

TRANSFORMATION CHURCH, INC.  
FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2017 AND 2016  
AND  
ACCOUNTANT'S COMPILATION REPORT

FRANKLIN & FRANKLIN, PA  
CERTIFIED PUBLIC ACCOUNTANTS

PHONE: 704-845-1195 ~ FAX: 704-845-1194

TRANSFORMATION CHURCH, INC.  
SIX MONTHS ENDED JUNE 30, 2017 AND 2016

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# FRANKLIN & FRANKLIN, PA

CERTIFIED PUBLIC ACCOUNTANTS

Transformation Church, Inc.  
Indian Land, South Carolina

Management is responsible for the accompanying financial statements of Transformation Church, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the periods then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

A handwritten signature in cursive script that reads "Franklin & Franklin, PA".

Matthews, North Carolina

September 11, 2017

TRANSFORMATION CHURCH, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016

	June 30, 2017	June 30, 2016
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents - Unrestricted	\$ 355,055	\$ 788,366
Cash and Cash Equivalents - Temporarily Restricted	12,614	8,100
Investments (at Fair Market Value)	4,258	4,258
	371,927	800,724
<b>OTHER CURRENT ASSETS</b>		
Inventory (books)	8,432	4,922
Accounts Receivable	-	2,576
Prepaid Expenses	67,858	59,060
	76,290	66,558
<b>TOTAL CURRENT ASSETS</b>	448,217	867,282
<b>PROPERTY</b>		
Furniture	80,788	80,783
Computers and Equipment	839,993	761,049
Leasehold Improvements	214,978	143,720
Construction in Process	-	4,777
Land and Building	8,500,354	8,037,776
	9,636,113	9,028,105
Less Accumulated Depreciation	(1,036,087)	(808,019)
<b>PROPERTY, NET</b>	8,600,026	8,220,086
<b>OTHER ASSETS</b>		
Security Deposit	1,458	8,058
Deposit on Land Purchase	-	22,000
Intangible Assets	40,271	4,500
Less Accumulated Amortization	(5,394)	(4,500)
	36,335	30,058
<b>TOTAL ASSETS</b>	\$ 9,084,578	\$ 9,117,426
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable and Credit Card Payable	\$ 45,198	\$ 90,587
Payroll Liabilities	37,327	24,047
Current Portion, Long-Term Debt	99,970	170,906
<b>TOTAL CURRENT LIABILITIES</b>	182,495	285,540
<b>LONG TERM LIABILITIES</b>		
Long-Term Debt	4,700,030	4,745,811
<b>TOTAL LIABILITIES</b>	4,882,525	5,031,351
<b>NET ASSETS</b>		
Unrestricted	4,189,439	4,077,975
Temporarily Restricted	12,614	8,100
<b>TOTAL NET ASSETS</b>	4,202,053	4,086,075
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 9,084,578	\$ 9,117,426

See accompanying notes and accountant's compilation report.

TRANSFORMATION CHURCH, INC.  
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	June 30, 2017	June 30, 2016
CHANGES IN UNRESTRICTED NET ASSETS:		
REVENUE AND SUPPORT		
Offerings/Tithes	\$ 2,607,137	\$ 2,419,707
Investment Income	31	88
Other Income	1,658	14,535
TOTAL INCOME	2,608,826	2,434,330
NET ASSETS RELEASED FROM RESTRICTIONS	5,299	42,199
TOTAL UNRESTRICTED REVENUE AND SUPPORT	2,614,125	2,476,529
EXPENSES		
Program Expenses	1,539,561	1,377,007
Management and General Expenses	821,976	775,045
Fundraising Expenses	30,370	32,555
TOTAL EXPENSE	2,391,907	2,184,607
CHANGE IN UNRESTRICTED NET ASSETS	222,218	291,922
TEMPORARILY RESTRICTED NET ASSETS		
Contributions and Program Revenue	8,485	43,311
Net Assets Released from Restrictions	(5,299)	(42,199)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	3,186	1,112
CHANGE IN NET ASSETS	225,404	293,034
NET ASSETS, BEGINNING OF YEAR	3,976,649	3,793,041
NET ASSETS, END OF YEAR	\$ 4,202,053	\$ 4,086,075

See accompanying notes and accountant's compilation report.

