

BUCKHEAD CHRISTIAN MINISTRY, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2017

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. (a non-profit Organization), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, functional expenses, and cash flows for the eighteen months then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buckhead Christian Ministry, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the eighteen months then ended in accordance with accounting principles generally accepted in the United States of America.

Brooks, McGinnis & Company, LLC

Atlanta, Georgia
August 7, 2017

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BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 197,737
Grants and contracts receivable	15,000
Unconditional promises to give, net	38,896
Investments	1,418,897
Inventory	61,197
Prepaid expenses and other assets	10,143
Property and equipment, net	<u>1,691,106</u>
 Total assets	 <u><u>\$ 3,432,976</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 18,300
Accrued expenses and other liabilities	<u>49,798</u>
 Total liabilities	 <u>68,098</u>
 Commitments and contingencies	
 Net assets:	
Unrestricted:	
Available for operations	448,905
Board-designated endowment fund	1,068,425
Expended for property and equipment	<u>1,691,106</u>
Total unrestricted net assets	3,208,436
Temporarily restricted	<u>156,442</u>
Total net assets	<u>3,364,878</u>
 Total liabilities and net assets	 <u><u>\$ 3,432,976</u></u>

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENT OF ACTIVITIES
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2017

Changes in unrestricted net assets:	
Revenues, gains and support:	
Contributions	\$ 1,100,699
Contributions for board-designated endowment	250
Grants and contracts revenue	15,000
Thrift store revenue	183,233
In-kind donations	367,808
Special event revenue, net of \$127,320 in direct expenses	369,390
Foundation 3 program fees	18,549
Interest income	571
Investment income	176,192
Other income	14,816
Total revenues	<u>2,246,508</u>
Net assets released from restrictions	333,081
Total unrestricted revenues, gains and support	<u>2,579,589</u>
Expenses:	
Program services:	
Emergency assistance	1,342,396
Intermediate assistance	320,606
Foundation 3	275,298
Thrift store	322,046
Volunteer program	158,340
Total program services	<u>2,418,686</u>
Supporting services:	
Management and general	204,242
Fundraising	368,562
Total expenses	<u>2,991,490</u>
Decrease in unrestricted net assets	<u>(411,901)</u>
Changes in temporarily restricted net assets:	
Contributions	368,953
Investment income	5,084
Net assets released from restrictions	<u>(333,081)</u>
Increase in temporarily restricted net assets	<u>40,956</u>
Decrease in net assets	(370,945)
Net assets, beginning of year	<u>3,735,823</u>
Net assets, end of year	<u>\$ 3,364,878</u>

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2017

	Emergency Assistance	Intermediate Assistance	Foundation 3	Buckhead Thriftique	Volunteer Services	Total Program	Management and General	Fundraising	Total
Salaries and wages	\$ 225,443	\$ 123,265	\$ 126,195	\$ 107,890	\$ 104,938	\$ 687,731	\$ 91,071	\$ 252,986	\$ 1,031,788
Payroll taxes	17,104	9,344	9,300	8,056	7,594	51,398	6,900	19,087	77,385
Employee benefits	56,601	16,443	24,122	33,175	22,513	152,854	10,471	31,066	194,391
Total payroll expense	299,148	149,052	159,617	149,121	135,045	891,983	108,442	303,139	1,303,564
Community assistance programs	891,052	132,986	74,734	4,496	-	1,103,268	-	-	1,103,268
Volunteer training and recognition	-	-	-	-	6,821	6,821	-	-	6,821
Supplies	5,218	1,159	1,844	5,138	934	14,293	4,513	1,479	20,285
Printing and postage	1,663	420	713	462	229	3,487	254	2,306	6,047
Equipment rental and maintenance	9,483	2,603	4,397	3,235	1,294	21,012	1,671	3,142	25,825
Telephone and data expense	12,389	3,098	1,317	10,995	893	28,692	2,574	1,116	32,382
Computer software and maintenance	14,996	3,754	1,846	215	2,052	22,863	2,084	5,957	30,904
Insurance	12,286	3,150	5,355	3,465	1,575	25,831	1,890	3,780	31,501
Retail space rent	-	-	-	104,068	-	104,068	-	-	104,068
Utilities	20,681	5,170	2,199	13,119	1,491	42,660	2,933	1,864	47,457
Building repairs and maintenance	29,781	7,445	3,166	5,440	2,147	47,979	4,115	2,684	54,778
Depreciation	33,830	8,674	14,746	9,542	4,337	71,129	5,205	10,409	86,743
Advertising	-	-	-	1,140	-	1,140	-	-	1,140
Fundraising and public relations	-	-	-	-	-	-	-	12,771	12,771
Professional fees	9,305	2,386	4,056	2,625	1,193	19,565	60,629	6,863	87,057
Bank charges and investment advisor fees	862	221	376	7,948	111	9,518	1,856	9,551	20,925
Other	1,702	488	932	1,037	218	4,377	8,076	3,501	15,954
Total expenses	\$ 1,342,396	\$ 320,606	\$ 275,298	\$ 322,046	\$ 158,340	\$ 2,418,686	\$ 204,242	\$ 368,562	\$ 2,991,490
Percentage of total expenses	45%	11%	9%	11%	5%	81%	7%	12%	100%

