

**BAYSHORE CHRISTIAN MINISTRIES**  
**(A California Nonprofit Public Benefit Corporation)**

**FINANCIAL STATEMENTS**

**For the Years Ended**  
**September 30, 2019 and 2018**

## CONTENTS

	<u>Page</u>
Independent Auditor's Report	
Financial Statements	
Statements of Financial Position	1
Statements of Activities	2 - 3
Statements of Cash Flows	4
Statements of Functional Expenses	5 - 6
Notes to Financial Statements	7 - 13

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bayshore Christian Ministries  
East Palo Alto, CA 94303

We have audited the accompanying financial statements of Bayshore Christian Ministries (a California nonprofit public benefit corporation) which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, cash flows and functional expenses 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 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 Bayshore Christian Ministries as of September 30, 2019 and 2018, and the changes in its net assets, cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.



March 23, 2020

**BAYSHORE CHRISTIAN MINISTRIES**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF FINANCIAL POSITION**  
**As of September 30, 2019 and 2018**

	2019	2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 386,893	\$ 199,808
Pledges receivable, current portion (Note 2 and 3)	202,850	184,108
Certificate of Deposit	-	100,710
Prepaid expenses and deposits	36,617	22,904
Total current assets	<u>626,360</u>	<u>507,530</u>
Building, leasehold improvements, furniture, and equipment, net of accumulated depreciation of \$1,064,148 in 2019 and \$1,017,774 in 2018 (Note 4)	1,078,661	1,121,806
Pledges receivable, net of current portion and allowance (Note 2 and 3)	<u>95,027</u>	<u>74,992</u>
Total assets	<u>\$ 1,800,048</u>	<u>\$ 1,704,328</u>
<b>LIABILITIES and NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 95,858	\$ 48,091
Accrued scholarships (Note 5)	5,250	11,550
Deferred revenue	75,959	51,524
Loan payable - current portion (Note 6)	11,249	11,122
Total current liabilities	<u>188,316</u>	<u>122,287</u>
Non current liabilities:		
Loan payable (Note 6)	<u>326,356</u>	<u>337,312</u>
Total liabilities	<u>514,672</u>	<u>459,599</u>
Net assets:		
Net assets without donor restrictions (Note 7)	907,249	899,079
Net assets with temporary donor restrictions (Note 7)	303,127	270,650
Net assets with permanent donor restrictions (Note 7)	75,000	75,000
Total net assets	<u>1,285,376</u>	<u>1,244,729</u>
Total liabilities & net assets	<u>\$ 1,800,048</u>	<u>\$ 1,704,328</u>

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

**BAYSHORE CHRISTIAN MINISTRIES**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2019**

	Net assets without donor restrictions	Net assets with temporary donor restrictions	Net assets with permanent donor restrictions	Total
<b>SUPPORT, REVENUE AND TRANSFERS</b>				
Contributions	\$ 437,122	\$ 14,575	\$ -	\$ 451,697
Program fee revenue	-	10,884	-	10,884
Grants	278,175	71,174	-	349,349
Fundraising events	166,267	-	-	166,267
Interest income	798	-	-	798
Facility use fees	140,698	4,824	-	145,522
In-kind contributions (Note 8)	6,069	120,977	-	127,046
Total support and revenue	<u>1,029,129</u>	<u>222,434</u>	<u>-</u>	<u>1,251,563</u>
Net assets released from restrictions	189,957	(189,957)	-	-
Total support, revenue and transfers	<u>1,219,086</u>	<u>32,477</u>	<u>-</u>	<u>1,251,563</u>
<b>EXPENSES</b>				
Program expenses				
Bible Club	74,455	-	-	74,455
Create Academy & Studios	244,325	-	-	244,325
Education and outreach	125,939	-	-	125,939
Kidsmart	290,818	-	-	290,818
Leaders in Training	86,368	-	-	86,368
Streetworkz	110,819	-	-	110,819
Total program expenses	<u>932,724</u>	<u>-</u>	<u>-</u>	<u>932,724</u>
General and administrative	116,397	-	-	116,397
Fundraising	161,795	-	-	161,795
Total expenses	<u>1,210,916</u>	<u>-</u>	<u>-</u>	<u>1,210,916</u>
Change in net assets	8,170	32,477	-	40,647
Net assets, beginning of year	<u>899,079</u>	<u>270,650</u>	<u>75,000</u>	<u>1,244,729</u>
Net assets, end of year	<u>\$ 907,249</u>	<u>\$ 303,127</u>	<u>\$ 75,000</u>	<u>\$1,285,376</u>

