

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**

**INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
OCTOBER 31, 2018 AND OCTOBER 31, 2017**

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Creating an Environment of Success, Inc.  
Nashville, Tennessee 37218

We have audited the accompanying financial statements of Creating an Environment of Success, Inc. (a not-for-profit organization), which comprise the statements of financial position as of October 31, 2018, and the related statements of activities, cash flows, and functional expenses 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.

### ***Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

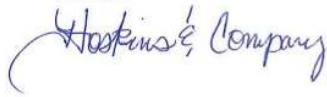
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Creating an Environment of Success, Inc. as of October 31, 2018, 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.

### ***Report on Summarized Comparative Information***

We have previously audited the Creating and Environment for Success, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 5, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Hoskins & Company". The signature is written in a cursive, flowing style.

Hoskins & Company  
Nashville, TN  
May 13, 2019

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**OCTOBER 31, 2018 AND OCTOBER 31, 2017 (RESTATED)**

	2018	2017
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 37,920	\$ -
Investments (Note 2)	26,098	26,058
Notes and accounts receivable, net (Note 3)	19,120	96,918
Inventory (Note 4)	212,501	212,501
Total current assets	<u>295,639</u>	<u>335,477</u>
Noncurrent assets		
Property and equipment, net (Note 5)	750,075	813,224
Security deposit	17,643	17,643
Other non-current assets (Note 6)	11,308	16,206
Total noncurrent assets	<u>779,026</u>	<u>847,073</u>
<b>Total assets</b>	<u>\$ 1,074,665</u>	<u>\$ 1,182,550</u>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts and other payables	\$ 113,548	\$ 161,221
Cash and cash equivalents - overdraft	-	9,343
Lines of credit	44,653	70,000
Accrued payables	48,727	42,654
Deferred revenue - rent deposit	6,194	5,194
Current portion of notes payable (Note 8)	1,286,032	1,325,073
Total current liabilities	<u>1,499,154</u>	<u>1,613,485</u>
Noncurrent liabilities		
Promissory notes (Note 7)	92,357	57,051
Total noncurrent liabilities	<u>92,357</u>	<u>57,051</u>
Total liabilities	<u>1,591,511</u>	<u>1,670,536</u>
Net assets		
Net assets without donor restrictions	<u>(516,846)</u>	<u>(487,986)</u>
Total net assets	<u>(516,846)</u>	<u>(487,986)</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,074,665</u>	<u>\$ 1,182,550</u>

The accompanying notes are an integral part of these financial statements.

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED OCTOBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>			
Revenues:			
Public support	\$ 395,885	\$ -	\$ 395,885
Special events	171,974	-	171,974
Gain on sale of assets	67,692	-	67,692
Program Income	651,671	-	651,671
Other income	15,412	-	15,412
Total support and revenues	<u>1,302,634</u>	<u>-</u>	<u>1,302,634</u>
<b>Expenses</b>			
General and Administrative	124,251		124,251
Summer Business Camp	462,879	-	462,879
Training Center	744,364	-	744,364
Total expenses	<u>1,331,494</u>	<u>-</u>	<u>1,331,494</u>
Decrease in net assets	<u>(28,860)</u>	<u>-</u>	<u>(28,860)</u>
Net assets at beginning of year	<u>(487,986)</u>	<u>-</u>	<u>(487,986)</u>
Net assets at end of year	<u><u>\$ (516,846)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (516,846)</u></u>

The accompanying notes are an integral part of these financial statements.

