

**GOODLETTSVILLE HELP CENTER, INC.
AND SUBSIDIARY**

**CONSOLIDATED
FINANCIAL STATEMENTS**

DECEMBER 31, 2019 AND 2018

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Consolidated Financial Statements
December 31, 2019 and 2018

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3
Consolidated Statements of Functional Expenses	4 - 5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 11



Independent Auditors' Report

To the Board of Directors
Goodlettsville Help Center, Inc. and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Goodlettsville Help Center, Inc. and Subsidiary (a non-profit organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' 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 Goodlettsville Help Center, Inc. and Subsidiary as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
July 15, 2020

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Consolidated Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash	\$ 106,735	\$ 179,165
Certificate of Deposit	50,000	-
Prepaid Expenses	12,933	9,953
Inventory	40,756	37,137
Total Current Assets	<u>210,424</u>	<u>226,255</u>
Property and Equipment		
Land	100,000	100,000
Building	142,195	142,195
Equipment	22,967	26,828
Improvements	117,879	117,879
Vehicles	8,221	8,221
Accumulated Depreciation	<u>(138,826)</u>	<u>(138,611)</u>
Property and Equipment, Net	<u>252,436</u>	<u>256,512</u>
Other Assets	<u>3,782</u>	<u>3,782</u>
Total Assets	<u><u>\$ 466,642</u></u>	<u><u>\$ 486,549</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accrued Payroll	\$ 24,149	\$ 8,616
Sales Tax Payable	1,824	1,490
Total Current Liabilities	<u>25,973</u>	<u>10,106</u>
Net Assets without Donor Restrictions	<u>440,669</u>	<u>476,443</u>
Total Liabilities and Net Assets	<u><u>\$ 466,642</u></u>	<u><u>\$ 486,549</u></u>

See notes to consolidated financial statements.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Consolidated Statements of Activities
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restrictions		
Support and Revenues		
Fundraisers	\$ 26,537	\$ 33,785
Contributions and Grants	91,550	124,915
Donated Food, In-Kind	338,703	393,789
Total Support and Revenues	<u>456,790</u>	<u>552,489</u>
Other Revenue		
Interest Income	910	810
Thrift Store Sales of Donated Goods	275,849	250,451
Furniture Store Sales of Donated Goods	28,395	-
Total Other Revenue	<u>305,154</u>	<u>251,261</u>
 Total Support and Revenues without donor restrictions	 <u>761,944</u>	 <u>803,750</u>
Expenses		
Program Services	668,799	610,934
Supporting Services		
Management and General	122,750	113,793
Fundraising	6,169	8,558
Total Supporting Services	<u>128,919</u>	<u>122,351</u>
 Total Expenses	 <u>797,718</u>	 <u>733,285</u>
 (Decrease) Increase in Net Assets Without Donor Restrictions	 (35,774)	 70,465
 Net Assets - Beginning of Year	 <u>476,443</u>	 <u>405,978</u>
 Net Assets - End of Year	 <u><u>\$ 440,669</u></u>	 <u><u>\$ 476,443</u></u>

See notes to consolidated financial statements.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services			Supporting Services		Total
	Help Center	Thrift Store	Total	Management and General	Fundraising	Expenses
Client Services	\$ 26,056	\$ 307	\$ 26,363	\$ -	\$ -	\$ 26,363
Copier Expenses	-	-	-	2,603	-	2,603
Depreciation	-	-	-	11,324	-	11,324
Dues	-	-	-	430	-	430
Food	341,489	-	341,489	-	-	341,489
Fundraising	-	-	-	-	6,169	6,169
Insurance	-	-	-	14,189	-	14,189
Merchant Fees	-	-	-	7,182	-	7,182
Other Expenses	-	273	273	5,437	-	5,710
Payroll	74,047	114,628	188,675	42,108	-	230,783
Payroll Taxes	4,901	8,394	13,295	4,932	-	18,227
Pest Control	-	-	-	1,160	-	1,160
Postage	-	-	-	284	-	284
Professional Fees	-	-	-	9,100	-	9,100
Rent	-	67,650	67,650	-	-	67,650
Repairs and Maintenance	-	-	-	3,865	-	3,865
Supplies	-	-	-	4,025	-	4,025
Taxes and Fees	-	-	-	13	-	13
Utilities	462	29,835	30,297	16,098	-	46,395
Vehicle Expense	757	-	757	-	-	757
	<u>\$ 447,712</u>	<u>\$ 221,087</u>	<u>\$ 668,799</u>	<u>\$ 122,750</u>	<u>\$ 6,169</u>	<u>\$ 797,718</u>

