

BLAKEMORE CHILDREN'S CENTER
OF THE BLAKEMORE UNITED METHODIST CHURCH
NASHVILLE, TENNESSEE
FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT
JUNE 30, 2015

BLAKEMORE CHILDREN'S CENTER
OF THE BLAKEMORE UNITED METHODIST CHURCH
NASHVILLE, TENNESSEE
FINANCIAL STATEMENTS
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT
JUNE 30, 2015

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of Blakemore Children's Center
of the Blakemore United Methodist Church
Nashville, Tennessee

We have reviewed the accompanying financial statements of Blakemore Children's Center of the Blakemore United Methodist Church (the "Organization"), a community service of the Blakemore United Methodist Church (the "Church"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe the results of our procedures provide a reasonable basis for our conclusion.

ACCOUNTANT'S CONCLUSION

Based on our review, except for the issues noted in the Known Departure From Accounting Principles Generally Accepted in the United States of America paragraphs, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

KNOWN DEPARTURES FROM ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

As explained in Note 2 to the financial statements, the Organization expenses property and equipment that, in accordance with accounting principles generally accepted in the United States of America ("GAAP"), would be capitalized and depreciated over the estimated useful life of the asset. In addition, the Organization has informed us that they do not record the value of the donated facility or any other goods or services, as required by GAAP. The effects of these departures on the financial statements have not been determined.

These financial statements are applicable to the Blakemore Children's Center only and do not include the accounts and operations of the other activities and programs of Blakemore United Methodist Church.

Kraft HCPAs PLLC

Nashville, Tennessee
April 5, 2016

BLAKEMORE CHILDREN'S CENTER
OF THE BLAKEMORE UNITED METHODIST CHURCH
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

ASSETS	
Cash	\$ 46,744
Accounts receivable	<u>9,759</u>
TOTAL ASSETS	<u>\$ 56,503</u>
LIABILITIES	
Accounts payable	\$ 2,933
Deferred revenue	<u>14,652</u>
TOTAL LIABILITIES	17,585
NET ASSETS	
Unrestricted	<u>38,918</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 56,503</u>

See accompanying notes to financial statements.

BLAKEMORE CHILDREN'S CENTER
OF THE BLAKEMORE UNITED METHODIST CHURCH

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

SUPPORT AND REVENUE	
Tuition and other fees	\$ 429,154
Contributions and fundraising	24,169
Food reimbursement	<u>5,700</u>
TOTAL SUPPORT AND REVENUE	<u>459,023</u>
EXPENSES	
Program services:	
Child care center	390,579
Supporting services:	
General administration	<u>31,873</u>
TOTAL EXPENSES	<u>422,452</u>
CHANGE IN NET ASSETS	36,571
NET ASSETS - BEGINNING OF YEAR	<u>2,347</u>
NET ASSETS - END OF YEAR	<u>\$ 38,918</u>

See accompanying notes to financial statements.

BLAKEMORE CHILDREN'S CENTER
OF THE BLAKEMORE UNITED METHODIST CHURCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

OPERATING ACTIVITIES	
Change in net assets	\$ 36,571
Adjustments to change in net assets to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable	(4,272)
Increase (decrease) in:	
Accounts payable	(208)
Deferred revenue	2,127
TOTAL ADJUSTMENTS	(2,353)
NET CASH PROVIDED BY OPERATING ACTIVITIES	34,218
CASH - BEGINNING OF YEAR	12,526
CASH - END OF YEAR	\$ 46,744

See accompanying notes to financial statements.

BLAKEMORE'S CHILDREN CENTER
OF THE BLAKEMORE UNITED METHODIST CHURCH

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 1 - GENERAL

Blakemore Children's Center (the "Organization") is a community service of Blakemore United Methodist Church (the "Church"), that provides a loving, nurturing environment for child care and early childhood education. The Organization's board of directors is comprised of six church members and five non-church members. The Organization's executive director also serves in an ex-officio capacity on the board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements present the accounts and activities applicable to the Organization only and do not include the other programs and activities of the Church. The financial statements present the financial position and changes in net assets of the Organization on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Resources are classified as unrestricted, temporarily restricted or permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.
- *Permanently restricted net assets* are amounts required 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.

The Organization does not have any temporarily or permanently restricted net assets at June 30, 2015.

BLAKEMORE'S CHILDREN CENTER
OF THE BLAKEMORE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

Cash consists of various cash accounts and undeposited funds.

Accounts receivable

Accounts receivable consists of tuition receivable. An allowance for uncollectible amounts has not been provided. If accounts become uncollectible, they are charged to operations when that determination is made. Management believes the effects of this accounting method on financial position and results of operations are not significant.

Contributions and support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as unrestricted.

Tuition income

Tuition income is recognized in the period in which the service is provided, net of any related discounts or scholarships. Tuition income received in advance is reported as deferred revenue.

BLAKEMORE'S CHILDREN CENTER
OF THE BLAKEMORE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Organization expenses property and equipment purchased. Under GAAP, the property and equipment would be capitalized and depreciated over the estimated useful life of the asset. The effect on this departure on the Organization's financial condition, activities and cash flows has not been determined.

Donated Facility, Goods and Services

The Church provides the building facilities for the Organization to operate its programs. The Organization has not recognized any occupancy cost for the use of the building. Under GAAP, the Organization would recognize occupancy costs based on the fair value of the use of the facility. In addition, the Organization has not recognized the fair value of any other donated goods or services. The effect of these departures on the financial condition, activities or cash flows of the Organization has not been determined.

Program and Supporting Services and Functional Expenses

Program services consist of the costs associated with operating the child care center.

Supporting services consists of general administrative expenses. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative duties.

Direct expenses are allocated to applicable functional classifications. Indirect expenses are allocated to functional classifications based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Income taxes

The Organization qualifies as a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

The Organization does not file a U.S. Federal Form 990, as it is considered a religious organization and is exempt from those filing requirements.

BLAKEMORE'S CHILDREN CENTER
OF THE BLAKEMORE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect 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.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between June 30, 2015 and April 5, 2016, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. There were no uninsured balances at June 30, 2015.