510 FOUNDATION

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2016

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CONTENTS

	Page
Independent auditors' report …….	3
Financial statements:	
Statement of financial position…..……	4
Statement of activities ……..	5
Statement of functional expenses..……	6
Statement of cash flows…...……..	7
Notes to financial statements…....……	8-12

BROWN & MAGUIRE CPAS,PLLC
502 North Garden Street
Suite 208
Columbia, TN 38401

(931) 388-3008 [telephone]
(931) 388-3018 [fax]

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
510 Foundation
Nashville, Tennessee

We have audited the accompanying financial statements of 510 Foundation (a nonprofit Corporation) (the "Foundation"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows 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 controls 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 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 controls 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 controls. 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 the Foundation as of December 31, 2016, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Brown & Maguire CPAs

Brown & Maguire CPAs, PLLC
Columbia, Tennessee
March 17, 2017

510 FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016

Assets

Current Assets:	
Cash	$ 73,575
Investments, at fair value	815,394
Total Current Assets	888,969
Total Assets	$ 888,969

Liabilities and Net Assets

Current Liabilities:	
Total liabilities	$ --
Net Assets:	
Unrestricted	840,219
Temporarily restricted	48,750
Total Net Assets	888,969
Total Liabilities and Net Assets	$ 888,969

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

510 FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
East Nashville Life grant	$ --	$ 97,500	$ 97,500
East Nashville Life income	1,700	--	1,700
Adonai income	20,567	--	20,567
Naz Rec income	4,565	--	4,565
Emmaus income	89	--	89
Cheryl's List grant	--	10,000	10,000
Cheryl's List income	17,311	--	17,311
RBI/ELL income	12,405	--	12,405
Rental income	3,000	--	3,000
Investment income	19,407	--	19,407
Unrealized gain on investments	52,483	--	52,483
Net assets released from restrictions	122,500	(122,500)	--
Total support and revenue	254,027	(15,000)	239,027
Expenses			
Program services	231,116	--	231,116
Management and general	17,816	--	17,816
Fundraising	--	--	--
Total expenses	248,932	--	248,932
Change in net assets	5,095	(15,000)	(9,905)
Net assets at beginning of year	835,124	63,750	898,874
Net assets at end of year	$ 840,219	$ 48,750	$ 888,969

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

510 FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
East Nashville Life expenses				
Payroll expense	$ 68,332	$ --	$ --	$ 68,332
Community event	10,610	--	--	10,610
Counseling	9,215	--	--	9,215
Food and assistance	21,353	--	--	21,353
Nazarene Arts expenses	14,421	--	--	14,421
Nazarene Rec expenses	13,939	--	--	13,939
Other expenses	14,001	--	--	14,001
Cheryl's List expenses				
Bedding and supplies	27,558	--	--	27,558
Other expenses	2,052	--	--	2,052
Equipment expenses	2,873	--	--	2,873
Warehouse rent	12,350	--	--	12,350
Adonai Arts Academy	31,408	--	--	31,408
Reaching Beyond Boarders expenses	3,004	--	--	3,004
Legal expenses	--	1,400	--	1,400
Investment expenses	--	6,712	--	6,712
Administrative expenses	--	9,704	--	9,704
Total expenses	$ 231,116	$ 17,816	$ --	$ 248,932

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

510 FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:	
Decrease in net assets	$ (9,905)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Unrealized gain on investments	(52,483)
Net cash used in operating activities	(62,388)
Cash flows from investing activities:	
Proceeds from sale of investments	572,055
Investments purchased	(584,750)
Net cash used in investing activities	(12,695)
Cash flows from financing activities:	
Net cash provided by (used in) financing activities	--
Net decrease in cash and cash equivalents	(75,083)
Cash and cash equivalents - beginning of the year	148,658
Cash and cash equivalents - end of the year	$ 73,575
Supplemental cash flow information:	
Cash paid for interest	$ --
Cash paid for taxes	$ --

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

1. Description of the Foundation and Summary of Significant Accounting Policies

The 510 Foundation (the "Foundation") is organized for religious, charitable and educational purposes to fund programs in support of local ministries of Nashville First Church of the Nazarene and other exempt organizations that benefit communities in Middle Tennessee. The Foundation provides food and shelter to the homeless, teaches music, art and dance to the community, and provides beds, new bedding and used furniture to families in Middle Tennessee. The Foundation is supported primarily through donor contributions (both individual and corporate) and grants.

