

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

**CONSOLIDATED
FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Consolidated Financial Statements
December 31, 2018 and 2017

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Independent Auditors' Report

To the Board of Directors of
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, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 1, the Organization adopted new accounting guidance Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
April 24, 2019

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Consolidated Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash	\$ 179,165	\$ 109,142
Prepaid Expenses	9,953	9,253
Inventory	37,137	19,492
Total Current Assets	<u>226,255</u>	<u>137,887</u>
Property and Equipment		
Land	100,000	100,000
Building	142,195	142,195
Equipment	26,828	26,828
Improvements	117,879	117,879
Vehicles	8,221	8,221
Accumulated Depreciation	<u>(138,611)</u>	<u>(125,985)</u>
Property and Equipment, Net	<u>256,512</u>	<u>269,138</u>
Other Assets	<u>3,782</u>	<u>3,782</u>
Total Assets	<u><u>\$ 486,549</u></u>	<u><u>\$ 410,807</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accrued Payroll	\$ 8,616	\$ 3,250
Sales Tax Payable	1,490	1,579
Total Current Liabilities	<u>10,106</u>	<u>4,829</u>
Net Assets without Donor Restrictions	<u>476,443</u>	<u>405,978</u>
Total Liabilities and Net Assets	<u><u>\$ 486,549</u></u>	<u><u>\$ 410,807</u></u>

See notes to consolidated financial statements.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Consolidated Statements of Activities
For the Years Ended December 31, 2018 and 2017

	2018			2017		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities						
Support and Revenues						
Fundraisers	\$ 33,785	\$ -	\$ 33,785	\$ 33,771	\$ -	\$ 33,771
Contributions and Grants	124,915	-	124,915	58,164	-	58,164
Donated Food, In-Kind	393,789	-	393,789	383,117	-	383,117
Total Support and Revenues	<u>552,489</u>	<u>-</u>	<u>552,489</u>	<u>475,052</u>	<u>-</u>	<u>475,052</u>
Other Revenue						
Interest Income	810	-	810	118	-	118
Thrift Store Sales of Donated Goods	250,451	-	250,451	245,145	-	245,145
Total Other Revenue	<u>251,261</u>	<u>-</u>	<u>251,261</u>	<u>245,263</u>	<u>-</u>	<u>245,263</u>
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,325</u>	<u>(18,325)</u>	<u>-</u>
Total Support and Revenues	<u>803,750</u>	<u>-</u>	<u>803,750</u>	<u>738,640</u>	<u>(18,325)</u>	<u>720,315</u>
Expenses						
Program Expenses	<u>610,934</u>	<u>-</u>	<u>610,934</u>	<u>624,401</u>	<u>-</u>	<u>624,401</u>
Supporting Services						
Management and General	113,793	-	113,793	101,589	-	101,589
Fundraising	8,558	-	8,558	5,834	-	5,834
Total Supporting Services	<u>122,351</u>	<u>-</u>	<u>122,351</u>	<u>107,423</u>	<u>-</u>	<u>107,423</u>
Total Expenses	<u>733,285</u>	<u>-</u>	<u>733,285</u>	<u>731,824</u>	<u>-</u>	<u>731,824</u>
Change in Net Assets	70,465	-	70,465	6,816	(18,325)	(11,509)
Net Assets - Beginning of Year	<u>405,978</u>	<u>-</u>	<u>405,978</u>	<u>399,162</u>	<u>18,325</u>	<u>417,487</u>
Net Assets - End of Year	<u>\$ 476,443</u>	<u>\$ -</u>	<u>\$ 476,443</u>	<u>\$ 405,978</u>	<u>\$ -</u>	<u>\$ 405,978</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 Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services			Supporting Services		Total Expenses
	Help Center	Thrift Store	Total	Management and General	Fundraising	
Client Services	\$ 24,190	\$ 656	\$ 24,846	\$ -	\$ -	\$ 24,846
Copier Expenses	-	-	-	2,449	-	2,449
Depreciation	-	-	-	13,234	-	13,234
Dues	-	-	-	556	-	556
Food	393,847	-	393,847	-	-	393,847
Fundraising	-	-	-	-	5,834	5,834
Insurance	-	-	-	11,423	-	11,423
Merchant Fees	-	-	-	4,934	-	4,934
Other Expenses	-	-	-	1,511	-	1,511
Payroll	25,936	105,928	131,864	35,108	-	166,972
Payroll Taxes	2,038	8,104	10,142	3,388	-	13,530
Pest Control	-	-	-	750	-	750
Postage	-	-	-	221	-	221
Professional Fees	-	-	-	8,100	-	8,100
Rent	-	44,400	44,400	-	-	44,400
Repairs and Maintenance	-	-	-	2,867	-	2,867
Supplies	-	-	-	2,220	-	2,220
Taxes and Fees	-	-	-	370	-	370
Utilities	504	18,196	18,700	14,458	-	33,158
Vehicle Expense	602	-	602	-	-	602
	<u>\$ 447,117</u>	<u>\$ 177,284</u>	<u>\$ 624,401</u>	<u>\$ 101,589</u>	<u>\$ 5,834</u>	<u>\$ 731,824</u>

