

***BARNABAS MOVEMENT, INC.***

***FINANCIAL STATEMENTS***

*YEAR ENDED DECEMBER 31, 2015*

**BARNABAS MOVEMENT, INC.**  
***Financial Statements***  
***Year Ended December 31, 2015***

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
Barnabas Movement, Inc.  
Topeka, KS

Management is responsible for the accompanying financial statements of Barnabas Movement, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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.



Driver & Holloman, LLC  
Topeka, KS  
March 31, 2016

***BARNABAS MOVEMENT, INC.***

**FINANCIAL STATEMENTS**

**BARNABAS MOVEMENT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
*YEAR ENDED DECEMBER 31, 2015*

**ASSETS**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 27,720
Inventory	<u>6,457</u>
<i>Total Current Assets</i>	34,177
Property and equipment, net	<u>27,414</u>
<i>Total Assets</i>	<u><u>\$ 61,591</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts payable	\$ 1,000
Sales tax payable	<u>1,344</u>
<i>Total Current Liabilities</i>	2,344
<b>Net Assets</b>	
Unrestricted net assets	<u>59,247</u>
<i>Total Liabilities and Net Assets</i>	<u><u>\$ 61,591</u></u>

***BARNABAS MOVEMENT, INC.***

***STATEMENT OF ACTIVITIES***

***YEAR ENDED DECEMBER 31, 2015***

<b>Unrestricted Net Assets</b>	
Unrestricted revenues and support	
Community grant	\$ 5,750
Donations	53,067
Sales	85,253
Services	1,367
Interest income	3
Other	640
	<hr/>
<i>Total Unrestricted Revenue and Support</i>	146,080
Net assets released from restrictions	-
	<hr/>
	146,080
<b>Expenses</b>	
Program services	100,796
Management and general	4,287
	<hr/>
<i>Total Expenses</i>	105,083
	<hr/>
<b>Change in net assets</b>	40,997
Net assets, beginning of year	18,250
	<hr/>
<b>Net assets, end of year</b>	<u><u>\$ 59,247</u></u>

**BARNABAS MOVEMENT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2015**

	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Advertising	\$ 2,491	-	\$ 2,491
Aquaponics	231	-	231
Bank service charges	549	184	733
Cafe music	100	-	100
Cafe supplies	4,237	-	4,237
Computer and internet	1,271	-	1,271
Credit card fees	494	-	494
Depreciation expenses	2,064	688	2,752
Discipleship	325	-	325
Donations	1,071	-	1,071
Dues and subscriptions	100	-	100
Education and training	2,376	-	2,376
Fuel	1,058	-	1,058
Insurance	3,482	1,160	4,642
Lease expense	20,016	-	20,016
License fees	694	-	694
Meals and entertainment	2,098	700	2,798
Miscellaneous expense	445	148	593
Newsletter expense	146	-	146
Payroll tax expense	489	-	489
Postage and shipping	312	104	416
Product expense	36,610	-	36,610
Professional fees	653	217	870
Recruiting expense	4,258	-	4,258
Repairs and maintenance	850	-	850
Salaries and wages	2,888	962	3,850
Sales tax paid	3,277	-	3,277
Smallwares	1,306	-	1,306
Staff development	2,234	-	2,234
Telephone expense	373	124	497
Travel and meetings	2,133	-	2,133
Volunteer expense	2,165	-	2,165
	<u>\$ 100,796</u>	<u>\$ 4,287</u>	<u>\$ 105,083</u>

**BARNABAS MOVEMENT, INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2015**

<b>Cash flows from operating activities</b>	
<b>Change in net assets</b>	\$ 40,997
<b>Adjustments to reconcile the change in net assets to net cash provided (used) by operating activities</b>	
Depreciation and amortization	2,752
(Increase) decrease in:	
Inventory	(6,457)
Increase (decrease) in:	
Accounts payable	915
Sales tax payable	1,344
<b><i>Net cash provided by operating activities</i></b>	<u>39,551</u>
<b>Investment activities</b>	
Purchase of property and equipment	<u>(22,430)</u>
<b><i>Net cash (used) by investing activities</i></b>	<u>(22,430)</u>
<b>Net increase in cash</b>	17,121
<b>Cash and cash equivalents, beginning of year</b>	<u>10,599</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 27,720</u>
<b>Supplemental information</b>	
Cash paid for interest	<u>\$ -</u>



