

**COMMUNITY CARE FELLOWSHIP, INC.
(FORMERLY BI-DISTRICT BOARD OF
URBAN MINISTRY, INC.)**

**FINANCIAL STATEMENTS -
MODIFIED CASH BASIS AND
INDEPENDENT AUDITOR'S REPORT**

December 31, 2006

COMMUNITY CARE FELLOWSHIP, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Community Care Fellowship, Inc.
Nashville, Tennessee

We have audited the accompanying statement of assets, liabilities and net assets-modified cash basis of Community Care Fellowship, Inc. (formerly Bi-District Board of Urban Ministry, Inc.) (a nonprofit organization) as of December 31, 2006 and the related statement of revenues, expenses and changes in net assets-modified cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

As more fully described in Note 1 to the financial statements, certain property is stated at management's estimate of appraised value in the accompanying financial statements. Additionally, the Organization does not record depreciation on the property. In our opinion, all property and equipment acquisitions should be capitalized at historical cost and depreciated over their estimated useful lives to conform with the modified cash basis of accounting. The effects on the financial statements of the preceding practices are not reasonably determinable.

In our opinion, except for the effects of recording certain property at management's estimates of appraised value and the effects of not capitalizing and depreciating certain property and equipment, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Community Care Fellowship, Inc. as of December 31, 2006, and its revenue, expenses and changes in net assets for the year then ended, on the basis of accounting described in Note 1.

Frasier, Dean & Howard, PLLC

July 11, 2007

COMMUNITY CARE FELLOWSHIP, INC.
(FORMERLY BI-DISTRICT BOARD OF URBAN MINISTRY, INC.)
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS
December 31, 2006

Assets

Cash and cash equivalents	\$ 59,858
Representative payee funds held	1,282
Investments	128,437
Property and furnishings at cost and at appraised values (Note 4)	<u>1,286,000</u>
Total assets	<u><u>\$ 1,475,577</u></u>

Liabilities and Net Assets

Representative payee funds held	\$ 1,282
Note payable	174,255
Other	<u>121</u>
Total liabilities	<u>175,658</u>
Net assets - unrestricted	1,294,919
Net assets - permanently restricted	<u>5,000</u>
Total net assets	<u>1,299,919</u>
Total liabilities and net assets	<u><u>\$ 1,475,577</u></u>

See accompanying notes and accountant's report.

COMMUNITY CARE FELLOWSHIP, INC.
(FORMERLY BI-DISTRICT BOARD OF URBAN MINISTRY, INC.)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
For the year ended December 31, 2006

	<u>Unrestricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Public support and revenue:			
Contributions			
Individuals	\$ 134,896	\$ -	\$ 134,896
Capital campaign	12,017	-	12,017
Local churches	91,739	-	91,739
Church agencies	34,988	-	34,988
Other	9,637	-	9,637
	<hr/>	<hr/>	<hr/>
Total contributions	283,277	-	283,277
Grants	69,928	-	69,928
Investment gain, net	16,925	-	16,925
	<hr/>	<hr/>	<hr/>
Total public support and revenue	370,130	-	370,130
	<hr/>	<hr/>	<hr/>
Expenses:			
Salaries and benefits	141,737	-	141,737
Food and supplies	42,049	-	42,049
Utilities	28,399	-	28,399
Housing expense	22,834	-	22,834
Insurance	22,669	-	22,669
Financial assistance	15,742	-	15,742
Other	13,835	-	13,835
Professional fees	8,400	-	8,400
Repairs and maintenance	8,273	-	8,273
Telephone	5,814	-	5,814
Postage and printing	4,686	-	4,686
Travel	30	-	30
	<hr/>	<hr/>	<hr/>
Total expenses	314,468	-	314,468
	<hr/>	<hr/>	<hr/>
Change in net assets	55,662	-	55,662
Net assets, beginning of year	1,239,257	5,000	1,244,257
	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 1,294,919</u>	<u>\$ 5,000</u>	<u>\$ 1,299,919</u>

See accompanying notes and accountant's report.