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

**BAYSHORE CHRISTIAN MINISTRIES**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF ACTIVITIES**  
**For the year ended September 30, 2018**

	Net assets without donor restrictions	Net assets with temporary donor restrictions	Net assets with permanent donor restrictions	Total
<b>SUPPORT, REVENUE AND TRANSFERS</b>				
Contributions	\$ 517,965	\$ 4,289	\$ -	\$ 522,254
Program fee revenue	-	17,444	-	17,444
Grants	96,875	35,000	-	131,875
Fundraising events	123,206	-	-	123,206
Interest income	303	-	-	303
Facility use fees	85,000	-	-	85,000
In-kind contributions (Note 8)	119,741	-	-	119,741
Total support and revenue	<u>943,090</u>	<u>56,733</u>	<u>-</u>	<u>999,823</u>
Net assets released from restrictions	226,297	(226,297)	-	-
Total support, revenue and transfers	<u>1,169,387</u>	<u>(169,564)</u>	<u>-</u>	<u>999,823</u>
<b>EXPENSES</b>				
Program expenses				
Bible Club	107,595	-	-	107,595
Create Academy & Studios	208,407	-	-	208,407
Education and outreach	134,044	-	-	134,044
EPA Fellow	28,550	-	-	28,550
Kidsmart	214,890	-	-	214,890
Leaders in Training	65,261	-	-	65,261
Streetworkz	126,023	-	-	126,023
Total program expenses	<u>884,770</u>	<u>-</u>	<u>-</u>	<u>884,770</u>
General and administrative	77,639	-	-	77,639
Fundraising	165,748	-	-	165,748
Total expenses	<u>1,128,157</u>	<u>-</u>	<u>-</u>	<u>1,128,157</u>
Change in net assets	41,230	(169,564)	-	(128,334)
Net assets, beginning of year	<u>857,849</u>	<u>440,214</u>	<u>75,000</u>	<u>1,373,063</u>
Net assets, end of year	<u>\$ 899,079</u>	<u>\$ 270,650</u>	<u>\$ 75,000</u>	<u>\$1,244,729</u>

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

**BAYSHORE CHRISTIAN MINISTRIES**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF CASH FLOWS**  
**For the years ended September 30, 2019 and 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 40,647	\$ (128,334)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	46,376	45,277
Changes in assets and liabilities:		
Certificate of deposit	100,710	
Pledges receivable	(38,777)	161,064
Prepaid expenses and deposits	(13,712)	(4,531)
Accounts payable and accrued liabilities	47,767	(2,271)
Accrued scholarships	(6,300)	(8,500)
Deferred revenue	24,434	14,000
Total adjustments	<u>160,498</u>	<u>205,039</u>
Net cash provided by operating activities	<u>201,145</u>	<u>76,705</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of properties and equipment	<u>(3,231)</u>	-
Net cash (used) by investing activities	<u>(3,231)</u>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Line of Credit	-	(78,000)
Loan payable from donor (Note 6)	-	(180,000)
Loan payable from bank (Note 6)	(10,829)	348,434
Net cash provided by financing activities	<u>(10,829)</u>	<u>90,434</u>
Net increase in cash and cash equivalents	187,085	167,139
Cash and cash equivalents, beginning of year	<u>199,808</u>	<u>32,669</u>
Cash and cash equivalents, end of year	<u>\$ 386,893</u>	<u>\$ 199,808</u>
Supplementary information:		
Cash paid for interest	<u>\$ 18,809</u>	<u>\$ 13,672</u>