***BARNABAS MOVEMENT, INC.***  
***NOTES TO FINANCIAL STATEMENTS***  
***YEAR ENDED DECEMBER 31, 2015***

**1. Summary of Significant Accounting Policies**

*History and purpose of organization*

Barnabas Movement, Inc. (“Organization”) is a non-profit Organization. The general purpose of the Organization is to provide a café/concert venue where students from the community can connect with adult mentors. These mentors will help develop a positive environment where students feel safe and can receive spiritual guidance, for which the goal is to change youth culture through relationships. The primary sources of revenue for the Organization are gross profit from café sales and donations. The Organization has locations in Topeka, Kansas, Oconomowoc, Wisconsin, and Ogden, Kansas.

*Method of accounting*

The Organization uses the accrual method of accounting. The assets and liabilities of the Organization are reported as either unrestricted or restricted, in accordance with Statement of Financial Accounting Standards No. 117.

*Income taxes*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization’s tax-exempt purpose may be subject to taxation as unrelated business income. Management believes the café sales are not subject to unrelated business income tax because, as provided under IRC Sec. 513(a)(1), this is an activity in which substantially all of the work is performed by unpaid volunteers. The Organization’s paid staff may also be directly involved provided that sufficient volunteer effort is also present. The Organization’s Forms 990, *Return of Organization Exempt from Income Tax*, for the tax years ending 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

*Inventories*

Inventories are stated at cost.

*Property and equipment*

Property and equipment are stated at cost. Depreciation for financial statement purposes is provided on the straight-line method based on the estimated useful lives of the related assets. Expenditures for additions and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to income currently. Upon disposal, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income.

The range of estimated useful lives used in computing depreciation for financial statement purposes are as follows:

Improvements	15 years
Furniture and equipment	5 - 7 years

**BARNABAS MOVEMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*YEAR ENDED DECEMBER 31, 2015*

**1. Summary of Significant Accounting Policies (cont.)**

*Cash flow statements*

For purposes of the statement of cash flows, the Organization considers all demand deposits including checking and money market accounts and all certificates of deposit to be cash equivalents.

*Compensated absences*

Currently there is no provision for compensated absences for paid staff. Therefore, vacation time has not been accrued.

*Use of 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 those estimates.

**2. Property and Equipment**

Property and equipment consist of:

Furniture and equipment	\$	10,073
Vehicles		4,700
Buildings and improvements		<u>17,508</u>
		32,281
Less: accumulated depreciation		<u>(4,867)</u>
Property and equipment, net	\$	<u><u>27,414</u></u>

Depreciation expense for 2015 was \$2,752.

**3. Operating Leases**

Barnabas Movement, Inc. is on a revolving one year term lease to rent retail and warehouse space in Topeka, Kansas. In 2015, the Organization paid \$20,016 in rents under this arrangement.

The Organization is provided excess retail space in Ogden, Kansas at no cost. It is not reasonably possible to estimate the value of such space and, therefore, no value has been recorded on these financial statements.

The future minimum lease payments are as follows:

Year ended December 31, 2016	<u>\$ 7,050</u>
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***BARNABAS MOVEMENT, INC.***  
***NOTES TO FINANCIAL STATEMENTS***  
***YEAR ENDED DECEMBER 31, 2015***

**4. Contributed Services**

No amounts have been reflected in the financial statements for donated services. Barnabas generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the locations, but these services do not meet the criteria for recognition as contributed services.

**5. Advertising**

The company expenses advertising costs as incurred as management believes there is no future benefit to these costs beyond one year. Advertising expense was \$2,491 for the period ended December 31, 2015.

**6. Concentrations**

The Organization maintains cash balances at several financial institutions located in Topeka, Kansas, and also Oconomowoc, Wisconsin. The standard FDIC insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2015 management was not aware of any uninsured balances.

**7. Subsequent Events**

Management has evaluated subsequent events through March 31, 2016, the date which the financial statements were available to be issued.