

CHRISTIAN COMMUNITY SERVICES, INC.

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2009 AND DECEMBER 31, 2008

CHRISTIAN COMMUNITY SERVICES, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Christian Community Services, Inc.
Nashville, Tennessee

We have audited the accompanying statement of financial position of Christian Community Services, Inc. (a not-for-profit organization) as of December 31, 2009, and December 31, 2008, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of Christian Community Services, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Community Services, Inc. as of December 31, 2009, and December 31, 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.


Hoskins & Company
June 28, 2010

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 108,215	\$ 132,168
Cash and cash equivalents (board designated)	46,848	13,863
Prepaid expenses	<u>1,575</u>	<u>-</u>
Total current assets	<u>156,638</u>	<u>146,031</u>
Property and equipment		
Building	200,000	200,000
Vehicles	35,666	35,666
Equipment and furniture	24,711	15,946
Less: Accumulated depreciation	<u>(115,536)</u>	<u>(106,405)</u>
Total furniture and equipment (net)	<u>144,841</u>	<u>145,207</u>
Total assets	<u><u>\$ 301,479</u></u>	<u><u>\$ 291,238</u></u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 3,390	\$ 714
Payroll liabilities	7,833	-
IDA payable	<u>37,663</u>	<u>59,558</u>
Total current liabilities	<u>48,886</u>	<u>60,272</u>
Net assets:		
Unrestricted net assets	195,343	230,966
Temporarily restricted net assets	<u>57,250</u>	<u>-</u>
Total net assets	<u>252,593</u>	<u>230,966</u>
Total liabilities and net assets	<u><u>\$ 301,479</u></u>	<u><u>\$ 291,238</u></u>

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

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Revenue and support		
Unrestricted revenue:		
Contributions	\$ 138,434	\$ 151,626
Interest income	72	96
Golf fundraiser	27,840	32,853
Friend of CCSI fundraising	24,877	15,330
Grant revenue	1,748	26,000
Private donations	39,621	96,759
Other income	180	840
Change in IDA reserve balance	16,289	-
Total unrestricted Revenue	<u>249,061</u>	<u>323,504</u>
Temporarily restricted revenue	<u>57,250</u>	<u>-</u>
Total revenue and support	<u>306,311</u>	<u>323,504</u>
 Operating expenses		
Program services	242,031	234,658
Support services	<u>42,652</u>	<u>50,948</u>
Total expenses	<u>284,684</u>	<u>285,606</u>
Increase in unrestricted net assets	21,627	37,898
Net assets at beginning of year	<u>230,966</u>	<u>193,068</u>
Net assets at end of year	<u><u>\$ 252,593</u></u>	<u><u>\$ 230,966</u></u>

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

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 21,627	\$ 37,898
Adjustments to reconcile net earnings to cash flows provided (used) by operating activities:		
Depreciation	9,131	7,668
(Increase) Decrease in prepaid expenses	(1,575)	5,093
Increase in accounts payable	2,676	664
Increase in payroll liabilities	7,833	-
Decrease in IDA liabilities	<u>(21,895)</u>	<u>(3,396)</u>
Net cash provided by operating activities	17,797	47,927
 Cash flows from investing activities:		
Purchase of office equipment	<u>(8,765)</u>	<u>-</u>
Net cash used by investing activities	<u>(8,765)</u>	<u>-</u>
 Cash flows from financing activities	<u>-</u>	<u>-</u>
 Increase in cash and cash equivalents	9,032	47,927
Cash and cash equivalents, beginning of year	146,031	98,104
Cash and cash equivalents, end of year	<u><u>\$ 155,063</u></u>	<u><u>\$ 146,031</u></u>

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

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Support Services				
	Program	Management and General	Fundraising	Support Services Total	Program and Support Services Total
MTI/Adult Life Basic Skills	\$ 14,048	\$ -	\$ -	\$ -	\$ 14,048
MTI/Family Mentoring	8,424	-	-	-	8,424
MTI/Child Pass	4,253	-	-	-	4,253
Basic financial training	5,791	-	-	-	5,791
Depreciation	8,218	913	-	913	9,131
Equipment	1,963	368	124	492	2,455
Financial counseling	961	-	-	-	961
Auto insurance	2,745	810	-	810	3,555
Health insurance	9,130	806	806	1,612	10,742
Liability insurance	2,035	848	-	848	2,883
Janitorial service	3,229	371	-	371	3,600
Miscellaneous	92	52	-	52	144
Office supplies	1,826	343	84	427	2,253
Payroll expenses	166,304	8,526	8,526	17,052	183,356
Postage and delivery	143	73	-	73	216
Printing and reproduction	853	10	95	105	958
Professional fees	4,256	1,494	-	1,494	5,750
Telephone	5,030	255	-	255	5,285
Staff training/conferences	47	-	-	-	47
Transportation	1,590	-	-	-	1,590
Fundraising	-	-	14,599	14,599	14,599
Development	-	-	400	400	400
Management	-	2,843	-	2,843	2,843
Dues & subscriptions	100	-	-	-	100
Communications- website	873	307	-	307	1,180
Bank charge & finance charge	120	-	-	-	120
	<u>\$ 242,031</u>	<u>\$ 18,019</u>	<u>\$ 24,634</u>	<u>\$ 42,652</u>	<u>\$ 284,684</u>