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

**BAYSHORE CHRISTIAN MINISTRIES**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended September 30, 2019**

	Program	Management and General	Fundraising	Total
Personnel	\$ 453,987	\$ 42,437	\$ 87,305	\$ 583,729
Payroll taxes and insurance	40,901	3,671	7,866	52,438
Employee benefits	44,464	3,990	8,551	57,005
Professional and outside services	143,905	45,334	10,510	199,749
Bad debt expense	982	-	-	982
Conferences and training	811	864	348	2,023
Equipment rental and maintenance	36,612	3,632	2,113	42,357
Food, meals and entertainment	783	87	20,520	21,390
Insurance	20,433	639	213	21,285
Interest	17,116	752	940	18,808
Licenses, fees and taxes	3,911	6,193	11,754	21,858
Occupancy and admission fees	27,890	1,361	1,146	30,397
Postage, printing and publications	30	624	1,409	2,063
Stipends and awards	4,791	145	933	5,869
Supplies	47,972	2,380	2,824	53,176
Telephone, fax and internet	8,010	619	1,227	9,856
Travel, transportation and lodging	12,091	742	482	13,315
Utilities	25,698	1,130	1,412	28,240
Total operating expenses	<u>890,387</u>	<u>114,600</u>	<u>159,553</u>	<u>1,164,540</u>
Depreciation	42,337	1,797	2,242	46,376
Total expenses	<u>\$ 932,724</u>	<u>\$ 116,397</u>	<u>\$ 161,795</u>	<u>\$ 1,210,916</u>
	77%	10%	13%	100%



**BAYSHORE CHRISTIAN MINISTRIES**  
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**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended September 30, 2018**

	Program	Management and General	Fundraising	Total
Personnel	\$ 436,966	\$ 39,724	\$ 90,798	\$ 567,488
Payroll taxes and insurance	38,146	3,468	7,927	49,541
Employee benefits	41,531	3,776	8,630	53,937
Professional and outside services	130,177	18,502	4,020	152,699
Bad debt expense	110	-	(81)	29
Conferences and training	1,167	340	280	1,787
Equipment rental and maintenance	43,241	2,470	2,337	48,048
Food, meals and entertainment	17,014	103	935	18,052
Insurance	16,381	528	705	17,614
Interest	12,442	547	684	13,673
Licenses, fees and taxes	11,359	1,669	7,800	20,828
Occupancy and admission fees	14,827	167	23,885	38,879
Postage, printing and publications	1,335	707	8,223	10,265
Stipends and awards	5,177	132	710	6,019
Supplies	32,053	1,636	3,071	36,760
Telephone, fax and internet	7,095	580	1,217	8,892
Travel, transportation and lodging	12,850	312	884	14,046
Utilities	21,472	1,267	1,584	24,323
Total operating expenses	<u>843,343</u>	<u>75,928</u>	<u>163,609</u>	<u>1,082,880</u>
Depreciation	41,427	1,711	2,139	45,277
Total expenses	<u>\$ 884,770</u>	<u>\$ 77,639</u>	<u>\$ 165,748</u>	<u>\$ 1,128,157</u>
	78%	7%	15%	100%

**BAYSHORE CHRISTIAN MINISTRIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended September 30, 2019 and 2018**

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – Bayshore Christian Ministries (BCM) was founded in 1984 and incorporated in the State of California in 1987. The mission of BCM is to equip East of Bayshore youth to grow spiritually, gain life skills and develop as leaders so that they have hope and a future. The organization targets its programs primarily to youth from age seven through eighteen years old and offers programs during after school hours, during the summer and year-round. BCM is recognized by the Internal Revenue Service as a nonprofit, public benefit organization under the IRC section 501(c)(3).

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting – The financial statements of the Corporation are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, which reflects revenue when earned and expenses as incurred.

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Basis of Presentation – The Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year.

Net assets with temporary donor restrictions - Net assets resulting (a) from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Corporation pursuant to those stipulations, (b) from other asset enhancements and diminishment that are subject to the same kind of stipulations, and (c) from reclassification from (or to) other classes of net.

