



104 Southeast Parkway
Franklin, TN 37064
615.794.9055
info@graceworksministries.net

2382 Fairview Boulevard
Fairview, TN 37062
615.799.0006
fairview@graceworksministries.net

March 14, 2019

Received

MAR 15 2019

Thence

Dear Board of Mayor and Aldermen,

Thank you for the opportunity to submit an application for funding from the City of Franklin.

GraceWorks helps thousands of Franklin residents each year with many types of needs such as food, shelter, clothing and other basic needs. We are asking the city for \$20,000 to assist residents with one basic human need - shelter. These funds will pay rent, utilities, heating and cooling for city residents in crisis.

Your support at this time is particularly important to ensure Franklin residents receive the housing assistance they desperately need. GraceWorks, with your help, can continue to meet these needs. You can meet more than a need; you can help the people of Franklin!

Attached you will find the required paperwork. We believe all questions have been answered sufficiently. However, GraceWorks is vitally interested in complete compliance with your process. Please let me know if you have further questions or need more information.

Thank you for the opportunity to apply for funding from City of Franklin and your consideration of this request.

Sincerely,

A handwritten signature in cursive script that reads "Alicia Bell".

Alicia Bell
Director of Development
GraceWorks Ministries, Inc.
794-9055 x 161
abell@graceworksministries.net





**NON-PROFIT ORGANIZATION
REQUEST FOR CITY OF FRANKLIN
2019-20 FISCAL YEAR**

Organization Name: GraceWorks Ministries **Phone:** 615-794-9055

Contact Person & Title: Alicia Bell, Director of Development

Mailing Address: 104 Southeast Parkway, Franklin, TN 37064

Federal Identification # (if applicable): 62-1584204

Email Address: abell@graceworksministries.net

Number of Active Participants in Organization: 21 fulltime, 8 part-time, 207 volunteers weekly

Does this organization charge fees to participants? Yes _____ No X

If Yes, please itemize the structure utilized (use a separate sheet if necessary):

If No, please explain: Neighbors who come to GraceWorks for help are already in need of financial assistance. To charge would add an extra burden.

Please provide the approximate number of clients served by your program on a yearly basis
9,700.

All funds provided by the Williamson County Commission must be used to provide assistance to Williamson County citizens only. Please provide documentation to show the expenses used for service to Williamson County Citizens: and an estimate of how many are Williamson County Citizens: GraceWorks serves only Williamson County residents. In the 2017-18 fiscal year, a total of \$5,226,058 was spent on services, as shown on page 3 of the audit.

List ANY agency (or agencies) in Williamson County which you consider may directly, or indirectly, provide the same or similar services as those provided by your agency. If such an agency exists, please list the similarities (use additional sheet, if needed):
Please see additional sheet.

Unless prohibited by law, please provide documentation that your organization made a good faith effort to collect donations from private resources.
Our donations are confidential, but in 2018 we used a mailing appeal, wrote grants, held fundraising events, and received donations from churches, civic groups, businesses and individuals.

AGENCY: GraceWorks Ministries

QUESTION:

List ANY agency (or agencies) in Williamson County which you consider may directly, or indirectly, provide the same or similar services as those provided by your agency. If such an agency exists, please list the similarities.

ANSWER:

A few agencies in Williamson County offer some of the same services we offer, but none have the sort of wraparound care offered by GraceWorks and none have the number of services we have under one roof. Mid-Cumberland Community Action Agency does provide some assistance to low-income families for housing and utility costs. However, due to budgetary restraints, Mid-Cumberland is often forced to deny needed help. Many churches in Williamson County also provide benevolence assistance to members of their congregations who walk in their doors. However, due to the overwhelming amount of increased many churches have limited or ceased to provide this help, confident they can refer them to GraceWorks. OneGenAway gives away food, but their food drops are limited to separate events and not available all the time, such as food is at GraceWorks. There a few smaller food pantries (The Well in Spring Hill and pantries in College Grove and Grassland), whom we partner with, many times supplying them with food items if they run low. GraceWorks opened GraceWorks West in Fairview in July 2014 to serve families and make services more accessible in the western part of Williamson County.

**Non-Profit Organization Request for
City of Franklin - Page Two**



Organization: GraceWorks Ministries

| EXPENDITURES: | Actual 2017-18 | Projected Expended 2018-19 | Requested 2019-20 |
|-----------------------------|---------------------------|---|------------------------------|
| Please see additional sheet | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total | | | |

| REVENUES: | Actual 2017-18 | Projected Expended 2018-19 | Requested 2019-20 |
|------------------------------|---------------------------|---|------------------------------|
| Williamson County Government | \$17,617 | \$17,617 | \$17,617 |
| City of Franklin Government | \$15,000 | \$15,000 | \$20,000 |
| | | | |
| | | | |
| | | | |
| | | | |
| Total | | | |

