

**GOODLETTSVILLE HELP CENTER
AND SUBSIDIARY**

**CONSOLIDATED
FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

GOODLETTSVILLE HELP CENTER AND SUBSIDIARY
Consolidated Financial Statements
December 31, 2017 and 2016

Table of Contents

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

BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Goodlettsville Help Center and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Goodlettsville Help Center and Subsidiary (a non-profit organization), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities 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 and Subsidiary as of December 31, 2017 and 2016, 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

April 25, 2018

GOODLETTSVILLE HELP CENTER AND SUBSIDIARY
Consolidated Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash	\$ 109,142	\$ 113,397
Prepaid Expenses	9,253	9,253
Inventory	19,492	25,244
Total Current Assets	<u>137,887</u>	<u>147,894</u>
Property and Equipment		
Land	100,000	100,000
Building	142,195	142,195
Equipment	26,828	25,967
Improvements	117,879	85,372
Vehicles	8,221	8,221
Construction In Progress	-	21,373
Accumulated Depreciation	<u>(125,985)</u>	<u>(112,751)</u>
Net Property and Equipment	<u>269,138</u>	<u>270,377</u>
Other Assets		
Deposits	<u>3,782</u>	<u>3,782</u>
Total Other Assets	<u>3,782</u>	<u>3,782</u>
Total Assets	<u><u>\$ 410,807</u></u>	<u><u>\$ 422,053</u></u>
Liabilities and Net Assets		
Current Liabilities		
Payroll Taxes Payable	\$ 3,250	\$ 2,871
Sales Tax Payable	<u>1,579</u>	<u>1,695</u>
Total Current Liabilities	<u>4,829</u>	<u>4,566</u>
Net Assets		
Unrestricted Net Assets	405,978	399,162
Temporarily Restricted Net Assets	<u>-</u>	<u>18,325</u>
Total Net Assets	<u>405,978</u>	<u>417,487</u>
Total Liabilities and Net Assets	<u><u>\$ 410,807</u></u>	<u><u>\$ 422,053</u></u>

See notes to consolidated financial statements.

GOODLETTSVILLE HELP CENTER AND SUBSIDIARY
Consolidated Statements of Activities
For the Years Ended December 31, 2017 and 2016

	2017	2016
Unrestricted Net Assets		
Community Projects		
Fundraisers	\$ 33,771	\$ 37,071
Total Community Projects	<u>33,771</u>	<u>37,071</u>
Contributions, Grants, and In-Kind Donations		
Contributions and Grants	58,164	82,905
In-Kind Donations	383,117	466,478
Total Contributions, Grants, and In-Kind Donations	<u>441,281</u>	<u>549,383</u>
Other Income		
Interest Income	118	153
Thrift Store Sales	250,899	235,056
Total Other Income	<u>251,017</u>	<u>235,209</u>
Total Support and Income	<u>726,069</u>	<u>821,663</u>
Net Assets Released from Restrictions		
Restrictions Satisfied by Payments	<u>18,325</u>	<u>-</u>
Total Support, Income and Reclassifications	<u>744,394</u>	<u>821,663</u>
Expenses		
Program Expenses		
Client Services	24,846	23,513
Food	211,954	234,305
Payroll	131,864	108,598
Payroll Taxes	10,142	8,308
Rent	44,400	44,400
Thrift Store Cost of Goods Sold	187,647	234,826
Utilities	18,700	15,585
Vehicle Expense	602	2,271
Total Program Expenses	<u>630,155</u>	<u>671,806</u>
Supporting Services		
General and Administrative Expenses		
Audit	8,100	7,713
Copier Expenses	2,449	2,479
Depreciation	13,234	12,175
Dues and Registration Fees	556	260
Insurance	11,423	13,622
Merchant Fees	4,934	4,527
Other Expenses	1,511	557
Payroll	35,108	33,708
Payroll Taxes	3,388	3,160
Pest Control	750	600
Postage	221	322
Repairs and Maintenance	2,867	2,767
Supplies	2,220	2,206
Taxes and Fees	370	414
Utilities	14,458	14,403
Total General and Administrative Expenses	<u>101,589</u>	<u>98,913</u>
Fundraising Expenses	<u>5,834</u>	<u>6,891</u>
Total Supporting Services	<u>107,423</u>	<u>105,804</u>
Total Expenses	<u>737,578</u>	<u>777,610</u>
Increase in Unrestricted Net Assets	<u>6,816</u>	<u>44,053</u>
Temporarily Restricted Net Assets		
Contributions	-	8,480
Amounts Released from Restriction	(18,325)	-
(Decrease) Increase in Temporarily Restricted Net Assets	<u>(18,325)</u>	<u>8,480</u>
(Decrease) Increase in Net Assets	<u>(11,509)</u>	<u>52,533</u>
Net Assets - Beginning of Year	<u>417,487</u>	<u>364,954</u>
Net Assets - End of Year	<u>\$ 405,978</u>	<u>\$ 417,487</u>

See notes to consolidated financial statements.

