



GOLDEN CROSS Senior Ministries, Inc.

Financial Statements

December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
GOLDEN CROSS Senior Ministries, Inc.
Cordova, Tennessee

We have audited the accompanying financial statements of GOLDEN CROSS Senior Ministries, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2019 and 2018, and the related statements of support, revenues, and expenses – modified cash basis, and functional expenses – modified cash basis, 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 the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 assets, liabilities, and net assets of GOLDEN CROSS Senior Ministries, Inc. as of December 31, 2019 and 2018, and its support, revenues, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Cam Wright Blount PLLC

Memphis, Tennessee
April 9, 2020

**Statements of Assets, Liabilities, and Net Assets –
Modified Cash Basis****December 31, 2019 and 2018**

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 252,406	\$ 221,996
Endowment investments	1,156,775	975,450
Total assets	\$ 1,409,181	\$ 1,197,446
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 2,013	\$ 1,638
Accrued liabilities	1,395	1,398
Total liabilities	3,408	3,036
Net assets		
Without donor restrictions		
Board designated - endowment	1,156,775	975,450
Without donor restrictions	111,410	37,034
Total net assets without donor restrictions	1,268,185	1,012,484
With donor restrictions	137,588	181,926
Total net assets	1,405,773	1,194,410
Total liabilities and net assets	\$ 1,409,181	\$ 1,197,446

**Statement of Support, Revenues, and Expenses –
Modified Cash Basis**

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Funds received for resident assistance	\$ -	\$ 92,749	\$ 92,749
Funds received for operations	306,742	-	306,742
In-kind contributions	4,800	-	4,800
Dividends and interest	17,791	-	17,791
Change in market value of investments	96,551	-	96,551
Annual golf tournament	47,705	-	47,705
	473,589	92,749	566,338
Net assets released from restrictions	137,087	(137,087)	-
	610,676	(44,338)	566,338
Expenses			
Program services	210,473	-	210,473
Management and general	73,388	-	73,388
Fundraising	71,114	-	71,114
	354,975	-	354,975
Change in net assets	255,701	(44,338)	211,363
Net assets - beginning of year	1,012,484	181,926	1,194,410
Net assets - end of year	\$ 1,268,185	\$ 137,588	\$ 1,405,773

**Statement of Support, Revenues, and Expenses –
Modified Cash Basis****For the Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Funds received for resident assistance	\$ -	\$ 98,777	\$ 98,777
Funds received for operations	201,829	-	201,829
In-kind contributions	4,800	-	4,800
Dividends and interest	18,439	-	18,439
Change in market value of investments	(112,980)	-	(112,980)
Annual golf tournament	38,894	-	38,894
	150,982	98,777	249,759
Net assets released from restrictions	99,622	(99,622)	-
	250,604	(845)	249,759
Expenses			
Program services	207,062	-	207,062
Management and general	69,968	-	69,968
Fundraising	69,442	-	69,442
	346,472	-	346,472
Change in net assets	(95,868)	(845)	(96,713)
Net assets - beginning of year	1,108,352	182,771	1,291,123
Net assets - end of year	\$ 1,012,484	\$ 181,926	\$ 1,194,410

**Statements of Functional Expenses – Modified
Cash Basis****For the Years Ended December 31, 2019 and 2018**

	Program Services	Management & General	Fundraising	Total 2019
Salaries	\$ 48,754	\$ 48,755	\$ 41,790	\$ 139,299
Resident assistance	137,087	-	-	137,087
Annual golf tournament expenses	-	-	18,279	18,279
Office and administrative expenses	19,209	19,209	9,605	48,023
Rent expense - in-kind	1,680	1,680	1,440	4,800
Miscellaneous	3,743	3,744	-	7,487
Total expenses	\$ 210,473	\$ 73,388	\$ 71,114	\$ 354,975

	Program Services	Management & General	Fundraising	Total 2018
Salaries	\$ 48,390	\$ 48,390	\$ 41,477	\$ 138,257
Resident assistance	137,096	-	-	137,096
Annual golf tournament expenses	-	-	17,668	17,668
Office and administrative expenses	17,713	17,714	8,857	44,284
Rent expense - in-kind	1,680	1,680	1,440	4,800
Miscellaneous	2,183	2,184	-	4,367
Total expenses	\$ 207,062	\$ 69,968	\$ 69,442	\$ 346,472

Note 1 – Organization and business activity

GOLDEN CROSS Senior Ministries, Inc. (the “Organization”), a non-profit 501(c)(3) charitable organization, began operations in 1997, and provides resources to enhance the quality of daily living and well-being of the residents and clients of all entities managed by Wesley Living. The services provided by the Organization include direct assistance for rent, food, and medical emergencies; as well as social activities, discipleship opportunities, and worship services for all residents of Wesley Living properties.

