

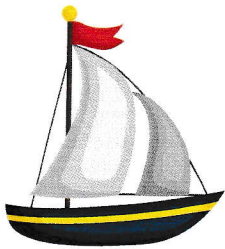
SOUTHEASTERN EDUCATIONAL SERVICES, INC.
D/B/A
FAITHWORKS

Financial Statements and Accountant's Report

For the Year Ended
December 31, 2022

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**BEN PALMER
LEE, CPA, LLC**

BEN P. LEE CPA, CFE, CFF, CGMA, CGFM, CGFO

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Board of Directors
Southeastern Education Services, Inc.
PO Box 2902
Brunswick, Georgia

I have reviewed the accompanying financial statements of FaithWorks, which comprise the statement of assets, liabilities, and Net Assets - Income Tax Basis as of December 31, 2022, and the related statement of revenues, expenses, and retained earnings-income tax basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting the company uses for income tax purposes; this includes determining that the basis of accounting the company uses for income tax purposes is an acceptable basis for the preparation of 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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with the basis of accounting the company uses for income tax purposes. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the basis of accounting the company uses for income tax purposes.

312 PLANTATION CHASE | ST. SIMONS, GA 31522 | OFFICE 912.771.8828

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GOVERNMENTAL FINANCE OFFICERS ASSOCIATION | ASSOCIATION OF GOVERNMENT ACCOUNTANTS | ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

Basis of Accounting

I draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the basis of accounting the company uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My conclusion is not modified with respect to this matter.

Ben Palmer Lee, CPA, LLC

Ben Palmer Lee, CPA, LLC
St. Simons Island, Georgia
August 31, 2023



Financial Statements

Southeastern Educational Services, Inc.
d/b/a FaithWorks
Statement of Assets, Liabilities, and Net Assets - Income Tax Basis
For the Year Ended December 31, 2022

ASSETS	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Total</u>
Current Assets			
Cash and Cash Equivalents	\$ 62,725	\$ 115,361	\$ 178,086
Other Current Assets	223,317	-	223,317
	<hr/>	<hr/>	<hr/>
Accounts Receivable	\$ 114,885		\$ 114,885
	<hr/>		<hr/>
Total Current Assets	400,927	115,361	516,288
	<hr/>	<hr/>	<hr/>
Fixed Assets			
Total Fixed Assets	752,566	-	752,566
Less: Accumulated Depreciation	(26,915)	-	(26,915)
Total Property and Equipment - Net	725,651	-	725,651
	<hr/>	<hr/>	<hr/>
Other Assets	1,394	-	1,394
	<hr/>	<hr/>	<hr/>
Total Assets	1,243,333	-	1,243,333
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable	4,495	-	4,495
Other Current Liabilities	90,430	-	90,430
Total Current Liabilities	94,925	-	94,925
	<hr/>	<hr/>	<hr/>
Net Assets			
Without Donor Restrictions	1,033,047		1,033,047
Investment in Fixed Assets		-	-
Board Designated	-	-	-
Undesignated	-	-	-
Total Without Donor Restrictions	1,033,047	-	1,033,047
	<hr/>	<hr/>	<hr/>
With Donor Restrictions		115,361	115,361
	<hr/>	<hr/>	<hr/>
Total Net Assets	1,033,047	115,361	1,148,408
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 1,033,047	\$ 115,361	\$ 1,148,408
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Accompanying Notes are an Integral part of the Financial Statements
See Independent Accountant's Review Report

Southeastern Educational Services, Inc.
d/b/a FaithWorks
Statement of Revenues, Expenses, and Net Assets-Income Tax Basis
For The Year Ended December 31, 2022

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 745,317	\$ -	\$ 745,317
Contract Income	81,032	-	81,032
Grant Revenue	-	146,306	146,306
Rental Income	14,734	-	14,734
Other Income	42,191	-	42,191
Released from Restrictions	146,306	(146,306)	-
Total Revenues and Support	<u>1,029,580</u>	<u>-</u>	<u>1,029,580</u>
Expenses			
Program Expenses	619,562	-	619,562
General & Administrative	274,340	-	274,340
Fundraising	85,813	-	85,813
Total Expenses	<u>979,715</u>	<u>-</u>	<u>979,715</u>
Change in Net Assets	<u>49,865</u>	<u>-</u>	<u>49,865</u>
Net Assets, beginning	1,098,543	-	1,098,543
Net Asset, ending	<u>\$ 1,148,408</u>	<u>\$ -</u>	<u>\$ 1,148,408</u>

The Accompanying Notes are an Integral part of the Financial Statements
See Independent Accountant's Review Report

Southeastern Educational Services, Inc.
d/b/a FaithWorks
Statement of Cash Flows-Income Tax Basis
For the Year Ended December 31, 2022

