

**CHRISTIAN COMMUNITY SERVICES, INC.**

**INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**CHRISTIAN COMMUNITY SERVICES, INC.  
INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of *Christian Community Services, Inc.* (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, cash flows, and functional expenses 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 audits 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, 2012, 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.

A handwritten signature in blue ink that reads "Hoskins & Company". The signature is written in a cursive, flowing style.

Hoskins & Company  
February 21, 2013

**CHRISTIAN COMMUNITY SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2012**

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**Assets**

Current assets

Cash and cash equivalents	\$ 27,678
Cash - board designated funds	59,576
Cash - donor restricted funds	41,554
Money market	6,847
Total current assets	<u>135,655</u>

Noncurrent assets

Property & equipment, net of accumulated depreciation (Note 3)	<u>121,953</u>
Total noncurrent assets	

<b>Total assets</b>	<b><u><u>\$ 257,608</u></u></b>
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**Liabilities and net assets**

Current liabilities

Payroll liabilities	\$ 1,445
Short-term IDA payable (Note 4)	3,334
Total current liabilities	<u>4,779</u>

Long-term liabilities

Long-term IDA payable (Note 4)	<u>82,439</u>
Total liabilities	<u>87,218</u>

Net assets

Unrestricted	128,836
Temporarily restricted	41,554
Permanently restricted	-
Total net assets	<u>170,390</u>

<b>Total liabilities and net assets</b>	<b><u><u>\$ 257,608</u></u></b>
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The accompanying notes are an integral part of these financial statements.

**CHRISTIAN COMMUNITY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Unrestricted	Temporarily restricted	Permanently restricted	Total
<b>Revenues and support</b>				
Church contributions	\$ 100,825	\$ -	\$ -	\$ 100,825
Grant revenue	10,526	-	-	10,526
Private donations	9,872	-	-	9,872
Friends of CCSI fundraising	39,718	-	-	39,718
Other fundraising	22,815	-	-	22,815
Campaigns	14,257	-	-	14,257
Program fees	1,350	-	-	1,350
Interest income	58	-	-	58
Restricted funds	-	52,115	-	52,115
THDA	5,635	-	-	5,635
Gain on sale of van	8,000	-	-	8,000
Total revenues and support	<u>213,056</u>	<u>52,115</u>	<u>-</u>	<u>265,171</u>
<b>Expenses</b>				
Program services	208,311	-	-	208,311
Management & general	43,318	-	-	43,318
Fundraising	17,228	-	-	17,228
Total expenses	<u>268,857</u>	<u>-</u>	<u>-</u>	<u>268,857</u>
(Decrease) increase in net assets	(55,801)	52,115	-	(3,686)
Net assets released from restriction	22,977	(22,977)	-	-
Net assets at beginning of year	161,660	12,416	-	174,076
Net assets at end of year	<u>\$ 128,836</u>	<u>\$ 41,554</u>	<u>\$ -</u>	<u>\$ 170,390</u>

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



**CHRISTIAN COMMUNITY SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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**Cash flows from operating activities**

Decrease in net assets	\$ (3,686)
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:	
Depreciation	10,317
Gain on sale of van	(8,000)
Decrease in accounts payable	-
Decrease in payroll liabilities	(45)
Increase in IDA payable	14,542
Net cash provided by operating activities	<u>13,128</u>

**Cash flows from investing activities**

Proceeds from sale of van	8,000
Purchase of computers	<u>(1,304)</u>
Net cash provided by investing activities	6,696

**Cash flows from financing activities**

	<u>-</u>
Net change in cash and cash equivalents	19,824
Cash and cash equivalents, beginning of year	115,831
Cash and cash equivalents, end of year	<u><u>\$ 135,655</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, 2012**

