

BETHESDA WORKSHOPS
Financial Statements
December 31, 2015

Contents

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 9

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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 corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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 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 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, 2015 and 2014, 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.

Parker, Parker & Associates

February 17, 2016

BETHESDA WORKSHOPS
Statements of Financial Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash	\$ 326,749	\$ 199,599
Accounts Receivable	53,704	42,148
Contributions Receivable	200,000	-
Prepaid Expenses	9,534	5,461
Inventory	6,757	5,770
Total Current Assets	<u>596,744</u>	<u>252,978</u>
Fixed Assets		
Furniture and Fixtures	10,000	10,000
Accumulated Depreciation	<u>(8,500)</u>	<u>(6,500)</u>
Total Fixed Assets, Net	<u>1,500</u>	<u>3,500</u>
 Total Assets	 <u><u>\$ 598,244</u></u>	 <u><u>\$ 256,478</u></u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 25,082	\$ 1,952
Accrued Payroll	3,310	9,111
Deferred Revenue	6,944	7,500
Total Current Liabilities	<u>35,336</u>	<u>18,563</u>
Net Assets		
Unrestricted Net Assets	295,943	228,357
Temporarily Restricted Net Assets	266,965	9,558
Total Net Assets	<u>562,908</u>	<u>237,915</u>
 Total Liabilities and Net Assets	 <u><u>\$ 598,244</u></u>	 <u><u>\$ 256,478</u></u>

See notes to the financial statements.

BETHESDA WORKSHOPS
Statements of Activities
For the Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues						
Participant Fees	\$ 686,473	\$ -	\$ 686,473	\$ 607,477	\$ -	607,477
(Less Scholarships)	(56,928)	-	(56,928)	(42,376)	-	(42,376)
Consulting Income	2,355	-	2,355	1,857	-	1,857
Sales of Inventory	10,542	-	10,542	9,561	-	9,561
Contributions	39,900	292,160	332,060	4,469	7,594	12,063
Donated Facilities	36,850	-	36,850	28,575	-	28,575
Interest Income	67	-	67	39	-	39
Total Assets Released from Restrictions	34,753	(34,753)	-	8,480	(8,480)	-
Total Support and Revenues	754,012	257,407	1,011,419	618,083	(886)	617,196
Functional Expenses						
Program Expenses	586,040	-	586,040	509,041	-	509,041
Supporting Services						
Management and General	87,636	-	87,636	80,019	-	80,019
Fundraising	12,750	-	12,750	-	-	-
Total Support Services	100,386	-	100,386	80,019	-	80,019
Total Functional Expenses	686,426	-	686,426	589,060	-	589,060
Increase (Decrease) in Net Assets	67,586	257,407	324,993	29,022	(886)	28,136
Net Assets - Beginning of Year	228,357	9,558	237,915	199,335	10,444	209,779
Net Assets - End of Year	<u>\$ 295,943</u>	<u>\$ 266,965</u>	<u>\$ 562,908</u>	<u>\$ 228,357</u>	<u>\$ 9,558</u>	<u>\$ 237,915</u>

See notes to the financial statements.

BETHESDA WORKSHOPS
Statements of Functional Expenses
For the Years Ended December 31, 2015 and 2014

	2015				2014		
		Supporting Services				Supporting Services	
	Program Expenses	Management and General	Fundraising Expenses	Total Expenses	Program Expenses	Management and General	Total Expenses
Advertising & Marketing	\$ 15,875	\$ -	\$ -	\$ 15,875	\$ 3,419	\$ -	\$ 3,419
Audit/Tax Fees	-	7,044	-	7,044	-	6,869	6,869
Board Meeting Expenses	948	-	-	948	251	-	251
Conferences	-	8,046	-	8,046	-	9,090	9,090
Depreciation	2,000	-	-	2,000	2,000	-	2,000
Development	-	1,109	12,750	13,859	-	1,117	1,117
Donations	-	834	-	834	-	75	75
Donated Rent	26,850	-	-	26,850	28,575	-	28,575
Office Expenses	18,271	-	-	18,271	8,907	-	8,907
Postage and Shipping	-	1,195	-	1,195	-	1,183	1,183
Printing	5,879	-	-	5,879	5,849	-	5,849
Professional Consultation	-	250	-	250	-	100	100
Professional Dues	-	1,135	-	1,135	-	3,390	3,390
Professional Liability Insurance	7,764	-	-	7,764	7,397	-	7,397
Purchases of Inventory	7,061	-	-	7,061	6,853	-	6,853
Salaries, Benefits & Taxes	163,054	59,390	-	222,444	151,537	55,203	206,740
Staff Development	-	8,633	-	8,633	-	2,992	2,992
Utilities	80	-	-	80	2,375	-	2,375
Web Service	4,144	-	-	4,144	5,291	-	5,291
Workshop - Credit Card Processing	30,256	-	-	30,256	23,599	-	23,599
Workshop - Food	28,994	-	-	28,994	25,994	-	25,994
Workshop - Giveaways	4,887	-	-	4,887	4,299	-	4,299
Workshop - Leader Fees	192,663	-	-	192,663	167,735	-	167,735
Workshop - Lodging	66,109	-	-	66,109	56,359	-	56,359
Workshop - Misc	7,162	-	-	7,162	6,285	-	6,285
Workshop - Supplies	4,043	-	-	4,043	2,316	-	2,316
	<u>\$ 586,040</u>	<u>\$ 87,636</u>	<u>\$ 12,750</u>	<u>\$ 686,426</u>	<u>\$ 509,041</u>	<u>\$ 80,019</u>	<u>\$ 589,060</u>

See notes to the financial statements.