TRANSFORMATION CHURCH INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE SIX MONTHS ENDED JUNE 30, 2017

	Program Expenses				Supporting Expenses		Total Expenses
	Church	Care	Outreach	Program	Management and General	Fundraising	
EXPENSES							
Direct Expenses	\$ 51,380	\$ 828	\$ 29	\$ 52,237	\$ -	\$ -	\$ 52,237
Salaries and Wages	599,719	-	-	599,719	445,429	18,183	1,063,331
Payroll Benefits	110,858	-	-	110,858	82,338	3,361	196,557
Occupancy	1,964	-	-	1,964	1,459	60	3,483
Professional Fees	107,174	2,804	149	110,127	51,354	162	161,643
Advertising and Promotion	-	-	-	-	-	966	966
Conferences, Conventions, and Meetings	10,189	-	-	10,189	1,132	-	11,321
Administration, Copying and Printing	23,243	2,210	26	25,479	2,583	-	28,062
Credit Card and Other Service Charges	-	-	-	-	2,166	-	2,166
Depreciation	76,586	-	-	76,586	56,882	2,322	135,790
Equipment Rental	14,241	4,137	-	18,378	-	-	18,378
Facilities	35,072	298	-	35,370	3,939	161	39,470
Insurance	5,326	-	-	5,326	3,956	161	9,443
Interest Expense	75,722	-	-	75,722	56,241	2,296	134,259
Meals and Entertainment	12,573	751	436	13,760	7,409	-	21,169
Benevolence	-	47,400	-	47,400	-	-	47,400
Generosity	38,100	103	103,071	141,274	-	-	141,274
Supplies and Other Expenses	40,111	-	100	40,211	32,474	1,069	73,754
Office Supplies	20,618	748	7,626	28,992	5,155	-	34,147
Other Expenses	49,192	20,391	1,604	71,187	26,039	117	97,343
Postage and Delivery	2,087	560	5	2,652	110	-	2,762
Repairs and Maintenance	23,990	-	-	23,990	19,628	801	44,419
Mileage	1,620	817	-	2,437	-	-	2,437
Telecommunication	4,677	-	-	4,677	2,005	-	6,682
Telephone	9,941	-	-	9,941	4,260	-	14,201
Travel Expenses	5,263	978	1,393	7,634	-	-	7,634
Utilities	23,451	-	-	23,451	17,417	711	41,579
TOTAL EXPENSES	\$ 1,343,097	\$ 82,025	\$ 114,439	\$ 1,539,561	\$ 821,976	\$ 30,370	\$ 2,391,907

See accompanying notes and accountant's compilation report.

TRANSFORMATION CHURCH INC  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE SIX MONTHS ENDED JUNE 30, 2016

	Program Expenses				Supporting Expenses			Total Expenses
	Church	Care	Outreach	Total Program	Management and General	Fundraising	Total	
EXPENSES								
Direct Expenses	\$ 16,759	\$ 174	\$ 270	\$ 17,203	\$ -	\$ -	\$ 17,203	
Salaries and Wages	488,577	-	-	488,577	368,093	17,037	873,707	
Payroll Benefits	84,564	-	-	84,564	63,710	2,949	151,223	
Occupancy	23,492	-	-	23,492	17,699	819	42,010	
Professional Fees	144,675	2,003	-	146,678	55,944	-	202,622	
Advertising and Promotion	-	-	-	-	-	2,238	2,238	
Conferences, Conventions, and Meetings	1,812	-	-	1,812	201	-	2,013	
Administration, Copying and Printing	41,449	9,027	143	50,619	4,605	-	55,224	
Credit Card and Other Service Charges	-	-	-	-	2,447	-	2,447	
Depreciation	84,216	-	-	84,216	63,449	2,936	150,601	
Equipment Rental	5,971	-	-	5,971	-	-	5,971	
Facilities	23,065	-	-	23,065	-	-	23,065	
Insurance	5,884	-	-	5,884	4,433	205	10,522	
Interest Expense	81,025	-	-	81,025	61,044	2,825	144,894	
Meals and Entertainment	6,547	264	770	7,581	4,082	-	11,663	
Benevolence	-	36,680	-	36,680	-	-	36,680	
Generosity	29,536	-	42,223	71,759	-	-	71,759	
Supplies and Other Expenses	29,110	-	400	29,510	12,413	-	41,923	
Office Supplies	8,705	-	18,764	27,469	2,176	-	29,645	
Other Expenses	73,106	11,916	103	85,125	45,516	643	131,284	
Postage and Delivery	3,184	-	-	3,184	168	-	3,352	
Repairs and Maintenance	61,026	-	-	61,026	45,977	2,128	109,131	
Mileage	7	264	59	330	-	-	330	
Telecommunication	3,960	-	-	3,960	1,697	-	5,657	
Telephone	10,872	-	-	10,872	4,659	-	15,531	
Travel Expenses	2,010	-	2,186	4,196	-	-	4,196	
Utilities	22,209	-	-	22,209	16,732	775	39,716	
TOTAL EXPENSES	\$ 1,251,761	\$ 60,328	\$ 64,918	\$ 1,377,007	\$ 775,045	\$ 32,555	\$ 2,184,607	

See accompanying notes and accountant's compilation report.

