

COMMUNITY CARE FELLOWSHIP, INC.
Financial Statements
December 31, 2014

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Parker, Parker & Associates, PLC

Certified Public Accountants

1000 NORTHCHASE DRIVE - SUITE 260
GOODLETTSVILLE, TN 37072

STEVEN B. PARKER, CPA
CHARLES N. PARKER, CPA
KAREN R. STEPHENS, CPA
LAUREN S. ALLEN, CPA
J. MATTHEW STAMPER, CPA
JILL C. COLEMAN, CPA
JANA N. LOWE, CPA

TELEPHONE: 615-859-8800
FAX: 615-859-8188
WWW.PARKERCPA.NET

Independent Auditors' Report

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

We have audited the accompanying financial statements of Community Care Fellowship, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets — modified cash basis as of December 31, 2014 and 2013, and the related statements of revenues, expenses and changes in net assets — 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.

Auditor's 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 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 qualified audit opinion.

Basis for Qualified Opinion

As more fully described in Note 1 to the financial statements, certain property is stated at management's estimate of value in the accompanying financial statements. The Organization has not recorded all property acquisitions and related depreciation of the property. In our opinion, all property acquisitions should be capitalized at historical cost and depreciated over its estimated useful life to conform with the modified cash basis of accounting. Quantification of the effects on the financial statements of the preceding practices is not practicable.

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, the assets, liabilities, and net assets of Community Care Fellowship, Inc. as of December 31, 2014 and 2013, and its revenue, expenses and changes in net assets for the years then ended, in accordance with the modified cash basis of accounting as 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 that matter.

Parker, Parker & Associates

July 31, 2015

COMMUNITY CARE FELLOWSHIP, INC.
Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and Cash Equivalents	\$ 212,945	\$ 132,147
Investments	176,966	179,161
Property and Furnishings at estimated values (Note 4)	<u>1,287,500</u>	<u>1,287,500</u>
Total Assets	<u><u>\$ 1,677,411</u></u>	<u><u>\$ 1,598,808</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accrued Payroll Liabilities	\$ 4,681	\$ 5,869
Current Portion of Note Payable	<u>20,580</u>	<u>19,603</u>
Total Current Liabilities	<u>25,261</u>	<u>25,472</u>
Long Term Liabilities		
Note Payable	<u>17,696</u>	<u>38,276</u>
Total Liabilities	<u>42,957</u>	<u>63,748</u>
Net Assets		
Unrestricted	1,524,955	1,417,577
Unrestricted - Board Designated	100,000	100,000
Temporarily Restricted	<u>9,499</u>	<u>17,483</u>
Total Net Assets	<u>1,634,454</u>	<u>1,535,060</u>
Total Liabilities and Net Assets	<u><u>\$ 1,677,411</u></u>	<u><u>\$ 1,598,808</u></u>

See independent auditors' report and notes to financial statements.

COMMUNITY CARE FELLOWSHIP, INC.
Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis
For the Years Ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue						
Contributions:						
Individuals	\$ 273,602	\$ 1,740	\$ 275,342	\$ 186,096	\$ 2,580	\$ 188,676
Local Churches	57,422	13,210	70,632	59,570	9,586	69,156
Church Agencies	6,250	54,300	60,550	2,948	39,000	41,948
Organizations	97,070	3,000	100,070	83,714	1,500	85,214
Total Contributions	434,344	72,250	506,594	332,328	52,666	384,994
Grants	32,000	-	32,000	35,000	-	35,000
Investment Income, net	5,841	-	5,841	16,496	-	16,496
Miscellaneous Income	56	270	326	43	595	638
Total Assets Released from Restrictions	80,504	(80,504)	-	65,896	(65,896)	-
Total Public Support and Revenue	552,745	(7,984)	544,761	449,763	(12,635)	437,128
Expenses						
Salaries and Benefits	267,085	-	267,085	242,704	-	242,704
Food and Supplies	56,558	-	56,558	62,964	-	62,964
Utilities	36,973	-	36,973	31,480	-	31,480
Professional Fees	140	-	140	6,000	-	6,000
Insurance	21,339	-	21,339	18,802	-	18,802
Housing Expense	18,064	-	18,064	18,064	-	18,064
Repairs and Maintenance	23,770	-	23,770	20,780	-	20,780
Interest Expense	2,269	-	2,269	3,183	-	3,183
Postage and Printing	10,850	-	10,850	7,569	-	7,569
Telephone	5,590	-	5,590	5,276	-	5,276
Other	2,729	-	2,729	3,450	-	3,450
Total Expenses	445,367	-	445,367	420,272	-	420,272
Change in Net Assets	107,378	(7,984)	99,394	29,491	(12,635)	16,856
Net Assets - Beginning of Year	1,517,577	17,483	1,535,060	1,488,086	30,118	1,518,204
Net Assets - End of Year	\$ 1,624,955	\$ 9,499	\$ 1,634,454	\$ 1,517,577	\$ 17,483	\$ 1,535,060

See independent auditors' report and notes to financial statements.