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED OCTOBER 31, 2017 (RESTATED)**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>			
Revenues:			
Public support	\$ 700,023	\$ -	\$ 700,023
Special events	64,535	-	64,535
Program Income	585,268	-	585,268
Other income	27,715	-	27,715
Total support and revenues	<u>1,377,541</u>	<u>-</u>	<u>1,377,541</u>
<b>Expenses</b>			
General and Administrative	139,128		139,128
Summer Business Camp	376,661	-	376,661
Training Center	881,058	-	881,058
Total expenses	<u>1,396,847</u>	<u>-</u>	<u>1,396,847</u>
Decrease in net assets	<u>(19,306)</u>	<u>-</u>	<u>(19,306)</u>
Net assets at beginning of year	<u>(468,680)</u>	<u>-</u>	<u>(468,680)</u>
Net assets at end of year	<u><u>\$ (487,986)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (487,986)</u></u>

The accompanying notes are an integral part of these financial statements.

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED OCTOBER 31, 2018 AND OCTOBER 31, 2017 (RESTATED)**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Decrease in net assets	\$ (28,860)	\$ (19,306)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	55,512	57,882
Amortization of closing costs	4,898	4,898
Decrease (increase) in notes and accounts receivable	77,798	(85,565)
(Decrease) increase in accounts payables	(47,673)	31,322
Increase in accrued payables	6,073	15,866
Increase in deferred revenue	1,000	-
Net cash provided by operating activities	<u>68,748</u>	<u>5,097</u>
<b>Cash flows from investing activities</b>		
(Purchase) sale of investments	(40)	4,587
Sale (purchase) of property and equipment	7,637	(3,300)
Net cash provided by investing activities	<u>7,597</u>	<u>1,287</u>
<b>Cash flows from financing activities</b>		
Repayment on line of credit	(25,347)	-
Repayment of long-term debt	(3,735)	(10,411)
Net cash used in financing activities	<u>(29,082)</u>	<u>(10,411)</u>
Increase (decrease) in cash and cash equivalents	47,263	(4,027)
Cash and cash equivalents at beginning of year	(9,343)	(5,316)
<b>Cash and cash equivalents at end of year</b>	<u>\$ 37,920</u>	<u>\$ (9,343)</u>
 Interest paid	 <u>\$ 76,169</u>	 <u>\$ 84,204</u>

The accompanying notes are an integral part of these financial statements.



**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED OCTOBER 31, 2018**

	GENERAL AND ADMIN	SUMMER BUSINESS CAMP	TRAINING CENTERS	TOTAL
Accounting fees	\$ -	\$ 11,917	\$ 5,108	\$ 17,025
Advertising	-	387	902	1,289
Bad debt	-	70,100	-	70,100
Conferences, conventions, and meetings	5,432	249,867	16,296	271,595
Contract labor	11,267	7,348	30,372	48,987
Depreciation	-	-	55,512	55,512
Dues and subscriptions	-	253	431	684
Facilities and equipment other	466	2,325	43,707	46,498
Insurance	-	-	8,949	8,949
Interest	762	-	75,407	76,169
Loan settlement amortization	-	-	4,898	4,898
Legal fees	9,501	-	-	9,501
Occupancy	12,644	6,322	139,087	158,053
Office expenses	2,374	9,497	47,487	59,358
Other employee benefits	47	-	1,532	1,579
Other expenses	969	21,321	10,013	32,303
Other salaries and wages	74,443	-	235,738	310,181
Payroll taxes	6,346	-	20,096	26,442
Special events	-	-	16,341	16,341
Travel	-	83,542	32,488	116,030
Total expenses	<u>\$ 124,251</u>	<u>\$ 462,879</u>	<u>\$ 744,364</u>	<u>\$ 1,331,494</u>

The accompanying notes are an integral part of these financial statements.

