

**GREATER HICKORY
COOPERATIVE CHRISTIAN MINISTRY**

**Financial Statements
Years Ended December 31, 2016 and 2015**

**GREATER HICKORY
COOPERATIVE CHRISTIAN MINISTRY**

YEARS ENDED DECEMBER 31, 2016 AND 2015

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statement of Activities	4
Statements of Cash Flows	5
Statement of Functional Expenses	6-7
Notes to Financial Statements	8-15

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Greater Hickory Cooperative Christian Ministry
Hickory, North Carolina

We have audited the accompanying financial statements of Greater Hickory Cooperative Christian Ministry (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows and functional expenses 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 Greater Hickory Cooperative Christian Ministry as of December 31, 2016, 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 Greater Hickory Cooperative Christian Ministry's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 8, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
August 11, 2017

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2016 AND 2015

	2016	2015
Assets:		
Cash, unrestricted	\$ 472,189	\$ 312,972
Inventories	2,897,560	1,286,262
Other receivables	73,109	27,941
Other current assets	8,695	4,264
Property and equipment	2,455,894	2,485,557
Accumulated depreciation	(1,064,685)	(1,022,092)
Cash, restricted	236,983	194,190
Promises to give, restricted (net of allowance for uncollectible promises of \$-0- in 2016 and 2015)	250,000	5,000
Beneficial interest in assets held by foundation	90,307	85,778
 Total assets	 \$ 5,420,052	 \$ 3,379,872
 Liabilities and Net Assets:		
Liabilities:		
Accounts payable	\$ 12,057	\$ 14,630
Note payable	11,451	15,671
 Total liabilities	 23,508	 30,301
 Net Assets:		
Unrestricted	4,819,254	3,064,603
Temporarily restricted	486,983	199,190
Permanently restricted	90,307	85,778
 Total net assets	 5,396,544	 3,349,571
 Total liabilities and net assets	 \$ 5,420,052	 \$ 3,379,872

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

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>	
				<u>December 31, 2016</u>	<u>December 31, 2015</u>
Support and Revenues:					
State/federal grants	\$ 188,231	\$ -	\$ -	\$ 188,231	\$ 153,996
Catawba County	35,948	-	-	35,948	32,164
Foundation grants	353,355	378,635	-	731,990	405,736
Public support	367,891	-	-	367,891	366,769
Bequest	108,499	-	-	108,499	117,874
Net assets released from restrictions:					
Satisfied by payments	90,842	(90,842)	-	-	-
Thrift store sales	184,466	-	-	184,466	181,805
Thrift store inventory increase (decrease)	(11,359)	-	-	(11,359)	142,918
Investment income	483	-	4,529	5,012	(2,902)
Patient contributions	63,369	-	-	63,369	61,926
Special events income	26,985	-	-	26,985	18,616
Donated pharmaceuticals	4,661,913	-	-	4,661,913	8,279,816
Donated food	957,487	-	-	957,487	2,451,237
Donated services	167,183	-	-	167,183	123,327
Medical Agency Reimbursement	120,134	-	-	120,134	174
Other income	2,740	-	-	2,740	4,335
Total support and revenues	<u>7,318,167</u>	<u>287,793</u>	<u>4,529</u>	<u>7,610,489</u>	<u>12,337,791</u>
Expenses:					
Program services	4,940,786	-	-	4,940,786	11,934,627
Support services	270,399	-	-	270,399	190,730
Management and general	352,331	-	-	352,331	317,407
Total expenses	<u>5,563,516</u>	<u>-</u>	<u>-</u>	<u>5,563,516</u>	<u>12,442,764</u>
Change in net assets	1,754,651	287,793	4,529	2,046,973	(104,973)
Net assets, beginning	<u>3,064,603</u>	<u>199,190</u>	<u>85,778</u>	<u>3,349,571</u>	<u>3,454,544</u>
Net assets, ending	<u>\$ 4,819,254</u>	<u>\$ 486,983</u>	<u>\$ 90,307</u>	<u>\$ 5,396,544</u>	<u>\$ 3,349,571</u>

