

BETHESDA WORKSHOPS
Financial Statements
December 31, 2014

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Independent Auditor's 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, 2014 and 2013, 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, 2014 and 2013 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.

Parker, Parker & Associates

June 17, 2015

BETHESDA WORKSHOPS
Statements of Financial Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash	\$ 199,599	\$ 145,715
Accounts Receivable	42,148	61,272
Prepaid Expenses	5,461	7,429
Inventory	5,770	5,803
Total Current Assets	<u>252,978</u>	<u>220,219</u>
Fixed Assets		
Furniture and Fixtures	10,000	10,000
Accumulated Depreciation	<u>(6,500)</u>	<u>(4,500)</u>
Total Fixed Assets, Net	<u>3,500</u>	<u>5,500</u>
 Total Assets	 <u><u>\$ 256,478</u></u>	 <u><u>\$ 225,719</u></u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 1,952	\$ 9,940
Accrued Payroll	9,111	-
Deferred Revenue	7,500	6,000
Total Current Liabilities	<u>18,563</u>	<u>15,940</u>
Net Assets		
Unrestricted Net Assets	228,357	199,335
Temporarily Restricted Net Assets	9,558	10,444
Total Net Assets	<u>237,915</u>	<u>209,779</u>
 Total Liabilities and Net Assets	 <u><u>\$ 256,478</u></u>	 <u><u>\$ 225,719</u></u>

See notes to the financial statements.

BETHESDA WORKSHOPS
Statements of Activities
For the Years Ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues						
Participant Fees	\$ 607,477	\$ -	\$ 607,477	\$ 587,126	\$ -	587,126
(Less Scholarships)	(42,376)	-	(42,376)	(40,233)	-	(40,233)
Consulting Income	1,857	-	1,857	5,543	-	5,543
Sales of Inventory	9,561	-	9,561	12,740	-	12,740
Contributions	4,469	7,594	12,063	2,499	12,954	15,453
Donated Facilities	28,575	-	28,575	26,675	-	26,675
Interest Income	39	-	39	30	-	30
Total Assets Released from Restrictions	8,480	(8,480)	-	18,621	(18,621)	-
Total Support and Revenues	618,082	(886)	617,196	613,001	(5,667)	607,334
Functional Expenses						
Program Expenses						
Management and General	509,041	-	509,041	511,868	-	511,868
Supporting Services						
Management and General	80,019	-	80,019	69,248	-	69,248
Total Support Services	80,019	-	80,019	69,248	-	69,248
Total Functional Expenses	589,060	-	589,060	581,116	-	581,116
Increase (Decrease) in Net Assets	29,022	(886)	28,136	31,885	(5,667)	26,218
Net Assets - Beginning of Year	199,335	10,444	209,779	167,450	16,111	183,561
Net Assets - End of Year	<u>\$ 228,357</u>	<u>\$ 9,558</u>	<u>\$ 237,915</u>	<u>\$ 199,335</u>	<u>\$ 10,444</u>	<u>\$ 209,779</u>

See notes to the financial statements.

BETHESDA WORKSHOPS
Statements of Functional Expenses
For the Years Ended December 31, 2014 and 2013

	2014			2013		
	Supporting Services		Total Expenses	Supporting Services		Total Expenses
	Program Expenses	Management and General		Program Expenses	Management and General	
Advertising & Marketing	\$ 3,419	\$ -	\$ 3,419	\$ 7,182	\$ -	\$ 7,182
Audit/Tax Fees	-	6,869	6,869	-	6,411	6,411
Board Meeting Expenses	251	-	251	880	-	880
Conferences	-	9,090	9,090	-	4,306	4,306
Depreciation	2,000	-	2,000	2,000	-	2,000
Development	-	1,117	1,117	-	2,425	2,425
Donations	-	75	75	-	2,100	2,100
Donated Rent	28,575	-	28,575	26,675	-	26,675
Office Expenses	8,907	-	8,907	4,153	-	4,153
Postage and Shipping	-	1,183	1,183	-	1,701	1,701
Printing	5,849	-	5,849	5,676	-	5,676
Professional Consultation	-	100	100	-	911	911
Professional Dues	-	3,390	3,390	-	1,937	1,937
Professional Liability Insurance	7,397	-	7,397	7,380	-	7,380
Purchases of Inventory	6,853	-	6,853	10,502	-	10,502
Salaries, Benefits & Taxes	151,537	55,203	206,740	128,677	46,856	175,533
Staff Development	-	2,992	2,992	-	2,601	2,601
Utilities	2,375	-	2,375	4,505	-	4,505
Web Service	5,291	-	5,291	3,898	-	3,898
Workshop - Credit Card Processing	23,599	-	23,599	20,188	-	20,188
Workshop - Food	25,994	-	25,994	28,657	-	28,657
Workshop - Giveaways	4,299	-	4,299	1,652	-	1,652
Workshop - Leader Fees	167,735	-	167,735	187,990	-	187,990
Workshop - Lodging	56,359	-	56,359	61,305	-	61,305
Workshop - Misc	6,285	-	6,285	6,687	-	6,687
Workshop - Supplies	2,316	-	2,316	3,861	-	3,861
	<u>\$ 509,041</u>	<u>\$ 80,019</u>	<u>\$ 589,060</u>	<u>\$ 511,868</u>	<u>\$ 69,248</u>	<u>\$ 581,116</u>