Operating Activities	
Increase in Net Assets	\$ 49,865
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Changes in Operating Assets and Liabilities:	
Change in Current Assets	49,219
Change in Current Liabilities	(49,650)
Net Cash Provided (Used) by Operating Activities	49,434
Investing Activities	
Other Sources	99,769
Net Cash Provided (Used) by Investing Activities	99,769
Financing Activities	
Payments on Loan	(2,500)
Net Cash Provided (Used) by Financing Activities	(2,500)
Net Decrease in Cash and Cash Equivalents	(52,835)
Cash and Cash Equivalents, beginning	230,921
Cash and Cash Equivalents, ending	\$ 178,086
Interest expense	\$ 2,059

The Accompanying Notes are an Integral part of the Financial Statements
See Independent Accountant's Review Report

Southeastern Educational Services, Inc.
d/b/a FaithWorks
Notes to Financial Statements
Income Tax Basis
For the Year Ended December 31, 2022
See Independent Accountant's Review Report

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Southeastern Educational Services, Inc. d/b/a FaithWorks (the Organization) is a nonprofit faith-based organization located in Glynn County, Georgia, actively developing collaborative, ecumenical, and secular partnerships to maximize resources that meet human needs. Currently, we partner with 36 churches and have almost 900 individuals and businesses that provide financial support. We seek to foster relationships and community spirit by connecting people to eliminate prejudice and to heal brokenness. Our mission is “putting our faith to work so all might know that faith works.”

FaithWorks began in 1995 as a ministry of the United Methodist Church to identify, to study, and to create models for ministry beyond the walls of the local church. It has developed into an ecumenical ministry which focuses on, but not limited to, community healthcare ministries and poverty needs in Glynn County, Georgia, and the surrounding Southeast Georgia area.

Income Taxes

The Organization is covered by the United Methodist Church's group determination letter from the Internal Revenue Service indicating that it is a nonprofit corporation and, except for taxes pertaining to unrelated business income, is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. During the fiscal year 2022, the organization collected \$14,734 in rental income.

Basis of Accounting

FaithWorks prepares its financial statements on the Income Tax Basis of accounting, which is a basis of accounting other than generally accepted accounting principles and reflects all significant receivables, payables, and other liabilities reported on the 990 Tax Return.

Basis of Presentation

The accounting policies of FaithWorks conform to Income Tax Basis, which report in financials the same policies and principles used to prepare the 990 Tax Return. The financial presentation follows the recommendation of the Financial Accounting Standards Board Accounting Standards Codification (ASC) Number 958 for Not-for-Profit Entities.

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. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Southeastern Educational Services, Inc.
d/b/a FaithWorks
Notes to Financial Statements
Income Tax Basis
For the Year Ended December 31, 2022
See Independent Accountant's Review Report

Cash and cash equivalents

For financial statement purposes, the Organization considers demand deposits, certificates of deposit, and repurchase agreements to be cash equivalents. Cash in the investment portfolio is not included in cash and cash equivalents as it is held for investing purposes.

Property and Equipment

Buildings and improvements, furniture, equipment and fixtures and vehicles are capitalized at cost. The Organization has no specific policy to capitalize expenditures for these items.

Donated property and equipment are recorded at the estimated fair market value on the date received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Major repairs and improvements are capitalized and depreciated.

The cost and accumulated depreciation of property retired, sold, or disposed of are removed from the related accounts with any gain or loss credited or charged to income. Depreciation for property and equipment is calculated using the straight-line method. Estimated useful lives are as follows:

<u>Type of Property</u>	<u>Estimated Useful Life</u>
Buildings	39 years
Furniture and Equipment	3-7 years
Vehicles	5 years

Depreciation expense for the year ended December 31, 2022, was zero.

Donated Facilities, Services and Materials

Volunteers have donated significant amounts of time in support of the organization's administration. However, no amounts related to these services have been reflected in the financial statements since no objective basis is available to measure their value.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Southeastern Educational Services, Inc.
d/b/a FaithWorks
Notes to Financial Statements
Income Tax Basis
For the Year Ended December 31, 2022
See Independent Accountant's Review Report

Without donor restrictions: The portion of net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. The investments held by the organization are directed as reserves by the Board.

With donor restrictions: The portion of net assets whose use is subject to donor-imposed restrictions.

Public Support and Revenue

Contributions are generally available for undesignated use in the related campaign year unless specifically restricted by the donor.

Contributions are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of donor restriction. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, as applicable. Within net assets with donor restrictions, amounts may be reclassified to net assets without donor restrictions when the restriction expires by passage of time or the fulfillment of the stipulated purpose. Restriction on gifts of land, building, or equipment or contributions restricted for the purchase of those assets expire when the asset is placed in service unless the donor stipulated otherwise.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Program services: Activities that result in services that fulfill the purpose or mission of the organization. Program services are the major purpose for and the major output of the organization.

Supporting services: Activities that are not identifiable with a specific program, fundraising activity, or membership development activity, but are indispensable to the organization.

