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PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

October 16, 2018

The Board of Directors
Godly Play Foundation
Ashland, Kansas

In planning and performing our audit of the financial statements of the Godly Play Foundation for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Godly Play Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in Godly Play Foundation's internal control to be a significant deficiency:

Inventory testing revealed a number of individual items with quantities on hand but no average cost resulting in an extended inventory cost of zero. Upon further investigation, we noted the inventory was entered in QuickBooks as a bill. Under the item tab, the inventory item and quantity received were entered but the item cost was left blank. This resulted in QuickBooks adding the items to inventory with an average cost of zero. In the future, the cost should be entered in order for the average cost of inventory items to be properly stated.

This communication is intended solely for the information and use of the Board of Directors and management of Godly Play Foundation's, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Kennedy McKee & Company LLP

Kennedy

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October 16, 2018

Board of Directors and Management
Godly Play Foundation
Ashland, Kansas

We have audited the financial statements of Godly Play Foundation, for the year ended December 31, 2017, and have issued our report thereon dated September 13, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 20, 2017. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Godly Play Foundation are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of depreciation expense is based on estimated useful lives of property and equipment. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of intellectual property is based on the appraised fair value of the original contribution and evaluated annually for impairment. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatement detected as a result of audit procedures was corrected by management:

- To adjust inventory to actual based on projected sampling errors in inventory in the amount of $17,402.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 16, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

The limited number of personnel in Godly Play Foundation's accounting and administrative staff precludes certain internal controls that would be preferred if there were more staff to provide optimum segregation of duties. This situation requires that the Board remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

This information is intended solely for the use of the Board of Directors and management of Godly Play Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kennedy McKee & Company LLP

GODLY PLAY FOUNDATION

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2017

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Godly Play Foundation
Ashland, Kansas

We have audited the accompanying financial statements of Godly Play Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows 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 Godly Play Foundation as of December 31, 2017, 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.

Kennedy McKee & Company LLP

October 16, 2018

GODLY PLAY FOUNDATION

STATEMENT OF FINANCIAL POSITION

Year ended December 31, 2017

ASSETS	
Current assets:	
Cash	$ 407,725
Investments	205,963
Inventories	179,671
Total current assets	793,359
Property and equipment, at cost:	
Buildings	18,027
Leasehold improvements	2,242
Equipment	67,189
	87,458
Less accumulated depreciation	(74,440)
Total property and equipment	13,018
Other assets:	
Intellectual property	939,253
Total assets	$ 1,745,630
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 12,668
Payroll liabilities	2,466
Total liabilities	15,134
Net assets:	
Unrestricted:	
Unrestricted	1,318,442
Board designated	103,023
Total unrestricted	1,421,465
Temporarily restricted	209,031
Permanently restricted	100,000
Total net assets	1,730,496
Total liabilities and net assets	$ 1,745,630

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

GODLY PLAY FOUNDATION

STATEMENT OF ACTIVITIES

Year ended December 31, 2017

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Support and revenues:				
Sales	$ 724,171	$ -	$ -	$ 724,171
Cost of sales	(410,027)	-	-	(410,027)
Gross margin on sales	314,144	-	-	314,144
Program fees	205,575	-	-	205,575
Contributions	28,403	201,075	-	229,478
In-kind contributions	20,922	-	-	20,922
Memberships	25,570	-	-	25,570
Royalties	8,404	-	-	8,404
Investment income	5,841	-	-	5,841
Net assets released from restrictions:				
Satisfaction of purpose restrictions	20,963	(20,963)	-	-
Total support and revenues	629,822	180,112	-	809,934
Expenses:				
Program services:				
College of trainers	236,097	-	-	236,097
Center for the theology of childhood	29,502	-	-	29,502
Resources	157,768	-	-	157,768
Foundation	106,672	-	-	106,672
Total program services	530,039	-	-	530,039
Supporting services:				
Management and general	89,403	-	-	89,403
Fund-raising	28,158	-	-	28,158
Total supporting services	117,561	-	-	117,561
Total expenses	647,600	-	-	647,600
Change in net assets	(17,778)	180,112	-	162,334
Net assets at beginning of year	1,439,243	28,919	100,000	1,568,162
Net assets at end of year	$ 1,421,465	$ 209,031	$ 100,000	$ 1,730,496

