

# **Community Care Fellowship, Inc.**

Financial Statements  
For the Years Ended December 31, 2020 and 2019

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## Independent Auditor's Report

Board of Directors  
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 – modified cash basis as of December 31, 2020 and 2019, the related statements of revenues collected and expenses – modified cash basis and functional 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.

### 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

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 lives. 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 above present fairly, in all material respects, certain assets and liabilities of Community Care Fellowship, Inc. as of December 31, 2020 and 2019, 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.

A handwritten signature in blue ink that reads "Blankenship CPA Group, PLLC".

Blankenship CPA Group, PLLC  
Goodlettsville, Tennessee  
September 1, 2021

**Community Care Fellowship, Inc.**  
Statements of Certain Assets and Liabilities - Modified Cash Basis  
December 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>Assets Recognized</b>		
Cash	\$ 210,769	\$ 123,193
Investments	403,864	365,312
Other current assets	-	25
Property and furnishings at estimated values	<u>1,287,500</u>	<u>1,287,500</u>
Total assets recognized	1,902,133	1,776,030
<b>Liabilities Recognized</b>		
Accrued payroll	<u>5,164</u>	<u>18</u>
Excess of assets recognized over liabilities recognized	<b>\$ 1,896,969</b>	<b>\$ 1,776,012</b>

**Community Care Fellowship, Inc.**  
Statement of Revenues Collected and Expenses - Modified Cash Basis  
For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>Revenues Collected</b>		
Contributions		
Individuals	\$ 183,149	\$ 224,608
Local churches	72,152	48,318
Church agencies	25,000	16,750
Organizations	77,246	82,138
PPP loan forgiveness	50,835	-
Grants	<u>318,143</u>	<u>103,100</u>
Total contributions	726,525	474,914
Investment (loss) income, net	16,852	21,425
Miscellaneous income	<u>4,420</u>	<u>6,155</u>
Total revenues collected	747,797	502,494
<b>Expenses</b>		
Program services	566,510	403,048
Management and general	35,992	32,423
Fundraising	<u>24,338</u>	<u>23,844</u>
Total expenses paid	626,840	459,315
Excess (deficiency) of revenues collected over expenses	<b>\$ 120,957</b>	<b>\$ 43,179</b>

**Community Care Fellowship, Inc.**  
Statement of Functional Expenses - Modified Cash Basis  
For the Year Ended December 31, 2020

	<b>Program services</b>				<b>Total program services</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
	<b>Career Counseling Program</b>	<b>Dare to Dream</b>	<b>Resource Hub</b>	<b>Mobile Housing Navigation</b>				
Salaries and benefits	\$ 20,070	\$ 68,512	\$ 201,929	\$ 37,724	\$ 328,235	\$ 31,063	\$ 21,379	\$ 380,677
Housing and utility assistance	28,123	-	2,278	96,816	127,217	-	-	127,217
Benevolence	-	-	3,465	4,148	7,613	-	-	7,613
Food and supplies	1,602	1,154	26,153	567	29,476	1,602	961	32,039
Insurance	1,037	4,755	12,265	1,038	19,095	1,038	623	20,756
Postage and printing	622	250	9,951	622	11,445	622	373	12,440
Repairs and maintenance	638	730	10,741	637	12,746	-	-	12,746
Telephone	180	180	2,772	180	3,312	180	108	3,600
Utilities	1,411	7,056	16,087	1,411	25,965	1,411	847	28,223
Miscellaneous	-	-	1,330	76	1,406	76	47	1,529
	<b>\$ 53,683</b>	<b>\$ 82,637</b>	<b>\$ 286,971</b>	<b>\$ 143,219</b>	<b>\$ 566,510</b>	<b>\$ 35,992</b>	<b>\$ 24,338</b>	<b>\$ 626,840</b>

**Community Care Fellowship, Inc.**  
Statement of Functional Expenses - Modified Cash Basis  
For the Year Ended December 31, 2019

	<b>Program services</b>				<b>Total program services</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
	<b>Career Counseling Program</b>	<b>Dare to Dream</b>	<b>Resource Hub</b>	<b>Starfish Program</b>				
Salaries and benefits	\$ 8,032	\$ 56,058	\$ 193,339	\$ -	\$ 257,429	\$ 26,153	\$ 20,082	\$ 303,664
Housing and utility assistance	3,191	-	28	-	3,219	-	-	3,219
Food and supplies	195	1,400	35,848	-	37,443	973	584	39,000
Insurance	192	2,819	14,675	-	17,686	961	577	19,224
Postage and printing	189	250	16,973	-	17,412	946	568	18,926
Professional fees	65	650	5,265	-	5,980	325	195	6,500
Repairs and maintenance	242	1,388	20,678	-	22,308	1,213	727	24,248
Scholarships	-	-	-	7,500	7,500	-	-	7,500
Telephone	32	316	2,562	-	2,910	158	95	3,163
Utilities	309	3,086	24,994	-	28,389	1,542	926	30,857
Miscellaneous	30	301	2,441	-	2,772	152	90	3,014
	<b>\$ 12,477</b>	<b>\$ 66,268</b>	<b>\$ 316,803</b>	<b>\$ 7,500</b>	<b>\$ 403,048</b>	<b>\$ 32,423</b>	<b>\$ 23,844</b>	<b>\$ 459,315</b>



**Community Care Fellowship, Inc.**  
Notes to Financial Statements  
For the Years Ended December 31, 2020 and 2019

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**Note 1. Nature of Activities**

**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 meals six days a week, facilities for showers and other personal hygiene services, laundry facilities, counseling, and mobile housing navigational program. A child daycare program is also provided to families below the poverty line.