GOODLETTSVILLE HELP CENTER AND SUBSIDIARY
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
(Decrease) Increase in Net Assets	\$ (11,509)	\$ 52,533
Adjustments to Reconcile (Decrease) Increase in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	13,234	12,175
(Increase) Decrease in:		
Prepaid Expenses	-	2,837
Inventory	5,752	(5,131)
Deposits	-	911
Increase (Decrease) in:		
Payroll Taxes Payable	379	265
Sales Taxes Payable	(116)	393
	<u>19,249</u>	<u>11,450</u>
Total Adjustments		
	<u>7,740</u>	<u>63,983</u>
Net Cash Provided by Operating Activities		
	<u>7,740</u>	<u>63,983</u>
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(11,995)	(21,312)
Net Cash Used by Investing Activities	<u>(11,995)</u>	<u>(21,312)</u>
Net (Decrease) Increase In Cash	(4,255)	42,671
Cash - Beginning of Year	<u>113,397</u>	<u>70,726</u>
Cash - End of Year	<u>\$ 109,142</u>	<u>\$ 113,397</u>

See notes to consolidated financial statements.

GOODLETTSVILLE HELP CENTER AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

Note 1. Summary of Significant Accounting Policies

A. Organization and Nature of Activities

Goodlettsville Help Center 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. All 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. GHC is the sole member of Treasure Hunters Thrift Store, LLC. 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 (generally accepted accounting principles).

D. Financial Statement Presentation

Financial statement presentation is reported in accordance with the FASB Accounting Standards Codification for *Presentation of Financial Statements, Not-For-Profit Entities*. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that may be maintained permanently by the Organization.

E. Estimates

The preparation of the consolidated 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.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes cash on hand and amounts in banks. The Organization has no cash equivalents.

G. Thrift Store Inventory and Donations

Inventory, which consists 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 donations revenue are recorded at fair value determined by the price at which the item can be sold on the date of donation.

H. 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.

GOODLETTSVILLE HELP CENTER AND SUBSIDIARY
Notes to Consolidated Financial Statements - Continued
December 31, 2017 and 2016

Note 1. Summary of Significant Accounting Policies – Continued

H. Property and Equipment – Continued

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 temporarily restricted net assets to unrestricted net assets at that time.

I. 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 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.

J. Contributed Services

Contributions of services are recognized only if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not donated.

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 Treasure Hunters Thrift Store, LLC 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, 2017 and 2016 were \$332 and \$89.

M. Reclassifications

Certain reclassifications have been made to the December 31, 2016 financial statements to conform to the December 31, 2017 presentation.

Note 2. In-Kind Donations

The Organization receives donated food and clothing that is either sold in the thrift store or distributed to needy families. The value of donated food and clothing included in the consolidated financial statements and the corresponding expenses for the years ended December 31, 2017 and 2016 are as follows:

Revenues		
	2017	2016
In-Kind Donations	<u>\$383,117</u>	<u>\$466,478</u>
Assets and Expenses		
	2017	2016
Food	\$201,224	\$226,522
Inventory	(5,754)	5,131
Thrift Store Cost of Goods Sold	187,647	234,826
	<u>\$383,117</u>	<u>\$466,478</u>

GOODLETTSVILLE HELP CENTER AND SUBSIDIARY
Notes to Consolidated Financial Statements - Continued
December 31, 2017 and 2016

Note 3. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2016 include contributions for capital improvements.

Note 4. Leases

The Organization leases retail space for the thrift store for \$3,700 per month. The lease expired in October 2017 with an option to lease for an additional year. The option was exercised for an additional year. Future minimum lease payments are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2018	<u>\$ 37,000</u>

Rent expense for the years ended December 31, 2017 and 2016 was \$44,400 for each year, respectively.

Note 5. Recent Accounting Pronouncements

In August 2016, the FASB issued new accounting guidance that amends the requirements for financial statements and notes of a not-for-profit entity. The new guidance is effective for periods beginning after December 15, 2017, on a retrospective basis, with early adoption permitted. This new accounting guidance will result in changes to financial statement presentation and additional disclosures and the Organization is still evaluating its impact.

In February 2016, the FASB issued new accounting guidance to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new accounting guidance is effective for nonpublic entities for annual reporting periods beginning after December 15, 2019. The Organization is currently evaluating the effect of this pronouncement on its policies, procedures, and financial statements.

In May 2014, the FASB issued new accounting guidance to clarify the principles for recognizing revenue from contracts with customers. The new accounting guidance, which does not apply to financial instruments, is effective retrospectively for nonpublic entities for annual reporting periods beginning after December 15, 2018. The Organization is in the process of evaluating the impact of the provisions of this new accounting guidance but does not expect it to have a material impact on its financial position or results of operations.

Note 6. Subsequent Events

The Organization has evaluated events and transactions for subsequent events that would impact the consolidated financial statements for the year ended December 31, 2017 through April 25, 2018, the date the consolidated financial statements were available to be issued.