

TRANSFORMATION CHURCH, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015  
AND  
INDEPENDENT AUDITOR'S REPORT

FRANKLIN & FRANKLIN, PA  
CERTIFIED PUBLIC ACCOUNTANTS

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TRANSFORMATION CHURCH, INC.  
YEARS ENDED DECEMBER 31, 2016 AND 2015

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# FRANKLIN & FRANKLIN, PA

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Transformation Church, Inc.  
Indian Land, South Carolina

We have audited the accompanying financial statements of Transformation Church, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes of 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 the accounting principles generally accepted in the United States of America as described in Note 1; 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

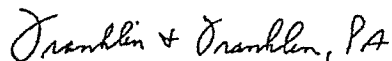
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Transformation Church, Inc. as of December 31, 2016 and 2015, and the changes in its net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Franklin & Franklin, PA

Matthews, North Carolina  
March 28, 2017

TRANSFORMATION CHURCH, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents - Unrestricted	\$ 225,277	\$ 492,805
Cash and Cash Equivalents - Temporarily Restricted	9,428	6,988
Investments (at Fair Market Value)	4,258	4,258
	<u>238,963</u>	<u>504,051</u>
<b>OTHER CURRENT ASSETS</b>		
Inventory (books)	5,361	6,934
Accounts Receivable	-	4,251
Prepaid Expenses	70,468	52,789
	<u>75,829</u>	<u>63,974</u>
<b>TOTAL CURRENT ASSETS</b>	<u>314,792</u>	<u>568,025</u>
<b>PROPERTY</b>		
Furniture	78,413	65,491
Computer and Equipment	733,119	728,050
Leasehold Improvements	145,220	143,720
Construction in Process	-	389,500
Land and Building	8,500,354	7,301,359
	<u>9,457,106</u>	<u>8,628,120</u>
Less Accumulated Depreciation	<u>(901,191)</u>	<u>(680,827)</u>
<b>PROPERTY, NET</b>	<u>8,555,915</u>	<u>7,947,293</u>
<b>OTHER ASSETS</b>		
Security Deposit	1,458	56,058
<b>TOTAL ASSETS</b>	<u><u>\$ 8,872,165</u></u>	<u><u>\$ 8,571,376</u></u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable and Credit Card Payable	\$ 87,756	\$ 170,281
Payroll Liabilities	23,290	21,659
Unearned Revenue	100	300
Current Portion, Long-Term Debt	74,166	333,164
<b>TOTAL CURRENT LIABILITIES</b>	<u>185,312</u>	<u>525,404</u>
<b>LONG TERM LIABILITIES</b>		
Long-Term Debt	4,710,204	4,252,931
<b>TOTAL LIABILITIES</b>	<u>4,895,516</u>	<u>4,778,335</u>
<b>NET ASSETS</b>		
Unrestricted	3,967,221	3,786,053
Temporarily Restricted	9,428	6,988
<b>TOTAL NET ASSETS</b>	<u>3,976,649</u>	<u>3,793,041</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 8,872,165</u></u>	<u><u>\$ 8,571,376</u></u>

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

TRANSFORMATION CHURCH, INC.  
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS:		
REVENUE AND SUPPORT		
Offerings/Tithes	\$ 4,860,273	\$ 4,218,497
Investment Income	147	668
Other Income	36,519	51,767
TOTAL INCOME	<u>4,896,939</u>	<u>4,270,932</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>57,171</u>	<u>587,149</u>
TOTAL UNRESTRICTED REVENUE AND SUPPORT	4,954,110	4,858,081
EXPENSES		
Program Expenses	3,050,041	2,877,352
Management and General Expenses	1,604,883	1,459,659
Fundraising Expenses	<u>118,018</u>	<u>79,636</u>
TOTAL EXPENSE	<u>4,772,942</u>	<u>4,416,647</u>
CHANGE IN UNRESTRICTED NET ASSETS	181,168	441,434
TEMPORARILY RESTRICTED NET ASSETS		
Contributions and Program Revenue	59,611	496,708
Net Assets Released from Restrictions	<u>(57,171)</u>	<u>(587,149)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>2,440</u>	<u>(90,441)</u>
CHANGE IN NET ASSETS	183,608	350,993
NET ASSETS, BEGINNING OF YEAR	<u>3,793,041</u>	<u>3,442,048</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,976,649</u></u>	<u><u>\$ 3,793,041</u></u>