BETHESDA WORKSHOPS
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 324,993	\$ 28,136
Adjustments to Reconcile Increase in Net Assets to		
Cash Provided by Operating Activities:		
Depreciation	2,000	2,000
(Increase) Decrease in:		
Accounts Receivable	(11,556)	19,124
Contributions Receivable	(200,000)	-
Prepaid Expenses	(4,073)	1,968
Inventory	(987)	33
Increase (Decrease) in:		
Accounts Payable	23,130	(7,988)
Accrued Payroll	(5,801)	9,111
Deferred Revenue	(556)	1,500
Total Adjustments	<u>(197,843)</u>	<u>25,748</u>
Net Cash Provided by Operating Activities	<u>127,150</u>	<u>53,884</u>
Net Increase in Cash	127,150	53,884
Cash - Beginning of Year	<u>199,599</u>	<u>145,715</u>
Cash - End of Year	<u><u>\$ 326,749</u></u>	<u><u>\$ 199,599</u></u>

See notes to the financial statements.

Bethesda Workshops
Notes to Financial Statements
December 31, 2015 and 2014

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, 2015 and 2014, Bethesda hosted twenty-one and twenty-six workshops with 325 and 301 participants (individuals and couples).

B. Basis of Accounting

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. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

C. Net Asset 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.

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. Contributions Receivable

Contributions receivable are recorded at fair value for all unconditional promises to give. Management has evaluated the collectability of contributions receivable based on historical trends and current information and has determined that an allowance for uncollectible contributions is not necessary.

G. Inventory

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

H. 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 is 5 years. Depreciation expense is \$2,000 for the years ended December 31, 2015 and 2014.

Bethesda Workshops
Notes to Financial Statement - Continued
December 31, 2015 and 2014

Note 1. Summary of Significant Accounting Policies – Continued

H. Fixed Assets

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.

I. 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, 2015 and 2014.

J. 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, 2015 and 2014, 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.

K. 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.

L. 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.

M. Income Taxes

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

N. 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.

O. Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2015 and 2014 were \$15,875 and \$3,419.

Bethesda Workshops
Notes to Financial Statement - Continued
December 31, 2015 and 2014

Note 2. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2015 and 2014 consist of amounts subject to donor-imposed stipulations that they be spent for the following purposes:

	<u>2015</u>	<u>2014</u>
Alter Foundation	\$ -	\$ 9,558
Expansion	266,965	-
	<u>\$ 266,965</u>	<u>\$ 9,558</u>

Note 3. Contributions Receivable

The amounts of contributions receivable as of December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Temporarily Restricted	\$ 200,000	\$ -
Less:		
Discounts for the Time Value of Money	-	-
Contributions Receivable, Net	<u>\$ 200,000</u>	<u>\$ -</u>

Future collections of contributions as of December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Receivable in Less than One Year	\$ 75,000	\$ -
Receivable in One to Five Years	125,000	-
Total Receivables	<u>\$ 200,000</u>	<u>\$ -</u>

Note 4. Contributed Facilities

Donated use of facilities used in the ongoing operations of Bethesda Workshops for the year ended December 31, 2015 and 2014 are as follows:

	Revenues	
	<u>2015</u>	<u>2014</u>
Donated Facilities	<u>\$ 36,850</u>	<u>\$ 28,575</u>
	Expenses	
	<u>2015</u>	<u>2014</u>
Rent	\$ 26,850	\$ 28,575
Workshop - Lodging	10,000	-
	<u>\$ 36,850</u>	<u>\$ 28,575</u>

Note 5. Retirement Plan

Bethesda Workshops offers a SIMPLE IRA retirement plan to eligible employees. Bethesda Workshops matches employee contributions at a rate up to 3%. Employer contributions to the plan for the years ended December 31, 2015 and 2014 were \$4,728 and \$4,465.

Note 6. Operating Leases

Bethesda Workshops leases a copier for \$280 per month under an operating lease that expires in May 2016. Future minimum lease payments for 2016 are \$1,400. Rent expense for the years ended December 31, 2015 and 2014 was \$3,360 and \$3,375.

Note 7. Related Party Transactions

Bethesda Workshops receives donated facilities from Woodmont Hills Church (see Note 4). For the years ended December 31, 2015 and 2014, Bethesda Workshops reimbursed Woodmont Hills Church \$80 and \$2,375 for utilities.

Bethesda Workshops
Notes to Financial Statement - Continued
December 31, 2015 and 2014

Note 8. Concentration of Risk

Bethesda Workshops has a concentration of risk related to revenue. Revenue earned from one source during the year ended December 31, 2015 was 25% of total revenue.

Note 9. Subsequent Events

Bethesda Workshops has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2015 through February 17, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.