Basis of Presentation

The financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and present the financial position and activities of the Foundation only, and do not include any related organizations. The Foundation has adopted Accounting Standards Codification Section 958 pertaining to not-for-profit entities ("ASC Section 958"). Under ASC Section 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a statement of cash flows.

Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-7, Fair Value Measurement (Topic 820), Disclosure for Investments in Certain Entities that Calculate Net Asset Value per share (or its equivalent). This ASU removes the requirements to make certain disclosures as well as categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per practical expedient. The amendments in ASU 2015-07 are effective for reporting periods beginning after December 15, 2016, with early adoption permitted. The amendment is required to applied retrospectively. The Foundation elected to early adopt this ASU retrospectively as of December 31, 2016. Other than requiring a change to the disclosures, the adoption of this standard did not have a material impact on the statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all cash funds and cash bank accounts with an original maturity of three months or less to be cash and cash equivalents.

Contributions and Support

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Approximately 42% of the Foundation's support for year ended December 31, 2016 came from one donor.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash on deposit and money market funds. The Foundation's cash deposits are primarily in financial institutions in Tennessee and at times may exceed federally insured amounts. The Foundation's deposits in money market funds are not federally insured deposits.

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial 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.

Additionally, a number of unpaid volunteers have made significant contributions of their time to assist in program activities, fund-raising and special projects. However, these services do not meet the requirements above and have not been recorded.

Income Taxes

The Foundation, which is not a private foundation, is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. Additionally, as of December 31, 2016, the Foundation has accrued no interest and no penalties related to uncertain tax positions. It is the Foundation's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

Program and Supporting Services

The following program and supporting services were included in the accompanying financial statements.

Program Services—Includes activities carried out to fulfill the Foundation's mission.

Management and General—Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Foundation's program strategy, business management, general record keeping, budgeting and related purposes.

Fundraising—Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and support services based on estimates by management.

Advertising Costs

Advertising costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management of the Foundation to make estimates and assumptions that affect the reported assets and liabilities and contingency disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

2. Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:
quoted prices for similar assets or liabilities in active markets;
quoted prices for identical or similar assets or liabilities in inactive markets;
inputs other than quoted prices that are observable for the asset or liability;
inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

- Mutual funds: Valued at the daily closing price as reported by the fund. Registered investment companies held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Investments at fair value	$ -	$ -	$ -	$ -
Total assets using NAV practical expedient:				
Money market funds (a)				50,614
Mutual funds (a)				764,780
				$ 815,394

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table is intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position.

No changes occurred in the method used to determine the fair value of each asset grouping or level above. The Foundation's unrealized gain on marketable securities of $52,483 for the year ended December 31, 2016 was included in the statement of activities.

The carrying value of the Foundation's financial instruments, including cash and cash equivalents approximate fair value due to the short maturity of these instruments.

3. Temporarily Restricted Net Assets

Changes in temporarily restricted net assets for the year ended December 31, 2016 were as follows:

	Beginning of Year	Restricted Contributions	Released From Restriction	End of Year
Turner Foundation	$ 63,750	$ 97,500	$ (112,500)	$ 48,750
	$ 63,750	$ 97,500	$ (112,500)	$ 48,750

4. Subsequent Events

The Foundation has evaluated all events or transactions that occurred after December 31, 2016, through March 17, 2017, the date these financial statements were issued. During this period the Foundation did not have any material recognizable events that required recognition in the disclosures to the December 31, 2016 financial statements.

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