Note 2 – Summary of significant accounting policies*Basis of accounting and presentation*

The financial statements of the Organization are presented on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Consequently, certain revenues and the related assets are reported when received, rather than when earned, except for investments, which are carried at fair market value rather than at cost. Certain expenses are recognized when cash is paid rather than when an obligation is incurred. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in the net assets without donor restrictions when paid rather than when the obligation is incurred. Expiration of temporary restrictions is reported as a reclassification between the applicable classes of net assets. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations of the Organization in conformity with GAAP. The modified cash basis of accounting differs from GAAP primarily because the effect of any accrued revenue or expenses (except for investments reported at fair market value) at the date of the financial statements is not included in the financial statements. Such omissions are presumed to be immaterial.

Under the modified cash basis of accounting, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions — Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Net Assets With Donor Restrictions — Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Net assets with donor restrictions also includes net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the investment return on these assets.

Cash and cash equivalents

Cash equivalents are defined as short term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

Endowment investments

Investments are held in an Endowment Fund and are recorded at fair market value, as determined by published valuations. Purchases and sales of securities are recorded on the trade dates, and realized gains and losses are determined on the basis of the historical cost of the securities sold. Interest and dividends are reinvested in certain securities or paid to the Organization to be used to cover operational expenses.

Objectives of the Endowment Fund investment policy are to provide current income for the support of current operations; to preserve over time, the principal value of assets as measured in real inflation adjusted terms; and to optimize, over the long run, the total rate of return on investable assets, assuming a level of risks consistent with the prudent investor concept. Investments consist of equity investments and fixed income investments, as defined below.

Equity Investments – The purpose of equity investments is to provide appreciation of principal, growth of investment income, as well as current income, recognizing that this requires the assumption of greater market variability and risk. The principal category of equity investments will be common stocks with primary emphasis on high quality investment grade dividend paying stocks in companies that are financially sound and have more favorable prospects for earnings growth. These investments may be made through separately managed portfolios offered by professional managers of equity securities, pooled real estate funds or international equity funds with proven records of superior results over time.

As a long-term guideline, actual market exposure to equity investments will range from 30-85% of total endowment assets. Equity investments may also include equity real estate investments and international equity investments. Such investments, however, shall not exceed thirty percent (30%) each of the total endowment assets, measured over a three-year time period.

Fixed Income Investments – The purpose of fixed income investments is to provide a highly predictable and dependable source of income, reduce the variability of the total portfolio market value and provide for a source of funds for alternative investments. The largest percentage of fixed income investments shall be invested in portfolios of high quality (top four quality ratings of recognized credit services) corporate bonds, U.S. Treasury Securities or issues of foreign sovereigns. These investments may be made through leading professional managers of fixed income securities with proven records of superior performance over time.

As a long-term guideline, actual market exposure to fixed income investments will range from 15 - 65% of total endowment assets.

All bequests received on behalf of the Organization shall be dedicated directly to the Endowment Fund, unless otherwise stated in the bequest.

Gifts of securities, bonds, real estate, or other items may come to the Organization for the Endowment Fund. Unless specifically authorized otherwise, the Organization shall convert these securities, bonds, real estate, bonds, etc., into cash at the earliest opportunity to do so. The cash will then be reinvested into appropriate Endowment investments.

It is the intention that investment returns shall equal or exceed the sum of spending plus inflation. Therefore, the general spending policy is to allocate a share of investment returns that will provide a measure of current income consistent with the achievement of full long-term preservation of purchasing power of the Endowment as a minimum goal. The spending policy shall be established by the Organization's Executive Committee and approved by a majority of its Board of Trustees annually, based on the current and projected needs of the Organization. Endowment distributions are shown as a reclassification of funds from net assets with donor restrictions to net assets without donor restrictions.

Concentration of credit risk

The Organization maintains cash in several accounts. Accounts held at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Bank deposit accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses of such funds, and management believes the Organization is not exposed to significant credit risk to cash.

Endowment investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Furniture and equipment

Capital assets with an original cost of \$1,500 or more are capitalized if the asset has an estimated useful life that exceeds 1 year. Contributed assets are reported at fair market value as of the date received. Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful life of the asset, which ranges from three to seven years. Furniture and equipment are fully depreciated at December 31, 2019 and 2018.

Revenue recognition

Revenue to fund the Organization's operations comes from individual, corporate and other contributions, income from previously contributed investment securities, and a variety of fund raising activities, such as an annual golf tournament and other community events.