General and administrative services: The general and administrative service includes expenditures to secure proper administrative functioning, maintain the building, and manage the financial responsibilities of the organization.

Fundraising: The fundraising service includes expenditures that encourage and secure financial support for the organization.

Southeastern Educational Services, Inc.
d/b/a FaithWorks
Notes to Financial Statements
Income Tax Basis
For the Year Ended December 31, 2022
See Independent Accountant's Review Report

Concentrations

Credit risk: The organization maintains its cash in bank deposit accounts which, on occasion, may exceed federally insured limits. Management continually monitors the soundness of these financial institutions and believes the exposure to loss to be minimal. The Organization had no excess cash deposits over federally insured amounts on December 31, 2022.

Market value risk: Investment securities are exposed to various risks, such as interest rate risk, market risk, credit risk, and liquidity risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

Recent Accounting Pronouncements

FaithWorks has elected for these financial statements to be presented on the Income Tax Basis. It has elected for these financial statements to not present Investments in accordance with The Financial Accounting Standards Update No 2016-14 to ASC Topic 958, not-for profit entities; therefore, Investment accounts are presented on the book basis and not the Fair Market Value Basis.

Note 2 –Investments – Board Designated

The Organization's Investment Fund was created on October 31, 2014. The first \$50,000 was designated as the Karen Millburn Fund by the Board of Directors at the July 22, 2014, meeting. Only the investment income and appreciation earned from the fund is to be used to support the organization's activities. Those funds are to be utilized exclusively for the charitable assistance of cancer survivors. The Fund is managed by the Georgia United Methodist Foundation under the direction of the Executive Director and the Board of Directors. On December 31, 2022, funds were invested in one multiple asset mutual fund. The activity for the year ended December 31, 2022, for the Investment Fund was composed of the following:

	<u>Board Designated</u>
Charles Schwab Balance as of 1/1/2022	\$ 84,030
UMC	\$139,287
Balance as of 12/31/2022	\$ 223,317

Southeastern Educational Services, Inc.
d/b/a FaithWorks
Notes to Financial Statements
Income Tax Basis
For the Year Ended December 31, 2022
See Independent Accountant's Review Report

Note 4 – Note Payable

As of December 31, 2022, the organization had a note outstanding from a local financial institution. The interest rate on the loan was 5.25%. The Organization's Reynold Street property serves as collateral for the loan. The balance on December 31, 2022, was \$6,400.

The following is the maturity of the note payable:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	2,500
2024	2,500
2025	1,400
Total	\$ 6,400

Note 5 – Liquidity and Availability of Assets

The organization has \$401,403 of financial assets available within 1 year of December 31, 2018, to meet cash needs for general expenditure consisting of cash of \$178,086 and investments of \$223,217. Cash of \$115,361 is either Board Restricted or Donor Restricted, leaving \$286,042 unrestricted. Investment funds, as previously disclosed, are held in mutual funds and are directed by the Board. The balance reported is the fair market value as of December 31, 2022. The sale of these investments may result in a different sales price as the fair market value of these funds may vary due to fluctuations in the market.

Note 6 – Subsequent Events

The Organization's date for evaluating the existence of subsequent events that would affect the financial statements for the year ended December 31, 2022, was September 1, 2023, which was the date the financial statements were issued.

Nonprofits have faced significant changes in revenue because of COVID-19, including declines in individual donations and fee-for-service earnings. Additionally, many nonprofits are dealing with revised grant terms and reductions in in-kind donations.

Last physical year ending December 31, 2022, presented nonprofits with many challenges that will continue to persist into 2023. Ongoing economic volatility, inflation-driven increases in operating costs and intense competition for talent are among key issues that continue to threaten organizations' operational and financial wellbeing.

Southeastern Educational Services, Inc.
d/b/a FaithWorks
Statement of Functional Expenses-Income Tax Basis
For the Year Ended December 31, 2022

Expenses	Program Services	Supporting Services		Total
		General & Administrative	Fundraising	
Benevolence	\$ 96,622	\$ -	\$ -	\$ 96,622
Accounting Expense	-	63	-	63
Advertising and Promotion	-	105	-	105
Cleaning - Buildings	-	3,400	-	3,400
Computer & Internet Expenses	-	8,835	-	8,835
Conference & Meeting	-	469	-	469
Copier Lease	-	669	-	669
Dues & Subscription	-	425	-	425
Fundraising Expense	-	-	85,813	85,813
Ministry Expenses for Programs	522,940	-	-	522,940
Office Expenses	-	74,456	-	74,456
Other Admin Expenses	-	28,169	-	28,169
Payroll Expenses	-	147,926	-	147,926
Payroll Taxes	-	1,528	-	1,528
Telephone Expense	-	8,295	-	8,295
Total Expenses	\$ 619,562	\$ 274,340	\$ 85,813	\$ 979,715

The Accompanying Notes are an Integral part of the Financial Statements
See Independent Accountant's Review Report