

CHRISTIAN COMMUNITY SERVICES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018

(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

(With Independent Auditor's Report Thereon)

DRAFT

CHRISTIAN COMMUNITY SERVICES, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Christian Community Services, Inc.

We have audited the accompanying financial statements of Christian Community Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, 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 of 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 Christian Community Services, Inc. as of December 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Christian Community Services, Inc.'s 2017 financial statements, and our report dated March 24, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

March 30, 2019

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017

	<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets:			
Cash		\$ 226,319	\$ 203,053
Prepaid expenses		2,613	2,650
Contributions receivable		25,456	456
Total current assets		<u>254,388</u>	<u>206,159</u>
Property and equipment, net		<u>83,597</u>	<u>88,769</u>
Assets whose use is limited:			
Cash - board designated		67,249	67,204
Cash - donor restrictions		68,637	39,502
Grant receivable - donor restriction		5,002	5,002
Total assets whose use is limited		<u>140,888</u>	<u>111,708</u>
		<u>\$ 478,873</u>	<u>\$ 406,636</u>
	<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:			
Accounts payable		\$ 5,593	\$ 5,000
Accrued payroll		6,156	3,900
Current portion of IDA payable		20,000	15,000
Total current liability		<u>31,749</u>	<u>23,900</u>
IDA payable, less current portion		<u>68,065</u>	<u>61,437</u>
Total liabilities		<u>99,814</u>	<u>85,337</u>
Net Assets:			
Without donor restrictions		305,420	276,795
With donor restrictions		<u>73,639</u>	<u>44,504</u>
Total net assets		<u>379,059</u>	<u>321,299</u>
		<u>\$ 478,873</u>	<u>\$ 406,636</u>

See accompanying notes to financial statements.

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total 2018</u>	<u>Total 2017</u>
Public Support and Revenues:				
Gross special events revenue	\$ 36,324	\$ -	\$ 36,324	\$ 29,925
Less direct costs of special events	(5,195)	-	(5,195)	(4,393)
Net special events revenue	31,129	-	31,129	25,532
Direct public support	169,345	63,000	232,345	226,096
Grants	63,000	-	63,000	40,100
Program fees	5,821	-	5,821	10,229
Fundraising	5,696	-	5,696	382
Other income	-	-	-	2,039
In kind	2,300	-	2,300	2,700
Net assets released from restrictions	33,865	(33,865)	-	-
Total public support	280,027	29,135	309,162	281,546
Total public support and revenues	311,156	29,135	340,291	307,078
Expenses:				
Program activities:				
Mentoring Towards Independence	174,191	-	174,191	157,354
Homebuyer Education	6,588	-	6,588	-
Basic Financial Training	12,563	-	12,563	3,000
	193,342	-	193,342	160,354
Supporting services:				
Management and general	73,416	-	73,416	71,579
Fundraising	15,773	-	15,773	14,738
Total expenses	282,531	-	282,531	246,671
Increase in net assets	28,625	29,135	57,760	60,407
Net assets - beginning of year	276,795	44,504	321,299	260,892
Net assets - end of year	<u>\$ 305,420</u>	<u>\$ 73,639</u>	<u>\$ 379,059</u>	<u>\$ 321,299</u>

See accompanying notes to financial statements.

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017

	Mentoring Towards Independence	Homebuyer Education	Basic Financial Training	Total Program Services	Management and General	Fundraising	Total 2018	Total 2017
Banquet	\$ 6,043	\$ -	\$ -	\$ 6,043	\$ -	\$ -	\$ 6,043	\$ 6,604
Bank and finance charges	-	-	-	-	33	-	33	23
Communications - website	-	-	-	-	236	-	236	222
Consulting	880	-	-	880	589	-	1,469	1,133
Childcare	-	-	-	-	-	-	-	173
Credit reports	1,124	-	36	1,160	-	-	1,160	1,417
Depreciation	-	-	-	-	5,172	-	5,172	6,339
Food	7,390	651	361	8,402	156	-	8,558	7,004
Direct costs of special events	-	-	-	-	-	5,195	5,195	4,393
Gifts	1,899	-	-	1,899	1,957	-	3,856	2,002
IDA matching expenses	43,742	-	-	43,742	-	-	43,742	16,986
In kind	-	-	-	-	2,300	-	2,300	2,700
Insurance	-	-	-	-	6,971	-	6,971	5,457
Janitorial service	550	-	150	700	250	-	950	1,170
Marketing	-	-	-	-	48	-	48	2,318
Office supplies	58	13	117	188	411	-	599	395
Payroll expenses	100,714	5,924	11,849	118,487	29,068	15,742	163,297	151,478
Postage and delivery	50	-	50	100	513	-	613	454
Rent	1,149	-	-	1,149	2,256	-	3,405	2,860
Professional fees	-	-	-	-	16,170	-	16,170	21,435
Supplies and materials	4,862	-	-	4,862	676	31	5,569	4,475
Telephone	-	-	-	-	4,335	-	4,335	4,486
Training	5,701	-	-	5,701	1,344	-	7,045	4,757
Transportation	29	-	-	29	931	-	960	2,783
Total expenses by function	174,191	6,588	12,563	193,342	73,416	20,968	287,726	251,064
Less expenses included with revenues on the statement of activities:								
Direct costs of special events	-	-	-	-	-	(5,195)	(5,195)	(4,393)
Total expenses included in the expense section on the statement of activities	\$ 174,191	\$ 6,588	\$ 12,563	\$ 193,342	\$ 73,416	\$ 15,773	\$ 282,531	\$ 246,671