Agency Name: GraceWorks Ministries

| A. Revenue | FY 2017 or '17/'18 * | FY 2018 or '18/'19 | FY 2019 or '19/'20 |
|---|-----------------------|--------------------|--------------------|
| 1. Contributions, Gifts & Grants: | | | |
| 1a. United Way of Williamson County | \$52,000 | \$48,000 | \$72,000 |
| 1b. Other United Ways | \$7,767 | \$8,000 | \$8,000 |
| 1c. Membership dues | \$0 | \$0 | \$0 |
| 1d. Government Grants | \$32,917 | \$40,000 | \$40,000 |
| 1e. All Other Contributions | \$4,913,046 | \$5,011,307 | \$5,111,533 |
| 1f. TOTAL Contributions | \$5,005,730 | \$5,107,307 | \$5,231,533 |
| 2. Program Services | \$74,104 | \$75,500 | \$77,000 |
| 3. Investment Income (Dividends & Interest) | -\$361 | \$1,500 | \$1,530 |
| 4. Royalties | \$0 | \$0 | \$0 |
| 5. Net Rental Income | \$0 | \$0 | \$0 |
| 6. Net Gain (Loss) on Sale of Assets Other than Inventory | \$0 | \$0 | \$0 |
| 7. Net Income (Loss) from Fundraising Special Events | \$142,734 | \$229,000 | \$233,580 |
| 8. Net Income (Loss) from Gaming | \$0 | \$0 | \$0 |
| 9. Net Income (Loss) from Sale of Inventory | \$1,005,560 | \$1,025,671 | \$1,046,185 |
| 10. All other revenue (please describe on separate page) | \$5,838 | \$6,000 | \$6,120 |
| 11. Total Revenue: | \$6,233,605 | \$6,444,978 | \$6,595,948 |
| B. Functional Expenses | FY 2017 or '17/'18 ** | FY 2018 or '18/'19 | FY 2019 or '19/'20 |
| 12. Grants & Other Assistance: | \$0 | \$0 | \$0 |
| 12a. Organizations & Governments | \$0 | \$0 | \$0 |
| 12b. Individuals | \$0 | \$0 | \$0 |
| 13. Employee Salaries | \$982,141 | \$1,001,784 | \$1,021,819 |
| 14. Employee Benefits | \$17,512 | \$17,862 | \$18,219 |
| 15. Payroll Taxes | \$74,246 | \$75,731 | \$77,246 |
| 16. Service Fees | \$34,238 | \$34,923 | \$35,621 |
| 17. Advertising & Promotion | \$3,621 | \$3,693 | \$3,767 |
| 18. Office Expenses | \$60,614 | \$61,826 | \$63,063 |
| 19. Information Technology | \$57,364 | \$58,511 | \$59,682 |
| 20. Royalties | \$0 | \$0 | \$0 |
| 21. Occupancy | \$292,079 | \$297,921 | \$303,879 |
| 22. Travel & Entertainment | \$11,117 | \$11,339 | \$11,566 |
| 23. Conferences & Meetings | \$0 | \$0 | \$0 |
| 24. Interest | \$0 | \$0 | \$0 |
| 25. Payment to Affiliates | \$0 | \$0 | \$0 |
| 26. Depreciation & Amortization | \$24,976 | \$25,000 | \$25,000 |
| 27. Insurance | \$36,454 | \$37,183 | \$37,927 |
| 28. All other expenses (please explain on separate page) | \$4,223,407 | \$4,307,875 | \$4,394,033 |
| 29. Total Functional Expenses: | \$5,817,769 | \$5,933,649 | \$6,051,822 |
| 30. UWWC Funding % of Program functional Expense | 1% | 1% | 1% |
| C. Surplus (Deficit) | \$415,836 | \$511,329 | \$544,126 |
| D. Administrative Overhead % | 10% | 10% | 10% |
| E. # FTEs (Full-Time Equivalents)--not including volunteers | 27 | 28 | 29 |
| * Figures in the revenue section should match uploaded IRS 990/990EZ | | | |
| ** Figures in the functional expense section should match the numbers from Column A in the uploaded IRS 990/990EZ | | | |

G **Non-Profit Organization Request for
City of Franklin - Page Three**



Organization: GraceWorks Ministries

Personnel & Salary Information

| PERSONNEL: | Actual 2017-18 | Projected Expended 2018-19 | Requested 2019-20 |
|-----------------------------|---------------------------|---|------------------------------|
| Please see additional sheet | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total | | | |

List any equipment owned by this organization funded, in whole or in part, by City of Franklin. Please indicate what it is used for, how it is maintained and where it is stored (use a separate sheet if necessary): GraceWorks is grateful for the generosity of the City of Franklin in allowing us to use the former Street Department building for administrative offices letting us have more space to serve our neighbors.

Agency Salary Data

Agency Name: GraceWorks Ministries

(Salaries only - does not include benefits)

