

**BETHESDA WORKSHOPS**  
**Financial Statements**  
**December 31, 2013**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Bethesda Workshops

We have audited the accompanying financial statements of Bethesda Workshops (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, 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 Bethesda Workshops as of December 31, 2013, 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.

### Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental financial information presented in the Schedule of Financial Information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Parker, Parker & Associates*

April 23, 2014

**BETHESDA WORKSHOPS**  
**Statement of Financial Position**  
**December 31, 2013**

<b>Assets</b>	<u><b>2013</b></u>
<b>Current Assets</b>	
Cash	\$ 145,715
Accounts Receivable	61,272
Prepaid Expenses	7,429
Inventory	5,803
Total Current Assets	<u>220,219</u>
<b>Fixed Assets</b>	
Furniture & Fixtures	10,000
Accumulated Depreciation	(4,500)
Total Fixed Assets, Net	<u>5,500</u>
 Total Assets	 <u><u>\$ 225,719</u></u>
 <b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 9,940
Deferred Revenue	6,000
Total Current Liabilities	<u>15,940</u>
<b>Net Assets</b>	
Unrestricted Net Assets	199,335
Temporarily Restricted Net Assets	10,444
Total Net Assets	<u>209,779</u>
 Total Liabilities and Net Assets	 <u><u>\$ 225,719</u></u>

See notes to the financial statements.

**BETHESDA WORKSHOPS**  
**Statement of Activities**  
**For the Year Ended December 31, 2013**

	2013		
	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenues</b>			
Participant Fees	\$ 587,126	\$ -	\$ 587,126
(Less Scholarships)	(40,233)	-	(40,233)
Consulting Income	5,543	-	5,543
Sales of Inventory	12,740	-	12,740
Contributions	2,500	12,953	15,453
Gifts in Kind	26,675	-	26,675
Interest Income	30	-	30
Total Assets Released from Restrictions	18,621	(18,621)	-
Total Support and Revenues	613,002	(5,668)	607,334
<b>Functional Expenses</b>			
<b>Program Expenses</b>			
Total Program Expenses	511,868	-	511,868
<b>Supporting Services</b>			
Management and General	69,248	-	69,248
Total Support Services	69,248	-	69,248
Total Functional Expenses	581,116	-	581,116
Increase (Decrease) in Net Assets	31,886	(5,668)	26,218
<b>Net Assets - Beginning of Period</b>	167,450	16,111	183,561
<b>Net Assets - End of Period</b>	\$ 199,336	\$ 10,444	\$ 209,779

See notes to the financial statements.

**BETHESDA WORKSHOPS**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2013**

	2013		
	Program Expenses	Supporting Services Management and General	Total Expenses
Advertising & Marketing	\$ 7,182	\$ -	\$ 7,182
Audit/ Tax Fees	-	6,411	6,411
Board Meeting Expenses	880	-	880
Conferences	-	4,306	4,306
Depreciation	2,000	-	2,000
Development	-	2,425	2,425
Donations	-	2,100	2,100
In-Kind	26,675	-	26,675
Office Expenses	4,153	-	4,153
Postage and Shipping	-	1,701	1,701
Printing	5,676	-	5,676
Professional Consultation	-	911	911
Professional Dues	-	1,937	1,937
Professional Liability Insurance	7,380	-	7,380
Purchases of Inventory	10,502	-	10,502
Salaries, Benefits & Taxes	128,677	46,856	175,533
Staff Development	-	2,601	2,601
Utilities	4,505	-	4,505
Web Service	3,898	-	3,898
Workshop - Credit Card Processing	20,188	-	20,188
Workshop - Food	28,657	-	28,657
Workshop - Giveaways	1,652	-	1,652
Workshop - Leader Fees	187,990	-	187,990
Workshop - Lodging	61,305	-	61,305
Workshop - Misc	6,687	-	6,687
Workshop - Supplies	3,861	-	3,861
<b>Total</b>	<b>\$ 511,868</b>	<b>\$ 69,248</b>	<b>\$ 581,116</b>

See notes to the financial statements.