See notes to consolidated financial statements.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services			Supporting Services		Total
	Help Center	Thrift Store	Total	Management and General	Fundraising	Expenses
Client Services	\$ 23,006	\$ 328	\$ 23,334	\$ -	\$ -	\$ 23,334
Copier Expenses	-	-	-	2,510	-	2,510
Depreciation	-	-	-	12,626	-	12,626
Dues	-	-	-	480	-	480
Food	383,851	-	383,851	-	-	383,851
Fundraising	-	-	-	-	8,558	8,558
Insurance	-	-	-	11,498	-	11,498
Merchant Fees	-	-	-	5,262	-	5,262
Other Expenses	-	-	-	5,253	-	5,253
Payroll	41,114	84,113	125,227	37,108	-	162,335
Payroll Taxes	2,143	7,186	9,329	3,613	-	12,942
Pest Control	-	-	-	600	-	600
Postage	-	-	-	249	-	249
Professional Fees	-	-	-	8,800	-	8,800
Rent	-	45,800	45,800	-	-	45,800
Repairs and Maintenance	-	-	-	5,366	-	5,366
Supplies	-	-	-	2,764	-	2,764
Taxes and Fees	-	-	-	1,935	-	1,935
Utilities	504	21,436	21,940	15,729	-	37,669
Vehicle Expense	1,453	-	1,453	-	-	1,453
	<u>\$ 452,071</u>	<u>\$ 158,863</u>	<u>\$ 610,934</u>	<u>\$ 113,793</u>	<u>\$ 8,558</u>	<u>\$ 733,285</u>

See notes to consolidated financial statements.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
(Decrease) Increase in Net Assets	\$ (35,774)	\$ 70,465
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation	11,324	12,626
Increase in:		
Prepaid Expenses	(2,980)	(700)
Inventory	(3,619)	(17,645)
Increase (Decrease) in:		
Accrued Payroll	15,533	5,366
Sales Tax Payable	334	(89)
	<u>20,592</u>	<u>(442)</u>
Total Adjustments		
	<u>(15,182)</u>	<u>70,023</u>
Net Cash (Used) Provided by Operating Activities		
	<u>(15,182)</u>	<u>70,023</u>
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(7,248)	-
Net Cash Used by Investing Activities	<u>(7,248)</u>	<u>-</u>
Cash Flows From Financing Activities		
Purchase of Certificate of Deposit	(50,000)	-
Net Cash Used by Financing Activities	<u>(50,000)</u>	<u>-</u>
Net (Decrease) Increase in Cash	(72,430)	70,023
Cash - Beginning of Year	<u>179,165</u>	<u>109,142</u>
Cash - End of Year	<u>\$ 106,735</u>	<u>\$ 179,165</u>

See notes to consolidated financial statements.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2019 and 2018

Note 1. Summary of Significant Accounting Policies

A. Organization and Nature of Activities

Goodlettsville Help Center, Inc. and Subsidiary (the Organization) is a non-profit organization whose purpose is to help churches, businesses, and the community eliminate duplicate requests from needy families by providing a central location to meet their basic needs. Their needs can be assistance for utilities, food, shelter, prescriptions, transportation and education. The Organization also acts as a liaison to the local police department for persons seeking assistance. A thrift store is open to the public with reduced rates to support the entire community. Generally clients receiving direct assistance live in the Goodlettsville, Tennessee area, which encompasses portions of Davidson, Robertson and Sumner counties.

B. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Goodlettsville Help Center, Inc. (GHC) and Treasure Hunters Thrift Store, LLC (the Thrift Store). GHC is the sole member of the Thrift Store. All significant intercompany transactions have been eliminated.

C. Basis of Accounting

The consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

D. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with US GAAP, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization does not have net assets with donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

E. Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing support services and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements - Continued
December 31, 2019 and 2018

Note 1. Summary of Significant Accounting Policies – Continued

F. Estimates

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

G. Cash and Certificate of Deposit

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash. Cash deposits and investments in certificates of deposit (CD's) are reported at carrying amounts which approximates fair value.

H. Inventory

The Thrift Store inventories, which consist of donated clothing, household goods, furniture, and various other items, are held for sale at the thrift store. Since there is no purchase cost to the organization, inventory and donation revenue are recorded at fair value determined by the price at which the item can be sold on the date of donation.