| Title or Position | PT or FT | (Previous) TOTAL Salary 2017 or '17/'18 | (Current) TOTAL Salary 2018 or '18/'19 | (Projected) TOTAL Salary 2019 or '19/'20 |
|-----------------------------------|----------|--|--|--|
| CEO | FT | \$ 100,514.05 | \$ 102,565.36 | \$ 104,616.67 |
| GraceWorks West General Manager | FT | \$ 42,250.42 | \$ 43,112.67 | \$ 43,974.92 |
| GraceWorks West Assistant Manager | FT | \$ 22,530.44 | \$ 22,990.24 | \$ 35,000.00 |
| GraceWorks West Sales Associates | PT | \$ 20,369.01 | \$ 20,784.79 | \$ 21,200.00 |
| Accounting and HR Manager | FT | \$ 40,932.39 | \$ 41,349.38 | \$ 42,176.37 |
| Executive Assistant | FT | \$ 33,514.66 | \$ 34,198.63 | \$ 34,882.60 |
| Accounting Clerk | PT | \$ 545.19 | \$ 556.32 | \$ 567.45 |
| Director of Development | FT | \$ 57,013.81 | \$ 58,269.19 | \$ 61,200.00 |
| Marketing Coordinator | FT | \$ 39,898.14 | \$ 31,528.71 | \$ 32,159.28 |
| Development Assistant | FT | \$ 22,588.98 | \$ 23,050.83 | \$ 23,511.85 |
| Church Development Coordinator | FT | \$ 22,151.05 | \$ 22,603.86 | \$ 41,000.00 |
| Volunteer Coordinator | FT | \$ 31,263.11 | \$ 31,901.13 | \$ 32,539.15 |
| Donor Relations Assistant | FT | \$ 27,097.02 | \$ 27,650.02 | \$ 28,203.02 |
| Director of Neighbor Services | FT | \$ 56,417.39 | \$ 57,568.77 | \$ 58,720.15 |
| Neighbor Services Receptionist | PT | \$ - | \$ 11,235.11 | \$ 11,459.81 |
| Neighbor Services Assistant | FT | \$ 33,289.93 | \$ 33,969.32 | \$ 34,648.71 |
| Neighbor Services Assistant | PT | \$ 26,582.60 | \$ 27,125.10 | \$ 27,667.60 |
| Director of Operations | FT | \$ 56,972.78 | \$ 58,135.49 | \$ 59,298.20 |
| Facilities Manager | FT | \$ 33,777.21 | \$ 34,466.54 | \$ 35,155.87 |
| Processing Manager | FT | \$ 12,780.83 | \$ 13,041.66 | \$ 35,000.00 |
| Food Pantry Manager | FT | \$ 32,030.23 | \$ 32,683.91 | \$ 33,337.59 |
| Sales Associates (Franklin) | PT | \$ 32,182.88 | \$ 49,654.01 | \$ - |
| Sales Associates (Franklin) | FT | \$ 17,000.00 | \$ 2,481.48 | \$ 36,000.00 |
| Retail Store Manager | FT | \$ 38,316.27 | \$ 39,098.23 | \$ 39,880.19 |

| | | | | |
|--------------------------------|----|----------------------|----------------------|------------------------|
| Store Shift Manager | PT | \$ 23,591.58 | \$ 23,868.96 | \$ 24,346.34 |
| Assistant Retail Store Manager | FT | \$ - | \$ 9,205.06 | \$ 28,000.00 |
| Store Shift Manager | PT | \$ 25,584.70 | \$ 26,106.84 | \$ 26,628.98 |
| Processing Assistant | PT | \$ - | \$ 14,685.25 | \$ 14,978.96 |
| Assistant Truck Driver | FT | \$ 17,134.27 | \$ 17,483.95 | \$ - |
| Truck Driver | PT | \$ 8,794.51 | \$ 8,981.31 | \$ 9,160.94 |
| Truck Drivers | FT | \$ 64,297.92 | \$ 53,514.48 | \$ 84,000.00 |
| Assistant Truck Driver | PT | \$ 19,493.38 | \$ 19,891.38 | \$ 20,289.21 |
| TOTALS | | \$ 958,914.75 | \$ 993,757.98 | \$ 1,079,603.85 |



City of Franklin
APPLICATION ADDENDUM

For the funding year, July 1, 2019 through June 30, 2020

Name of Agency: GraceWorks Ministries Date: 3/12/19

Please provide a detailed description of the proposed use of funds that the City of Franklin might provide for Fiscal Year 2019-20:

While GraceWorks serves thousands of residents in the city of Franklin each year with many types of needs, we are asking the City of Franklin for \$20,000 to assist residents with one basic need -- shelter. This amount would bring in \$1,667 per month and would help with our Shelter Fund, which provides rent assistance, utilities, heating and cooling for our neighbors in need in the city of Franklin. The average assistance given for rent per family is \$522, and the average assistance for utility bills is \$140. Each person we serve is 250% or below federal poverty guidelines or in situational poverty, in which they are facing temporary setbacks from an illness, accident, death or other circumstances. They are not required to, but some clients provide a portion of the bill when they can without causing further economic distress.

Please provide information on any interaction that your agency has with the operations of City of Franklin departments (e.g., response to calls from Police after domestic incidents, provision of meals or lodging to displaced persons, etc.):

GraceWorks and the City of Franklin have been strong partners for many years. We collaborate with police officers to provide meals, transportation and temporary lodging for homeless, transients and travelers. The city police respond to our security concerns when needed. From serving members of our community through new air conditioners or with school supplies, we have enjoyed and appreciated the partnership. Officers have participated in our Poverty Simulations where our volunteers and staff go through a daylong workshop to better understand the neighbors we serve. The mayor and several aldermen have supported and spoken at our backpack giveaway and our annual fundraising dinner. GraceWorks hires Franklin Police for various events throughout the year, including the Big Backpack Giveaway in August and the Turkey Trot 5K and 10K in November.