Net assets with permanent donor restrictions - Net assets resulting (a) from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Corporation, (b) from other asset enhancements and diminishment that are subject to the same kinds of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

**BAYSHORE CHRISTIAN MINISTRIES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended September 30, 2019 and 2018**

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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

UPMIFA - A standard was created which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). California adopted UPMIFA on January 1, 2009, the provisions of which apply to endowment funds existing on or established after that date. A key component of the standard is a requirement to classify the portion of investment return from donor-restricted endowment funds that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. The required disclosures are set forth in Note 7.

Fair Value Measurements – The Corporation carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received if selling an asset or paid if transferring a liability in an orderly transaction between market participants at the measurement date. Fair value measurement standards also require the Corporation to classify these financial instruments into a three-level hierarchy. The Corporation classifies its financial assets and liabilities according to the below three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 – Quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities, without adjustment.

Level 2 – Quoted prices in markets that are not considered to be active for identical or similar assets or liabilities, quoted prices in active markets of similar assets or liabilities, and inputs other than quoted prices that are observable or can be corroborated by observable market data.

Level 3 – Inputs that are both significant to the fair value measurement and unobservable, including inputs that are not derived from market data or cannot be corroborated by market data.

The Corporation's carrying amounts of its assets and liabilities, including its investments presented in Note 7, approximate fair value under Level 1 and Level 2 for the years ended September 30, 2019 and 2018.

Contributions, Revenue Recognition, and Accounts Receivable – Contributions consist of cash contributions as well as in-kind goods and services provided to the BCM. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Multi-year pledges are recorded at present value. 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-restricted contributions 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 net assets without donor restrictions.

**BAYSHORE CHRISTIAN MINISTRIES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended September 30, 2019 and 2018**

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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributions may include unconditional promises to give (pledges). Multi-year pledges are recorded at present value receivable, are reviewed for collectability. An allowance for doubtful accounts was established using an estimate based upon a statistical calculation of receipts of pledges. It is the practice of the Organization to expense uncollectibles only after exhausting all efforts to collect the amounts due.

Donated securities are recorded at their fair value at the date of the donation. Contributed services are recognized at their fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions in-kind are recorded at fair market value.

Property, Equipment, and Leasehold Improvements - The Corporation records property, equipment, and leasehold improvements at cost of acquisition, or, if donated, the fair market value at the date of donation. Depreciation is recognized using the straight-line method over the useful lives of the assets, which range from three to ten years. The Corporation capitalizes all property, equipment, and improvements with a cost in excess of \$1,000.

Estimates - The preparation of 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 future results could differ from those estimates.

Income Taxes - The Corporation is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, and is considered by the IRS to be a Corporation other than a private Foundation. In the opinion of management, there is no unrelated business income.

Advertising Costs – It is the policy of the Corporation to expense advertising costs as incurred. The Corporation did not incur any advertising costs in fiscal years 2018 or 2019.

**BAYSHORE CHRISTIAN MINISTRIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended September 30, 2019 and 2018**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

Recent Accounting Pronouncements –

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*, amending the ASC 958. This update changes the presentation of certain information in the financial statements and footnote disclosures of not-for-profit entities. The update also changes the way that not-for-profit entities classify net assets. The new guidance is effective for the Corporation for the year beginning October 1, 2017.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. ASU 2018-08 is effective for the Corporation’s year beginning October 1, 2017.

Bayshore Christian Ministries is in full compliance with both of the above pronouncements.

**NOTE 3 PLEDGES RECEIVABLE**

At September 30, 2019 and 2018 pledges receivable consist of the following:

	<u>2019</u>	<u>2018</u>
Pledges receivable, current portion	\$ 202,850	\$ 184,108
Pledges receivable 2019	108,963	87,946
Allowance for doubtful accounts	<u>(13,936)</u>	<u>(12,954)</u>
Total non-current	95,027	74,992
Total pledges receivable	<u>\$ 297,877</u>	<u>\$ 259,100</u>

**BAYSHORE CHRISTIAN MINISTRIES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended September 30, 2019 and 2018**

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**NOTE 4 FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS**

Furniture, equipment, and leasehold improvements, at cost, consist of the following at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 225,000	\$ 225,000
Building and improvements	1,754,848	1,754,848
Furniture and equipment	92,585	89,356
Vehicles	70,376	70,376
Less Accumulated depreciation	<u>(1,064,148)</u>	<u>(1,017,774)</u>
Fixed assets, net	<u>\$ 1,078,661</u>	<u>\$ 1,121,806</u>

