

COMMUNITY CARE FELLOWSHIP, INC.
Financial Statements
December 31, 2018 and 2017



Independent Auditors' Report

To the Board of Directors of
Community Care Fellowship, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Community Care Fellowship, Inc. (a not-for-profit organization, "CCF"), which comprise the statements of certain assets and liabilities as of December 31, 2018 and 2017, the related statements of revenues collected and expenses – modified cash basis 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 modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the 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.

Auditors' 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 auditors' 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.

Basis for Qualified Opinion

Certain property is stated at management's estimate of value in the accompanying financial statements. In addition, CCF has not recorded all property acquisitions and related depreciation of the property. The modified cash basis of accounting requires that all property acquisitions be capitalized at historical cost and depreciated over their estimated useful life. The effects of these departures from the modified cash basis of accounting on the financial statements are not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, certain assets and liabilities of Community Care Fellowship, Inc. as of December 31, 2018 and 2017, and its revenues collected and expenses for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
September 5, 2019

COMMUNITY CARE FELLOWSHIP, INC.
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COMMUNITY CARE FELLOWSHIP, INC.
Statements of Certain Assets and Liabilities
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets Recognized		
Cash	\$ 69,600	\$ 358,923
Investments	379,533	157,169
Property and Furnishings at estimated values	<u>1,287,500</u>	<u>1,287,500</u>
Total Assets Recognized	1,736,633	1,803,592
Liabilities Recognized		
Accrued Payroll Liabilities	<u>3,800</u>	<u>3,216</u>
Excess of Assets Recognized Over Liabilities Recognized	<u><u>\$ 1,732,833</u></u>	<u><u>\$ 1,800,376</u></u>

See notes to financial statements.

COMMUNITY CARE FELLOWSHIP, INC.
Statements of Revenues Collected and Expenses - Modified Cash Basis
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues Collected		
Contributions:		
Individuals	\$ 199,130	\$ 173,469
Local Churches	38,983	56,301
Church Agencies	1,000	9,284
Organizations	39,903	332,937
Total Contributions	<u>279,016</u>	<u>571,991</u>
 Grants	 45,000	 46,000
Investment (Loss) Income, net	(2,568)	14,280
Miscellaneous Income	<u>1,622</u>	<u>-</u>
 Total Revenues Collected	 <u>323,070</u>	 <u>632,271</u>
 Expenses Paid		
Salaries and Benefits	244,921	245,267
Food and Supplies	45,073	36,178
Utilities	37,404	37,083
Professional Fees	-	7,279
Insurance	20,260	20,391
Housing Expense	4,615	25,116
Repairs and Maintenance	18,523	21,742
Postage and Printing	11,023	8,030
Telephone	2,914	3,104
Starfish Program	2,500	3,109
Other	3,380	1,929
Total Expenses Paid	<u>390,613</u>	<u>409,228</u>
 Excess of Revenues Collected Over (Expenses Paid)	 <u>\$ (67,543)</u>	 <u>\$ 223,043</u>

See notes to financial statements.

COMMUNITY CARE FELLOWSHIP, INC.
Notes to Financial Statements
December 31, 2018 and 2017

Note 1. Summary of Significant Accounting Policies

A. About the Organization

Community Care Fellowship, Inc. ("CCF") is a not-for-profit organization formed to promote and coordinate urban mission and ministry in the Cumberland River 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 four days a week, facilities for showers and other personal hygiene services, laundry facilities, limited financial assistance, and counseling. An after school program is provided for local children.

CCF is operated out of the Nancy Webb Kelly United Methodist Church. Should CCF cease operations, all assets would revert to Nancy Webb Kelly United Methodist Church.

B. Basis of Accounting

The accompanying financial statements have been prepared 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, except as noted below. 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.

Exceptions to the modified cash basis of accounting consist of the capitalization of certain property and equipment at replacement cost, not recording the capitalization of all property at historical cost with related depreciation, recording investments at fair market value, and recording payroll related liabilities.

C. Property and Furnishings

Property and furnishings are stated either at historical cost or at management's estimate of value based on insurance replacement cost. 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.

CCF recorded property and furnishings at management's estimate of value originally determined in 2005 for certain assets rather than at historical cost as required by the modified cash basis of accounting. No additions or disposals have been recorded since 2005. CCF has not recorded depreciation on its property and furnishings.

D. Fair Value

CCF determines the fair value of financial assets and liabilities that are required to be carried at such amounts in accordance with the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities.

