

BUCKHEAD CHRISTIAN MINISTRY, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2019 AND 2018

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 statements of financial position as of June 30, 2019 and 2018 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, 2019 and 2018, 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
September 17, 2019

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 633,558	\$ 538,766
Grants and contracts receivable	-	55,000
Unconditional promises to give	354,867	160,034
Prepaid expenses and other assets	12,837	11,324
Investments	1,484,444	1,361,193
Inventory	78,065	45,490
Cash with donor restrictions for technology and infrastructure	100,890	145,192
Property and equipment, net	<u>1,670,480</u>	<u>1,686,293</u>
 Total assets	 <u>\$ 4,335,141</u>	 <u>\$ 4,003,292</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 32,236	\$ 12,350
Accrued expenses	<u>57,319</u>	<u>45,078</u>
 Total liabilities	 <u>89,555</u>	 <u>57,428</u>
 Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Available for operations	753,051	645,232
Board-designated endowment fund	1,251,266	1,186,935
Expended for property and equipment	<u>1,670,480</u>	<u>1,686,293</u>
Total net assets without donor restrictions	3,674,797	3,518,460
With donor restrictions	<u>570,789</u>	<u>427,404</u>
Total net assets	<u>4,245,586</u>	<u>3,945,864</u>
 Total liabilities and net assets	 <u>\$ 4,335,141</u>	 <u>\$ 4,003,292</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, 2019 AND 2018

	2019	2018
Changes in net assets without donor restrictions:		
Revenues, gains and support:		
Contributions	\$ 1,188,689	\$ 1,330,949
Grants and contracts revenue	-	15,000
Thrift store revenue	140,655	124,497
In-kind donations	217,508	226,904
Special event revenue, net of direct expenses of \$75,782 and \$76,878 in fiscal 2019 and 2018, respectively	197,992	184,805
Foundation 3 program fees	9,024	10,307
Investment income	69,912	86,275
Other income	10,040	3,737
Total revenues	1,833,820	1,982,474
Net assets released from restrictions	1,030,128	462,909
Total revenues, gains and support without donor restrictions	2,863,948	2,445,383
Expenses:		
Program services:		
Emergency Assistance	1,017,330	906,672
Budget for Life	428,790	239,429
Foundation 3	303,188	229,619
Buckhead Thriftique	255,131	264,620
Volunteer Services	207,082	118,381
Total program services	2,211,521	1,758,721
Supporting services:		
Management and general	214,380	109,135
Fundraising	281,710	267,503
Total expenses	2,707,611	2,135,359
Increase in net assets without donor restrictions	156,337	310,024
Changes in net assets with donor restrictions:		
Contributions	1,170,174	732,850
Investment income	3,339	1,021
Net assets released from restrictions	(1,030,128)	(462,909)
Increase in net assets with donor restrictions	143,385	270,962
Increase in net assets	299,722	580,986
Net assets, beginning of year	3,945,864	3,364,878
Net assets, end of year	\$ 4,245,586	\$ 3,945,864

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

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

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

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ <u>299,723</u>	\$ <u>580,986</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	68,510	57,810
Change in inventory	(32,575)	15,707
Realized and unrealized gain on investments	(36,843)	(57,003)
Changes in assets and liabilities:		
Grants and contracts receivable	55,000	(40,000)
Unconditional promises to give	(194,833)	(121,138)
Prepaid expenses and other assets	(1,513)	(1,181)
Accounts payable and accrued expenses	<u>32,127</u>	<u>(10,670)</u>
Total adjustments	<u>(110,127)</u>	<u>(156,475)</u>
Net cash provided by operating activities	<u>189,596</u>	<u>424,511</u>
Cash flows from investing activities:		
Re-investment of investment income	(86,409)	(30,293)
Proceeds from sales and maturities of investments	-	145,000
Purchase of property and equipment	<u>(52,697)</u>	<u>(52,997)</u>
Net cash provided by (used in) investing activities	<u>(139,106)</u>	<u>61,710</u>
Net increase in cash and cash equivalents	50,490	486,221
Cash and cash equivalents, beginning of year	<u>683,958</u>	<u>197,737</u>
Cash and cash equivalents, end of year	<u><u>\$ 734,448</u></u>	<u><u>\$ 683,958</u></u>

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Nature of Organization and Significant Accounting Policies

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

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

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

Basis of Accounting and Presentation

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

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions based on stipulations made by the donor.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Nature of Organization and Significant Accounting Policies – Continued

Contributions

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

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

Donated Equipment, Material, Supplies and Services

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

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

1. Nature of Organization and Significant Accounting Policies – Continued

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.

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, 2019 and 2018, the Organization did not have any unrelated business income, and accordingly, no unrelated business income tax. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's Internal Revenue Service filings for the previous three years remain subject to examination.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 and 2018, the amount of uninsured balances was \$294,834 and \$445,362, 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, 2019 AND 2018

1. Nature of Organization and Significant Accounting Policies – Continued

New Accounting Policies

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. Earlier application is allowed. The guidance requires retrospective application. The Organization early adopted this guidance for the year ended June 30, 2019. Accordingly, the financial statements as of and for the year ended June 30, 2018 have been modified to confirm to this new presentation. The new accounting policy did not affect net assets.

Reclassification of Amounts

Certain amounts previously reported have been reclassified to confirm to the current year's financial statement presentation.