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

TRANSFORMATION CHURCH, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Expenses			Supporting Expenses		Total Expenses
	Church	Care	Outreach	Management and General	Fundraising	
EXPENSES						
Direct Expenses	\$ 34,229	\$ 420	\$ 382	\$ -	\$ -	\$ 35,031
Salary and Wages	1,071,719	-	-	819,765	33,299	1,924,783
Payroll Benefits	186,727	-	-	142,829	5,802	335,358
Occupancy	47,736	-	-	36,513	1,483	85,732
Professional Fees	290,632	4,775	39	90,123	155	385,724
Advertising and Promotion	-	-	-	-	13,465	13,465
Conferences, Conventions, and Meetings	5,628	-	-	625	-	6,253
Administration, Copying and Printing	76,630	11,100	224	8,514	-	96,468
Credit Card and Other Service Charges	-	-	-	5,029	-	5,029
Depreciation	121,504	-	-	129,017	52,407	302,928
Equipment Rental	30,868	-	-	-	-	30,868
Facilities	64,763	-	-	10,207	415	75,385
Insurance	12,226	-	-	9,352	380	21,958
Interest Expense	168,323	-	-	128,752	5,230	302,305
Meals and Entertainment	16,787	816	1,538	10,307	-	29,448
Benevolence	110	72,663	-	-	-	72,773
Generosity	106,005	-	267,773	-	-	373,778
Supplies and Other Expenses	29,012	-	400	8,076	-	37,488
Office Supplies	51,846	68	23,909	12,962	-	88,785
Other Expenses	141,302	20,851	974	70,529	681	234,337
Postage and Delivery	5,779	477	-	304	-	6,560
Repairs and Maintenance	90,336	1,788	77	72,663	3,121	167,985
Mileage	4,487	-	-	-	-	4,487
Telecommunication	8,577	-	-	3,676	-	12,253
Telephone	20,667	-	-	8,857	-	29,524
Travel Expenses	5,680	6	2,186	-	-	7,872
Utilities	48,002	-	-	36,783	1,580	86,365
TOTAL EXPENSES	\$ 2,639,575	\$ 112,964	\$ 297,502	\$ 1,604,883	\$ 118,018	\$ 4,772,942

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

TRANSFORMATION CHURCH, INC  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Expenses			Supporting Expenses		Total Expenses
	Church	Care	Outreach	Management and General	Fundraising	
EXPENSES	\$ 23,377	\$ -	\$ -	\$ -	\$ -	\$ 23,377
Direct Expenses	918,780	-	-	716,581	41,244	1,676,605
Salary and Wages	179,059	-	-	139,653	8,038	326,750
Payroll Benefits	45,175	-	-	35,233	2,028	82,436
Occupancy	262,522	1,262	-	61,711	-	325,495
Professional Fees	-	-	-	-	5,503	5,503
Advertising and Promotion	18,823	-	-	2,091	-	20,914
Conferences, Conventions, and Meetings	92,988	17,325	502	10,332	-	121,147
Administration, Copying and Printing	-	-	-	4,614	-	4,614
Credit Card and Other Service Charges	163,969	-	-	127,883	7,361	299,213
Depreciation	7,832	-	-	-	-	7,832
Equipment Rental	22,712	-	-	17,714	1,020	41,446
Facilities	10,600	-	-	8,267	476	19,343
Insurance	155,902	-	-	121,592	6,999	284,493
Interest Expense	12,058	229	945	7,125	-	20,357
Meals and Entertainment	-	64,229	-	-	-	64,229
Benevolence	148,933	-	370,950	-	-	519,883
Generosity	22,035	1,387	-	8,076	-	31,498
Supplies and Other Expenses	25,996	-	-	6,499	-	32,495
Office Supplies	94,756	1,425	88	70,529	681	167,479
Other Expenses	4,945	-	-	260	-	5,205
Postage and Delivery	85,406	-	-	69,731	4,014	159,151
Repairs and Maintenance	1,690	2,133	178	-	-	4,001
Mileage	7,671	-	-	3,287	-	10,958
Telecommunication	21,016	-	-	9,007	-	30,023
Telephone	39,841	-	-	-	-	39,841
Travel Expenses	50,613	-	-	39,474	2,272	92,359
Utilities						
TOTAL EXPENSES	\$ 2,416,699	\$ 87,990	\$ 372,663	\$ 1,459,659	\$ 79,636	\$ 4,416,647