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED OCTOBER 31, 2017 (RESTATED)**

	GENERAL AND ADMIN	SUMMER BUSINESS CAMP	TRAINING CENTERS	TOTAL
Accounting fees	\$ -	\$ 10,075	\$ 4,305	\$ 14,380
Advertising	11,810	1,279	7,061	20,150
Conferences, conventions, and meetings	4,100	212,439	13,458	229,997
Contract labor	12,669	8,469	33,241	54,379
Depreciation	-	-	57,882	57,882
Dues and subscriptions	-	2,508	4,295	6,803
Facilities and equipment other	284	914	18,540	19,738
Insurance	-	-	6,218	6,218
Interest	842	-	83,362	84,204
Loan settlement amortization	-	-	4,898	4,898
Occupancy	19,970	9,985	219,666	249,621
Office expenses	3,638	13,504	65,458	82,600
Other employee benefits	248	7	9,065	9,320
Other expenses	822	27,134	13,156	41,112
Other salaries and wages	78,548	-	251,351	329,899
Payroll taxes	6,197	-	17,954	24,151
Special events	-	-	35,347	35,347
Travel	-	90,347	35,801	126,148
Total expenses	<u>\$ 139,128</u>	<u>\$ 376,661</u>	<u>\$ 881,058</u>	<u>\$ 1,396,847</u>

The accompanying notes are an integral part of these financial statements.

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2018 AND OCTOBER 31, 2017(RESTATED)**

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**NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

*Creating an Environment of Success, Inc.* (the “Organization”) was established as a not-for-profit corporation for the purpose of promoting the values of entrepreneurship and self-empowerment in underserved communities. The Organization operates a summer business camp, a youth business program and a retail training center. The Organization opened the retail training center in fiscal year 2004. All items sold in the store are donated by individuals.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities. The financial statement presentation follows the recommendations of the Financial Accounting Standard Board’s Accounting Standard Codification (FASB ASC 958), financial statements of not-for-profit Organizations. Under FASB ASC 958, the Organization is reporting information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets without donor restrictions — Net assets that are not restricted by explicit donor stipulations or by law.

Net Assets with donor restrictions — Net assets, accepted by board actions, subject to donor stipulations that require the asset be invested in perpetuity.

At October 31, 2018 and 2017, the Organization had no net assets with donor restrictions.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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 reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without restrictions support.

The Organization reports gifts of goods and equipment as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used.

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2018 AND OCTOBER 31, 2017(RESTATED)**

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**NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles. Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Receivables

Contributions and pledges are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are recorded when the promises are made. Unconditional promises to give due in the next year are reflected as current pledges/contributions receivable and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term pledges receivable and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges are received to discount the amounts. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Receivables also include unpaid rents by tenants owed from leasing office space.

Inventories

The Organization receives contributions of goods and materials (inventory) and processes these contributions as merchandise available for sale in its retail stores. The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958-605, Accounting for Contributions Received and Contributions Made requires that contributions received including goods and materials should be measured at their fair value. The Organization believes the contributed goods and materials do not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine an inventory value at the time of donation. Accordingly, contributed goods and materials inventory are valued at zero prior to being offered for sale. The Organization determines the value of inventory based on historical sales value records. This method is consistently applied and is not expected to be materially different from that determined using a more detailed measurement of the inventory's fair value.

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2018 AND OCTOBER 31, 2017(RESTATED)**

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**NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment

Fixed assets are recorded at cost at the date of purchase or fair value at the date of donation. Capital purchases and donations over \$1,000 with an extended useful life are included as fixed assets. Depreciation is taken on a straight-line basis over the estimated useful life of the assets. The estimated useful lives are as follows:

Building	30
Leasehold improvements	15
Furniture and fixtures	5
Equipment	5
Vehicles	5
Office Machines	3

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments. The fair values of the notes payable and the capitalized lease obligation approximate the carrying amounts and are estimated based on current rates offered to the Organization.

Income Taxes

The Organization is operated as a tax-exempt entity as described under Section 501(c) (3) of the Internal Revenue Code and is therefore exempt from Federal and State income taxes. Accordingly, no provisions for income taxes have been recorded.

Functional Expenses

Management allocates expenses among its various functional areas according to the purpose or function for which they are incurred. Expenses that identifiable with a specific program are assigned directly to the specific program by natural expenditure classification. Other expenses that are common to several programs and supporting activities are allocated based on objective, reasonable, rational and systematic established methodology.