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, 2019 AND 2018

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:

	2019	2018
Cash and cash equivalents	\$ 734,448	\$ 683,958
Grants and contracts receivable	-	55,000
Unconditional promises to give	354,867	160,034
Investments	1,484,444	1,361,193
Total financial assets	2,573,759	2,260,185
Less:		
Cash restricted for technology and infrastructure	(100,890)	(145,192)
Donor restricted investments for maintenance reserve	(90,351)	(87,012)
Internal designations of investments	(1,251,266)	(1,186,935)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,131,252	\$ 841,046

For the years ended June 30, 2019 and 2018, restricted contributions of \$379,548 and \$195,200, 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 2019 and 2018.

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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:

	2019	2018
Cash without donor restrictions	\$ 562,357	\$ 523,566
Cash restricted for various short-term purposes	71,201	15,200
Cash and cash equivalents	633,558	538,766
Cash restricted for technology and infrastructure	100,890	145,192
Cash and cash equivalents, for the purpose of the statement of cash flows	\$ 734,448	\$ 683,958

4. Unconditional Promises to Give

Unconditional promises to give at June 30, 2019 and 2018 totaled \$354,867 and \$160,034, 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.

5. Investments

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

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

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

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

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

5. Investments – Continued

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

The Organization's investments in equity securities and mutual funds consist exclusively of investments in exchange-traded companies or mutual funds. Money market funds are carried at cost value, which approximates fair value. Accordingly, the Organization's direct investments in equity security investments, mutual funds, and money market funds are Level 1 investments.

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

5. Investments – Continued

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

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

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, 2019 AND 2018

5. 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.

6. Endowed Net Assets and Board-Designated Funds

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

From time to time, the fair value of invested assets associated with individual endowment funds may fall below the level that the Board requires to retain as a fund of perpetual duration. There were no deficiencies of this nature at June 30, 2019 and 2018.

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

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, 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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

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

7. Property and Equipment, Net

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

	2019	2018
Land	\$ 639,512	\$ 639,512
Building and improvements	1,553,506	1,518,044
Furniture, fixtures and equipment	152,505	150,528
Computers and software	124,209	120,222
Leasehold improvements	22,628	22,628
Total property and equipment at cost	2,492,360	2,450,934
Less accumulated depreciation	(821,880)	(764,641)
Total property and equipment	\$ 1,670,480	\$ 1,686,293

For the years ended June 30, 2019 and 2018, depreciation and amortization expense was \$68,510 and \$57,810, respectively.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

8. 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, 2019 are as follows:

For Year End June 30,	Amount
2020	\$ 121,708
2021	124,787
2022	127,951
2023	123,226
2024	95,930
	\$ 593,602

Total rental and lease expense for all leases for the years ended June 30, 2019 and 2018 was \$95,649 and \$116,701 , respectively.

9. Line of Credit

The Organization has a \$100,000 line of credit open at the bank used for its operating accounts. This line of credit is due on demand and renews annually. The line of credit expires on June 15, 2020. 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 years ended June 30, 2019 and 2018.

10. Retirement Plan

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

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

10. Retirement Plan – Continued

The Organization also provides a voluntary 403(b) retirement plan which is open to all full-time employees. The 403(b) plan is an employee contribution tax deferred annuity plan to be used for retirement benefits. Previously, the Organization did not make any contributions to this plan. Employer contributions to the plan began on January 1, 2018. The first 1% of the employee’s annual earnings is matched plus an additional 3% contribution by the Organization. Additional employee contributions of the next 3% of annual earnings are also matched by the Organization for a total employer contribution of 7%. The Organization made contributions to employees’ plans totaling \$42,216 and \$18,442, respectively, for the years ended June 30, 2019 and 2018.

11. Net Assets With Donor Restrictions

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

	2019	2018
Community programs:		
Budget for Life	\$ 205,000	\$ 70,000
Emergency Assistance	103,347	47,500
Thriftique	71,201	15,200
Technology and Infrastructure	100,890	145,192
Maintenance reserve	90,351	87,012
Time restricted	-	62,500
Total net assets with donor restrictions	\$ 570,789	\$ 427,404

12. Net Assets Released from Restrictions

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

	2019	2018
Community programs:		
Foundation 3	\$ 143,981	\$ 100,000
Budget for Life	172,800	130,450
Emergency Assistance	602,447	162,850
Technology and Infrastructure	44,301	34,809
Thriftique	4,099	34,800
Time restricted	62,500	-
Total net assets released from restrictions	\$ 1,030,128	\$ 462,909

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

13. Donated Equipment, Material, Supplies and Services

Contributions of food, clothing, and personal items valued at \$164,357 and \$193,498 have been reflected in the statement of activities for the years ending June 30, 2019 and 2018, respectively. The Organization also recorded \$53,151 and \$33,406 for accounting, legal and technology support services for the years ended June 30, 2019 and 2018, respectively.

The Organization benefits from the efforts of many volunteers. Travel and subsistence costs incurred by volunteers in carrying out their duties are reimbursed by the Organization. It is estimated that 11,619 and 10,787 volunteer hours were provided to the Organization during the years ended June 30, 2019 and 2018, 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 per hour. The value of the volunteer services provided during the years ended June 30, 2019 and 2018 is estimated to be approximately \$217,000 and \$197,000, respectively, using this wage rate.

14. Commitments and Contingencies

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

15. Related Party Transactions

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

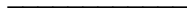
The Organization holds a money market account with IBERIABANK Corporation with a balance of approximately \$200,000 at June 30, 2019. A member of the Organization's Board of Directors works for the bank.

BUCKHEAD CHRISTIAN MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

16. Subsequent Events

Management has evaluated events and transactions which occurred through September 17, 2019, 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, 2019

State Contract Number	Earned Revenues	Receipts	Due From State Agency
Fulton County Community Development Department's Youth and Community Services Division - Award # 09244	\$ 97,000	\$ 97,000	\$ -
Total	\$ 97,000	\$ 97,000	\$ -