**BETHESDA WORKSHOPS**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2013**

	<u><b>2013</b></u>
<b>Cash Flows from Operating Activities</b>	
Increase (Decrease) in Net Assets	\$ 26,218
Adjustments to Reconcile Increase (Decrease) in Net Assets to Cash Provided by Operating Activities:	
Non-cash	
Depreciation	2,000
(Increase) Decrease in:	
Accounts Receivable	(23,376)
Inventories	1,888
Prepaid Expenses	(4,161)
Increase (Decrease) in:	
Deferred Revenue	2,150
Accounts Payable	9,495
Total Adjustments	<u>(12,004)</u>
Net Cash Provided by Operating Activities	<u>14,214</u>
<b>Net Increase (Decrease) in Cash</b>	14,214
<b>Cash - Beginning of Year</b>	<u>131,501</u>
<b>Cash - End of Year</b>	<u><u>\$ 145,715</u></u>

See notes to the financial statements.

**Bethesda Workshops  
Notes to Financial Statements  
December 31, 2013**

**Note 1. Summary of Significant Accounting Policies**

**A. Nature of Activities**

Bethesda Workshops is a nonprofit corporation whose mission is to provide a place for healing for those damaged by pornography and other forms of sexual addictions; and to provide training for professionals who work with sex addicts and their loved ones.

Bethesda Workshops started in 1997 and was conducted as a ministry of the Woodmont Hills church (Family of God at Woodmont Hills) until October 1, 2011. Effective October 1, 2011, Bethesda Workshops became a separate legal entity designated as a 501(c)(3) tax exempt organization.

During the years ended December 31, 2013 and 2012, Bethesda hosted twenty-two and twenty-three workshops with 339 and 356 participants (individuals and couples).

**B. Basis of Accounting**

Financial statement presentation follows the recommendations reported in accordance with the FASB Accounting Standards Codification for *Presentation of Financial Statements, Not-For-Profit Entities*. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**C. Net Assets Presentation**

The net assets of Bethesda Workshops and changes therein are classified and reported as follows.

Unrestricted - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of Bethesda Workshops and/or the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that do not expire with the passage of time and cannot be removed or fulfilled by Bethesda Workshops's actions. Permanently restricted net assets must be maintained by Bethesda Workshops in perpetuity.

**D. Estimates**

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

**E. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash includes cash on hand and demand deposits. Bethesda Workshops has no cash equivalents.

**F. Revenue Recognition and Accounts Receivable**

Workshops are provided to participants based on a fee structure including a non-refundable deposit recognized as revenue when billed. Remaining workshop participant fees are deferred until the start date of the workshop when revenue is recognized. Scholarships are awarded by management and are shown in the statement of activities as a reduction of participant fees.

Accounts receivable due from workshop participants are recorded at the outstanding balance, less an allowance for doubtful accounts. The allowance for doubtful accounts is reserved by management based on historical trends and current information. As of December 31, 2013, management believes all accounts are collectible within one year and no allowance has been recorded. It is Bethesda Workshop's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**Bethesda Workshops**  
**Notes to Financial Statement - Continued**  
**December 31, 2013**

**Note 1. Summary of Significant Accounting Policies – Continued**

**G. Accrued Paid Time Off**

Employees at Bethesda Workshops earn paid time off (PTO) each month according to their number of years of service. Bethesda Workshops does not allow unused PTO to be carried over or paid at termination and, therefore has not recognized a liability at December 31, 2013.

**H. Inventory**

Inventory consist of books, cd's and other materials purchased and used in workshops and available for sale. Inventory is valued at the lower of cost of market on a first-in, first-out (FIFO) method.

**I. Fixed Assets**

Fixed assets with an estimated useful life of greater than one year are carried at cost if purchased or fair market value if donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which are 5 years. Depreciation expense for the year ended December 31, 2013 was \$2,000.

Contributed fixed assets are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**J. 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.

**K. Contributed Services and Facilities**

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.