See notes to consolidated financial statements.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Increase (Decrease) in Net Assets	\$ 70,465	\$ (11,509)
Adjustments to Reconcile Increase (Decrease) in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	12,626	13,234
(Increase) Decrease in:		
Prepaid Expenses	(700)	-
Inventory	(17,645)	5,752
Increase (Decrease) in:		
Accrued Payroll	5,366	379
Sales Tax Payable	(89)	(116)
	<u>(442)</u>	<u>19,249</u>
Total Adjustments		
	<u>70,023</u>	<u>7,740</u>
Net Cash Provided by Operating Activities		
Cash Flows From Investing Activities		
Purchase of Property and Equipment	-	(11,995)
Net Cash Used by Investing Activities	<u>-</u>	<u>(11,995)</u>
Net Increase (Decrease) in Cash	70,023	(4,255)
Cash - Beginning of Year	<u>109,142</u>	<u>113,397</u>
Cash - End of Year	<u><u>\$ 179,165</u></u>	<u><u>\$ 109,142</u></u>

See notes to consolidated financial statements.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
December 31, 2018 and 2017

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. 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 (the "Thrift Store"). 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, or "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.

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.

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.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements - Continued
December 31, 2018 and 2017

Note 1. Summary of Significant Accounting Policies - Continued

G. Cash and Cash Equivalents

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

H. Inventories

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 that the in-kind value of the subsequent distribution of food is the best estimate of the value of the inventory.

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. 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.

K. 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.

L. 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.

M. Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2018 and 2017 were \$267 and \$332, respectively.

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements - Continued
December 31, 2018 and 2017

Note 1. Summary of Significant Accounting Policies - Continued

N. 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
Utilities	Square footage

O. Reclassifications

Certain reclassifications have been made to the December 31, 2017 financial statements to conform to the December 31, 2018 presentation.

P. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Note 2. Availability and Liquidity

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

	2018	2017
Financial assets at year end:		
Cash and cash equivalents	\$ 179,165	\$ 109,142
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 179,165</u>	<u>\$ 109,142</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$185,000). As part of its liquidity plan, excess cash is invested in existing cash and savings accounts.

Note 3. Inventories

Inventories consisted of the following at December 31:

	2018	2017
Thrift Store	\$ 20,337	\$ 19,492
Donated Food	16,800	-
	<u>\$ 37,137</u>	<u>\$ 19,492</u>

GOODLETTSVILLE HELP CENTER, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements - Continued
December 31, 2018 and 2017

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>
2019	\$ 52,800
2020	52,800
2021	52,800
2022	52,800
2023	<u>44,000</u>
Total	<u>\$ 255,200</u>

Rent expense for the years ended December 31, 2018 and 2017 was \$45,800 and \$44,400, respectively.

Note 5. Recent Accounting Pronouncements

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. Concentration of Revenue Sources

During 2018 and 2017, the Organization received approximately 49% and 53%, respectively, of its total revenue from in-kind food donations. Food donations from a single donor comprised approximately 16% and 13% of total revenue in 2018 and 2017, respectively.

Note 7. Subsequent Events

The Organization has evaluated events through April 24, 2019, which is the date these consolidated financial statements were available to be issued and determined that there are no subsequent events requiring disclosure except for the subsequent lease described below.

In January 2019, the Organization executed a new lease agreement commencing in February 2019 and ending in January 2021 for retail space to open a furniture store. The furniture store is open to the public with reduced rates to support the entire community. The monthly lease amount for the retail space is \$1,350 for the duration of the lease.