COMMUNITY CARE FELLOWSHIP, INC.
Notes to Financial Statements
December 31, 2014 and 2013

Note 1. Summary of Significant Accounting Policies

A. About the Organization

Community Care Fellowship, Inc. ("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 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. 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 of certain property and equipment at replacement cost for insurance determination, not recording the capitalization of all property at historical cost with related depreciation, recording investments at fair market value, recording the liability for a note payable and recording payroll related liabilities.

C. Financial Statement Presentation

The net assets of CCF and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. 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 restrictions that can be fulfilled by actions of CCF pursuant to those restrictions or that expire by the passage of time.

D. Cash and Cash Equivalents

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

E. Property and Furnishings

Property and furnishings are stated either at historical cost or at management's estimate of 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.

F. Fair Value

CCF determines the fair market 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.

COMMUNITY CARE FELLOWSHIP, INC.
Notes to Financial Statements – Continued
December 31, 2014 and 2013

Note 1. Summary of Significant Accounting Policies – Continued

F. Fair Value

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.

G. 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.

H. 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.

I. Contributions

CCF is funded primarily through contributions from individuals, local churches and agencies and other organizations. Contributions are received and recorded as unrestricted, temporarily restricted, or permanently restricted 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 are reclassified to unrestricted net assets and reported in the statement of revenues, expenses and changes in net assets – modified cash basis as net assets released from restrictions.

Note 2. Investments

CCF holds investments with the Nashville Area United Methodist Foundation. These investments are carried at the fair market value determined on December 31, 2014 and 2013, using quoted market prices, less a management fee. The fair value of the investments was \$176,966 and \$179,161 for the years ended December 31, 2014 and 2013.

Investment income is comprised of the following at December 31:

	2014	2013
Realized Gains/(Losses)	\$ 8,813	\$ 4,353
Unrealized Gains/(Losses)	(4,990)	10,566
Interest	1,979	1,990
Dividends	1,137	610
	<u>6,939</u>	<u>17,519</u>
Less Investment Fees	<u>1,098</u>	<u>1,023</u>
Investment Income, net	<u><u>\$ 5,841</u></u>	<u><u>\$ 16,496</u></u>

Note 3. Fair Value Measurements

The following assets carried at fair value are reviewed and adjusted on a recurring basis based on quoted market prices. Fair value at December 31, 2014 and 2013 is as follows:

COMMUNITY CARE FELLOWSHIP, INC.
Notes to Financial Statements – Continued
December 31, 2014 and 2013

Note 3. Fair Value Measurements – Continued

<u>Assets</u>	<u>Fair Value December 31, 2014</u>	<u>Quoted Prices in Active Markets for Similar Assets (Level 2)</u>
Investments	\$ 176,966	\$ 176,966

<u>Assets</u>	<u>Fair Value December 31, 2013</u>	<u>Quoted Prices in Active Markets for Similar Assets (Level 2)</u>
Investments	\$ 179,161	\$ 179,161

Note 4. Property and Furnishings

Property and furnishings consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
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>

As discussed in Note 1,E, CCF has 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 been recorded since 2005. CCF has not recorded depreciation on its property and furnishings.

Note 5. Note Payable

Note payable consists of a loan that is being repaid in monthly installments of \$1,823, including interest at a fixed rate of 4.50% until February 2021. Principal prepayments made by CCF have accelerated the maturity date to September 2016. The note allows the lender to change the interest rate every two years.

Future principal maturities of the loan are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	20,580
2016	17,696
	<u><u>\$ 38,276</u></u>

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 statement as the financial statements are prepared on the modified cash basis of accounting. Volunteers donated approximately 3,800 and 4,000 hours to CCF's programs during each of the years ended December 31, 2014 and 2013, respectively.

COMMUNITY CARE FELLOWSHIP, INC.
Notes to Financial Statements – Continued
December 31, 2014 and 2013

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2014 and 2013 are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Trinity UMC Ministry	\$ 9,499	\$ 11,994
Wal-Mart Grant - Food and Supplies	-	5,489
	<u>\$ 9,499</u>	<u>\$ 17,483</u>

Note 8. 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. In 2014 and 2013, CCF's Board of Directors authorized a disbursement of \$22,000 out of the Kern Memorial Property Fund. These amounts are included in contributions – organizations. The balance of the Fund held for the benefit of CCF totaled approximately \$221,087 and \$233,657 at December 31, 2014 and 2013.

Note 9. Subsequent Event

CCF has evaluated events and transactions for subsequent events that would impact the financial statements for the years ended December 31, 2014 and December 31, 2013 through July 31, 2015, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.