**NOTE 5 SCHOLARSHIP PROGRAM AND ACCRUED SCHOLARSHIPS**

BCM awards scholarships to encourage and assist youth from East Palo Alto to pursue their post-secondary education at accredited institutions. BCM awards scholarships based on a formal application process based upon financial need and merit. BCM remits funds directly to the educational institution for the benefit of the awarded student for qualified educational expenses such as tuition, books, supplies, room and board. Accrued scholarships as of September 30, 2019 and 2018 in the amount of \$5,250 and \$11,550, respectively, represent funds received by BCM, and restricted by the donor for the scholarship program, which have not yet been paid.

**NOTE 6 LOAN PAYABLE**

A loan payable to an individual donor was secured by BCM's property at 1001 Beech, East Palo Alto, CA and the balance due was \$180,000 for the year ended September 30, 2017. The loan was renewed in September, 2017. The loan was interest only with a fixed interest rate of 4.25%. Monthly interest payments were due the 5<sup>th</sup> of each month. The loan was paid in full in April, 2018.

A new commercial loan was established at California Bank & Trust on April 20, 2018 secured by BCM's property at 1001 Beech, East Palo Alto, CA. The interest rate is 5.38% adjustable to LIBOR plus 2.5% on April 20, 2028, with current monthly payments of \$2,470, and a maturity date of April 20, 2038.

**BAYSHORE CHRISTIAN MINISTRIES**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended September 30, 2019 and 2018**

**NOTE 6 LOAN PAYABLE (continued)**

Future obligations on the loan are as follows:

2020	\$	11,249
2021		12,384
2022		13,068
2023		13,790
Thereafter		<u>287,114</u>
		<u>\$ 337,605</u>

**NOTE 7 NET ASSETS**

Net Assets with Temporary Donor Restrictions

BCM receives contributions with donor stipulations that limit the use of the assets for specific purposes or for specific time periods. Temporarily restricted net assets at September 30, 2019 and 2018 are designated for the following uses:

	<u>2019</u>	<u>2018</u>
Time restricted and program restricted	\$ 297,877	\$ 259,100
Accrued scholarships	<u>5,250</u>	<u>11,550</u>
Total	<u>\$ 303,127</u>	<u>\$ 270,650</u>

Net Assets with Permanent Donor Restrictions (Endowment)

Endowment funds which are held in perpetuity, have income generated which is used for program execution expenses of the scholarship awards program. Endowment funds, which are net assets with permanent donor restrictions at September 30, 2019 and 2018 were \$75,000 for both years.

**BAYSHORE CHRISTIAN MINISTRIES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended September 30, 2019 and 2018**

**NOTE 8 IN-KIND CONTRIBUTIONS**

Contributions of services are recognized if the services received: (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The fair values of contributed services received and recorded as in-kind volunteer revenues in the financials are as follows:

	Volunteers	Hours	Value
Bible Club & VBS	97	1,790	\$ 26,062
KidSmart	26	2,335	33,998
Streetworks	10	523	7,615
Create Academy	38	57	830
Create studios	36	1,286	18,724
LIT	8	371	5,402
Education outreach	96	1,829	26,630
Administrative & development	16	312	4,543
Total	338	8,182	\$ 123,804

Contributions of equipment and supplies are recognized at the estimated fair market value on the date of receipt which for the years ended September 30, 2019 and 2018 was \$3,242 and \$611, respectively.

**NOTE 9 OPERATING LEASES**

Bayshore Christian Ministries entered into a new operational lease on October 14, 2108 for a copy machine for 60 months. The lease has a monthly payment of \$295.

Future minimum obligations under the lease for the remainder of the term are as follows:

September 30,		
2020	\$	3,540
2021		3,540
2022		3,540
2023		3,540
Total	\$	14,160

**NOTE 11 SUBSEQUENT EVENTS**

Management has evaluated all subsequent events through the Auditor's Report date, the date the financial statements were available to be issued.