TRANSFORMATION CHURCH INC.  
STATEMENTS OF FUNCTIONAL EXPENSES - PROGRAM EXPENSES  
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	June 30, 2017				June 30, 2016			
	Program Expenses				Program Expenses			
	Church	Care	Outreach	Total Program	Church	Care	Outreach	Total Program
EXPENSES								
Direct Expenses	\$ 51,380	\$ 828	\$ 29	\$ 52,237	\$ 16,759	\$ 174	\$ 270	\$ 17,203
Salaries and Wages	599,719	-	-	599,719	488,577	-	-	488,577
Payroll Benefits	110,858	-	-	110,858	84,564	-	-	84,564
Occupancy	1,964	-	-	1,964	23,492	-	-	23,492
Professional Fees	107,174	2,804	149	110,127	144,675	2,003	-	146,678
Advertising and Promotion	-	-	-	-	-	-	-	-
Conferences, Conventions, and Meetings	10,189	-	-	10,189	1,812	-	-	1,812
Administration, Copying and Printing	23,243	2,210	26	25,479	41,449	9,027	143	50,619
Credit Card and Other Service Charges	-	-	-	-	-	-	-	-
Depreciation	76,586	-	-	76,586	84,217	-	-	84,217
Equipment Rental	14,241	4,137	-	18,378	5,971	-	-	5,971
Facilities	35,072	298	-	35,370	23,065	-	-	23,065
Insurance	5,326	-	-	5,326	5,884	-	-	5,884
Interest Expense	75,722	-	-	75,722	81,025	-	-	81,025
Meals and Entertainment	12,573	751	436	13,760	6,547	264	770	7,581
Benevolence	-	47,400	-	47,400	-	36,680	-	36,680
Generosity	38,100	103	103,071	141,274	29,536	-	42,223	71,759
Supplies and Other Expenses	40,111	-	100	40,211	29,110	-	400	29,510
Office Supplies	20,618	748	7,626	28,992	8,705	-	18,764	27,469
Other Expenses	49,192	20,391	1,604	71,187	73,106	11,916	103	85,125
Postage and Delivery	2,087	560	5	2,652	3,184	-	-	3,184
Repairs and Maintenance	23,990	-	-	23,990	61,026	-	-	61,026
Mileage	1,620	817	-	2,437	7	264	59	330
Telecommunication	4,677	-	-	4,677	3,960	-	-	3,960
Telephone	9,941	-	-	9,941	10,872	-	-	10,872
Travel Expenses	5,263	978	1,393	7,634	2,010	-	2,186	4,196
Utilities	23,451	-	-	23,451	22,209	-	-	22,209
<b>TOTAL EXPENSES</b>	<b>\$ 1,343,097</b>	<b>\$ 82,025</b>	<b>\$ 114,439</b>	<b>\$ 1,539,561</b>	<b>\$ 1,251,761</b>	<b>\$ 60,328</b>	<b>\$ 64,918</b>	<b>\$ 1,377,007</b>

See accompanying notes and accountant's compilation report.



TRANSFORMATION CHURCH INC.  
 STATEMENTS OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES  
 FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	June 30, 2017		June 30, 2016	
	Management and General	Fundraising	Management and General	Fundraising
<b>EXPENSES</b>				
Direct Expenses	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	445,429	18,183	368,093	17,037
Payroll Benefits	82,338	3,361	63,710	2,949
Occupancy	1,459	60	17,699	819
Professional Fees	51,354	162	55,944	-
Advertising and Promotion	-	966	-	2,238
Conferences, Conventions, and Meetings	1,132	-	201	-
Administration, Copying and Printing	2,583	-	4,605	-
Credit Card and Other Service Charges	2,166	-	2,447	-
Depreciation	56,882	2,322	63,449	2,936
Equipment Rental	-	-	-	-
Facilities	3,939	161	-	-
Insurance	3,956	161	4,433	205
Interest Expense	56,241	2,296	61,044	2,825
Meals and Entertainment	7,409	-	4,082	-
Benevolence	-	-	-	-
Generosity	-	-	-	-
Supplies and Other Expenses	32,474	1,069	12,413	-
Office Supplies	5,155	-	2,176	-
Other Expenses	26,039	117	45,516	643
Postage and Delivery	110	-	168	-
Repairs and Maintenance	19,628	801	45,977	2,128
Mileage	-	-	-	-
Telecommunication	2,005	-	1,697	-
Telephone	4,260	-	4,659	-
Travel Expenses	-	-	-	-
Utilities	17,417	711	16,732	775
<b>TOTAL EXPENSES</b>	<b>\$ 821,976</b>	<b>\$ 30,370</b>	<b>\$ 775,045</b>	<b>\$ 32,555</b>

See accompanying notes and accountant's compilation report.