**L. Income Taxes**

Bethesda Workshops is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**M. Functional Expenses**

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

**N. Advertising Costs**

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2013 was \$7,182.



**Bethesda Workshops**  
**Notes to Financial Statement - Continued**  
**December 31, 2013**

**Note 2. Contributed Assets and Services**

Donated use of facilities used in the ongoing operations of Bethesda Workshops for the year ended December 31, 2013 are as follows:

<b>Revenues</b>	
	<u><b>2013</b></u>
Donated Facilities	\$ 26,675
	<u><u>\$ 26,675</u></u>
<b>Expenses</b>	
	<u><b>2013</b></u>
Program Expenses	\$ 26,675
	<u><u>\$ 26,675</u></u>

**Note 3. Restricted Net Assets**

Temporarily Restricted

Temporarily restricted net assets as of December 31, 2013 include the following:

	<u><b>2013</b></u>
Alter Foundation	\$ 10,444
Total Temporarily Restricted	<u><u>\$ 10,444</u></u>

**Note 4. Leases**

Bethesda Workshops leases a copier for \$280 per month under an operating lease that expires in May 2016. Future minimum lease payments for 2014, 2015, and 2016 are \$3,360, \$3,360, and \$1,400 respectively. Rent expense for the year ended December 31, 2013 was \$3,450.

**Note 5. Related Parties**

Bethesda Workshops received donated facilities from Woodmont Hills church. For the year ended December 31, 2013 Bethesda Workshops is paying \$400 per month for utilities to Woodmont Hills church.

**Note 6. Subsequent Events**

Bethesda Workshops has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2013 through April 23, 2014, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

## **Supplementary Information**

Schedule of Financial Information  
Bethesda Workshops  
Statement of Financial Position  
December 31, 2013 and 2012

	<u>12/31/2013</u>	<u>12/31/2012</u>
<b>ASSETS</b>		
Cash	\$ 145,715	\$ 131,501
Accounts Receivable	61,272	37,896
Prepaid Expenses	7,429	3,268
Inventory	5,803	7,691
Furniture & Fixtures, net of depreciation	5,500	7,500
<b>Total assets</b>	<u><u>\$ 225,719</u></u>	<u><u>\$ 187,856</u></u>
<b>LIABILITIES and NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 9,940	\$ 445
Deferred Revenue	6,000	3,850
<b>Total liabilities</b>	<u><u>15,940</u></u>	<u><u>4,295</u></u>
<b>NET ASSETS</b>		
Unrestricted Net Assets	199,335	167,450
Temporarily Restricted Net Assets	10,444	16,111
<b>Total net assets</b>	<u><u>209,779</u></u>	<u><u>183,561</u></u>
<b>Total liabilities &amp; net assets</b>	<u><u>\$ 225,719</u></u>	<u><u>\$ 187,856</u></u>

Bethesda Workshops  
Statement of Activities  
For the 12 months ended December 31, 2013 and 2012

	<u>12/31/2013</u>	<u>12/31/2012</u>
<b>INCOME</b>		
Participant fees	\$ 587,125	\$ 565,600
Less: Discounts/Scholarships	(40,233)	(57,000)
<b>Net participant fees</b>	546,892	508,600
Consulting income	5,543	3,400
Contributions	15,453	40,694
In-kind contribution	26,675	26,675
Net Product sales	2,238	2,093
Interest income	29	92
<b>Total income</b>	<u><u>596,830</u></u>	<u><u>581,554</u></u>
<b>EXPENSES</b>		
Leader fees	187,990	212,855
Other Workshop expenses	122,572	130,958
Salaries & benefits	175,532	166,882
Professional/Marketing	34,404	28,604
General overhead	19,339	17,249
Donations to other ministries	2,100	490
Rent expense (In-kind)	26,675	26,675
Depreciation	2,000	2,000
<b>Total expenses</b>	<u><u>570,612</u></u>	<u><u>585,713</u></u>
<b>Increase (decrease) in net assets</b>	<u><u>\$ 26,218</u></u>	<u><u>\$ (4,159)</u></u>