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

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

Support Services					
	Program	Management and General	Fundraising	Support Services Total	Program and Support Services Total
MTI/Adult Life Basic Skills	\$ 12,778	\$ -	\$ -	\$ -	\$ 12,778
MTI/Family Mentoring	26,052	-	-	-	26,052
MTI/IDA	8,440	-	-	-	8,440
MTI/Child Pass	1,002	-	-	-	1,002
Basic financial training	6,733	-	-	-	6,733
Depreciation	6,901	767	-	767	7,668
Equipment	498	93	32	125	623
Financial counseling	746	-	-	-	746
Auto insurance	2,944	869	-	869	3,813
Health insurance	8,521	751	752	1,503	10,024
Liability insurance	2,015	840	-	840	2,855
Janitorial service	1,620	186	-	186	1,806
Miscellaneous	327	180	-	180	507
Office supplies	2,708	509	124	633	3,341
Payroll expenses	141,410	7,250	7,250	14,500	155,910
Postage and delivery	43	22	-	22	65
Professional fees	5,254	1,845	-	1,845	7,099
Telephone	3,911	199	-	199	4,110
Staff training/conferences	465	-	-	-	465
Transportation	1,695	-	-	-	1,695
Fundraising	-	-	439	439	439
Development	-	-	24,820	24,820	24,820
Golf tournament	-	-	4,020	4,020	4,020
Dues & subscriptions	520	-	-	-	520
Bank charge & finance charge	75	-	-	-	75
	<u>\$ 234,658</u>	<u>\$ 13,511</u>	<u>\$ 37,437</u>	<u>\$ 50,948</u>	<u>\$ 285,606</u>

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

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

NOTE 1---NATURE OF ORGANIZATION

Christian Community Services, Inc. (the "Organization") is a not-for-profit organization chartered under the laws of the State of Tennessee. The mission of the Organization is to create inspiration for underserved families so that they may achieve quality productive lives and build a legacy of self-sufficiency. The Organization's vision is to build a community where no one is underserved and all have achieved self-sufficiency.

NOTE 2---SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in a checking account and a money market account. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Property, Plant and Equipment

Disbursements for property and equipment are capitalized and reflected in the statement of financial position at cost. Expenditures for additions and major improvements are capitalized while those for maintenance and repairs are charged to expenses as incurred. Depreciation, which is reflected as an expense in the statement of activities, is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Machinery and equipment	3—10
Furniture and fixtures	3—10
Vehicles	3—10
Buildings	20—39

Income Taxes

The Organization is a tax-exempt entity under Section 501 (c) (3) of the Internal Revenue Code. Therefore, no provisions for income taxes are applicable.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

Support and Expenses

The Organization's primary source of support is contributions. Contributions received are measured at their fair values and reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3---FUNDING AND CONCENTRATION OF RISK

The Organization receives substantially all of its support from contributions from Schrader Lane Church of Christ and Woodmont Hills Family of God. A major reduction in contributions from these churches may have a significant effect on the future operations of the Organization's programs and activities.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

NOTE 4---TEMPORARILY RESTRICTED AND BOARD DESIGNATED FUNDS

In 2000 the board designated matching funds for participants that completed the Organization's Individual Development Program (IDP) as a component of the Mentoring Towards Independence (MTI) program. The Organization matches every dollar the participant deposits into a savings account with two dollars (2:1), up to a maximum of \$5,000 for each participant. These designated funds are on deposit in a money market account. The balance of the board designated funds in the money market account at December 31, 2009 and December 31, 2008 was \$1,848 and \$13,863 respectively. The board also designated \$45,000 in 2009 for development purpose. The participants saved a total of \$18,832 and \$29,779 as of December 31, 2009 and December 31, 2008 respectively. The related liability for this program was \$37,663 and \$59,558 as of December 31, 2009 and December 31, 2008 respectively. The decrease in the matching fund related liability balance was recorded as "Change in IDA reserve balance" on statement of activities as increase to revenue and support.

NOTE 5—Related Party Transactions

The Organization has an agreement with MDHA to provide day care services at the Community Center in Vine Hill Homes. The Organization has entered into an agreement with Schrader Lane Child Care Services Center (Schrader Lane) through which Schrader Lane will provide workforce and management services that are appropriate for fulfilling the obligations to maintain a child daycare center at the Community Center. Schrader Lane pays all expenses it incurs in performing its obligations under this agreement. The Organization has no financial obligation to Schrader Lane. Activities and transactions related to this agreement have not been included in the Organization's financial statements.