Level 3 – Fair value is determined using unobservable market prices in a market that is typically inactive.

E. 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.

COMMUNITY CARE FELLOWSHIP, INC.
Notes to Financial Statements - Continued
December 31, 2018 and 2017

Note 1. Summary of Significant Accounting Policies – Continued

F. Income Taxes

CCF is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

G. Contributions

CCF is funded primarily through contributions from individuals, local churches, and agencies and other organizations. Contributions are received and recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of revenues collected and expenses – modified cash basis as net assets released from restrictions.

Note 2. Investments

CCF holds investments with the Nashville Area United Methodist Development Fund (the Fund). These investments are carried at the fair value determined on December 31, 2018 and 2017, as reported by the Fund. The fair value of the investments was \$379,533 and \$157,169 as of December 31, 2018 and 2017.

Investment income is comprised of the following for the years ended December 31:

	2018	2017
Realized gains	\$ 4,762	\$ 11,309
Unrealized (losses) gains	(12,658)	1,164
Interest	2,433	2,239
Dividends	3,948	673
	<u>(1,515)</u>	<u>15,385</u>
Less: investment fees	<u>1,053</u>	<u>1,105</u>
Investment (loss) income, net	<u><u>\$ (2,568)</u></u>	<u><u>\$ 14,280</u></u>

Note 3. Fair Value Measurements

The following assets carried at fair value are reviewed and adjusted on a recurring basis based on information provided from investment custodians and available from market monitoring sources. Fair value at December 31, 2018 and 2017 is as follows:

2018			
Assets	Fair Value	Level 1	Level 2
Development Fund Accounts	267,682	-	267,682
Foundation Investments	111,851	111,851	-
Investments at Fair Value	<u><u>\$ 379,533</u></u>	<u><u>\$ 111,851</u></u>	<u><u>\$ 267,682</u></u>
2017			
Assets	Fair Value	Level 1	Level 2
Development Fund Accounts	38,856	-	38,856
Foundation Investments	118,313	118,313	-
Investments at Fair Value	<u><u>\$ 157,169</u></u>	<u><u>\$ 118,313</u></u>	<u><u>\$ 38,856</u></u>

COMMUNITY CARE FELLOWSHIP, INC.
Notes to Financial Statements - Continued
December 31, 2018 and 2017

Note 4. Property and Furnishings

Property and furnishings consist of the following at December 31:

	2018	2017
Buildings	\$ 1,107,000	\$ 1,107,000
Furnishings	180,500	180,500
	<u>1,287,500</u>	<u>1,287,500</u>
Less: Accumulated Depreciation	-	-
	<u><u>\$ 1,287,500</u></u>	<u><u>\$ 1,287,500</u></u>

Note 5. Operating Leases

CCF leases office equipment under various terms through June 2021. Under the agreements, CCF has minimum annual payments totaling \$1,067 for each year through December 31, 2020. For the year ending December 31, 2021, minimum annual payments total \$533. For the years ended December 31, 2018 and 2017, rental lease payments totaled \$3,200 and \$4,239.

Note 6. In-Kind Donations

CCF receives donations in the form of volunteer services and supplies in providing its programs. No amounts have been reported in the financial statements as the financial statements are prepared on the modified cash basis of accounting. Volunteers donated approximately 5,420 and 4,432 hours to CCF's programs during each of the years ended December 31, 2018 and 2017.

Note 7. Kern Memorial Property Fund

The Nashville Area United Methodist Foundation maintains investments, known as the Kern Memorial Property Fund (the "Fund"), on behalf of the United Methodist Church. The Fund was created from the sale of a church building. By action of the Tennessee Annual Conference of the United Methodist Church, CCF's Board of Directors was authorized as trustees of this Fund and is permitted to use monies earned by the \$200,000 corpus. As the United Methodist Church has ultimate authority and control over the investments, the net assets of CCF do not include these investments. The balance of the Fund held for the benefit of CCF totaled \$226,310 and \$239,407 at December 31, 2018 and 2017. Distributions to CCF were \$0 and \$11,000 for 2018 and 2017.

Note 8. Board Designated Investments

CCF holds investments of \$100,000 that may not be spent without board approval.

Note 9. Subsequent Event

CCF has evaluated subsequent events through September 5, 2019, the date the financial statements were available to be issued. CCF believes there were no subsequent events that require recognition or disclosure in the financial statements.