The food inventories consist of donated food received from food drives, food companies, and grocery stores. Management estimates that food inventory turnover occurs semi-monthly, and the value of donated food is based on poundage times a standard rate. The donated food at December 31, 2019 and 2018 was valued at \$1.62 and \$1.68 per pound based on fair value, respectively.

I. Property and Equipment

Property and equipment with cost greater than \$500 and useful lives greater than one year are recorded at cost or at the estimated fair market value at the date of donation. Depreciation is calculated using the straight-line method over an estimated useful life of 5 - 39 years. Expenditures for repairs and maintenance are charged to expense as incurred. Donations of property and equipment are reported at their estimated fair value.

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

J. Revenue Recognition

New Accounting Pronouncements

On January 1, 2019, the Organization adopted Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers and all subsequent amendments to the ASU* (collectively, Accounting Standard Codification (ASC) 606), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled in an exchange of goods or services.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements - Continued
December 31, 2019 and 2018

Note 1. Summary of Significant Accounting Policies – Continued

J. Revenue Recognition – Continued

New Accounting Pronouncements – Continued

The Organization performed an analysis of revenue streams and transitions to determine in-scope applicability. The adoption of ASC 606 did not materially impact the financial statements and related disclosures.

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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. If donor-restricted support is given and the restriction is released in the same accounting period, the contribution is considered as unrestricted.

Gifts In Kind – 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 estimated fair values in the period received.

K. Income Taxes

GHC is a non-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Thrift Store is considered a disregarded entity for federal income tax purposes and is included on GHC's Form 990, Return of Organization Exempt from Income Tax.

L. Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2019 and 2018 were \$478 and \$267, respectively.

M. Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<i>Expense</i>	<i>Method of Allocation</i>
Payroll	Time and effort
Payroll Taxes	Time and effort
Other Expenses	Time and effort
Utilities	Square footage

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements - Continued
December 31, 2019 and 2018

Note 2. Availability and Liquidity

The following represents the Organization's financial assets at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash	\$ 106,737	\$ 179,165
Certificate of Deposit	<u>50,000</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 156,737</u>	<u>\$ 179,165</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$190,000). As part of its liquidity plan, excess cash is invested in existing cash, savings, and certificate of deposit accounts.

Note 3. Inventory

Inventories consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Thrift Store	\$ 21,463	\$ 20,337
Donated Food	<u>19,293</u>	<u>16,800</u>
	<u>\$ 40,756</u>	<u>\$ 37,137</u>

Note 4. Lease Commitment

The Organization leases retail space for the thrift store under an operating lease that expires in October 2023. Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 56,850
2021	52,800
2022	52,800
2023	<u>44,000</u>
Total	<u>\$ 206,450</u>

Rent expense for the years ended December 31, 2019 and 2018 was \$67,650 and \$45,800, respectively.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements - Continued
December 31, 2019 and 2018

Note 5. Concentration of Revenue Sources

During 2019 and 2018, the Organization received approximately 44% and 49%, respectively, of its total revenue from in-kind food donations. Food donations from a single donor comprised approximately 22% and 16% of total revenue in 2019 and 2018, respectively.

Note 6. Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases (Topic 842)* (ASU 2016-02), to supersede nearly all existing lease guidance under US GAAP. ASU 2016-02 requires the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases currently classified as operating leases. ASU 2016-02 also requires qualitative disclosures along with specific quantitative disclosures and is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. Entities are required to apply the amendments at the beginning of the earliest period presented using a modified retrospective approach. The Organization is currently evaluating the effect of this pronouncement on its policies, procedures, and financial statements.

Note 7. Subsequent Events

The Organization has evaluated events and transactions for subsequent events that would impact the consolidated financial statements through July 15, 2020, which is the date the consolidated financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economy and financial markets, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date the Organization has not experienced significant changes in its operations. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The ultimate impact of the pandemic on the Organization’s results of operations and financial position cannot be reasonably estimated at this time.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was signed into law. One of the features of the CARES Act is the Payroll Protection Program (PPP). The Organization has applied for and received a PPP loan in the amount of \$50,890 dated April 20, 2020. This loan will be forgiven if the Organization meets certain criteria which is in the process of being finalized by the Small Business Administration. The amount of the loan that is not forgiven will be converted to a two-year loan at 1% interest.