TRANSFORMATION CHURCH, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	June 30, 2017	June 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 225,404	\$ 293,034
Adjustments to Reconcile to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	135,790	150,601
Interest Expense Capitalized	-	(10,730)
Inventory (books)	(3,071)	2,012
Accounts Receivable	-	3,675
Security Deposits	-	48,000
Deposit on Land	-	(22,000)
Prepaid Expense	2,610	(6,271)
Accounts Payable and Credit Card Payable	(42,558)	(79,694)
Unearned Revenue	(100)	(300)
Payroll Liabilities	14,037	2,388
	332,112	380,715
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property	(179,007)	(407,887)
Purchase of Intangible Asset	(35,771)	-
Construction in Process	-	(4,777)
Net Cash Used by Investing Activities	(214,778)	(412,664)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Loan	4,800,000	360,795
Payments of Loan	(4,784,370)	(30,173)
Net Cash Provided by Financing Activities	15,630	330,622
Net Change in Cash and Equivalents	132,964	298,673
<b>CASH AND CASH EQUIVALENTS</b>		
AT BEGINNING OF YEAR	234,705	497,793
<b>CASH AND CASH EQUIVALENTS</b>		
AT END OF YEAR	\$ 367,669	\$ 796,466
<b>CASH AND CASH EQUIVALENTS:</b>		
Unrestricted	\$ 355,055	\$ 788,366
Temporarily Restricted	12,614	8,100
<b>CASH AND CASH EQUIVALENTS</b>		
AT END OF YEAR	\$ 367,669	\$ 796,466

Interest expense was \$-0- and \$144,894 (Capitalized Interest was \$-0- and \$10,730) for the six months ended June 30, 2017 and 2016.

See accompanying notes and accountant's compilation report.

TRANSFORMATION CHURCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2017 AND 2016

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Transformation Church, Inc. (the “Church”) was incorporated as a non-profit organization in South Carolina in April, 2010. The Church is a multi-ethnic, multi-generational, mission-shaped community that loves God completely (Upward), ourselves correctly (Inward) and our neighbors compassionately (Outward).

Basis of Financial Statement Preparation

The financial statements of the Church have been prepared using the accrual basis of accounting.

Financial Statement Presentation—In accordance with Financial Accounting Standards Board ASC Topic 958, *Financial Statements for Not-For-Profit Entities*, the Church is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

The Church considers all highly liquid investments purchased with a maturity of three months or less, to be cash equivalents.

Accounts and Other Receivables

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts if necessary. At June 30, 2017 and 2016, the Church had receivables of \$-0- and \$2,576, respectively.

Inventory

The church has an inventory of books which are recorded as the lower of cost or market. As of June 30, 2017 and 2016, the inventory was \$8,432 and \$4,922, respectively.

Property

Property is stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Property acquisitions are capitalized if they are in excess of \$1,000. Depreciation, including depreciation of assets under capital leases, is provided over the estimated useful lives of the respective assets on a straight-line basis. The cost of property sold or retired and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in revenue or expense.

Restricted and Unrestricted Revenue

Under ASC Topic 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. At June 30, 2017 and 2016 temporarily restricted net assets were \$12,614 and \$8,100 respectively.

TRANSFORMATION CHURCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2017 AND 2016

Donated Services

Donated services are provided by volunteers but not reflected herein inasmuch as the amount of the services is indeterminable.

Income Taxes

The Church has received a determination letter from the Internal Revenue Service stating that the Church is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Functional Allocation of Expenses

Expenses are allocated to program expenses, management and general, and fund raising based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

Reclassifications

Certain June 30, 2016 amounts have been reclassified to conform to the June 30, 2017 financial statement presentation. These reclassifications have no effect on the change in net assets for the six months ended June 30, 2016.

2. PROPERTY

The Church records property at cost and provides for depreciation using the straight-line method over the estimated useful life of the asset (furniture and fixtures and office equipment; five—ten years). Maintenance and repairs are expensed as paid; major renewals or betterments over \$1,000 are capitalized. Depreciation expense for the six months ended June 30, 2017 and 2016 was \$135,790 and \$150,601, respectively.