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

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,046,973	\$ (104,973)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	73,332	73,716
(Increase) decrease in inventories	(1,611,298)	97,076
(Increase) decrease in promises to give	(245,000)	(3,500)
(Increase) decrease in other receivables	(45,168)	14,718
(Increase) decrease in other current assets	(4,431)	(4,209)
Increase (decrease) in accounts payable	(2,573)	10,259
Unrealized (increase) decrease in beneficial interest	(4,529)	3,033
Net cash provided (used) by operating activities	207,306	86,120
Cash Flows From Investing Activities:		
Purchase of furniture and equipment	(1,076)	(3,580)
Net cash provided (used) by investing activities	(1,076)	(3,580)
Cash Flows from Financing Activities:		
Principal repayments of note payable	(4,220)	(4,097)
Net cash provided (used) by financing activities	(4,220)	(4,097)
Net increase (decrease) in cash	202,010	78,443
Cash, beginning	507,162	428,719
Cash, ending	\$ 709,172	\$ 507,162

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

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

	Program Services		
	Pharmacy	Clinic	Client Intervention
Salaries and wages	\$ 115,062	\$ 96,150	\$ 115,051
Payroll taxes	9,629	8,046	9,628
Insurance - health	15,566	13,008	15,565
Retirement plan	973	813	973
Workers compensation	2,344	1,959	2,344
Client assistance:			
Rent and utilities	-	-	97,891
Food distributed	-	-	957,635
Medicine dispensed	3,072,027	-	-
Dental and vision	-	410	-
Facility expense:			
Insurance - general	1,025	2,344	3,955
Repairs and maintenance - building	3,023	6,909	11,660
Interest expense	-	-	-
Utilities	3,728	8,522	14,381
Contractual and professional services	-	50,404	33,107
Supplies	5,960	9,781	2,483
Special Events	-	-	-
Publicity	-	-	-
Repairs and maintenance - equipment	6,934	5,709	943
Office expense and postage	1,545	1,575	455
Volunteer recognition and gifts	-	-	-
Travel and training	288	-	1,407
Dues and licenses	5,290	870	4,100
Bank charges	-	23	330
Miscellaneous	-	-	-
	3,243,394	206,523	1,271,908
Depreciation	16,345	19,713	15,720
Donated professional services	72,668	94,515	-
Bad debts	-	-	-
Total expenses	\$ 3,332,407	\$ 320,751	\$ 1,287,628

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

Support Services			Totals	
Thrift Store	Fund Raising	Management & General	December 31, 2016	December 31, 2015
\$ 21,755	\$ 52,161	\$ 182,538	\$ 582,717	\$ 643,390
1,821	4,365	15,276	48,765	49,491
2,943	7,057	24,695	78,834	81,716
184	441	1,544	4,928	4,200
443	1,063	3,719	11,872	10,522
-	-	-	97,891	85,725
-	-	-	957,635	2,460,114
-	-	-	3,072,027	8,568,694
-	-	-	410	3,453
2,929	732	3,662	14,647	17,331
8,637	2,159	10,794	43,182	15,270
-	-	411	411	538
10,652	2,663	13,316	53,262	57,156
67,000	40,984	27,279	218,774	118,227
7,872	656	756	27,508	28,016
-	9,350	-	9,350	4,826
-	2,732	-	2,732	406
494	3,149	30,596	47,825	37,302
3,032	1,535	8,986	17,128	23,251
-	-	3,498	3,498	4,935
66	211	5,981	7,953	7,392
-	40	2,243	12,543	13,492
3,372	180	3,072	6,977	7,410
-	-	2,132	2,132	1,363
131,200	129,478	340,498	5,323,001	12,244,220
8,066	1,655	11,833	73,332	73,716
-	-	-	167,183	123,327
-	-	-	-	1,501
<u>\$ 139,266</u>	<u>\$ 131,133</u>	<u>\$ 352,331</u>	<u>\$ 5,563,516</u>	<u>\$ 12,442,764</u>

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

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Greater Hickory Cooperative Christian Ministry was established in 1969 as a non-profit organization composed of churches in the greater area of Hickory, North Carolina. The Ministry is supported primarily through member contributions. The services provided by the Ministry include: financial assistance for rent, utilities, heat, and food, clothing at the thrift shop, prescription drugs, medical assistance and interagency referrals. The Ministry's mission is to bring together the resources of the community to serve people in need of crisis assistance, support, and education, in response to God's call.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash in bank, cash on hand, and investments with an original maturity date of three months or less.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting. In addition, the Ministry reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Net Assets Classification:

Unrestricted net assets are those currently available for use in the operations of the Ministry under the direction of the Board.

Temporarily restricted net assets are those stipulated by donors for specific purposes or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interest have ceased.

Permanently restricted net assets are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes.

Contributions

The Ministry reports grants, other contributions of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. 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.