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Increase in net assets	\$ 57,760	\$ 60,407
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,172	6,339
Changes in:		
Prepaid expenses	37	(2,650)
Contributions receivable	(25,000)	(456)
Assets whose use is limited	(29,180)	(2,610)
Accounts payable	593	5,000
Accrued payroll	2,256	1,210
IDA payable	11,628	5,039
Total adjustments	<u>(34,494)</u>	<u>11,872</u>
Net cash provided by operating activities	<u>23,266</u>	<u>72,279</u>
Net increase in cash	23,266	72,279
Cash - beginning of year	<u>203,053</u>	<u>130,774</u>
Cash - end of year	<u>\$ 226,319</u>	<u>\$ 203,053</u>

See accompanying notes to financial statements.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

The terms “we”, “us”, or “our” are used throughout these notes to the financial statements to identify Christian Community Services, Inc., a non-profit organization. Our mission is to empower underserved families, through caring relationships, to achieve a legacy of social, spiritual, and economic self-sufficiency. Our vision is a community where generations of lives and legacies have been transformed and personal and financial well-being has been achieved.

We empower underserved families to achieve a legacy of economic self-sufficiency through a family centered, holistic approach that includes classroom workshops focusing on behaviors and practical financial tools, individual counseling, mentoring, asset development and a unique children's curriculum. These are provided through the Basic Financial Training (BFT) Workshops, the Mentoring Towards Independence (MTI) program and Homebuyer Education Workshops.

Program Descriptions

Basic Financial Training Workshops

Basic Financial Training (BFT) is an eight hours certificate based workshop that provides participants with knowledge of basic financial management and enhances their skills on how to take control of their money. The workshop raises awareness of such issues as the differences between mainstream financial centers and predatory lenders. Topics include understanding money, credit, savings and budgeting. During the workshop participants create a zero based budget, and learn how credit scores are calculated, how to pull and check their credit report, and what transactions impact credit scores. Additionally, they begin to access and compare the pros and cons of renting versus homeownership. Participants review steps to homeownership and are provided with an overview of options and the importance of planning for the purchase and sustainability of a major asset.

BFT workshops are open to the public at large but are a pre-requisite for the Mentoring Towards Independence program (MTI). BFT workshops are held typically 3 times per year. Full day workshops are held on Saturdays and breakfast and lunch are provided. There is a \$10 registration charge.

Mentoring Towards Independence

Mentoring Towards Independence (MTI) is our flagship program. This nine month (September - May) program targets families earning between 100%-200% of the HHS Federal Poverty line. This program utilizes about 80 volunteers each month as tutors, mentors, and food teams who provide nutritious family style meals during the weekly sessions. MTI typically has 20 family participants during a program year. Topics include the Financial Peace University curriculum as well as life enhancing topics that address mindset and behavioral changes needed to achieve personal and financial goals. Throughout the week the participants (mentees) communicate with their mentors and they meet in person at least once a month to encourage and serve as accountability partners.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017

NOTE 1 - Summary of Significant Accounting Policies (continued)

Program Descriptions (continued)

Mentoring Towards Independence (continued)

Another great component of MTI is the Individual Development Accounts (IDAs), described in Note 4. The IDAs are matched saving accounts in which CCSI will match \$2 for every \$1 they save up to a total match of \$3,334. A participant has 5 years to save their portion of \$1,666 and receive the maximum matched portion, giving mentees a combined total of \$5,000 for the purchase of a house, micro-enterprise or higher education. To date at least 176 families have achieved self-sufficiency, with 131 of those as first-time homeowners and the remaining paying fair market rent.

