



Edmondson, Betzler & Dame, PLLC
(Certified Public Accountants)

September 21, 2016

To the Board of Directors
Nations Ministry Center

We have audited the financial statements of Nations Ministry Center for the year ended June 30, 2016, and have issued our report thereon dated September 21, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Nations Ministry Center are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation expense is based on the straight-line method over estimated useful lives of vehicles. We evaluated the key factors and assumptions used to develop the estimate of depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting

principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of Directors of Nations Ministry Center and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in blue ink that reads "Edmondson, Betzler & Dame, PLLC". The signature is written in a cursive, flowing style.

Edmondson, Betzler & Dame PLLC

Nations Ministry Center
Summary of Uncorrected Misstatements
June 30, 2016

Description	Impact of Adjustments on Financial Statements - Increase(Decrease)			
	Statement of Income	Balance Sheet		
	Increase (decrease) in Net Earnings	Net Assets	Assets	Liabilities
Passed adjustments:				
To adjust for calculated amortization	253		253	-
Total passed adjustments	253	-	253	-
Financial statement amounts	29,144	218,017	218,017	-
Impact as a percentage of financial statement amounts	0.87%	0.00%	0.12%	0.00%

**NATIONS MINISTRY CENTER
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2016**

**NATIONS MINISTRY CENTER
FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2016**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nations Ministry Center

Report on the Financial Statements

We have audited the accompanying financial statements of Nations Ministry Center (the "Organization"), which comprise the statement of financial position as of June 30, 2016, and the related statement 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 the financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the 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 the financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 Nations Ministry Center as of June 30, 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

September 21, 2016

**NATIONS MINISTRY CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016**

ASSETS

Current assets:	
Cash	\$ 163,340
Grants receivable	12,588
Prepaid expenses	<u>8,972</u>
Total current assets	184,900
Vehicles, net	32,106
Other assets	<u>1,011</u>
Total assets	<u><u>\$ 218,017</u></u>

NET ASSETS

Unrestricted net assets:	
Board designated - operating reserve	80,000
Unrestricted net assets	<u>138,017</u>
Total unrestricted net assets	<u><u>\$ 218,017</u></u>

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

**NATIONS MINISTRY CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Revenues and other support:	
Contributions	\$ 231,905
Grants	77,336
Contributions in-kind	19,800
Fundraising events	6,411
Program revenue	450
Interest income	54
	<hr/>
Total revenues and other support	335,956
Expenses:	
Programs	276,417
Management and general	12,936
Fundraising	22,072
	<hr/>
Total expenses	311,425
Increase in net assets	24,531
Net assets, beginning of year	<hr/> 193,486
Net assets, end of year	<hr/> <hr/> \$ 218,017

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

**NATIONS MINISTRY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016**

	Programs	Management and General	Fundraising	Total
Salaries and wages	\$ 175,640	\$ 8,377	\$ 8,377	\$ 192,394
Payroll taxes	13,245	641	641	14,527
Employee benefits	1,787	223	223	2,233
Total salaries and benefits	190,672	9,241	9,241	209,154
Rent	20,400	2,550	2,550	25,500
Office expense and supplies	20,327	135	419	20,881
Travel & transportation	15,698	44	24	15,766
Depreciation and amortization	10,113	-	-	10,113
Contract services	2,261	207	4,038	6,506
Telephone and internet	3,384	366	366	4,116
Facilities	3,389	26	-	3,415
Professional development	2,844	-	419	3,263
Insurance	3,189	-	-	3,189
Printing	422	-	2,313	2,735
Postage	591	240	1,889	2,720
Community outreach	1,534	-	-	1,534
Fees and memberships	552	69	755	1,376
Payroll expense	1,041	58	58	1,157
	\$ 276,417	\$ 12,936	\$ 22,072	\$ 311,425

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

**NATIONS MINISTRY CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016**

Cash flows from operating activities	
Increase in net assets	\$ 24,531
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	10,113
Increase in prepaid expenses	(2,031)
Decrease in grants receivable	<u>2,174</u>
Net cash provided by operating activities	<u>34,787</u>
Net increase in cash	34,787
Cash, beginning of year	<u>128,553</u>
Cash, end of year	<u><u>\$ 163,340</u></u>

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

**NATIONS MINISTRY CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nations Ministry Center's (the "Organization") purpose is to help refugee families become generationally self-sufficient through job coaching and training, education opportunity including summer reading programs and after-school literacy development, and family social services including immigration assistance.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets which are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets which are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. 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 statements of activities as net assets released from restrictions. The Organization has no temporarily restricted net assets as of June 30, 2016.

Permanently restricted net assets – Net assets which are subject to donor-imposed stipulations that they be maintained permanently. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization had no permanently restricted net assets as of June 30, 2016.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction.

Donated Services

Contributions of donated material that are usable for program services, fundraising, and support of management and general functions are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and which would typically need to be purchased if not donated, are recorded at their fair values in the period received.

**NATIONS MINISTRY CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services (continued)

The fair value of donated volunteer services is not reflected in the accompanying financial statements since it is not practical to objectively determine the fair value of services received. However, management estimates that a substantial number of volunteers have donated significant amounts of their time.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been made in the accompanying financial statements.

The Organization has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Organization continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended June 30, 2016, the Organization has no material uncertain tax positions to be accounted for in the financial statements under these rules.

Concentrations of Credit Risk

The Organization maintains a bank account at one financial institution. The balance, at times, may exceed federally insured limits. The Organization has not experienced any losses in the account. Management believes the Organization is not exposed to any significant credit risk related to cash.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred after June 30, 2016, through the date of the issued financial statements. During the period there were no material recognizable subsequent events that required recognition in the disclosures to the June 30, 2016 financial statements.

**NATIONS MINISTRY CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

NOTE 1 - SUMMARY OF 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 Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, as determined by management.

NOTE 2 - VEHICLES

Vehicles are recorded at cost. Depreciation of vehicles is provided over the estimated useful lives of the respective assets on a straight-line basis. Vehicles at June 30, 2016, are as follows:

Vehicles	\$ 45,510
Less: accumulated depreciation	<u>(13,404)</u>
	<u>\$ 32,106</u>

NOTE 3 - DONATED FACILITIES

Donated facilities ("in-kind" contributions) included in the statements of activities are as follows:

Contributions in-kind	
Rent	<u>\$ 19,800</u>
Total contributions in-kind	<u>\$ 19,800</u>
Expenses	
Functional expenses:	
Programs	\$ 15,840
Management and general	1,980
Fundraising	<u>1,980</u>
Total expenses in-kind	<u>\$ 19,800</u>
Increase in net assets	<u>\$ -</u>