Contributions with donor-imposed restrictions are recorded as net assets without donor restrictions revenue if those restrictions are met in the same reporting period. Otherwise, contributions with donor-imposed restrictions are recorded as increases in net assets with donor restrictions. Contributions recorded as net assets with donor restrictions are released from restrictions and recognized as net assets without donor restrictions after any donor-imposed stipulations are met.

Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is similarly exempted from Tennessee taxes in its related exempt income under provisions of the Tennessee Tax Code.

The Organization's *Return of Organization Exempt from Income Tax* Forms 990 for the years ended 2019, 2018 and 2017 are subject to examination by the IRS, generally for three years after they are filed.

Functional allocation of expenses

The cost of providing the various education programs and supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and services benefited.

Estimates and uncertainties

The preparation of these financial statements in conformity with the modified cash basis of accounting requires the use of estimates and assumptions that affect the reported amounts of assets, revenues, and expenses during the reporting period. Significant financial statement estimates include those used in the valuation of certain investments. Actual results could differ from management's estimates.

Events occurring after reporting date

Management has evaluated events and transactions that have occurred through April 9, 2020, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. Management has determined that there are no material events or transactions that would require recognition or disclosure in the financial statements.

Note 3 – Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value approach prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs that are observable for the asset or liability, either directly or indirectly (other than quoted prices included in Level 1).

Level 3 – Inputs are unobservable for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used to measure fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Cash/money market funds, mutual funds, common stocks, and exchange traded funds: Valued at the net asset value of shares held by the Organization at year-end based on quoted prices in active markets for identical securities.

Pooled Investments: Valued in accordance with market quotations or valuation methodologies from financial industry services believed by the Organization to be reliable. The Organization owns “Units of the Investment Pool” but does not own any part of the individual holdings that comprise the investment pool. The investment pool’s assets are individual stocks, bonds, and other publicly traded securities.

The estimated fair value of the Organization’s financial instruments has been determined by management using available market information. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the fair values are not necessarily indicative of the amounts that the Organization could realize in a current market exchange. The use of different market assumptions may have a material effect on the estimated fair value amounts.

All financial assets that are measured at fair value on a recurring basis (at least annually) have been segregated into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. These assets as of December 31, 2019 and 2018, measured at fair value on a recurring basis, are summarized below:

	2019	2018
Level 1		
Cash/money market funds	\$ 347,928	\$ -
Mutual funds	335,950	-
Common stocks	300,609	-
Exchange traded funds	171,620	-
	1,156,107	-
Level 2		
Pooled investments	668	975,450
Total endowment investments	\$ 1,156,775	\$ 975,450

Note 4 – Endowment investments

The changes in endowment net assets for the years ended December 31, 2019 and 2018, are as follows:

Endowment net assets, December 31, 2017	\$ 1,083,258
Contributions	5,734
Investment return:	
Investment income	18,439
Net depreciation (realized and unrealized)	(112,980)
Total investment return	(94,541)
<u>Appropriation of endowment funds for expenditure</u>	<u>(19,001)</u>
Endowment net assets, December 31, 2018	975,450
Contributions	85,983
Investment return:	
Investment income	17,791
Net appreciation (realized and unrealized)	96,551
Total investment return	114,342
<u>Appropriation of endowment funds for expenditure</u>	<u>(19,000)</u>
<u>Endowment net assets, December 31, 2019</u>	<u>\$ 1,156,775</u>

Note 5 – Net assets with donor restrictions

Net assets with donor restrictions are available for general resident assistance or at specific Wesley Living communities.

Note 6 – Related party transaction

The Organization leases 600 square feet of office space from Wesley Mission, Inc. at no cost to the Organization. The lease agreement in effect for 2019 expired on December 31, 2019. This agreement will be renewed on January 1 of each successive year unless either party gives written notice of termination no later than 90 days prior to the end of the term or renewal term. The Organization recognizes the fair value of the use of the facilities by recording, as an in-kind donation, the estimated fair value of the rent, which for each of the years ended December 31, 2019 and 2018, was \$4,800. The Organization, likewise, records rent expense of a like amount.

Note 7 – Liquidity and reserves

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The Organization has the following financial assets that could readily be made available within one year of the statements of assets, liabilities, and net assets – modified cash basis to fund expenses without limitations as of December 31, 2019 and 2018:

	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 252,406	\$ 221,996
Endowment investments	1,156,775	975,450
Total financial assets	1,409,181	1,197,446
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions	(137,588)	(181,926)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,271,593	\$ 1,015,520