Additionally, GraceWorks is the Williamson County and City of Franklin Red Cross Disaster Relief Partner. We are responsible for collecting and distributing physical items such as food, clothing, furniture, household items, water, personal hygiene items and cleaning supplies to residents of the City of Franklin and Williamson County in times of disaster. During these difficult times, our strong collaboration with City of Franklin staff, aldermen and mayor continues as we all care for the community we live in.



Please answer completely the following questions using additional pages if necessary:

1. Specifically what services did your agency provide last year for which you are requesting funding this year? What were the objectives and results? (Include description capacity, intensity and duration of services.)

GraceWorks' Shelter Fund assists residents in paying rent, utilities, heating and cooling with resources to move past a point of financial and emotional crisis. In 2017-18 fiscal year, GraceWorks assisted 4,182 residents with \$1,101,216 in shelter and utility payments and in-kind support. All were stabilized in a time of crisis.

2. Are there procedures in place for measuring the results achieved by your agency? If so, provide detailed data.

Our procedure is to track each request and response in our Charity Tracker database. Requests and assistance are tracked and compared with previous months, quarters and years. Each program and activity is evaluated and analyzed to see what needs are increasing. Referrals, collaborations, recommendations, special requests are noted.

3. Does your agency receive any external quality review or accreditation? If so, provide a copy of certificate or license and please explain.

GraceWorks is approved by the Tennessee State Division of Charitable Solicitations, Fantasy Sports and Gaming as a charitable organization, as well as receiving several annual external independent audits. We have a four-star rating from Charity Navigator.

4. What percent of your local agency budget is your allocation request from the City of Franklin?

GraceWorks is requesting \$15,000, which is .06% of a \$2,541,500 monetary budget. GraceWorks also receives \$3,500,000 in in-kind donations.

5. What other fundraising activities does your agency engage in during the year?

GraceWorks' annual events are a fundraising dinner, Golf Fore GraceWorks Challenge, and the Turkey Trot 5K and 10K. Other fundraising monies come from grants, mail campaigns, business partners, sponsorships, small events and online giving.

6. Do you charge any fees for your services?

GraceWorks does not charge a fee for services. Although not a requirement, neighbors we serve are sometimes able to contribute a portion of a bill when it does not increase their economic distress.

2018
Financial Statements
With
Auditor's Letters

GRACEWORKS MINISTRIES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2018

WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

(With Independent Auditor's Report Thereon)

GRACEWORKS MINISTRIES, INC.
FINANCIAL STATEMENTS
JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

CONTENTS

| | <u>PAGE</u> |
|----------------------------------|--------------------|
| Independent Auditor's Report | 1 |
| Audited Financial Statements: | |
| Statement of Financial Position | 2 |
| Statement of Activities | 3 |
| Statement of Functional Expenses | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6 - 12 |



PATTERSON, HARDEE & BALLENTINE, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of GraceWorks Ministries, Inc.

We have audited the accompanying financial statements of GraceWorks Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year 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 from 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 GraceWorks Ministries, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the GraceWorks Ministries, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Patterson Hardee & Ballentine

December 14, 2018

GRACEWORKS MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

ASSETS

| | 2018 | 2017 |
|-----------------------------------|---------------------|---------------------|
| Current Assets: | | |
| Cash | \$ 219,508 | \$ 318,029 |
| Accounts receivable | - | 4,000 |
| Inventory | 574,917 | 439,903 |
| Prepaid expenses | 22,172 | 7,261 |
| Total current assets | <u>816,597</u> | <u>769,193</u> |
| Property and Equipment: | | |
| Vehicles | 138,596 | 116,887 |
| Property and equipment | 69,668 | 112,057 |
| Leasehold improvements | 40,712 | 36,397 |
| | <u>248,976</u> | <u>265,341</u> |
| Less: accumulated depreciation | <u>(135,717)</u> | <u>(156,888)</u> |
| Total property and equipment, net | 113,259 | 108,453 |
| Assets Whose Use is Limited: | | |
| Cash | 580,782 | 131,787 |
| Investment - endowment | 498,041 | 565,644 |
| Total assets whose use is limited | <u>1,078,823</u> | <u>697,431</u> |
| Total assets | <u>\$ 2,008,679</u> | <u>\$ 1,575,077</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|---------------------|---------------------|
| Current Liabilities: | | |
| Accounts payable | \$ - | \$ 14,076 |
| Payroll liabilities | 25,232 | 14,016 |
| Sales tax payable | 3,794 | 3,407 |
| Deferred revenue | 55,880 | 37,210 |
| Accrued expenses | 15,167 | 13,597 |
| Total current liabilities | <u>100,073</u> | <u>82,306</u> |
| Total liabilities | <u>100,073</u> | <u>82,306</u> |
| Net Assets: | | |
| Unrestricted: | | |
| Undesignated | 829,783 | 795,340 |
| Board designated - client services | 71,560 | 75,626 |
| Board designated - building improvements | 16,632 | 16,632 |
| Board designated - future use | 216,893 | - |
| Board designated - endowment | 1,144 | 2,206 |
| Total unrestricted net assets | <u>1,136,012</u> | <u>889,804</u> |
| Restricted Net Assets: | | |
| Temporarily restricted | 209,156 | 39,529 |
| Permanently restricted | 563,438 | 563,438 |
| Total restricted net assets | <u>772,594</u> | <u>602,967</u> |
| Total net assets | <u>1,908,606</u> | <u>1,492,771</u> |
| Total liabilities and net assets | <u>\$ 2,008,679</u> | <u>\$ 1,575,077</u> |

See accompanying notes to financial statements.