Concentration of Revenues

The Organization receives a considerable portion of its revenues and support from contributions and donations from individuals and corporations. A significant decrease in this support could have an adverse impact on the Organization's operations.

**NOTE 2---INVESTMENTS**

Investments at October 31, 2018 and October 31, 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Money Market	\$ 6,093	\$ 6,053
BCIG (see Note 10)	20,005	20,005
Total	<u>\$26,098</u>	<u>\$ 26,058</u>

Investments are stated at cost.

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2018 AND OCTOBER 31, 2017(RESTATED)**

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**NOTE 3---NOTES AND ACCOUNTS RECEIVABLE**

Notes and accounts receivable at October 31, 2018 and October 31, 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Notes and accounts receivable	\$ 76,637	\$ 154,435
Less: Allowance for doubtful accounts	<u>(57,517)</u>	<u>(57,517)</u>
Net receivable	<u>\$ 19,120</u>	<u>\$ 96,918</u>

**NOTE 4---INVENTORY**

Inventories consisting of donated items used for resale purposes in the retail stores were valued based on the historical sales value record. Inventory as of October 31, 2018 and October 31, 2017, was stated at \$212,501 and \$212,501 respectively.

**NOTE 5---PROPERTY AND EQUIPMENT**

Depreciation expense as of October 31, 2018 and October 31, 2017, was \$55,512 and \$57,882 respectively. A summary of Property and Equipment as of October 31, 2018 and October 31, 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Land - Business Training Center	\$ 80,113	\$ 87,750
Business Training Center	1,119,466	1,119,466
Furniture and fixtures	9,106	9,106
Computer	15,349	15,349
Vehicle	84,881	84,881
Building improvements	195,190	195,190
Leaseholds improvements	<u>83,677</u>	<u>96,470</u>
Total	1,587,782	1,608,212
Less: Accumulated depreciation	<u>(837,707)</u>	<u>(794,988)</u>
Property and equipment, net	<u>\$ 750,075</u>	<u>\$ 813,224</u>

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2018 AND OCTOBER 31, 2017(RESTATED)**

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**NOTE 6---OTHER NON-CURRENT ASSETS**

Other Non-Current Assets at October 31, 2018 and October 31, 2017 consisted of the following:

	<u><b>2018</b></u>	<u><b>2017</b></u>
Investment in timeshare	\$ 10,900	\$ 10,900
Loan closing costs	<u>408</u>	<u>5,306</u>
Total	<u><u>\$ 11,308</u></u>	<u><u>\$ 16,206</u></u>

In 2002, the Organization purchased a timeshare in Orlando, Florida at Westgate Resorts for \$10,900. The outstanding mortgage payable including interest was paid off in total in 2010. There is annual maintenance fee of \$199. The Organization uses this property for senior staff meeting held at the end of summer programming to review outcomes and plan for upcoming year. This is normally held between August and September of every year.

**NOTE 7---LINES OF CREDIT AND PROMISSORY NOTES**

The Organization established a line of credit with Regions Bank in the amount of \$20,000 on October 31, 2014, with an interest rate of 6.5%, secured by all business assets. As of October 31, 2018, and October 31, 2017, the outstanding balance on this line of credit was \$20,000 and \$20,000 respectively. On July 9, 2014, the organization established a \$50,000 line of credit with Franklin Synergy Bank with an interest rate of 5.25%, secured by all business assets. As of October 31, 2018, and October 31, 2017, the outstanding balance of the line of credit was \$24,653 and \$50,000 respectively.