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENT OF CASH FLOWS
FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 2017

Cash flows from operating activities:	
Decrease in net assets	\$ <u>(370,945)</u>
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation and amortization	86,743
Contributions for board-designated endowment	(250)
Change in inventory	35,568
Realized and unrealized gain on investments	(142,438)
Changes in assets and liabilities:	
Grants and contracts receivable	(15,000)
Unconditional promises to give	36,578
Prepaid expenses and other assets	11,363
Accounts payable and accrued expenses	<u>(11,720)</u>
Total adjustments	<u>844</u>
Net cash used in operating activities	<u>(370,101)</u>
Cash flows from investing activities:	
Purchase of investments	(39,086)
Proceeds from sales and maturities of investments	99,750
Purchase of property and equipment	<u>(21,854)</u>
Net cash provided by investing activities	<u>38,810</u>
Cash flows from financing activities:	
Cash collected for board-designated endowment	250
Payments on line of credit	<u>(5,000)</u>
Net cash used in financing activities	<u>(4,750)</u>
Net decrease in cash and cash equivalents	(336,041)
Cash and cash equivalents, beginning of year	<u>533,778</u>
Cash and cash equivalents, end of year	<u><u>\$ 197,737</u></u>

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 *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.

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.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. Nature of Organization and Significant Accounting Policies – Continued

Contributions

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

Depending on the existence and/or nature of any donor restrictions, contributions are recorded as 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.

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. Nature of Organization and Significant Accounting Policies – Continued

Property and Equipment

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

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

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

Income Taxes

Buckhead Christian Ministry, Inc. is a not-for-profit organization exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the eighteen months ended June 30, 2017, the Organization did not have any unrelated business income, and accordingly, no unrelated business income tax. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's Internal Revenue Service filings for the previous three years remain subject to examination.

Functional Allocation of Expenses

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

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.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. Nature of Organization and Significant Accounting Policies – Continued

Cash and Cash Equivalents

The Organization considers all cash investments and highly liquid investments with maturities of three months or less to be cash equivalents. The balances in the Organization's bank accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2017. The Organization places its cash with high credit quality financial institutions. There were no uninsured balances at June 30, 2017.

Inventory

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

Advertising

Advertising costs are expensed as incurred.

New Accounting Policies

In July 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, which requires the measurement of inventory at the lower of cost and net realizable value. The guidance requires prospective application and is effective for all entities for fiscal years beginning after December 15, 2016. Early adoption is permitted. The Organization elected to early adopt the provisions of this new standard for the eighteen months ended June 30, 2017, but this change did not affect the stated value of inventory or results of operations.

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. Grants and contracts receivable at June 30, 2017 included \$15,000 from the Emergency Food & Shelter Program.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

3. Unconditional Promises to Give, Net

Unconditional promises to give at June 30, 2017 totaled \$38,896. 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.

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;
- 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 June 30, 2017, the Organization held money market funds and cash comprising approximately 2% of total investment assets. Money market funds are carried at cost value, which approximates fair value.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4. Investments – Continued

The fair market value of investments is summarized below at June 30, 2017:

	Fair Value Hierarchy	Endowment	Operating and Building	Total
Money market and cash funds	1	\$ 13,298	\$ 13,568	\$ 26,866
Fixed income mutual funds				
Commodities broad basket		46,606	-	46,606
International bonds		31,445	24,346	55,791
Government bonds		-	30,453	30,453
Bank loans		-	67,567	67,567
Short term bonds		102,527	136,262	238,789
High yield bonds		54,993	16,097	71,090
Emerging markets bonds		96,416	-	96,416
Corporate bonds		51,450	-	51,450
Intermediate term bonds		-	28,900	28,900
Total fixed income mutual funds	1	<u>383,437</u>	<u>303,625</u>	<u>687,062</u>
Equity mutual funds				
International equity		306,074	-	306,074
Large-cap U.S. equity		257,490	-	257,490
Mid-cap U.S. equity		87,664	-	87,664
Small-cap U.S. equity		53,741	-	53,741
Total equity mutual funds	1	<u>704,969</u>	<u>-</u>	<u>704,969</u>
		<u>\$ 1,101,704</u>	<u>\$ 317,193</u>	<u>\$ 1,418,897</u>

Investment return consists of the following for the eighteen months ended June 30, 2017:

	Endowment	Operating and Building Reserves	Total
Realized and unrealized gain on investments	\$ 133,308	\$ 9,130	\$ 142,438
Dividends, interest, and reinvested capital gains	<u>29,460</u>	<u>9,378</u>	<u>38,838</u>
Investment return	<u>\$ 162,768</u>	<u>\$ 18,508</u>	<u>\$ 181,276</u>

The Organization did not incur any investment fees during the eighteen months ended June 30, 2017.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4. Investments – Continued

Spending Policy

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

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

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, 2017.

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.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

5. Endowed Net Assets – Continued

Endowment assets by net asset category and related changes consisted of the following as of June 30, 2017:

	Unrestricted	Board Designated	Total
Endowment net assets, December 31, 2015	\$ (29,489)	\$ 1,068,175	\$ 1,038,686
Contributions	-	250	250
Distributions	(100,000)	-	(100,000)
Investment return			
Investment income	29,460	-	29,460
Net appreciation (realized and unrealized)	133,308	-	133,308
Endowment net assets, June 30, 2017	\$ 33,279	\$ 1,068,425	\$ 1,101,704

6. Property and Equipment in Service, Net

Components of property and equipment in service consist of the following at June 30, 2017:

Land	\$ 639,512
Building and improvements	1,518,044
Furniture, fixtures and equipment	132,918
Computers and software	90,418
Leasehold improvements	22,629
Total property and equipment at cost	2,403,521
Less accumulated depreciation	(712,415)
Total property and equipment	\$ 1,691,106

For the eighteen months ended June 30, 2017, depreciation and amortization expense was \$86,743.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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. The annual minimum lease payments for all leases in place at June 30, 2017 are as follows:

Year ended June 30,	
2018	\$ 68,176
2019	5,067
	\$ 73,243

Total rental and lease expense for all leases for the eighteen months ended June 30, 2017 was \$110,101.

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, 2018. The interest rate varies according to the bank prime rate plus one percentage point. There were no draws on this line of credit during the eighteen months ended June 30, 2017.

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 \$38,702 for the eighteen months ended June 30, 2017.

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 to this plan.

BUCKHEAD CHRISTIAN MINISTRY, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

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 June 30, 2017:

Community programs:		
Intermediate assistance	\$	40,451
Technology and Infrastructure		30,000
Maintenance reserve		85,991
Total temporarily restricted net assets	\$	<u><u>156,442</u></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 eighteen months ended June 30, 2017:

Community programs:		
Foundation 3	\$	70,478
Intermediate Assistance		99,500
Emergency Assistance		151,975
Maintenance reserve		6,128
Other		5,000
Total net assets released from restrictions	\$	<u><u>333,081</u></u>

12. Donated Equipment, Material, Supplies and Services

Contributions of food, clothing, and personal items valued at \$321,687 have been reflected in the statement of activities for the eighteen months ending June 30, 2017. The Organization also recorded \$46,121 for accounting, legal and technology support services for the eighteen months ending June 30, 2017.

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 17,645 volunteer hours were provided to the Organization during the eighteen months ended June 30, 2017. 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 2017 is \$17.90 per hour. The estimated value of the volunteer services provided during the eighteen months ended June 30, 2017 is estimated to be approximately \$316,000, using this wage rate.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

13. 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.

In February 2017, the Organization signed a contract for consulting fees totaling \$40,000. The outstanding amount on this contract as of June 30, 2017 was \$33,000, of which \$10,000 is included in accounts payable on the statement of financial position.

14. Related Party Transactions

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

15. Subsequent Events

Management has evaluated events and transactions which occurred through August 7, 2017, 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.