GRACEWORKS MINISTRIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total 2018 | Total 2017 |
|--|--------------|---------------------------|---------------------------|---------------|---------------|
| Public Support and Revenue: | | | | | |
| Gross special event revenue | \$ 427,809 | \$ - | \$ - | \$ 427,809 | \$ 531,105 |
| Less direct cost of special events | 100,292 | | | 100,292 | 99,208 |
| Net special events revenue | 327,517 | - | - | 327,517 | 431,897 |
| Public Support: | | | | | |
| Store income | 1,005,560 | - | - | 1,005,560 | 936,618 |
| Business donations | 33,145 | 14,835 | - | 47,980 | 118,923 |
| Investment income, net | (1,184) | - | 823 | (361) | 2,843 |
| In-kind donation | 3,531,091 | - | - | 3,531,091 | 2,260,503 |
| Grants | 390,010 | 154,390 | - | 544,400 | 232,716 |
| Individual contributions | 439,693 | 81,604 | - | 521,297 | 441,965 |
| Endowment income | - | - | - | - | 4,804 |
| Other income | 5,838 | - | - | 5,838 | - |
| Church contributions | 295,891 | - | - | 295,891 | 230,968 |
| Net assets released from temporarily restricted | 82,025 | (81,202) | (823) | - | - |
| Total public support | 5,782,069 | 169,627 | - | 5,951,696 | 4,229,340 |
| Total public support and revenue | 6,109,586 | 169,627 | - | 6,279,213 | 4,661,237 |
| Expenses: | | | | | |
| Program services | | | | | |
| Family support | 1,628,784 | - | - | 1,628,784 | 1,027,592 |
| Instructional programs | 156,121 | - | - | 156,121 | 167,375 |
| Seasonal needs | 429,923 | - | - | 429,923 | 709,674 |
| Hunger prevention | 3,011,230 | - | - | 3,011,230 | 2,239,214 |
| Total program services | 5,226,058 | - | - | 5,226,058 | 4,143,855 |
| Supporting Services | | | | | |
| Management and general | 327,315 | - | - | 327,315 | 266,498 |
| Fundraising & special events | 310,005 | - | - | 310,005 | 246,340 |
| Total supporting services | 637,320 | - | - | 637,320 | 512,838 |
| Total expenses | 5,863,378 | - | - | 5,863,378 | 4,656,693 |
| Increase (decrease) in net assets | 246,208 | 169,627 | - | 415,835 | 4,544 |
| Net assets - beginning of year | 889,804 | 39,529 | 563,438 | 1,492,771 | 1,488,227 |
| Net assets - end of year | \$ 1,136,012 | \$ 209,156 | \$ 563,438 | \$ 1,908,606 | \$ 1,492,771 |

See accompanying notes to financial statements.