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

GODLY PLAY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2017

	Program Services					Supporting Services			
	College of trainers	Center for the theology of childhood	Resources	Foundation	Total	Management and general	Fund-raising	Total	Total expenses
Expenses:									
Advertising	$ -	$ -	$ 3,268	$ 76	$ 3,344	$ -	$ 552	$ 552	$ 3,896
Conference & education	54,814	-	1,660	9,965	66,439	-	87	87	66,526
Contract labor	-	400	86	-	486	-	-	-	486
Dues, fees, & subscriptions	4,442	203	1,112	897	6,654	-	-	-	6,654
Employee benefits	-	-	26,409	-	26,409	-	-	-	26,409
Insurance	-	-	6,906	-	6,906	-	-	-	6,906
Information technology	-	-	-	-	-	-	2,352	2,352	2,352
Labor	60,447	12,000	81,721	70,621	224,789	33,230	21,430	54,660	279,449
Meals & entertainment	-	39	-	44	83	-	-	-	83
Office supplies	651	12	12,779	426	13,868	1,541	116	1,657	15,525
Payroll taxes	4,624	883	6,540	5,992	18,039	2,542	1,551	4,093	22,132
Professional fees	542	1,080	-	11,187	12,809	49,861	-	49,861	62,670
Rent	-	11,146	247	-	11,393	1,266	-	1,266	12,659
Repairs	-	-	424	-	424	-	-	-	424
Supplies	-	317	3,713	-	4,030	-	-	-	4,030
Taxes	-	97	4,146	-	4,243	-	-	-	4,243
Telephone	983	526	2,367	1,510	5,386	599	-	599	5,985
Trainer contract hire	70,880	-	-	-	70,880	-	-	-	70,880
Trainer travel & motel	14,908	-	-	-	14,908	-	-	-	14,908
Training expenses	23,697	-	-	-	23,697	-	-	-	23,697
Travel and meetings	109	2,799	2,349	5,954	11,211	-	2,070	2,070	13,281
Utilities	-	-	3,271	-	3,271	364	-	364	3,635
Depreciation	-	-	770	-	770	-	-	-	770
Total expenses	$ 236,097	$ 29,502	$ 157,768	$ 106,672	$ 530,039	$ 89,403	$ 28,158	$ 117,561	$ 647,600

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

GODLY PLAY FOUNDATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2017

Cash flows from operating activities:	
Cash received from:	
Sales	$ 724,171
Program fees	205,575
Contributions	28,403
Memberships	25,570
Royalties	8,404
Interest	42
Cash paid for:	
Salaries and related expenses	(328,649)
Contractors	(71,366)
Inventories	(446,733)
Other operating expenses	(216,895)
Net cash provided (used) by operating activities	(71,478)
Cash flows from investing activities:	
Purchase of equipment	(1,702)
Purchase of investments	(25,000)
Net cash provided (used) by investing activities	(26,702)
Cash flows from financing activities:	
Contributions restricted for:	
For the work of the Center	100,000
Getting in touch with people we have trained	100,000
International development	1,075
Net cash provided (used) by financing activities	201,075
Net increase (decrease) in cash and cash equivalents	102,895
Cash and cash equivalents at beginning of year	304,830
Cash and cash equivalents at end of year	$ 407,725
Reconciliation of change in net assets to net cash provided by operating activities	
Change in net assets	$ 162,334
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	770
Investment income	(5,776)
Increase in inventory	(36,706)
Decrease in prepaid expense	7,500
Increase in accounts payable	2,134
Decrease in payroll taxes payable	(659)
Restricted contributions	(201,075)
Net cash provided (used) by operating activities	$ (71,478)

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

GODLY PLAY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

1. Business activity

The Organization’s purpose is to facilitate the practice of Godly Play® through research, training, and resources. The Organization trains and supports a network of independent Godly Play Trainers. The Godly Play approach teaches classical religious (e.g. Christian, Quaker, Jewish) language in a way that enhances the child’s authentic experience of God. Trainers learn to use Montessori’s approach to education and stimulate children’s active participation in story and ritual and to awaken their creativity for learning of the language, sacred stories, parables, liturgical action and silence of their religious tradition. The Organization sells materials (e.g. Arks, Temples) that are used in combination with publications to deliver the Godly Play method.

2. Basis of presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due. The unspent appreciation of the Organization's donor-restricted endowment funds is also reported as temporarily restricted net assets.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as temporarily restricted net assets if the donor has restricted the use of the property or equipment to a particular program. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Organization considers the restriction met when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

2. Basis of presentation (continued)

Permanently restricted net assets are resources whose use is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the Organization's donor-restricted endowment funds that the Organization is committed to maintaining in perpetuity are classified in this net asset class, as is the Organization's beneficial interest in a perpetual charitable trust held by a bank as trustee.

3. Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents transferred to the investment manager and being held for investment are included in investments.

4. Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are stated at fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

5. Inventories

Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

6. Equipment

The Organization capitalizes all expenditures for property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using a modified accelerated cost recovery system.

