

JACOB'S LADDER COMMUNITY DEVELOPMENT CORP.
(A NONPROFIT CORPORATION)
Financial Statements

For the Year Ended December 31, 2015 and 2014

JACOB'S LADDER COMMUNITY DEVELOPMENT CORP.
(A NONPROFIT CORPORATION)

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Independent Auditors' Report

To the Board of Directors
Jacob's Ladder Community Development Corp.
Memphis, Tennessee

We have audited the accompanying financial statements of Jacob's Ladder Community Development Corporation (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, and changes in net assets, functional expenses, and cash flows 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.

Auditors' 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 of material misstatement.

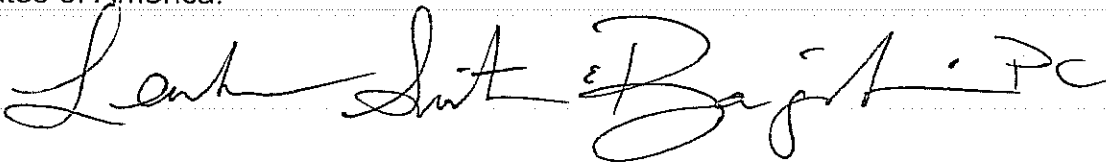
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

Independent Auditors' Report, cont'd

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 Jacob's Ladder Community Development Corporation as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Lenahan Smith & Bargiachi, P.C." The signature is written in black ink and is positioned above a horizontal dotted line.

Lenahan, Smith and Bargiachi, P.C.
Memphis, Tennessee
March 9, 2016

JACOB'S LADDER COMMUNITY DEVELOPMENT CORP.
(A NONPROFIT CORPORATION)
Statement of Financial Position
December 31, 2015 and 2014

	Assets	
	<u>2015</u>	<u>2014</u>
Current Assets		
Cash	\$ 13,294	\$ 37,305
Real estate inventory	32,302	13,060
Loan receivable	12,754	-
	58,350	50,365
Property and Equipment, net	410,454	352,931
Total Assets	\$ 468,804	\$ 403,296

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 3,478	\$ 2,462
Payroll taxes payable	2,407	2,431
Lessor deposits	-	1,075
	5,885	5,968
Net Assets		
Unrestricted	462,919	397,328
	462,919	397,328
Total Liabilities and Net Assets	\$ 468,804	\$ 403,296

See accompanying notes to financial statements and independent auditors' report.

JACOB'S LADDER COMMUNITY DEVELOPMENT CORP.
(A NONPROFIT CORPORATION)
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Unrestricted Net Assets		
Support and revenue		
Contributions	\$ 231,111	\$ 188,396
Grant revenue	1,200	-
Rental income	22,669	17,365
Landscaping and real estate income	<u>41,093</u>	<u>19,505</u>
Total Support and Revenue	296,073	225,266
Expenses		
Fundraising	19,113	12,739
General and administrative	24,140	19,736
Program services	<u>187,229</u>	<u>131,708</u>
Total Expenses	<u>230,482</u>	<u>164,183</u>
Change in Unrestricted Net Assets	65,591	61,083
Beginning Net Assets - Unrestricted	<u>397,328</u>	<u>336,245</u>
Ending Net Assets - Unrestricted	<u>\$ 462,919</u>	<u>\$ 397,328</u>

See accompanying notes to financial statements and independent auditors' report.

JACOB'S LADDER COMMUNITY DEVELOPMENT CORP.
(A NONPROFIT CORPORATION)
Statement of Functional Expenses
For the Year Ended December 31, 2015 and 2014

	2015			2014		
	Program	General and Administrative	Fundraising	Program	General and Administrative	Fundraising
Contract services	\$ 2,524	\$ -	\$ -	\$ 1,147	\$ -	\$ -
Bank fees	-	338	-	-	932	-
Communications	2,527	1,841	1,081	587	2,731	1,879
Contract labor	27,032	-	-	12,019	-	-
Contributions & grants	2,635	304	1,537	5,100	-	1,018
Depreciation	12,591	-	-	7,534	-	-
Conferences & lunches	2,549	721	54	2,300	780	500
Landscaping	6,036	-	-	1,860	-	-
Insurance	3,063	2,562	-	3,862	944	37
Occupancy	6,040	-	-	2,210	-	-
Postage & shipping	-	521	-	-	807	-
Printing	1,264	-	-	1,328	-	-
Professional fees	-	3,130	-	-	1,100	55
Payroll taxes	3,289	-	-	3,288	-	-
Repairs	1,076	981	3,950	10,249	-	1,476
Salaries & benefits	87,790	9,460	6,930	61,233	8,836	6,695
Taxes & licenses	5,574	-	-	5,656	780	-
Supplies	9,986	4,282	5,561	11,120	2,826	1,079
Travel	762	-	-	105	-	-
Utilities	12,491	-	-	2,110	-	-
	<u>\$ 187,229</u>	<u>\$ 24,140</u>	<u>\$ 19,113</u>	<u>\$ 131,708</u>	<u>\$ 19,736</u>	<u>\$ 12,739</u>

See accompanying notes to financial statements and independent auditors' report.