GRACEWORKS MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

| | Program Services | | | | | Supporting Services | | Total | |
|---|------------------|------------------------|----------------|-------------------|---------------|------------------------|------------------------------|--------------|--------------|
| | Family Support | Instructional Programs | Seasonal Needs | Hunger Prevention | Total Program | Management and General | Fundraising & Special Events | 2018 | 2017 |
| | | | | | | | | | |
| Salaries | \$ 143,211 | \$ 53,704 | \$ 119,343 | \$ 280,456 | \$ 598,714 | \$ 208,919 | \$ 172,908 | \$ 978,541 | \$ 794,296 |
| Payroll taxes and benefits | 13,955 | 5,234 | 11,630 | 27,331 | 58,150 | 20,359 | 16,850 | 95,359 | 110,425 |
| Total payroll and related expenses | 157,166 | 58,938 | 130,973 | 307,787 | 654,864 | 229,278 | 189,758 | 1,073,900 | 904,721 |
| Advertising | - | - | - | - | - | - | 3,621 | 3,621 | 4,245 |
| Bad debt expense | - | - | - | - | - | 3,073 | - | 3,073 | 15 |
| Client services | 621,084 | 17,903 | 61,111 | 75,969 | 776,067 | - | - | 776,067 | 3,177,465 |
| Continuing education, memberships, and volunteer | 205 | 20 | 61 | 123 | 409 | 1,145 | 82 | 1,636 | 3,009 |
| Depreciation and amortization | 11,239 | 1,124 | 3,372 | 6,743 | 22,478 | 1,249 | 1,249 | 24,976 | 21,481 |
| Dues and subscriptions | 481 | 48 | 144 | 289 | 962 | 4,425 | 4,232 | 9,619 | 345 |
| Fundraising | - | - | - | - | - | - | 100,292 | 100,292 | 99,208 |
| General & IT repairs and maintenance | 14,341 | 1,434 | 4,302 | 8,605 | 28,682 | 14,341 | 14,341 | 57,364 | 40,252 |
| General administration expenses | 12,292 | 1,229 | 3,888 | 7,375 | 24,584 | 4,677 | 4,607 | 33,868 | 22,639 |
| In-kind expenses | 616,635 | 61,664 | 184,991 | 2,521,779 | 3,385,069 | - | - | 3,385,069 | 42,101 |
| Insurance | 12,759 | 1,276 | 3,828 | 7,655 | 25,518 | 5,468 | 5,468 | 36,454 | 57,098 |
| Licenses and fees | 6,325 | - | - | - | 6,325 | - | - | 6,325 | 11,661 |
| Merchant and bank fees | 51,414 | - | - | - | 51,414 | - | - | 51,414 | 42,507 |
| Mileage and expense reimbursement | 3,296 | 329 | 988 | 1,976 | 6,589 | 1,029 | 3,499 | 11,117 | 22,867 |
| Miscellaneous | - | - | - | - | - | - | - | - | 772 |
| Office supplies | 6,686 | 669 | 2,006 | 4,012 | 13,373 | 5,349 | 8,024 | 26,746 | 8,299 |
| Outreach programming R&D | 294 | 30 | 89 | 177 | 590 | - | - | 590 | - |
| Postage and freight | 1,103 | 110 | 331 | 662 | 2,206 | 2,207 | 6,620 | 11,033 | 9,842 |
| Printing | 724 | 73 | 218 | 435 | 1,450 | 1,450 | 6,768 | 9,668 | 4,322 |
| Professional services | - | - | - | - | - | 34,238 | - | 34,238 | 10,926 |
| Property taxes | 4,039 | 404 | 1,212 | 2,423 | 8,078 | - | - | 8,078 | 8,487 |
| Rent | 74,408 | 7,441 | 22,322 | 44,645 | 148,816 | 14,519 | 54,445 | 217,780 | 189,747 |
| Store supplies | 7,261 | 726 | 2,178 | 4,356 | 14,521 | - | - | 14,521 | 8,408 |
| Utilities | 27,032 | 2,703 | 8,109 | 16,219 | 54,063 | 4,867 | 7,291 | 66,221 | 65,584 |
| Total expenses by function | 1,628,784 | 156,121 | 429,923 | 3,011,230 | 5,226,058 | 327,315 | 410,287 | 5,963,670 | 4,755,901 |
| Less expense included with revenues on the statement of activities: | | | | | | | | | |
| Direct cost of special events | - | - | - | - | - | - | (100,292) | (100,292) | (99,208) |
| Total expenses included in the expense section on the statement of activities | \$ 1,628,784 | \$ 156,121 | \$ 429,923 | \$ 3,011,230 | \$ 5,226,058 | \$ 327,315 | \$ 310,005 | \$ 5,863,378 | \$ 4,656,693 |

See accompanying notes to financial statements.

GRACEWORKS MINISTRIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

| | <u>2018</u> | <u>2017</u> |
|--|--------------------------|--------------------------|
| Cash Flows From Operating Activities: | | |
| Increase in net assets | \$ 415,835 | \$ 4,544 |
| Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 24,976 | 21,481 |
| Changes in: | | |
| Accounts receivable | 4,000 | (4,000) |
| Inventory | (135,014) | (55,951) |
| Prepaid expenses | (14,911) | (644) |
| Assets whose use is limited | (381,392) | 14,447 |
| Accounts payable | (14,076) | (5,626) |
| Credit card payable | 1,570 | - |
| Payroll liabilities | 11,216 | 362 |
| Sales tax payable | 387 | (321) |
| Deferred revenue | 18,670 | 37,210 |
| Total adjustments | <u>(484,574)</u> | <u>6,958</u> |
| Net cash provided by (used in) operating activities | (68,739) | 11,502 |
| Cash Flows From Investing Activities: | | |
| Proceeds from sale of property and equipment | 902 | - |
| Purchase of property and equipment | <u>(30,684)</u> | <u>(8,357)</u> |
| Net cash used in investing activities | <u>(29,782)</u> | <u>(8,357)</u> |
| Net increase (decrease) in cash | (98,521) | 3,145 |
| Cash - beginning of year | <u>318,029</u> | <u>314,884</u> |
| Cash - end of year | <u><u>\$ 219,508</u></u> | <u><u>\$ 318,029</u></u> |

See accompanying notes to financial statements.

GRACEWORKS MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities and Program Description

In these notes, the terms "we", "us" or "our" mean GraceWorks Ministries, Inc. We are a nonprofit organization dedicated to sharing the hope and grace of God by helping our neighbors in need united by a common loyalty to Jesus Christ.

GraceWorks Thrift Store

We believe that everyone should have the ability to purchase high-quality used goods such as clothing, furniture and household items at affordable prices. Our thrift stores are open to the public. All merchandise sold is donated, including many new items, and the sales help support our mission.

Program Services

The following program services are included in the accompanying financial statements:

Family Support - Helping neighbors in emergency situations with life necessities.

Instructional Programs - Educating neighbors in financial independence, nutrition, and family guidance.

Seasonal Needs - Helping neighbors through the Manger Christmas gift program, backpacks and supplies, and holiday food boxes.

Hunger Prevention - Providing food items to under privileged families, weekend nutrition for school children, and mobile food pantries.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may, or will, be met by our actions and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations which require the assets to be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes.