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

FASB ASC 820-10 regarding fair value measurements clarifies the definition of fair value for financial reporting and establishes a three-tier hierarchy as a framework for measuring fair value which requires an entity to give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements. Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date.

The three levels of the fair value hierarchy under this standard are as follows:

- Level 1 - Inputs are unadjusted quoted prices for identical instruments in active markets.
- Level 2 - Inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets.
- Level 3 - Inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The Ministry uses the allowance method of accounting to record bad debts arising from uncollectible promises to give. Under this method, a reserve for uncollectible promises is estimated by analyzing the age and composition of promises to give. All unconditional promises to give for the years ended December 31, 2016 and 2015 are receivable in less than one year.

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to give are considered either temporarily restricted or permanently restricted depending on the nature of the promise, until collected, and are presented net of an allowance for uncollectible promises of \$-0- as of December 31, 2016 and 2015, respectively.

Promises to give as of December 31 were as follows:

	<u>2016</u>	<u>2015</u>
Promises to give	\$ 250,000	\$ 5,000
Less unamortized discount on pledges	-	-
Less allowance for uncollectible pledges	<u>-</u>	<u>-</u>
Promises to give, net	<u>\$ 250,000</u>	<u>\$ 5,000</u>

Property and Equipment

Property and equipment are stated at cost. Donated property and equipment are recorded at their estimated fair market value as of the date donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding the length of time those assets are to be maintained, the Ministry reports expirations of donor restrictions when the donated asset is placed in service.

Assets with a value of \$500 or above are capitalized, and depreciation is computed on the straight-line method based on the assets' estimated useful lives. Useful lives for all fixed assets range from 3 to 40 years. Depreciation expense was \$73,332 and \$73,716 for the years ended December 31, 2016 and 2015, respectively.

Advertising

The Organization follows the policy of charging the costs of advertising (publicity) to expense as incurred. Advertising (publicity) expense was \$2,732 and \$406 for the years ended December 31, 2016 and 2015, respectively.

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

The Ministry received donated services from volunteers with specialized skills in the clinic and pharmacy, and donated goods for distribution to its clients for the years ended December 31, 2016 and 2015. Donated pharmaceuticals are valued at average wholesale price. Donated goods are valued at fair market value as of the date the Ministry received the contribution. Donated services are valued at an hourly rate multiplied by the number of hours worked by volunteers in the clinic and pharmacy. Donated pharmaceuticals of \$4,661,913 and \$8,279,816, donated goods of \$957,487 and \$2,451,237, and donated professional services of \$167,183 and \$123,327 are reflected in the financial statements as public support and client services expense for the years ended December 31, 2016 and 2015, respectively.

The Ministry received donated warehouse space at \$2.50 per square foot for 1,920 square feet for the years ended December 31, 2016 and 2015.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred as well as allocations based on facility square footages, payroll percentages, number of users, and tasks.

Income Taxes

The Ministry is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claims or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Ministry may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Ministry and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2016 and 2015.

The Ministry files its forms 990 in the U.S. federal jurisdiction and the Office of the State's Attorney General for the State of North Carolina. The Ministry is generally no longer subject to examination by the Internal Revenue Service for years before 2013.

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 results could differ from those estimates.

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management of the Ministry has evaluated subsequent events through August 11, 2017, which is the date the financial statements were available to be issued. They discovered no subsequent events that should be disclosed.

Inventories

The Ministry maintains inventories of food, pharmaceuticals, clothing and household goods, which have primarily been donated. The valuations of these inventories are estimated at wholesale for pharmaceuticals and at estimated retail for clothing and food. The Ministry's inventories consist of the following:

	<u>2016</u>	<u>2015</u>
Pharmaceuticals	\$ 2,695,575	\$ 1,075,044
Food	7,939	5,813
Clothing & household goods	194,046	205,405
Total	<u>\$ 2,897,560</u>	<u>\$ 1,286,262</u>

NOTE B. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Available for future periods:		
Cash, restricted	\$ 236,983	\$ 194,190
Promises to give:		
Foundation donors	<u>250,000</u>	<u>5,000</u>
Temporarily restricted assets	<u>\$ 486,983</u>	<u>\$ 199,190</u>

Permanently restricted net assets consist of the following at December 31, 2016 and 2015:

Available for future periods:		
North Carolina Community Foundation	<u>\$ 90,307</u>	<u>\$ 85,778</u>

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE C. BENEFICIAL INTEREST IN ASSETS HELD BY FOUNDATION

The Ministry has a restricted endowment fund held and managed by North Carolina Community Foundation. Values as of December 31, were as follows:

	<u>2016</u>	<u>2015</u>
Greater Hickory Cooperative Christian Ministry Pharmacy Endowment	\$ 90,307	\$ 85,778

Investment income (loss), net of administrative and management fees of \$875 and \$889 for the years ended December 31, 2016 and 2015, were \$4,529 and (\$3,033), respectively.