To keep IDA savers encouraged and engaged as they prepare for their asset purchase, we offer quarterly Savers Clubs meetings. These meetings are for the MTI mentees who have completed the initial nine months of the Mentoring Towards Independence program but have not purchased their asset. The Savers Club offers guest lecture topics related to higher education, small business management and home purchases, etc. to promote personal and financial wellbeing

MTI also offers a development program for the children while the adults are in their sessions. The children learn topics similar to those of the adults. They engage with their tutors for homework assistance, financial education, career exploration, vision boards, personal, social, and spiritual development. Additionally, the children engage in service projects as a component of the "Earn It, Save It," initiative in which they earn matched savings funds based on the timeliness, commitment, and quality of their work/service.

Homebuyer Education Workshops

As part of the financial education continuum, we offer Tennessee Housing Development Agency (THDA) Certified Homebuyer Education (HBE) workshops. These workshops are taught by certified pre and post-purchase home education counselors and serve as the financial education requirement for many home loan assistance programs such as THDA. This eight hour workshop dives deeply into the home buying process and helps the prospective homeowner to understand the mortgage process, determine how much of a house payment they can really afford, and show how proper budgeting and good credit can help obtain and sustain long-term home ownership. These combined pre and post homebuyer education workshops have a fee of \$149.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported as follows:

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Prior Year Summarized Financial Information

While comparative information is not required under United States generally accepted accounting principles ("US GAAP"), we believe this information is useful and have included certain summarized financial information from our 2017 financial statements. Such summarized information is not intended to be a complete presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with our financial statements as of and for the year ended December 31, 2017, from which it was derived.

Reclassifications

Certain reclassifications of prior year summarized amounts have been made to conform to the current year presentation.

Revenue

We receive contributions from foundations, churches, grantors and individuals. We recognize this revenue as it is received or promised to us in accordance with generally accepted accounting principles for non-profit organizations. We also receive program revenues from participants in our Basic Financial Training and THDA Home Ownership Training.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, we consider all unrestricted cash and investment instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2018 and 2017, we had no cash equivalents.

Promises to Give

Unconditional promises to give are recognized as support and revenues in the period promised and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017

NOTE 1 - Summary of Significant Accounting Policies (continued)

Prepaid expenses

Prepaid expenses consist of insurance premiums paid by us in advance.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Purchases or donations of equipment over \$500 are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. Depreciation is computed using the straight line basis over their estimated useful lives of the respective assets.

Donated assets with donor stipulations as to specific purpose(s) are reported as restricted contributions until it is placed in the service for which it is restricted.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. At December 31, 2018, no assets were considered to be impaired.

Advertising

Advertising is expensed as incurred.

Donated Services and Goods

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by us if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Members of the Board of Directors have provided substantial assistance to us by donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Income Tax Status

We are a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017

NOTE 1 - Summary of Significant Accounting Policies (continued)

Fair Values of Financial Instruments

The carrying values of current assets, current liabilities, and restricted cash approximate fair values due to the short maturities of these instruments. The carrying value of long-term IDA payable approximates fair value within an insignificant amount.

Concentrations of Credit Risk

We receive a large amount of general donations from two churches. A major reduction in contributions from these churches may have a significant effect on the future operations of our programs and activities. During the year ended December 31, 2018, and 2017, we received 33% and 36%, respectively, of total revenue from these two churches.

During 2018 we also received 15% of our total revenues from one contributor. A total of 48% of revenue was received from these three main donors during 2018.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs or supporting functions are allocated based on various relationships. Food, gifts, janitorial services, postage and delivery, supplies and material, rent, and transportation are allocated on an expenditure by expenditure basis and allocated to the direct program benefited or to management and general if no programs are benefited. Payroll expenses and training are allocated based on time and effort.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

New Accounting Pronouncement

On August 8, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively and has not affected the beginning balance of net assets.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017

NOTE 2 - Availability and Liquidity

Financial assets available for general expenditure within one year of the statement of financial position, consist of the following:

Financial assets at year-end:

Cash	\$ 226,319
Accounts receivable	25,456
Assets limited to use:	
Board designated	<u>67,249</u>
	<u>\$ 319,024</u>

The Organization has certain board-designated assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. Additionally, the Organization has certain donor imposed assets limited to use that are not available within one year in the normal course of business and are described further in Note 5.

In the next fiscal year, we plan to receive the same level of contributions, and consider contributions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization has minimal amounts of liabilities in order to maintain most of its financial assets to be readily available. Cash is currently held in one bank account. This cash is readily available with the exception of the restricted amounts referenced in Note 5. We manage our liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. If our analysis of liquid assets reveals inadequate funds for near-term operating needs, we will immediately reduce spending of program and management and general expenditures.