Prior Year Summarized Financial Information

While comparative information is not required under United States generally accepted accounting principles ("US GAAP"), we believe this information is useful and have included certain summarized financial information from our 2017 financial statements. Such summarized information is not intended to be a complete presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with our financial statements as of and for the year ended June 30, 2017, from which it was derived.

GRACEWORKS MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

NOTE 1 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, we consider all unrestricted cash and investment instruments purchased with an original maturity date of ninety days or less from the date of issuance to be a cash equivalent. At June 30, 2018 and June 30, 2017, we had no cash equivalents.

Inventory

GraceWorks tracks inventory for its thrift store and food pantry, which are items that are donated to the organization. Accounting principles generally accepted in the United States of America require that contributions be recognized as revenue when received.

Thrift Store Inventory:

The organization considers the value of contributed merchandise to be equal to the value of the annual thrift store revenue. Management estimates that all thrift store donations exit the store within three months' time, therefore the value of the thrift store inventory equals three months of subsequent sales.

Food Pantry Inventory:

The organization considers the value of contributed food to be equal to the number of food carts and fuel bags distributed to community members (neighbors). Food cart value is based on the average weight of the food carts multiplied by \$1.73, which is a donated food value issued in the most recent KMPG report from Feeding America. Fuel Bags values were determined by auditing the actual retail price of contents contained in each fuel bag. Management estimates GraceWorks maintains a month and a half of food on premises, therefore the value of the food pantry inventory equals the value of the subsequent 1.5 months of food distributed to our neighbors.

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to us that is, in substance, unconditional. Unconditional promises to give are recorded as temporarily restricted revenue in the year the promise is made and released from restriction in the year received.

Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

We use the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on our analysis of specific promises made. At June 30, 2018 and June 30, 2017, no allowance was considered necessary.

Property and Equipment

Property and equipment is recorded at cost, or, if donated, at the estimated fair market value at the date of donation. If equipment is donated, the donor can stipulate how long the assets must be used, and the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Our capitalization policy is to capitalize any expenditure over \$1,000 for property and equipment. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

GRACEWORKS MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

NOTE 1 - Summary of Significant Accounting Policies (continued)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All 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.

Contributed Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. We receive many contributed services for our outreach programs. These services meet the requirements for recognition in the financial statements and have been recorded or reflected in the accompanying financial statements.

Compensated Absences

Full time employees are defined as those working 30 hours or more per week. Paid time off is calculated based on each employee's regularly scheduled hours per week and is granted 90 days after hire date. As of the 2018 fiscal year, an employee can carry over up to 40 hours of paid time off at the end of the fiscal year into the new year. At June 30, 2017, if the employee didn't use their paid time off by the fiscal year end, they would lose the time and would not be compensated for it.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising is expensed as incurred. Total advertising expense for the years ended June 30, 2018 and June 30, 2017, were \$3,621 and \$4,245, respectively.

Income Taxes

We are a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying consolidated financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Values of Financial Instruments

The fair values of current assets, current liabilities, and restricted cash approximate the carrying values due to the short maturities of these instruments and they are all Level 1 in the fair value hierarchy.

GRACEWORKS MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

NOTE 1 - Summary of Significant Accounting Policies (continued)

Reclassifications

Certain accounts in the June 30, 2017, financial statements have been reclassified for comparative purposes to conform to the presentation of the June 30, 2018, financial statements.

NOTE 2 - Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist of cash and cash equivalents, and various grant, contract and contributions receivable. Grant, contract and contributions receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources.

Three vendors represented 100% of our total accounts payable at June 30, 2017. One donor represented 100% of total accounts receivable at June 30, 2017.

We maintain our cash in bank accounts which, at times, may exceed federally insured limits. We have not experienced any losses in such accounts and do not believe this exposes us to any significant credit risk on our cash.

NOTE 3 - Investments

Investments consisted of the following at June 30, 2018:

| | |
|-----------------------|-------------------|
| Bond Funds | \$ 247,477 |
| Equity Funds | 152,384 |
| Exchange Traded Funds | <u>98,180</u> |
| | <u>\$ 498,041</u> |

The entire investment balance at June 20, 2018, was permanently restricted, see NOTE 7.

NOTE 4 - Leases

We leased two copiers under operating leases during the year end June 30, 2017. The minimum monthly rental amount is \$360 for both copiers. Additional amounts due under the lease are based on the number of copies made during the billing period. We currently lease the warehouse where our Franklin store is located for a monthly cost of \$12,000 and the administration building adjacent to the warehouse for a monthly cost of \$1,000. We also currently lease the building at our Fairview location for \$3,533 per month. The total yearly rent expense was \$223,227 for the year ended June 30, 2018, which includes \$5,447 for the copiers that is in the General & IT repairs and maintenance line on the statement of functional expenses and \$194,989 for June 30, 2017, which includes \$5,242 for the copiers that is in the General & IT repairs and maintenance line on the statement of functional expenses.

A schedule of future minimum lease payments required under all non-cancelable operating leases as of June 30, 2018, is as follows:

| | |
|-----------------------------|-------------------|
| <u>Year Ending June 30,</u> | |
| 2019 | \$ 158,919 |
| 2020 | 148,320 |
| 2021 | <u>3,600</u> |
| | <u>\$ 310,839</u> |

GRACEWORKS MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

NOTE 5 - Unrestricted Net Assets

Board-designated net assets are available for the following purposes:

Client Services - This account is intended to provide funds necessary for the different programs.