3. OPERATING LEASES

The Church has multiple operating leases, primarily for various forms of equipment that expire on various dates as well as office and church buildings. Those leases generally contain renewal options and require the Church to pay all executor costs such as taxes, maintenance and insurance. Lease expense was \$6,786 and \$58,588 for the six months ended June 30, 2017 and 2016, respectively, and is included in building operations expense and equipment lease expense.

TRANSFORMATION CHURCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2017 AND 2016

Minimum lease payments under operating leases as of June 30, 2017, are as follows:

Period Ending June 30:	
2018	\$ 13,572
2019	13,572
2020	7,558
2021	996
2022	-0-

#### 4. CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Church to concentrations of credit risk, consist principally of cash, cash equivalents and member receivables. The Church maintains its cash and cash equivalents with a federally insured financial institution located in South Carolina. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2017 and 2016, the Church had funds above the federally insured limit in the amount of \$54,784 and \$562,159 respectively. Management believes that these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal.

#### 5. PENSION AND HEALTH SAVING ACCOUNTS

The Church contributed \$39,953 and \$29,970 to employees' HSA accounts during June 30, 2017 and 2016, respectively. During the six months ended June 30, 2016, the Church started contributing to retirement plans for its employees. As of June 30, 2017 and 2016 the church has contributed \$32,011 and \$4,617, respectively, to employee's retirement plans.

#### 6. LONG-TERM DEBT

At December 31, 2013, the Church obtained a construction loan for the construction of a new church building. The amount available is \$4,400,000. The initial interest rate of this loan is 6.50%. The loan is an interest only loan until December 15, 2014 with the balance due January 15, 2016. The loan was converted to a permanent financing with 239 payments of \$27,811 beginning on February 15, 2016. The "Maturity Date" on the permanent loan is January 15, 2035. At June 30, 2017 and 2016, the loan balances were \$-0- and \$4,269,949, respectively.

At December 31, 2016, the Church obtained a construction loan for the addition to the TC Kid's area in the new church building. The amount available is \$550,000. The interest rate of this loan is 6.95% for the construction term and 6.50% for the permanent loan rate. The loan is an interest only loan until May 7, 2017. The loan was converted to a permanent financing with 240 payments of \$4,101 beginning on May 7, 2017. The "Maturity Date" on the permanent loan is April 7, 2036. At June 30, 2017 and 2016, the loan balances were \$-0- and \$547,768, respectively.

As of June 30, 2016, the Church obtained a short-term loan for \$99,000 from a private donor. There is no interest associated with this loan and the loan was repaid during current fiscal year. At June 30, 2017 and 2016, the loan balances were \$-0- and \$99,000, respectively.

TRANSFORMATION CHURCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
SIX MONTHS ENDED JUNE 30, 2017 AND 2016

At June 19, 2017, the Church refinanced the two construction loans noted above and obtained one new loan in the amount of \$4,800,000. The initial interest rate of this loan is 4.25% for the first 60 months. As of June 19, 2022 the interest rate shall be adjusted to a rate equal to 2.26% greater than the Interest Rate Swap Rate. The loan commences on August 1, 2017 with 300 payments of \$26,162 each month. The "Maturity Date" on the loan is June 19, 2027 at which time any unpaid principal and accrued but unpaid interest shall be immediately due and payable. This promissory note is secured by the property and a \$100,000 cash reserve at First Bank. At June 30, 2017 and 2016, the loan balances were \$4,800,000 and \$-0-, respectively

At June 30, 2017 and 2016, the total loan balance was \$4,800,000 and \$4,916,717, respectively.

A summary of principal payments on debt for future years is as follows:

Period Ending June 30:	
2018	\$ 99,970
2019	113,650
2020	118,376
2021	123,577
2022	129,279
2023 and thereafter	<u>4,215,148</u>
	<u>\$4,800,000</u>

#### 7. INVESTMENTS

The Church has several investment accounts used to receive stock from contributors. The process is to immediately convert the stock to cash and issue a check to the Church for the donation. At times the investment companies do not immediately convert the stocks to cash which has left amounts at year end in these brokerage accounts. As of June 30, 2017 and 2016, the Church has recorded no investment income on the stock. The Church has recorded interest on bank accounts of \$31 and \$88, respectively, as of June 30, 2017 and 2016.

#### 8. RELATED PARTY TRANSACTIONS

The Church had no related party transactions during the six month period ending June 30, 2017 and 2016.

#### 9. SUBSEQUENT EVENTS ANALYSIS

Management has evaluated subsequent events through September 11, 2017, the date on which the financial statements were available to be issued. During this period, there were no material recognizable subsequent events identified.