

**THIRTEENTH EPISCOPAL DISTRICT OF THE  
AFRICAN METHODIST EPISCOPAL CHURCH  
INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2017 AND JUNE 30, 2016**

**THIRTEENTH EPISCOPAL DISTRICT OF THE  
AFRICAN METHODIST EPISCOPAL CHURCH**

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# HOSKINS & COMPANY

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors

Thirteenth Episcopal District of the African Methodist Episcopal Church

500 8<sup>th</sup> Ave South

Nashville, TN 37203

We have audited the accompanying financial statements of Thirteenth Episcopal District of the African Methodist Episcopal Church (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities 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 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 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 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.

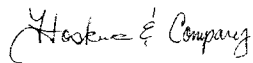
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thirteenth Episcopal District of the African Methodist Episcopal Church as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Thirteenth Episcopal District of the African Methodist Episcopal Church's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Hoskins & Company  
Nashville, TN  
May 16, 2018

**THIRTEENTH EPISCOPAL DISTRICT OF THE  
AFRICAN METHODIST EPISCOPAL CHURCH  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2017 AND JUNE 30, 2016 (RESTATED)**

<b>Assets</b>	<u>2017</u>	<u>2016</u>
Current assets		
Cash	\$ 470,382	\$ 542,670
Notes receivable (Note 2)	145,000	-
Prepaid expenses	-	2,103
Total current assets	<u>615,382</u>	<u>544,773</u>
Noncurrent assets		
Property and equipment, net (Note 3)	<u>177,403</u>	<u>171,898</u>
Total noncurrent assets	<u>177,403</u>	<u>171,898</u>
<b>Total assets</b>	<u><u>\$ 792,785</u></u>	<u><u>\$ 716,671</u></u>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable	\$ 9,503	\$ 14,253
Due to Bishop	11,907	11,907
Total current liabilities	<u>21,410</u>	<u>26,160</u>
Net assets		
Net assets without donor restrictions	<u>771,375</u>	<u>690,511</u>
Total net assets	<u>771,375</u>	<u>690,511</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 792,785</u></u>	<u><u>\$ 716,671</u></u>

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

**THIRTEENTH EPISCOPAL DISTRICT OF THE  
AFRICAN METHODIST EPISCOPAL CHURCH  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016 (RESTATED)**

<b>Revenue and support</b>	<u>2017</u>	<u>2016</u>
Thirteenth Episcopal District budget	\$ 198,122	\$ 165,646
Thirteenth Episcopal District project	36,498	71,398
Mid-year	25,824	28,059
Missions	24,168	24,388
Founder's day	3,759	6,174
Meeting income	36,577	18,046
Meeting support	8,994	9,830
Interest income	597	613
Other revenue	-	26,936
Total unrestricted revenues and support	<u>334,539</u>	<u>351,090</u>
 <b>Expenses</b>		
District project	26,000	21,092
District residence	12,414	9,647
Mid-year	7,952	20,604
Missions	23,100	23,000
Founder's day	3,759	5,000
Youth congress	-	14,814
Anvil	1,100	-
Camp primm simmons	263	294
Christian ed meeting	27,971	3,232
Planning meeting	10,314	9,830
Depreciation	19,186	16,852
Donations	4,125	13,171
Office expense	19,620	20,466
Salaries	45,106	40,396
General & administrative	52,765	65,246
Total expenses	<u>253,675</u>	<u>263,644</u>
Increase in net assets	80,864	87,446
Net assets at beginning of year	<u>690,511</u>	<u>603,065</u>
<b>Net assets at end of year</b>	<u><u>\$ 771,375</u></u>	<u><u>\$ 690,511</u></u>

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

**THIRTEENTH EPISCOPAL DISTRICT OF THE  
AFRICAN METHODIST EPISCOPAL CHURCH  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016 (RESTATED)**

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<b>Cash flows from operating activities:</b>	2017	2016
Increase in net assets	\$ 80,864	\$ 87,446
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	19,186	16,852
Decrease (increase) in prepaid expenses	2,103	(2,103)
Increase in notes receivable	(145,000)	-
(Decrease) increase in accounts payable	(4,750)	5,819
Increase in due to Bishop	-	11,907
Net cash provided by operating activities	(47,597)	119,921
 <b>Cash flows from investing activities:</b>		
Building improvements	(24,691)	(14,434)
Net cash used in investing activities	(24,691)	(14,434)
 <b>Cash flows from financing activities:</b>	-	-
 Net increase in cash equivalents	(72,288)	105,487
Cash and cash equivalents, beginning of year	542,670	437,183
<b>Cash and cash equivalents, end of year</b>	\$ 470,382	\$ 542,670