COMMUNITY CARE FELLOWSHIP, INC.
(FORMERLY BI-DISTRICT BOARD OF URBAN MINISTRY, INC.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Community Care Fellowship, Inc. ("CCF") are as follows:

Organization

CCF is a non-profit organization formed to promote and coordinate urban mission and ministry in the Nashville District of the United Methodist Church. CCF is a ministry serving the homeless and near homeless in Nashville, Tennessee. Services provided through CCF include noon meals three days a week, facilities for showers and other personal hygiene services, laundry facilities, limited financial assistance, and counseling. The After School Project utilizes volunteer tutors from the Belle Meade Church.

Basis of Accounting

CCF prepares its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, support and revenue are recognized when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred. Modifications to the cash basis of accounting consist of the capitalization and related depreciation of property and equipment, recording investments at fair market value and recording the liability for a note payable.

Income Taxes

CCF is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made in the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

CCF considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

COMMUNITY CARE FELLOWSHIP, INC.
(FORMERLY BI-DISTRICT BOARD OF URBAN MINISTRY, INC.)
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Furnishings

Property and furnishings are stated either at historical cost or at management's estimate of appraised value. CCF does not record depreciation on assets. The modified cash basis of accounting requires that depreciable assets be capitalized at historical cost and depreciated over their estimated useful lives. The effects of these departures from the modified cash basis of accounting are not reasonably determinable.

Financial Statement Presentation

CCF presents its financial statements in accordance with Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, CCF 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. A description of the three net asset categories follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that can be fulfilled by actions of CCF pursuant to those restrictions or that expire by the passage of time. No temporarily restricted assets were held during the year ended December 31, 2006.

Permanently Restricted – net assets subject to donor-imposed restrictions that they be maintained permanently by CCF. CCF has received a \$5,000 contribution for endowment fund purposes.

Representative Payee Funds Held

CCF acts as representative payee of Social Security funds for the benefit of certain individuals. As representative payee, CCF makes disbursements of funds in accordance with Social Security guidelines for the benefit of the respective individuals. At December 31, 2006, CCF held \$1,282 in representative payee funds.

COMMUNITY CARE FELLOWSHIP, INC.
(FORMERLY BI-DISTRICT BOARD OF URBAN MINISTRY, INC.)
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2006

NOTE 2 – INVESTMENTS

Investments are stated at fair market value and consist of the following at December 31, 2006:

Common stocks	\$ 18,879
Money market funds	1,566
Nashville Area United Methodist Foundation	<u>107,992</u>
Total	<u><u>\$ 128,437</u></u>

Investment gain is comprised of the following at December 31, 2006:

Realized and unrealized gains and losses, net	\$ 16,906
Interest/Dividends	<u>19</u>
	<u><u>\$ 16,925</u></u>

NOTE 3 – CONCENTRATIONS

CCF receives a substantial amount of its support from local churches and church agencies. A significant reduction in the level of contributions, if this were to occur, could have an adverse impact on CCF's programs and services. CCF on occasion maintains cash and cash equivalents in excess of federally insured limits. Credit risk is managed by maintaining all deposits in high quality financial institutions.

NOTE 4 – PROPERTY AND FURNISHINGS

Property and furnishings consist of the following at December 31, 2006:

Land and buildings	\$1,107,000
Furnishings	<u>179,000</u>
	1,286,000
Less accumulated depreciation	<u>-</u>
	<u><u>\$1,286,000</u></u>

As discussed in Note 1, and consistent with its previous practices, CCF has recorded property and furnishings at management's estimate of appraised value for certain assets rather than at historical cost as required by the modified cash basis of accounting. Also, CCF has not recorded depreciation on its property and furnishings.

COMMUNITY CARE FELLOWSHIP, INC.
(FORMERLY BI-DISTRICT BOARD OF URBAN MINISTRY, INC.)
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2006

NOTE 5 – NOTE PAYABLE

Note payable consists of the following at December 31, 2006:

Note payable to bank, interest at 5% paid monthly, monthly principal payments of \$1,749, remaining principal due January 3, 2007, secured by the Deed of Trust.

\$ 174,255