See notes to the financial statements.

BETHESDA WORKSHOPS
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 28,136	\$ 26,218
Adjustments to Reconcile Increase in Net Assets to		
Cash Provided by Operating Activities:		
Depreciation	2,000	2,000
(Increase) Decrease in:		
Accounts Receivable	19,124	(23,376)
Prepaid Expenses	1,968	(4,161)
Inventory	33	1,888
Increase (Decrease) in:		
Accounts Payable	(7,988)	9,495
Accrued Payroll	9,111	-
Deferred Revenue	1,500	2,150
Total Adjustments	<u>25,748</u>	<u>(12,004)</u>
Net Cash Provided by Operating Activities	<u>53,884</u>	<u>14,214</u>
Net Increase in Cash	53,884	14,214
Cash - Beginning of Year	<u>145,715</u>	<u>131,501</u>
Cash - End of Year	<u><u>\$ 199,599</u></u>	<u><u>\$ 145,715</u></u>

See notes to the financial statements.

Bethesda Workshops
Notes to Financial Statements
December 31, 2014 and 2013

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, 2014 and 2013, Bethesda hosted twenty-six and twenty-two workshops with 301 and 340 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. 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.

G. 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, 2014 and 2013.

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.

Bethesda Workshops
Notes to Financial Statement - Continued
December 31, 2014 and 2013

Note 1. Summary of Significant Accounting Policies – Continued

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, 2014 and 2013.

H. 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, 2014 and 2013, 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.

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 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.

K. 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.

L. Income Taxes

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

Bethesda Workshops' 2012, 2013 and 2014 Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the Internal Revenue Service, generally for three years from the date filed.

M. 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.

N. Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2014 and 2013 were \$3,419 and \$7,182.

Bethesda Workshops
Notes to Financial Statement - Continued
December 31, 2014 and 2013

Note 2. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2014 and 2013 consist of amounts subject to donor-imposed stipulations that they be spent for the following purposes:

	<u>2014</u>	<u>2013</u>
Alter Foundation	<u>\$ 9,558</u>	<u>\$ 10,444</u>

Note 3. Contributed Facilities

Donated use of facilities used in the ongoing operations of Bethesda Workshops for the year ended December 31, 2014 and 2013 are as follows:

Revenues		
	<u>2014</u>	<u>2013</u>
Donated Facilities	<u>\$ 28,575</u>	<u>\$ 26,675</u>

Expenses		
	<u>2014</u>	<u>2013</u>
Rent	<u>\$ 28,575</u>	<u>\$ 26,675</u>

Note 4. 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, 2014 and 2013 were \$4,465 and \$4,050.

Note 5. 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 2015 and 2016 are \$3,360, and \$1,400 respectively. Rent expense for the years ended December 31, 2014 and 2013 was \$3,375 and \$3,450.

Note 6. Related Party Transactions

Bethesda Workshops receives donated facilities from Woodmont Hills Church (see Note 3). For the years ended December 31, 2014 and 2013, Bethesda Workshops reimbursed Woodmont Hills Church \$2,375 and \$4,505 for utilities.

Note 7. Subsequent Events

Bethesda Workshops has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2014 through June 17, 2015, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.