**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2018 AND OCTOBER 31, 2017 (RESTATED)**

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**NOTE 7--- LINES OF CREDIT AND PROMISSORY NOTES (Continued)**

Promissory notes as of October 31, 2018 and October 31, 2017 include the following:

	<u>2018</u>	<u>2017</u>
On October 31, 2017, the Organization entered into an unsecured 3.5 % annual interest rate loan agreement with Samuel and Cynthia Kirk. The note is still outstanding (Note 10)	\$ 11,000	\$ 11,000
On October 10, 2018, the organization entered into a zero (5%) annum with Michael Davis, due payable on January 10, 2019.	10,000	-
During the fiscal year, the Organization entered into an unsecured non-interest bearing loan agreement with Lord's House Ministries. (Note 10)	19,099	14,099
During the fiscal year, the Organization entered into a promissory note agreement with The Elpizo Fund, LLC payable on April 27, 2016, with a 7% annual interest rate. The note is still outstanding past the original maturity date. The note with interest is unsecured. (Note 10)	52,000	30,000
On July 20, 2012, the Organization traded in the old 2002 Toyota Camry for a 2011 model, and entered in to a loan agreement with Toyota Motor Credit. The note is payable in monthly installments of \$248, with an interest rate of 4.6% through maturity on August 14, 2018. The note is secured by a vehicle.	258	1,952
Total promissory notes	<u>\$ 92,357</u>	<u>\$ 57,051</u>

Summaries of the estimated amortization as of October 31, 2018 are as follows:

2019	\$ 10,258
2020	963
2021	963
2022	963
There after	<u>79,210</u>
Total	<u>\$ 92,357</u>



**CREATING AN ENVIRONMENT OF SUCCESS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2018 AND OCTOBER 31, 2017(RESTATED)**

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**NOTE 8--- NOTE PAYABLE**

Note payable to Franklin Synergy Bank, with monthly installments of \$9,193 beginning November 9, 2014, and an annual interest rate of 5.4% through maturity on October 9, 2018. Interest paid on this loan began in August, and a final balloon payment for the remaining balance of loan will be due at maturity date. The note is secured by commercial property.

Summaries of the estimated maturities over the next year are as follows:

2019	<u>\$ 1,286,032</u>
Total	<u><u>\$ 1,286,032</u></u>

**NOTE 9---CAPITAL AND OPERATING LEASES**

In fiscal year 2014, the Organization entered into a lease agreement with Delhaize America, Inc., and Food Lion, LLC, to sublease property located at 2061 Lascassas Pike for an initial term of three (3) years, for monthly payments of \$10,500 at commencement date, which ended on June 30, 2015, and monthly payments of \$11,750 after base rate expired. The Organization also leases office space under lease arrangements classified as operating leases. The lease matured in August of 2018. Total rent expense under these leases were \$72,000 and \$141,000 for the years ended October 31, 2018 and October 31, 2017 respectively.

**NOTE 10--- RELATED PARTY TRANSACTIONS**

As of October 31, 2018, and October 31, 2017, the organization had investment of \$20,005 and \$20,005 in related party with Bordeaux Community Investment Group (BCIG) (See Note 2). The executive director of the Organization held management and ownership positions in the entities the Organization invested in. The Organization also owed \$92,099 and \$55,099 to related parties in promissory notes as of October 31, 2018 and October 31, 2017 respectively. (See Note 7)

**NOTE 11--- PRIOR YEAR ADJUSTMENT**

There was a prior period adjustment made to the Organization's credit card payable in the amount of \$11,440. This adjustment was made due to duplicated expenses that were recorded by the Organization in the prior year.

**NOTE 12 --- SUBSEQUENT EVENTS**

On November 27, 2018 the Organization refinanced its outstanding debt, and renewed its line of credit, with Franklin Synergy Bank. The maturity date on the new debt is November 23, 2028. On December 31, 2018 the Lord's House Ministry released the Organization of \$10,000 out of the total obligation of \$19,099 as a contribution. Sam and Cynthia Kirk released the Organization of its total obligation of \$11,000 as a contribution. (See Note 7). There were no other subsequent events requiring disclosure as of May 13, 2019. May 13, 2019 is the date the financial statements were available to be issued.