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;

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

4. Investments – Continued

- 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. Accordingly, the Organization's direct investments in equity security investments and mutual funds are Level 1 investments.

Additionally, at December 31, 2014 and 2013, the Organization held money market funds and cash comprising approximately 2% and 9% of total investment assets, respectively. Money market funds are carried at cost value, which approximates fair value.

The fair market value of investments is summarized below at December 31, 2014:

	<u>Hierarchy</u>	<u>Endowment</u>	<u>Building</u>	<u>Total</u>
Money market and cash funds	1	\$ 21,126	\$ 875	\$ 22,001
Fixed income mutual funds				
Commodities broad basket		40,485	-	40,485
International bonds		32,310	29,140	61,450
Government bonds		-	29,958	29,958
Bank loans		-	60,781	60,781
Short term bonds		143,149	120,952	264,101
High yield bonds		49,159	29,493	78,652
Emerging markets bonds		91,407	-	91,407
Intermediate term bonds		-	30,212	30,212
Total fixed income mutual funds	1	<u>356,510</u>	<u>300,536</u>	<u>657,046</u>
Equity mutual funds				
International equity		261,408	-	261,408
Large-cap U.S. equity		234,608	-	234,608
Mid-cap U.S. equity		71,253	-	71,253
Small-cap U.S. equity		51,011	-	51,011
Total equity mutual funds	1	<u>618,280</u>	<u>-</u>	<u>618,280</u>
		<u>\$ 995,916</u>	<u>\$ 301,411</u>	<u>\$ 1,297,327</u>

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

4. Investments – Continued

The fair market value of investments is summarized below at December 31, 2013:

	Fair Value Hierarchy	Endowment	Operating and Building	Total
Money market and cash funds	1	\$ 109,650	\$ 8,104	\$ 117,754
Equity securities				
Telecommunications		-	9,551	9,551
Total equity securities	1	-	9,551	9,551
Fixed income mutual funds				
Inflation-protected bonds		-	19,837	19,837
Closed-end funds		14,485	-	14,485
Inflation-linked opportunities		17,469	19,723	37,192
Bank loans		185,353	151,172	336,525
Short term bonds		-	10,546	10,546
High yield bonds		39,927	-	39,927
Government bonds		20,372	-	20,372
Intermediate term bonds		185,376	-	185,376
Total fixed income mutual funds	1	462,982	201,278	664,260
Equity mutual funds				
International		237,632	-	237,632
Utilities		42,147	-	42,147
Trading-inverse equity		25,489	-	25,489
Total equity mutual funds	1	305,268	-	305,268
Other mutual funds				
Multi-alternative		29,172	-	29,172
Long/short equity		96,779	80,738	177,517
Total other mutual funds	1	125,951	80,738	206,689
		\$ 1,003,851	\$ 299,671	\$ 1,303,522

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

4. Investments – Continued

Investment return consists of the following for the year ended December 31, 2014:

	Endowment	Operating and Building Reserves	Total
Realized and unrealized gain (loss) on investments	\$ 10,197	\$ (4,796)	\$ 5,401
Dividends, interest, and reinvested capital gains	24,378	6,923	31,301
Investment return	\$ 34,575	\$ 2,127	\$ 36,702

Investment return consists of the following for the year ended December 31, 2013:

	Endowment	Operating and Building Reserves	Total
Realized and unrealized gain (loss) on investments	\$ 4,765	\$ (4,162)	\$ 603
Dividends, interest, and reinvested capital gains	27,305	7,387	34,692
Investment return	\$ 32,070	\$ 3,225	\$ 35,295

The Organization incurred investment fees of \$3,265 and \$12,968 during the years ended December 31, 2014 and 2013, respectively. This expense is recorded in the accompanying statements of functional expenses.

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.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
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4. 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.

5. Endowed Net Assets

During the latter part of 2011, Buckhead Christian Ministry received an unconditional promise to give 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. This promise to give was fulfilled in 2012. Accordingly, the Organization follows the requirements of Georgia's Uniform Prudent Management of Institutional Funds Act (the Act) which became law July 1, 2008. Under the Act, all earnings for board designated endowed funds are considered temporarily restricted until appropriated for expenditure.

From time to time, the fair value of invested assets associated with individual endowment funds may fall below the level required to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$4,084, at December 31, 2014. These deficiencies resulted from continued appropriation for programs that were deemed prudent by the Investment Committee. There were no such deficiencies as of December 31, 2013.

In compliance with the Act, the Organization has adopted investment and spending policies for endowment assets as described in Note 4. 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 assets.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
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5. Endowed Net Assets – Continued

Endowment assets by net asset category and related changes consisted of the following as of December 31:

2014	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,851	\$ 1,000,000	\$ 1,003,851
Disbursements	(40,000)	-	(40,000)
Investment return			
Investment income, net of investment fees of \$2,510	21,868	-	21,868
Net appreciation (realized and unrealized)	<u>10,197</u>	<u>-</u>	<u>10,197</u>
Total endowment net assets	<u>\$ (4,084)</u>	<u>\$ 1,000,000</u>	<u>\$ 995,916</u>
<u>2013</u>			
Endowment net assets, beginning of year	\$ 23,103	\$ 1,000,000	\$ 1,023,103
Disbursements	(41,000)	-	(41,000)
Investment return			
Investment income, net of investment fees of \$10,322	16,983	-	16,983
Net appreciation (realized and unrealized)	<u>4,765</u>	<u>-</u>	<u>4,765</u>
Total endowment net assets	<u>\$ 3,851</u>	<u>\$ 1,000,000</u>	<u>\$ 1,003,851</u>

6. Property and Equipment in Service, Net

Components of property and equipment in service consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Land	\$ 639,512	\$ 639,512
Building and improvements	1,518,044	1,518,044
Furniture, fixtures and equipment	126,163	111,630
Computers and software	50,704	60,436
Leasehold improvements	<u>22,629</u>	<u>22,629</u>
Total property and equipment at cost	2,357,052	2,352,251
Less accumulated depreciation	<u>(569,139)</u>	<u>(540,811)</u>
Total property and equipment	<u>\$ 1,787,913</u>	<u>\$ 1,811,440</u>

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
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6. Property and Equipment in Service, Net – Continued

For the years ended December 31, 2014 and 2013, depreciation and amortization expense was \$52,466 and \$52,665, respectively.