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

TRANSFORMATION CHURCH, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES - PROGRAM EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	December 31, 2016				December 31, 2015			
	Program Expenses				Program Expenses			
	Church	Care	Outreach	Total Program	Church	Care	Outreach	Total Program
EXPENSES								
Direct Expenses	\$ 34,229	\$ 420	\$ 382	\$ 35,031	\$ 23,377	\$ -	\$ -	\$ 23,377
Salary and Wages	1,071,719	-	-	1,071,719	918,780	-	-	918,780
Payroll Benefits	186,727	-	-	186,727	179,059	-	-	179,059
Occupancy	47,736	-	-	47,736	45,175	-	-	45,175
Professional Fees	290,632	4,775	39	295,446	262,522	1,262	-	263,784
Advertising and Promotion	-	-	-	-	-	-	-	-
Conferences, Conventions, and Meetings	5,628	-	-	5,628	18,823	-	-	18,823
Administration, Copying and Printing	76,630	11,100	224	87,954	92,988	17,325	502	110,815
Credit Card and Other Service Charges	-	-	-	-	-	-	-	-
Depreciation	121,504	-	-	121,504	163,696	-	-	163,696
Equipment Rental	30,868	-	-	30,868	7,832	-	-	7,832
Facilities	64,763	-	-	64,763	22,712	-	-	22,712
Insurance	12,226	-	-	12,226	10,600	-	-	10,600
Interest Expense	168,323	-	-	168,323	155,902	-	-	155,902
Meals and Entertainment	16,787	816	1,538	19,141	12,058	229	945	13,232
Benevolence	110	72,663	-	72,773	-	64,229	-	64,229
Generosity	106,005	-	267,773	373,778	148,933	-	370,950	519,883
Supplies and Other Expenses	29,012	-	400	29,412	22,035	1,387	-	23,422
Office Supplies	51,846	68	23,909	75,823	25,996	-	-	25,996
Other Expenses	141,302	20,851	974	163,127	94,756	1,425	88	96,269
Postage and Delivery	5,779	477	-	6,256	4,945	-	-	4,945
Repairs and Maintenance	90,336	1,788	77	92,201	85,406	-	-	85,406
Mileage	4,487	-	-	4,487	1,690	2,133	178	4,001
Telecommunication	8,577	-	-	8,577	7,671	-	-	7,671
Telephone	20,667	-	-	20,667	21,016	-	-	21,016
Travel Expenses	5,080	6	2,186	7,872	39,841	-	-	39,841
Utilities	48,002	-	-	48,002	50,613	-	-	50,613
TOTAL EXPENSES	\$ 2,639,575	\$ 112,964	\$ 297,502	\$ 3,050,041	\$ 2,416,699	\$ 87,990	\$ 372,663	\$ 2,877,352

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



TRANSFORMATION CHURCH, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 183,608	\$ 350,993
Adjustments to Reconcile to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	302,928	299,213
Interest Expense Capitalized	(10,730)	(1,105)
Net Gain on Sale of Asset	(7,018)	-
Inventory (books)	1,573	637
Accounts Receivable	4,251	(4,251)
Security Deposits	54,600	(48,000)
Prepaid Expense	(17,679)	(3,806)
Accounts Payable and Credit Card Payable	(82,525)	122,045
Unearned Revenue	(200)	300
Payroll Liabilities	1,631	1,514
Net Cash Provided by Operating Activities	430,439	717,540
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Asset	16,502	-
Purchases of Property	(910,304)	(554,445)
Construction in Process	-	(389,500)
Net Cash Used by Investing Activities	(893,802)	(943,945)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Loan	261,795	436,469
Payments of Loan	(63,520)	(102,068)
Net Cash Provided by Financing Activities	198,275	334,401
Net Change in Cash and Equivalents	(265,088)	107,996
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>499,793</u>	<u>391,797</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 234,705</u>	<u>\$ 499,793</u>
<b>CASH AND CASH EQUIVALENTS:</b>		
Unrestricted	\$ 225,277	\$ 492,805
Temporarily Restricted	9,428	6,988
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 234,705</u>	<u>\$ 499,793</u>

