

**GOD'S PIT CREW, INC.**  
**AUDITED FINANCIAL STATEMENTS**

December 31, 2017

Jones & Associates, PLC  
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**GOD'S PIT CREW, INC.**  
**INDEPENDENT AUDITOR'S REPORT**  
For the Year Ended December 31, 2017

To the Board of Directors  
God's Pit Crew, Inc.  
Danville, Virginia

We have audited the accompanying financial statements of God's Pit Crew, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets - modified cash basis as of December 31, 2017, and the related statements of support, revenues, and expenses - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis, 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 the modified cash basis of accounting as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 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 statement of assets, liabilities and net assets - modified cash basis as of December 31, 2017, and the related statements of support, revenues, and expenses - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis, for the year then ended, and the related notes to the financial statements in accordance with the basis of accounting as described in Note A.

## **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

A handwritten signature in cursive script that reads "Jones and Associates PLC".

Jones & Associates, PLC  
Danville, Virginia  
May 15, 2018

# God's Pit Crew, Inc.

## Statement of Assets, Liabilities and Net Assets - Modified Cash Basis

<i>December 31,</i>		<b>2017</b>
<hr/>		
Assets		
Cash and cash equivalents - Notes A and F	\$	1,726,288
Inventory - Note B		686,840
Property and equipment - Note E		1,439,696
Total assets	\$	3,852,825
<hr/>		
Liabilities and Net Assets		
Liabilities		
Notes payable - Note C	\$	-
Mortgage payable - Note D		322,919
Total liabilities		322,919
Net assets		
Unrestricted		3,529,905
Total net assets		3,529,905
Total liabilities and net assets	\$	3,852,824
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## God's Pit Crew, Inc.

### Statement of Support, Revenues, and Expenses - Modified Cash Basis

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<i>Year Ended December 31,</i>	<b>2017</b>
Unrestricted activities	
Revenue and support	
Contributions	\$ 3,925,407
Non-cash donations	9,045,152
Special events and fundraisers	175,141
Grants	88,580
Gain on dispositions of property and equipment	24,000
Total unrestricted revenue and support	13,258,280
Expenses	
Program services	11,316,777
Supporting activities	
Fundraising	446,618
Management and general	170,556
Total supporting activities	617,173
Total expenses	11,933,951
Increase in unrestricted net assets	1,324,329
Change in net assets	1,324,329
Net assets, beginning of year	2,205,576
Net assets, end of year	\$ 3,529,905

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**God's Pit Crew, Inc.**

**Statement of Functional Expenses - Modified Cash Basis**  
**Year Ended December 31, 2017**

	Program Services	Supporting Activities			Total Expenses
		Fundraising	Management and General	Total Supporting Activities	
Salaries and benefits	\$ 366,151	\$ 92,362	\$ 85,761	\$ 178,123	\$ 544,274
In kind donations-distributions	8,651,579	-	-	-	8,651,579
Accounting	-	-	11,607	11,607	11,607
Advertising	-	176,683	-	176,683	176,683
Aid to individuals and ministries	1,279	-	-	-	1,279
Blessing buckets	220,692	-	-	-	220,692
Conference expense	20,634	-	-	-	20,634
Depreciation	162,758	-	-	-	162,758
Disaster relief	1,161,494	-	-	-	1,161,494
Fundraising	-	115,378	-	115,378	115,378
Insurance	69,782	17,602	16,344	33,946	103,728
Interest expense	33,815	8,530	7,920	16,450	50,265
Legal fees	-	-	15,438	15,438	15,438
Meals and entertainment	7,115	-	-	-	7,115
Office	-	29,517	27,408	56,925	56,925
Rebuild special project	136,289	-	-	-	136,289
Repairs and maintenance	109,951	-	-	-	109,951
Trucks	320,062	-	-	-	320,062
Utilities	25,951	6,546	6,078	12,624	38,575
Volunteer program	29,227	-	-	-	29,227
	<b>\$ 11,316,777</b>	<b>\$ 446,618</b>	<b>\$ 170,556</b>	<b>\$ 617,173</b>	<b>\$ 11,933,951</b>

See notes to the financial statements.

# God's Pit Crew, Inc.

## Statement of Cash Flows - Modified Cash Basis Year Ended December 31, 2017

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Cash flows from operating activities	
Change in net assets	\$ 1,324,329
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	162,758
Gain on dispositions of property and equipment	(24,000)
Changes in assets and liabilities:	
Inventory	(169,438)
<hr/> Total adjustments	<hr/> (30,680)
Net cash provided by operating activities	1,293,649
Cash flows from investing activities	
Proceeds from dispositions of property and equipment	32,500
<hr/> Purchases of property and equipment	<hr/> (512,505)
Net cash used in investing activities	(480,005)
Cash flows from financing activities	
Principal payments under mortgage payable obligations	(168,155)
Principal payments under notes payable obligations	(94,574)
<hr/> Proceeds from borrowings	<hr/> 80,000
Net cash used in financing activities	(182,729)
<hr/> Net increase in cash and cash equivalents	<hr/> 630,915
Cash and cash equivalents, beginning of year	1,095,373
<hr/> Cash and cash equivalents, end of year	<hr/> \$ 1,726,288
<hr/> Supplemental Disclosures of Cash Flow Information:	
Cash paid during the year for interest	\$ 50,265

See notes to the financial statements.



**A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:** *God's Pit Crew, Inc.* (God's Pit Crew) is a faith based nonprofit corporation, formed in 2000. It is comprised of volunteers and employees who wish to serve others in their time of need. God's Pit Crew provides help to its local communities along with national disaster relief and international relief. The mission of God's Pit Crew is as follows: With God's help and direction to bring hope, healing and restoration to hurting people in times of crisis.