7. Operating Lease Commitments

The Organization leases Showroom space for the Organization’s Thrift Store, *Buckhead Thriftique*. The lease expires on May 31, 2018. The Organization is also obligated under various operating leases for office equipment. Finally, the Organization had previously leased several apartments at various area complexes in connection to the Transitional Housing Program. As the Transitional Housing program was phased out in 2014, the apartment leases were not renewed. All apartment leases expired prior to December 31, 2014. The annual minimum lease payments for all leases in place at December 31, 2014 are as follows:

<u>Year ended December 31,</u>	
2015	\$ 73,401
2016	73,401
2017	73,401
2018	<u>27,073</u>
	<u>\$ 247,276</u>

Total rental and lease expense for all leases for the years ended December 31, 2014 and 2013, including the apartment leases, was \$108,269 and \$161,005, respectively.

8. Line of Credit

The Organization has a \$100,000 line of credit open at the bank used for its operating accounts. This line of credit is due on demand and renews annually. The line of credit expires on June 15, 2015. The interest rate varies according to the bank prime rate plus one percentage point. During 2014 and 2013, there were no borrowings on this line of credit.

9. Retirement Plan

The Organization provides a Simplified Employee Pension Plan to all employees who are 21 years old and have earned at least \$600 during the first calendar year of hire. The Plan is 100% funded by the Organization on a discretionary basis and is evaluated annually by the Organization’s Board of Directors. The percentage currently contributed is 5% of the employee’s annual earnings. The Organization made contributions to employees’ plans totaling \$31,295 and \$32,551 for the years ended December 31, 2014 and 2013, respectively.

BUCKHEAD CHRISTIAN MINISTRY, INC.
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9. Retirement Plan – Continued

In addition, the Organization also provides a voluntary 403(b) retirement plan which is open to all full-time employees. The 403(b) plan is an employee contribution tax deferred annuity plan to be used for retirement benefits. Currently, the Organization does not make any contributions toward this plan.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of funds the Organization has received subject to donor-imposed restrictions consisting of the following at December 31:

	<u>2014</u>	<u>2013</u>
Net assets restricted for community programs:		
Emergency assistance	\$ 24,576	\$ 50,356
Intermediate assistance	15,000	89,704
Client education	5,365	6,170
Client incentives	23,086	24,000
Maintenance reserve	87,912	87,325
Capital improvements	-	20,000
Time restricted for operations	75,000	50,000
Total temporarily restricted net assets	<u>\$ 230,939</u>	<u>\$ 327,555</u>

11. Net Assets Released from Restrictions

Temporarily restricted net assets 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 December 31:

	<u>2014</u>	<u>2013</u>
Net assets restricted for community programs:		
Transitional Housing	\$ 71,851	\$ 51,850
Intermediate Assistance	165,523	110,820
Emergency Aid	184,085	103,794
Client education	805	8,830
Client incentives	914	-
Capital improvements	20,000	-
Time restricted for operations	50,000	-
Other	5,000	1,500
Net assets released from restrictions	<u>\$ 498,178</u>	<u>\$ 276,794</u>

BUCKHEAD CHRISTIAN MINISTRY, INC.
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12. Donated Equipment, Material, Supplies and Services

Contributions of food, clothing, personal items, and fundraising event items valued at \$293,821 and \$370,795 have been reflected in the statements of activities for the years ending December 31, 2014 and 2013, respectively. The Organization also recorded \$39,530 and \$36,550 for accounting, legal and technology support services for the years ending December 31, 2014 and 2013, respectively. Contributions of special event items and services valued at \$9,833 were recorded for the year ending December 31, 2013. There were no contributions of special event items for the year ending December 31, 2014.

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 14,579 and 16,412 volunteer hours were provided to the Organization during the years ended December 31, 2014 and 2013, 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 2014 and 2013 is \$17.15 and \$16.99 per hour, respectively. The estimated value of the volunteer services provided during 2014 and 2013 is estimated to be \$250,000 and \$279,000, respectively, using this wage rate.

13. Commitments and Contingencies

Certain government funded programs are routinely subject to special audit. The audit reports are prepared by these 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.

In September 2014, the Organization signed a contract for consulting services for the Executive Director search and success planning process totaling \$26,500. The outstanding amount on the contract as of December 31, 2014 was \$23,875. Of this outstanding amount, an installment payment of \$8,750 was included in accounts payable at December 31, 2014.

BUCKHEAD CHRISTIAN MINISTRY, INC.
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14. Related Party Transactions

During 2014, the investments were moved under the master custodial account number that is owned by Glenmore Advisors. A member of the Organization's Board of Directors and Investment Committee is an executive at the company. The Organization will not be charged for access to the platform and no benefit will be received by the Glenmore Advisors. Control of the funds remains with the Organization.

For the years ended December 31, 2014 and 2013, the Organization has a money market account held at a bank for which a member of the Organization's Finance Committee is an executive.

15. Subsequent Events

Management has evaluated events and transactions which occurred through March 26, 2015, 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.