7. Intellectual property

The Organization received a series of copyrighted publications from the author. The Organization has an agreement with a publishing company whereby the publishing company pays a royalty to the Organization based on sales. The Organization recorded the original contributions based on appraised values at the contribution dates. Under generally accepted accounting principles, the carrying amount is not amortized but is reduced if management determines that its implied fair value has been impaired.

8. Fair value measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives 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). The three levels of the fair value hierarchy are described below:

8. Fair value measurements (continued)

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

9. Restricted support

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose of restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

10. Donated services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers providing services throughout the year are not recognized as contributions in the financial statements if the recognition criteria is not met.

11. Expense allocation

Directly identifiable expenses are charged to programs and support services. Expenses related to more than one function are charged to programs and support services on the basis of estimated time and expenses. Management and general include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

12. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures. Actual results could differ from those estimates.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization has not identified any uncertainties in federal or state income taxes for any open tax years as of December 31, 2017. The Organization is no longer subject to examinations by tax authorities for years before 2015. No authorities have commenced income tax examinations as of December 31, 2017.

B. INVESTMENTS

Investments are carried at fair value based on quoted prices in active markets and other relevant information generated by market transactions (all Level 1 measurements) and consist of the following:

	December 31, 2017	
	Cost	Fair value
Money market	$ 774	$ 774
Episcopal church foundation growth fund	118,293	124,493
Episcopal church foundation income fund	81,924	80,696
	$ 200,991	$ 205,963

C. ADVERTISING

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled $3,896 for the year ended December 31, 2017.

D. DONATED GOODS AND SERVICES

The fair value of donated goods and services included as in-kind contributions in the financial statements consist of legal fees, theological writing and consulting services. Donated goods and services totaled $20,922 for the year ended December 31, 2017.

E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2017:

International development fund	$ 3,024
For the work of the Center	100,000
Getting in touch with people we have trained	100,000
Establishing a training relationship with Sewanee/Beechen Center	6,007
Total temporarily restricted net assets	$ 209,031

F. BOARD DESIGNATED NET ASSETS

The Organization held the Godly Play Foundation North American Conference in 2015. Conference participants could make unsolicited contributions to the Organization during the conference. The Organization's Board of Directors voted to set aside conference participant contributions for U.S. training scholarships. At December 31, 2017, $3,023 was designated for U.S. training scholarships. The Organization has also designated $100,000 for long-term investment at December 31, 2017.

G. ENDOWMENT

Godly Play Foundation's endowment consists of individual funds established by donors for a variety of purposes. Its endowment includes permanent endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Absent explicit donor stipulations to the contrary, the Board of Directors of Godly Play Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Godly Play Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

Endowment Net Asset Composition by Type of Fund as of December 31, 2017

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 100,000	$ 100,000

G. ENDOWMENT (CONTINUED)

Changes in Endowment Net Assets for the Year Ended December 31, 2017

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 100,000	$ 100,000
Contributions	-	-	-	-
Endowment net assets, end of year	$ -	$ -	$ 100,000	$ 100,000

Description of Amounts Classified as Permanently Restricted Net Asset (Endowment Only)

	2017
Permanently restricted net assets:	
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA and classified as permanently restricted net assets	$ 100,000

Funds with Deficits

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or the SPMIFA requires the Godly Play Foundation to maintain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2017.

Return Objectives and Risk Parameters

The Godly Play Foundation has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner to preserve and enhance its endowment funds with a secondary goal of achieving an overall return which will be sufficient to support a level of spending that, as a percent of investable assets, will be relatively constant and will grow at least as rapidly as inflation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Godly Play Foundation has adopted a strategic Asset Allocation Plan that envisions a reasonably stable distribution of assets among major asset classes. Investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for disbursement each year, the amount required to meet the needs of the Organization within the parameters established by the donor (exclusive of unrealized gains and losses). In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow and maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

H. CONCENTRATION OF CONTRIBUTION REVENUE

For the year ended December 31, 2017, cash contributions from one major contributor accounted for 82% of the total contributions to the Organization.

I. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2017, the Organization's uninsured balances totaled $129,735.

J. LEASE OBLIGATIONS

The Organization signed a seventeen-month operating lease commencing March 1, 2016 with a private company to lease office space in Greenwood Village, CO. The monthly rental payments for the first twelve months was $1,000 per month with an escalation clause increasing the rent to $1,030 per month starting March 1, 2017. The lease was extended and expires on January 31, 2019. Rent expense for the year ended December 31, 2017 was $11,146.

Future minimum lease payments under the lease are as follows:

December 31, 2018	$ 12,855
December 31, 2019	1,088
Total	$ 13,943

K. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2018, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.