NOTE 3 - Property and Equipment

A summary of property and equipment at December 31, 2018 and 2017, is as follows:

	<u>2018</u>	<u>2017</u>
Building	\$ 200,000	\$ 200,000
Automobiles	17,833	17,833
Office equipment	<u>27,506</u>	<u>27,506</u>
	245,339	245,339
Less: accumulated depreciation	<u>(161,742)</u>	<u>(156,570)</u>
	<u>\$ 83,597</u>	<u>\$ 88,769</u>

NOTE 4 - Individual Development Accounts Payable (IDA)

Mentoring Towards Independence (MTI) is one of our outreach programs. Participants in MTI are eligible to open an Individual Development Account (IDA). Following program guidelines, participants may deposit up to \$1,666 in their IDA. We will match every dollar the participant deposits into their IDA with two dollars (2:1), up to a maximum of \$3,334 to be used towards homeownership, further education, or starting a business. We maintain a separate cash account for this purpose. The balance of the board designated funds in the money market account as of December 31, 2018 and 2017, was \$67,249 and \$67,204, respectively.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
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NOTE 4 - Individual Development Accounts Payable (IDA) (continued)

We classified IDA payables likely to result in disbursement next fiscal year as short-term IDA payable and the remaining balance as long-term IDA payable. The classification is based on prior years' experience and our analysis of specific savings accounts. At December 31, 2018, short-term IDA payable and long-term IDA payable had a balance of \$20,000 and \$68,065, respectively. At December 31, 2017, short-term IDA payable and long-term IDA payable had a balance of \$15,000 and \$61,437, respectively.

NOTE 5 - Net Assets

Net assets with donor restrictions were as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Specific Purpose		
United Way grant – MTI Program / IDA Match	\$ 17,152	\$ 7,152
Washington Foundation grant – Children's Program/ IDA Match	16,724	4,535
First Tennessee Bank grant – IDA Match	37,483	30,000
Franklin B Jones - Scholarships	2,280	2,817
Total	<u>\$ 73,639</u>	<u>\$ 44,504</u>

NOTE 6 - Leases

We have lease agreements for office space and office equipment. The total rent expense for the year ended December 31, 2018, and 2017, was \$3,405 and \$2,860, respectively.

The following is a schedule of future minimum lease payments:

<u>Year Ending December 31,</u>	
2019	\$ 2,959
2020	<u>1,726</u>
	<u>\$ 4,685</u>

Our office lease is encompassed in our agreement with Metropolitan Development and Housing Agency, described in Note 7.

NOTE 7 - Related Party Transactions

We have an agreement with Metropolitan Development and Housing Agency (MDHA) to provide day care services at the Community Center in Vine Hill Homes.

We have an agreement with Schrader Lane Child Care Services Center (Schrader Lane) through which Schrader Lane provides workforce and management services that are appropriate for fulfilling the obligations to maintain a child daycare center at the Community Center. Schrader Lane is fully responsible for the actions of the individuals who perform services related to the Schrader Lane Child Care Services Center.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2017

NOTE 7 - Related Party Transactions (continued)

Schrader Lane pays all expenses it incurs in performing its obligations under this agreement. We have no financial obligation to Schrader Lane. Activities and transactions related to the agreement have not been included in our financial statements.

NOTE 8 - New Pronouncements

In May 2014, FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Update provides guidance about recording contract revenue on an organization's statement of activities. The amendments in this Update are effective for annual periods beginning after December 15, 2018, and for annual periods and interim periods thereafter with early adoption permitted for annual periods beginning after December 15, 2016. We are currently evaluating the impact of adopting this statement.

In February 2016, FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The Update provides guidance about recording lease transactions on an organization's statements of financial position and activities. The amendments in this Update are effective for annual periods beginning after December 15, 2019, and for annual periods and interim periods thereafter with early adoption permitted. We are currently evaluating the impact of adopting this statement.

In August 2016, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how certain cash receipts and cash payments are presented and classified in the Statement of Cash Flows. The amendments will be effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. We are currently evaluating the impact of adopting this statement.

In November 2016, FASB amended the Statement of Cash Flows topic of the Accounting Standards Codification to clarify how restricted cash is presented and classified in the statement of cash flows. The amendments will be effective for the organization for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of adopting this guidance on the financial statements.

NOTE 9 - Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2018. As of March 30, 2019, the date the financial statements were available to be issued, no events subsequent to the Statement of Financial Position date are considered necessary to be included in the financial statements for the year ended December 31, 2018.