NOTE D. PROPERTY AND EQUIPMENT

The property and equipment of the Ministry consists as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 176,345	\$ 176,345
Land improvements	22,575	22,575
Buildings and improvements	2,017,045	2,017,045
Vehicles	63,334	63,334
Furniture and equipment	<u>176,595</u>	<u>206,258</u>
	2,455,894	2,485,557
Less accumulated depreciation	<u>(1,064,685)</u>	<u>(1,022,092)</u>
Net property and equipment	<u>\$ 1,391,209</u>	<u>\$ 1,463,465</u>

NOTE E. NOTES PAYABLE

Note payable is comprised of the following:

	<u>2016</u>	<u>2015</u>
3.0% note payable in 240 consecutive monthly payments of \$385.21, including interest, beginning June 1, 1999	\$ 11,451	\$ 15,671

Aggregate maturities of long-term debt subsequent to December 31, 2016 are as follows:

2017	\$ 4,290
2018	4,443
2019	<u>2,718</u>
	<u>\$ 11,451</u>

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE F. CONCENTRATION OF RISKS

The Greater Hickory Cooperative Christian Ministry maintains accounts at banks that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2016 the carrying amount of deposits was \$709,172 and the bank balance \$620,163. Of the bank balance \$250,000 is FDIC secured, and \$370,163 is unsecured.

NOTE G. RETIREMENT PLAN

The Ministry has a simple-IRA plan whereby employees are eligible to participate after 1 year of service. GHCCM matches up to 3% of a participant employee's salary. Total employer contributions were \$4,928 and \$4,200 for the years ended December 31, 2016 and 2015, respectively.

NOTE H. INVESTMENT INCOME

A summary of investment earnings included in investment income in the accompanying Statement of Activities for the year ended December 31 is as follows: (Includes activity in the beneficial interest in assets held by foundation.)

	<u>2016</u>	<u>2015</u>
Realized gains/(losses) on sale of equity securities	\$ (13)	\$ -
Fees	(875)	(889)
Dividends and interest	3,155	3,267
Unrealized gain (loss)	<u>2,745</u>	<u>(5,280)</u>
Total	<u>\$ 5,012</u>	<u>\$ (2,902)</u>

Proceeds from sales of marketable equity securities during the years ended December 31, 2016 and 2015, were \$-0- and \$-0-, respectively. Generally it is the Ministry's policy that donated securities are immediately sold and reported under public support.

NOTE I. LEASES

The Ministry leases three copy machines in an operating lease agreement for sixty (60) months with payments of \$1,016 per month ending in September 2020.

Future minimum lease payments under operating leases at December 31, 2016 are as follows:

2017	\$ 12,192
2018	12,192
2019	12,192
2020	<u>9,144</u>
	<u>\$ 45,720</u>

GREATER HICKORY COOPERATIVE CHRISTIAN MINISTRY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE J. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2016 and 2015 are as follows:

Fair value measurement at reporting date using:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
December 31, 2016		
Cash - equivalents	\$ 709,172	\$ 709,172
Beneficial interest in asset held by foundation	<u>90,307</u>	<u>90,307</u>
Total	<u>\$ 799,479</u>	<u>\$ 799,479</u>
December 31, 2015		
Cash - equivalents	\$ 507,162	\$ 507,162
Beneficial interest in asset held by foundation	<u>85,778</u>	<u>85,778</u>
Total	<u>\$ 592,940</u>	<u>\$ 592,940</u>

Fair values for investments and beneficial interest in assets held by foundation are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE K. RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE L. LINE OF CREDIT

The Ministry has established a line of credit with a bank, which provides that it may borrow up to \$150,000 at the bank's prime rate of interest plus .5% per annum to be adjusted daily (prime rate 3.75% and 3.5% at December 31, 2016 and 2015, respectively). No amounts were outstanding as of December 31, 2016 and 2015. The line of credit expires on June 5, 2017 and is renewable by mutual agreement of the parties.