**Basis of accounting:** God's Pit Crew prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, revenues are recognized when received, rather than when earned, and expenses are generally recognized when paid rather than when incurred. Modifications to the cash basis of accounting result from management's decision to record property and equipment acquisitions as additions in the accompanying statement of assets, liabilities and net assets - modified cash basis rather than an expense. Additionally, the depreciation of property and equipment, and the reporting of non-cash revenue, support, and expenses related to donated inventory are recorded in the statement of assets, liabilities and net assets - modified cash basis, and the statement of support, revenues, and expenses - modified cash basis even though such transactions did not use cash.

**Basis of financial statement presentation:** God's Pit Crew reports 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.

**Net assets:** For financial statement purposes, net assets are as follows:

**Unrestricted:** Unrestricted net assets generally result from revenues received from providing services, receiving contributions not subject to donor-imposed stipulations, realized gains and losses, and receiving dividends and interest from investing in income-producing assets, less expenses incurred in providing services, raising contributions and performing administrative functions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

**Temporarily restricted:** Temporarily restricted net assets generally result from contributions received and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of God's Pit Crew pursuant to those stipulations.

**A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Permanently restricted:** Permanently restricted net assets generally represent the historical cost (market value at date of gift) of contributions and other inflows of assets whose use by God's Pit Crew is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by God's Pit Crew.

God's Pit Crew has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

**Use of estimates:** Preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment, and the valuation of donated inventory. Accordingly, actual results could differ from those estimates.

**Contributions:** Contributions received, including unconditional promises to give, are generally recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions in the period received, as applicable. However, contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the unrestricted net assets class.

Contributions of non-cash donations placed in inventory are recorded at 60% of their retail value. Donations of property and equipment are recorded as support at their estimated fair value at the time of donation.

**Donated services:** God's Pit Crew receives a significant amount of donated services from unpaid volunteers who assist in program and fundraising activities. No amounts have been recognized in the statement of support, revenues, and expenses - modified cash basis.

**Donated property and equipment:** Donations of property and equipment are recorded as support at their estimated fair value at the time of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, God's Pit Crew reports expirations of donor restrictions when the donated, or acquired, assets are placed in service as instructed by the donor. God's Pit Crew reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Cash and cash equivalents:** For financial statement purposes, God's Pit Crew considers money market funds and certificates of deposit purchased with an original maturity of three months or less to be cash and cash equivalents. The carrying amounts for cash and cash equivalents approximate fair value because of the short maturity of these instruments.

**Income tax status:** God's Pit Crew has obtained an exemption from income taxes under code section 501(c)(3) of the Internal Revenue Service, except for unrelated business income, which is taxable. God's Pit Crew recognizes or derecognizes its tax positions based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. God's Pit Crew does not believe its financial statements include or reflect any uncertain tax positions.

**Functional allocation of expense:** The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of support, revenues, and expenses - modified cash basis, and functional expenses - modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct costs and an allocated portion of shared costs.

**Advertising Costs:** God's Pit Crew expenses advertising costs as they are incurred.

**Date of management’s review of subsequent events:** Management has evaluated subsequent events through May 15, 2018 the date which the financial statement was available to be issued. There have been no events that qualify for either recognition nor disclosure in God's Pit Crew's financial statements.

**B. INVENTORY**

Inventory consists primarily of donated goods held for use in disaster relief and product distribution. Substantially all of God's Pit Crew inventory is donated by individuals or commercial enterprises. The revenue and corresponding expense have been recorded for such donated goods, which are valued based 60% of the retail value. Purchased inventory is stated at the lower of cost (first-in, first-out) or market.

**C. NOTES PAYABLE**

At December 31, 2017 God’s Pit Crew had no notes payable.

Notes to the Financial Statements

**D. MORTGAGE PAYABLE**

At December 31, 2017 God's Pit Crew had two mortgages each with a 5.0% fixed interest rate payable to Roman Eagle Memorial Home, Inc. with a combined total of \$322,919. The mortgages are payable in monthly installments of \$3,616 and \$825, and are secured by Gods Pit Crew's headquarters and warehouse. Both of the mortgages mature in 2018. Payments on the mortgages over the next five years are as follows:

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>
2018	\$ 322,919	\$ 14,868
	<u>\$ 322,919</u>	<u>\$ 14,868</u>

**E. PROPERTY AND EQUIPMENT**

Land is recorded at cost or at estimated fair value at date of gift if acquired by gift. Acquisitions of equipment and building greater than \$5,000 are recorded at cost or at estimated fair value at date of gift if acquired by gift, less accumulated depreciation and amortization. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the related assets. The useful lives are estimated as follows:

Buildings	27.5 - 39 years
Furniture and equipment	5 - 7 years

The recorded value and associated accumulated depreciation of property sold or retired is removed from the accounts and any gain or loss is reflected in the accompanying statement of support, revenues, and expenses - modified cash basis.

**E. PROPERTY AND EQUIPMENT - CONTINUED**

Property and equipment consisted of the following at December 31, 2017:

Land	\$ 234,500
Equipment	1,453,520
Buildings	<u>750,000</u>
	2,438,020
Less accumulated depreciation	<u>(998,324)</u>
	<u>\$ 1,439,696</u>

**F. CONCENTRATIONS**

**Credit risk:** God's Pit Crew maintains demand deposits with commercial banks. At times, certain balances held within these accounts may not be fully guaranteed or insured by the United States of America's federal government. The uninsured portion of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to God's Pit Crew.