Interest expense was \$302,305 and \$284,493 (Capitalized Interest was \$10,730 and \$1,105) for the years ended December 31, 2016 and 2015.

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

TRANSFORMATION CHURCH, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	December 31, 2016		December 31, 2015	
	Management and General	Fundraising	Management and General	Fundraising
EXPENSES	\$	\$	\$	\$
Direct Expenses	-	-	-	-
Salary and Wages	819,765	33,299	716,581	41,244
Payroll Benefits	142,829	5,802	139,653	8,038
Occupancy	36,513	1,483	35,233	2,028
Professional Fees	90,123	155	61,711	-
Advertising and Promotion	-	13,465	-	5,503
Conferences, Conventions, and Meetings	625	-	2,091	-
Administration, Copying and Printing	8,514	-	10,332	-
Credit Card and Other Service Charges	5,029	-	4,614	-
Depreciation	129,017	52,407	127,883	7,361
Equipment Rental	-	-	-	-
Facilities	10,207	415	17,714	1,020
Insurance	9,352	380	8,267	476
Interest Expense	128,752	5,230	121,592	6,999
Meals and Entertainment	10,307	-	7,125	-
Benevolence	-	-	-	-
Generosity	-	-	-	-
Supplies and Other Expenses	8,076	-	8,076	-
Office Supplies	12,962	-	6,499	-
Other Expenses	70,529	681	70,529	681
Postage and Delivery	304	-	260	-
Repairs and Maintenance	72,663	3,121	69,731	4,014
Mileage	-	-	-	-
Telecommunication	3,676	-	3,287	-
Telephone	8,857	-	9,007	-
Travel Expenses	-	-	-	-
Utilities	36,783	1,580	39,474	2,272
TOTAL EXPENSES	\$ 1,604,883	\$ 118,018	\$ 1,459,659	\$ 79,636

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

TRANSFORMATION CHURCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Transformation Church, Inc. (the "Church") was incorporated as a non-profit organization in South Carolina in April, 2010. The Church is a multi-ethnic, multi-generational, mission-shaped community that loves God completely (Upward), ourselves correctly (Inward) and our neighbors compassionately (Outward).

Basis of Financial Statement Preparation

The financial statements of the Church have been prepared using the accrual basis of accounting.

Financial Statement Presentation—In accordance with Financial Accounting Standards Board ASC Topic 958, *Financial Statements for Not-For-Profit Entities*, the Church 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.

Cash and Cash Equivalents

The Church considers all highly liquid investments purchased with a maturity of three months or less, to be cash equivalents.

Accounts and Other Receivables

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts if necessary. At December 31, 2016 and 2015, the Church had receivables of \$-0- and \$4,251, respectively.

Inventory

The church has an inventory of books which are recorded as the lower of cost or market. As of December 31, 2016 and 2015, the inventory was \$5,361 and \$6,934, respectively.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Property and equipment acquisitions are capitalized if they are in excess of \$1,000. Depreciation, including depreciation of assets under capital leases, is provided over the estimated useful lives of the respective assets on a straight-line basis. The cost of property and equipment sold or retired and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included in revenue or expense.

Restricted and Unrestricted Revenue

Under ASC Topic 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. At December 31, 2016 and 2015 temporarily restricted net assets were \$9,428 and \$6,988 respectively.

TRANSFORMATION CHURCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015

Donated Services

Donated services are provided by volunteers but not reflected herein inasmuch as the amount of the services is indeterminable.

Income Taxes

The Church has received a determination letter from the Internal Revenue Service stating that the Church is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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 these estimates.