JACOB'S LADDER COMMUNITY DEVELOPMENT CORP.
(A NONPROFIT CORPORATION)
Statement of Cash Flows
For the Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Cash received from donors	\$ 209,111	\$ 188,396
Cash received from programs	52,208	36,870
Cash paid to suppliers and employees	<u>(217,974)</u>	<u>(160,353)</u>
Net Cash Provided by Operating Activities	43,345	64,913
Cash Flows From Investing Activities		
Property investments	<u>(67,356)</u>	<u>(29,363)</u>
Net Cash (Used) by Investing Activities	<u>(67,356)</u>	<u>(29,363)</u>
Net Change in Cash	(24,011)	35,550
Cash, Beginning of Year	<u>37,305</u>	<u>1,755</u>
Cash, End of Year	<u>\$ 13,294</u>	<u>\$ 37,305</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Net Assets	\$ 65,591	\$ 61,083
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	12,591	7,534
Donated assets	(22,000)	-
(Increase) decrease in assets:		
Loan receivable	(12,754)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>(83)</u>	<u>(3,704)</u>
Net Cash Provided by Operating Activities	<u>\$ 43,345</u>	<u>\$ 64,913</u>

See accompanying notes to financial statements and independent auditors' report.

JACOB'S LADDER COMMUNITY DEVELOPMENT CORP.
Notes to Financial Statements
For the Year Ended December 31, 2015 and 2014

Note 1 – Description of Activities and Summary of Significant Accounting Policies

Jacob's Ladder Community Development Corporation ("Jacob's Ladder"), located in Memphis, Tennessee, is a not-for-profit Tennessee corporation organized in 2003 to revitalize a square-mile pocket of poverty known as the Belt Line. Once a strong and vital community, the Belt Line struggles with issues beyond its control, its crime and chronic unemployment spilling over into other neighborhoods.

Jacob's Ladder practices holistic community revitalization efforts to provide new housing, new schools, and building green space and parks, as a testimony to the creative and loving power of God.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this basis of accounting, support and revenue are recognized in the period earned and expenses are recognized when incurred. Cash contributions are recognized as revenue when received.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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.

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-205, *Not-for-Profit Organizations – Presentation of Financial Statements*. Under FASB ASC 958-205, Jacob's Ladder 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. There were no restricted assets at December 31, 2015 and 2014.

Related Party Transactions

The Corporation did not engage in any related party transactions during 2015 and 2014.

JACOB'S LADDER COMMUNITY DEVELOPMENT CORP.
Notes to Financial Statements
For the Year Ended December 31, 2015 and 2014

Note 1 – Description of Activities and Summary of Significant Accounting Policies, cont'd

Property and Equipment

Property and equipment purchased are recorded at cost plus the cost of additions and those improvements which materially increase the useful lives of the assets. Donated property and equipment are recorded at their estimated fair value at the date of the gift. These estimates are based on information obtained by management from donors or other sources and, it is a least reasonably possible that a change in estimate could occur in the near term.

Repair and maintenance costs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful life of the related asset.

Revenue Recognition

Support received or receivable is recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributed Services

Jacob's Ladder receives donated services in carrying out their mission. Donated services are recognized as contributions in accordance with FASB ASC 958-605 *Contributions Received*, if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the organization. No amounts have been reflected in the financial statements for these services.

Advertising

Jacob's Ladder expenses advertising costs as incurred. Advertising costs totaled \$0 at December 31, 2015 and 2014.

Real Estate Inventory

The real estate inventory consists of various properties owned by the Corporation that are being held as investments. These properties are valued at the lower of cost or market.

JACOB'S LADDER COMMUNITY DEVELOPMENT CORP.
Notes to Financial Statements
For the Year Ended December 31, 2015 and 2014

Note 1 – Description of Activities and Summary of Significant Accounting Policies, cont'd

Statement of Cash Flows

For purposes of the statement of cash flows, Jacob's Ladder's policy is to consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2015 and 2014.

Income Tax Status

Jacob's Ladder is exempt from income taxes under Internal Revenue Code Section 501 (c) (3) and has been classified as an organization that is not a private foundation under Section 509 (a) (2) of the Internal Revenue Code. All tax years for the Corporation ending after December 31, 2011 are subject to examinations by tax authorities.

Subsequent Events

Jacob's Ladder's policy is for management to evaluate subsequent events through the auditor's report date, which is the date the financial statements were available for issuance.

Note 2 – Property and Equipment

Property and equipment at December 31, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Community center	\$ 177,903	\$ 129,789
Rental properties	159,789	159,789
Youth enrichment center	89,771	89,771
Equipment	7,611	7,611
Community garden	5,400	5,400
Automobiles	22,000	-
Accumulated depreciation	<u>(52,020)</u>	<u>(39,429)</u>
	<u>\$ 410,454</u>	<u>\$ 352,931</u>

Depreciation expense was \$12,591 and \$7,534 for the years ended December 31, 2015 and 2014, respectively.

Note 3 – Concentrations

Jacob's Ladder receives substantially all of its support from corporate and private contributions. The ability of Jacob's Ladder's contributors to continue making contributions comparable to the present level depends upon many factors, including current and future economic conditions. The continuation of Jacob's Ladder's programs may be dependent upon the above factors.