	Program services	Management & general	Fundraising	Total
Adult life basic skills	\$ 12,454	\$ -	\$ -	\$ 12,454
Family mentoring	6,971	-	-	6,971
Children's PASS	7,219	-	-	7,219
Consulting	2,703	572	-	3,275
Basic financial training	6,443	-	-	6,443
Depreciation	9,285	1,032	-	10,317
Dues & subscriptions	709	709	-	1,418
Equipment	-	-	-	-
Financial counseling	717	-	-	717
Food	404	1,214	-	1,618
Gifts	100	752	-	852
Insurance	13,436	2,371	-	15,807
Janitorial service	729	2,186	-	2,915
Licenses & permits	-	22	-	22
Miscellaneous	-	776	-	776
Office supplies	4,400	1,466	-	5,866
Payroll expenses	128,183	22,620	-	150,803
Postage & delivery	768	256	-	1,024
Printing & reproduction	2,372	791	-	3,163
Professional fees	4,434	4,435	-	8,869
Telephone	2,142	2,142	-	4,284
Staff training	-	955	-	955
THDA expense	3,249	-	-	3,249
Transportation	527	-	-	527
Golf tournament	-	-	2,949	2,949
Friends of CCSI fundraising	-	-	9,831	9,831
Other fundraising expenses	-	-	4,448	4,448
Development	48	-	-	48
Management	-	-	-	-
Communications - website	1,018	1,019	-	2,037
IDA matching expenses	-	-	-	-
Bank & finance charges	-	-	-	-
Scholar	-	-	-	-
Total	<u>\$ 208,311</u>	<u>\$ 43,318</u>	<u>\$ 17,228</u>	<u>\$ 268,857</u>

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



**CHRISTIAN COMMUNITY SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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**NOTE 1---NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Christian Community Services, Inc. (the "Organization") is a not-for-profit organization chartered under the law 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.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, revenue is recognized when earned, support and promises to give are recognized when received, and expenses are recorded when incurred.

The financial statement presentation follows the recommendations of the Financial Accounting Standard Board's Accounting Standard Codification 958 (FASB ASC 958). Under FASB ASC 958, the Organization 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.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Unrestricted Net Assets — Net assets that are not temporarily or permanently restricted by explicit donor stipulations or by law.

Temporarily Restricted Net Assets — Net assets of gifts of cash and other assets, accepted by board actions, that are received with donor stipulations that limit the use of the donated assets, or that are designated as support for future periods.

Permanently Restricted Net Assets — Net assets, accepted by board actions, subject to donor's stipulation that require the asset be invested in perpetuity.

Revenue, Support, and Expenses

The Organization receives its contributions from foundations, its members, and other individuals, and recognizes revenue when cash or a firm promise to give is obtained.

Contributions received are measured at their fair value and are 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. 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.

**CHRISTIAN COMMUNITY SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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Use of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes

The Organization is a tax-exempt entity under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is considered necessary

Property and Equipment

Disbursements for property and equipment, consisting of office equipment and building, are reflected in the statement of financial position at cost. 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. 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
Building	20—39

Functional Expenses

Management allocates expenses on a functional basis among its various programs, including support services and fundraising activities. 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 are allocated based on various relationships.

**NOTE 2---FUNDING AND CONCENTRATION OF RISK**

The Organization receives a substantial amount 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 YEAR ENDED DECEMBER 31, 2012**

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**NOTE 3---PROPERTY AND EQUIPMENT**

A summary of property and equipment as of December 31, 2012 was as follows:

Building	\$ 200,000
Automobiles	17,833
Office equipment	31,111
Less: accumulated depreciation	<u>(126,991)</u>
Property and equipment, net	<u>\$ 121,953</u>

Depreciation expense as of December 31, 2012 was \$10,317.

**NOTE 4---INDIVIDUAL DEVELOPMENT ACCOUNTS PAYABLE**

Mentoring Towards Independence (MTI) is one of the Organization's outreach programs. Individuals who are enrolled in this program are eligible to open an Individual Development Account (IDA). The Organization will match every dollar the participant deposits into a savings account with two dollars (2:1), up to a maximum of \$3,333 to be used towards a down payment towards a home, further education, or starting a business. The Organization maintains a separate money market account for this purpose. The balance of the board designated funds in the money market account at December 31, 2012 was \$6,847. The board also designated \$59,576 in 2012 for unspecified purposes. The Organization classified the IDA payables likely to result in disbursement next fiscal year as short-term IDA payable and the remaining balance as long-term IDA payable. At December 31, 2012, short-term IDA payable and long-term IDA payable had a balance of \$3,334 and \$82,439, respectively.

**NOTE 5— BOARD DESIGNATED FUNDS**

The board designated funds in the money market account for IDA payment purpose. The money market account balance as of December 31, 2012 was \$6,847. The board also designated \$59,576 in 2012 for unspecified purposes.

**NOTE 6—RELATED PARTY TRANSACTIONS**

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

The Organization has 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 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 the agreement have not been included in the Organization's financial statements.

**CHRISTIAN COMMUNITY SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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**NOTE 6—SUBSEQUENT EVENTS**

There were no subsequent events requiring disclosure as of February 21, 2013, the date management evaluated such events. The financial statements were available to be issued February 21, 2013.