Functional Allocation of Expenses

Expenses are allocated to program expenses, management and general, and fund raising based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

Reclassifications

Certain December 31, 2015 amounts have been reclassified to conform to the December 31, 2016 financial statement presentation. These reclassifications have no effect on the change in net assets for the year ended December 31, 2015.

2. PROPERTY AND EQUIPMENT

The Church records property at cost and provides for depreciation using the straight-line method over the estimated useful life of the asset (furniture and fixtures and office equipment; five—ten years). Maintenance and repairs are expensed as paid; major renewals or betterments over \$1,000 are capitalized. Depreciation expense for the years ended December 31, 2016 and 2015 was \$302,928 and \$299,213, respectively.

3. OPERATING LEASES

The Church has multiple operating leases, primarily for various forms of equipment that expire on various dates as well as office and church buildings. Those leases generally contain renewal options and require the Church to pay all executor costs such as taxes, maintenance and insurance. Lease expense was \$116,505 and \$119,087 for the year ended December 31, 2016 and 2015, respectively, and is included in occupancy expense.

TRANSFORMATION CHURCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015

Minimum lease payments under operating leases as of December 31, 2016, are as follows:

Year Ending December 31:	
2017	\$13,572
2018	13,572
2019	10,656
2020	4,186
2021	498

4. CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Church to concentrations of credit risk, consist principally of cash, cash equivalents and member receivables. The Church maintains its cash and cash equivalents with a federally insured financial institution located in South Carolina. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2016 and 2015, the Church had funds above the federally insured limit in the amount of \$28,970 and \$206,195 respectively. Management believes that these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal.

5. PENSION AND HEALTH SAVING ACCOUNTS

The Church contributed \$65,518 and \$58,382 to employees' HSA accounts during December 31, 2016 and 2015, respectively. During the year ended December 31, 2016, the Church started contributing to retirement plans for its employees. As of December 31, 2016 the church has contributed \$36,746 to employees' retirement plans.

6. LONG-TERM DEBT

At December 31, 2013, the Church had obtained a construction loan for the construction of a new church building. The amount available is \$4,400,000. The initial interest rate of this loan is 6.50%. The loan is an interest only loan until December 15, 2014 with the balance due January 15, 2015. The loan was converted to a permanent financing with 239 payments of \$27,811 beginning on February 15, 2015. The "Maturity Date" on the permanent loan is January 15, 2035. At December 31, 2016 and 2015, the loan balances were \$4,243,348 and \$4,297,890, respectively.

At December 31, 2015, the Church obtained a construction loan for the addition to the TC Kid's area in the new church building. The amount available is \$550,000. The interest rate of this loan is 6.95% for the construction term and 6.50% for the permanent loan rate. The loan is an interest only loan until May 7, 2016. The loan was converted to a permanent financing with 240 payments of \$4,101 beginning on May 7, 2016. The "Maturity Date" on the permanent loan is April 7, 2036. At December 31, 2016 and 2015, the loan balances were \$541,022 and \$288,205, respectively.

At December 31, 2016 and 2015, the total loan balance was \$4,784,370 and \$4,586,095, respectively.

TRANSFORMATION CHURCH, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015

A summary of principal payments on debt for future years is as follows:

Year Ending December 31:	
2017	\$ 74,166
2018	79,133
2019	84,432
2020	90,087
2021	96,120
2022 and thereafter	<u>4,360,432</u>
	<u>\$ 4,784,370</u>

7. INVESTMENTS

The Church has several investment accounts used to receive stock from contributors. The process is to immediately convert the stock to cash and issue a check to the Church for the donation. At times the investment companies do not immediately convert the stocks to cash which has left amounts at year end in these brokerage accounts. As of December 31, 2016 and 2015, the Church has no investment income other than interest on bank accounts of \$147 and \$668, respectively.

8. RELATED PARTY TRANSACTIONS

The Church had no related party transactions during the years ending December 31, 2016 and 2015.

9. SUBSEQUENT EVENTS ANALYSIS

Management has evaluated subsequent events through March 28, 2017, the date on which the financial statements were available to be issued. During the year, there were no material recognizable subsequent events identified.