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

**THIRTEENTH EPISCOPAL DISTRICT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016 (RESTATED)**

	Ministry and District	General and Admin	Total	2016
Anvil	\$ -	\$ 1,100	\$ 1,100	\$ -
Auto allowance	4,151	-	4,151	17,040
Camp primm simmons	-	263	263	294
Christian ed meeting	23,101	4,870	27,971	3,232
Depreciation	13,430	5,756	19,186	16,852
District project	26,000	-	26,000	21,091
District residence	9,931	2,483	12,414	9,647
Donations	4,125	-	4,125	13,171
Founder's day	3,007	752	3,759	5,000
General & administrative	-	564	564	11,202
Insurance	8,075	3,461	11,536	4,679
Mid-Year	1,900	6,052	7,952	20,604
Missions	23,100	-	23,100	23,000
Offcie rent	8,820	3,780	12,600	12,600
Office expense	2,808	4,211	7,019	7,867
Payroll taxes	1,206	1,808	3,014	2,861
Planning meeting	10,314	-	10,314	9,830
Professional fees	-	11,271	11,271	11,036
Salaries	16,837	25,255	42,092	37,535
Travel and hospitality	22,304	2,940	25,244	21,289
Youth congress	-	-	-	14,814
<b>Total Expenses</b>	<b>\$ 179,109</b>	<b>\$ 74,566</b>	<b>\$ 253,675</b>	<b>\$ 263,644</b>

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



**THIRTEENTH EPISCOPAL DISTRICT OF THE  
AFRICAN METHODIST EPISCOPAL CHURCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016 (RESTATED)**

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**NOTE 1--NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

Thirteenth Episcopal District of the African Methodist Episcopal Church (the "Organization") is a not-for-profit subsidiary entity of the AME Church denomination, operating as a geographically contiguous grouping of Annual Conferences in Kentucky and Tennessee that work together as administrative subdivisions of the Organization, superintended by one bishop.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Basis of Presentation

The financial statements of the organization have been prepared on the accrual basis of accounting, and accordingly, revenue is recognized when earned, support and promises to give are recognized when received and expenses are recorded when incurred.

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board's Accounting Standard Codification (FASB ASC 958). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets without donor restrictions — Net assets that are not restricted by purpose or time either temporarily or perpetually by explicit donor stipulations or by law. Board designation does not constitute a donor restriction.

Net Assets with donor restrictions — Net assets that are restricted by purpose or time either temporarily or perpetually by explicit donor stipulations or by law.

**THIRTEENTH EPISCOPAL DISTRICT OF THE  
AFRICAN METHODIST EPISCOPAL CHURCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016 (RESTATED)**

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**NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Support and Expenses

The Organization's primary source of support is from the Presiding Elder Districts. Contributions are recognized as support when cash or property is received. Contributions received are measured at their fair value and reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets, or if they are designated as support for future periods. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and savings accounts. At year-end and throughout the year, the Organization's cash balances were deposited in three banks. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Income Taxes

The Organization is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. Accordingly no provisions for income taxes are applicable.

Depreciation

Fixed assets are recorded at cost at the date of purchase or fair value at the date of donation. Capital purchases and donations over \$1,000 with an extended useful life are included as fixed assets. Depreciation is taken on a straight-line basis over the estimated useful life of the assets. The estimated useful lives are as follows:

Buildings	25 years
Leasehold improvements	20 years
Furniture and fixtures	5-7 years

**THIRTEENTH EPISCOPAL DISTRICT OF THE  
AFRICAN METHODIST EPISCOPAL CHURCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016 (RESTATED)**

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**NOTE 2---NOTES RECEIVABLES**

The Organization had the following notes receivables from the related parties entities listed below:

	June 30, 2017	June 30, 2016
Kentucky Annual Conference	\$ 125,000	\$ -
13 <sup>th</sup> District WMS Board Meeting	20,000	-
Total	\$ 145,000	\$ -

**NOTE 3---PROPERTY AND EQUIPMENT**

The Organization has property and equipment recorded at cost at the time of acquisition or at the fair market value at the time of donation.

Depreciation expense as of June 30, 2017 and 2016 was \$19,186 and \$16,852, respectively. A summary of property and equipment as of June 30, 2017 and 2016 were as follows:

	June 30, 2017	June 30, 2016
Land	\$ 15,000	\$ 15,000
Building and Improvements	182,081	157,391
Fixture and equipment	196,000	196,000
Less: accumulated depreciation	(215,678)	(196,493)
Total	\$ 177,403	\$ 171,898

**NOTE 4---CONCENTRATION OF REVENUE**

The Organization obtained more than 99% of its revenue from the nine Presiding Elder Districts comprised to make up the Thirteenth Episcopal District of the AME Church. Any change in resources surrounding the Elder Districts will significantly affect the Organization's revenue.

**THIRTEENTH EPISCOPAL DISTRICT OF THE  
AFRICAN METHODIST EPISCOPAL CHURCH  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016 (RESTATED)**

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**NOTE 5---RELATED PARTY TRANSACTIONS**

Effective April 1, 2009, the Organization leased office space under an informal lease agreement with an affiliated organization. The lease is renewed on a year to year basis. Lease expense as of June 30, 2017 and 2016 were \$12,600.

**NOTE 6---GENERAL CONFERENCE FUND**

The Organization created a General Conference Fund account to support the Organization's participation in the General Conference of the African Methodist Episcopal Church. This General Conference is held every four years. These funds are managed through the individual annual conferences, and they are not accounted for as part of The Organization.

**NOTE 7---SUBSEQUENT EVENTS**

There were no other subsequent events requiring disclosure as of May 16, 2018 the date management evaluated such events. The financial statements were available to be issued on May 16, 2018.