Building Improvements - This account is intended to provide funds necessary for building improvements.

Endowment - This account is intended to hold the excess realized annual income and the excess of the market value of the corpus that is to remain with the endowment at all times per the investment policy.

A summary of board designated net assets at June 30, 2018 and 2017, is as follows:

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|------------------|
| Client Services | \$ 71,560 | \$ 75,626 |
| Building Improvements | 16,632 | 16,632 |
| Set Aside for Future Use | 216,893 | - |
| Endowment – Neighbor Services programs | 1,144 | 2,206 |
| | <u>\$ 306,229</u> | <u>\$ 94,464</u> |

NOTE 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30, 2018 and June 30, 2017:

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|-------------------|------------------|
| Building improvements | \$ 13,172 | \$ 27,490 |
| Backpacks | 13,427 | 1,148 |
| Vehicles | 154,390 | - |
| Manger | 21,267 | - |
| Our Little Angels | 6,900 | - |
| Restricted for client services | - | 10,891 |
| | <u>\$ 209,156</u> | <u>\$ 39,529</u> |

NOTE 7 - Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at June 30, 2018 and June 30, 2017:

| | <u>2018</u> | <u>2017</u> |
|-----------------|-------------|-------------|
| Endowment funds | \$ 563,438 | \$ 563,438 |

As of June 30, 2018, the funds are shown on the statement of financial position as follows:

| | |
|------------------------------|----------------|
| Cash and money market funds | \$ 66,541 |
| Investments (NOTE 3) | 498,041 |
| | 564,582 |
| Board designated - endowment | (1,144) |
| Permanently restricted | <u>563,438</u> |

GRACEWORKS MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

NOTE 8 - Endowment Funds

Our endowment consists of funds established by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. Our permanently restricted endowment funds are based on the spending policies described below which follow the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and the State of Tennessee's State Uniform Prudent Management of Institutional Funds Act (SUPMIFA).

Financial accounting standards provide guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. Financial accounting standards also require additional disclosures about our endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not we are subject to UPMIFA.

Interpretation of applicable law - The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, we classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

Spending policy – we have a policy of appropriating for distribution each year a maximum payout up to the total earnings from the funds in excess of the original corpus value. Withdrawal of funds cannot cause the account to fall below the original corpus. If market conditions cause the value of the account to fall below this limit, no withdrawal of funds can be made until the value exceeds this limit. Corpus balance will not be restored from general operating funds of the organization rather withdrawals will be prohibited until market growth restores balance. Withdrawn funds will only be used to enhance the Neighbor Service programs above and beyond the amounts typically spent or budgeted on such programs. Funds released for this purpose for the years ended June 30, 2018 and June 30, 2017, were \$0.

Investment return objective, risk parameters and strategies – the objective of our endowment portfolio is a balanced approach between equities and fixed income. The investment horizon is long-term and balances the need for income and growth. The portfolio allows up to 60% investment in equities and up to 40% investment in fixed income.

At June 30, 2018, our endowment funds were held in an investment account consisting of cash and investment funds, see NOTE 3.

A schedule of endowment net asset composition by type of fund as of June 30, 2018 and 2017, is as follows:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2018</u> | <u>2017</u> |
|-----------------|---------------------|-----------------------------------|-----------------------------------|-------------|-------------|
| Endowment funds | \$ 1,144 | \$ - | \$ 563,438 | \$ 564,582 | \$ 563,438 |

NOTE 9 - Contingencies

From time to time, we may be and have been named as a defendant in a lawsuit. There are no outstanding lawsuits at June 30, 2018 and 2017. We do not believe an accrual is necessary at June 30, 2018 and 2017.

GRACEWORKS MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2017

NOTE 10 - New Pronouncements

In May 2014, FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Update provides guidance about recording contract revenue on an organization's statement of activities. The amendments in this Update are effective for annual periods beginning after December 15, 2018, and for annual periods and interim periods thereafter with early adoption permitted for annual periods beginning after December 15, 2016. We are currently evaluating the impact of adopting this statement.

In February 2016, FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update are effective for annual periods beginning after December 15, 2019, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

In August 2016, FASB issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Update provides guidance about the presentation of financial statements for non-profit organizations. The amendments in this Update are effective for annual periods beginning after December 15, 2017, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

In August 2016, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how certain cash receipts and cash payments are presented and classified in the Statement of Cash Flows. The amendments will be effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. We are currently evaluating the impact of adopting this statement.

In November 2016, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how restricted cash is presented and classified in the statement of cash flows. The amendments will be effective for the organization for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of adopting this guidance on the financial statements.

NOTE 11 - Subsequent Events

We have evaluated events subsequent to the year ending June 30, 2018. As of December 14, 2018, the date that the financial statements were available to be issued, we are not aware of any material subsequent events, other than those noted below, which would require recognition or disclosure in the accompanying financial statements for the year ended June 30, 2018.

We committed to purchase vehicles with a total cost of \$78,774 on June 29, 2018. However, we did not receive the vehicles until the first day of the 2019 fiscal year and were not obligated to pay for these vehicles until that time. These vehicles will be recorded as property and equipment in the June 30, 2019 financial statements.