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.

**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 (US GAAP), 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.

**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.

**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 Financial Accounting Standards Board 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.

**Community Care Fellowship, Inc.**  
Notes to Financial Statements  
For the Years Ended December 31, 2020 and 2019

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**Note 1. Nature of Activities**

**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.

**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.

**Functional Allocation of Expenses**

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of revenues collected and expenses – modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. CCF's functional expenses are allocated based on time and effort.

**Adoption of Accounting Standards**

On January 1, 2019, CCF adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled in an exchange of goods or services. The Organization performed an analysis of revenue streams and transitions to determine in-scope applicability. The adoption of ASC 606 did not materially impact the financial statements and related disclosures.

On January 1, 2019, CCF adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The adoption of this ASU resulted in the treatment of most governmental grants as donor-restricted conditional contributions rather than exchange transactions. The new standard also clarified the criteria for evaluating whether contributions are unconditional or conditional. The adoption of this ASU did not materially impact the financial statements and related disclosures.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for not-for-profit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all not-for-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements.

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**Note 1. Nature of Activities**

**Adoption of Accounting Standards**

In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Organization has adopted this ASU as of and for the year ended December 31, 2019.

**Revenue Recognition**

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.

Grant revenues are recognized when qualified reimbursable expenses are incurred or when services are performed. Grant funds received in advance are recognized as deferred grant revenue until earned. Grant receivables represent amounts due from grants which have been earned but not received. All grant receivables are reported at estimated collectible amounts.

**Note 2. Liquidity**

The following represents CCF's financial assets as of December 31:

	<b>2020</b>	<b>2019</b>
Financial assets		
Cash	\$ 210,769	\$ 123,193
Investments	<u>403,864</u>	<u>365,312</u>
Total financial assets at year end	614,633	488,505
Less amounts not available to be used within one year		
Board designated	<u>(100,000)</u>	<u>(100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 514,633</b>	<b>\$ 388,505</b>

CCF regularly monitors liquidity to meet its operating needs and strives to invest any excess funds. CCF structures its financial assets to be available to meet its general operations and to support its mission of providing resources to families and individuals who are at risk of chronic homelessness and poverty. Any available funds not needed for general operations are invested in funds managed by the United Methodist Foundation for the Memphis & Tennessee Conferences or the Development Fund of TN/KY, Inc.

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**Note 3. Investments**

CCF holds investments with the United Methodist Foundation for the Memphis & Tennessee Conferences and the Development Fund of TN/KY, Inc. (the Funds). These investments are carried at the fair value determined on December 31, 2020 and 2019, as reported by the Funds. The fair value of the investments was \$403,864 and \$365,312 as of December 31, 2020 and 2019, respectively.

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

	<b>2020</b>	<b>2019</b>
Realized gains	\$ 3,258	\$ 1,835
Unrealized (losses) gains	7,447	13,902
Interest	2,105	2,266
Dividends	<u>5,104</u>	<u>4,358</u>
	17,914	22,361
Less: investment fees	<u>(1,062)</u>	<u>(936)</u>
Investment (loss) income, net	<b>\$ 16,852</b>	<b>\$ 21,425</b>

**Note 4. 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, 2020 is as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Development Fund accounts	\$ -	\$ 284,043	\$ -	\$ 284,043
Foundation investments	<u>119,821</u>	<u>-</u>	<u>-</u>	<u>119,821</u>
Investments at fair value	<b>\$ 119,821</b>	<b>\$ 284,043</b>	<b>\$ -</b>	<b>\$ 403,864</b>

Fair value at December 31, 2019 is as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Development Fund accounts	\$ -	\$ 247,041	\$ -	\$ 247,041
Foundation investments	<u>118,271</u>	<u>-</u>	<u>-</u>	<u>118,271</u>
Investments at fair value	<b>\$ 118,271</b>	<b>\$ 247,041</b>	<b>\$ -</b>	<b>\$ 365,312</b>

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**Note 5. Property and Furnishings**

Property and furnishings consist of the following at December 31:

	<b>2020</b>	<b>2019</b>
Buildings	\$ 1,107,000	\$ 1,107,000
Furnishings	180,500	180,500
Less: accumulated depreciation	<u>-</u>	<u>-</u>
Property and furnishings at estimated values	<b>\$ 1,287,500</b>	<b>\$ 1,287,500</b>

**Note 6. Operating Leases**

CCF leases office equipment under various terms through June 2021. Under the agreements, CCF has minimum annual payments totaling \$1,868 and \$2,029 the years ended December 31, 2020 and 2019, respectively. For the year ended December 31, 2022, minimum annual payments total \$261. For the years ended December 31, 2020 and 2019, rental lease payments totaled \$2,813 and \$2,652, respectively.

**Note 7. 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. Volunteer services and supplies were approximately \$11,000 and \$9,980 during the years ended December 31, 2020 and 2019, respectively.

**Note 8. Kern Memorial Property Fund**

The United Methodist Foundation for the Memphis & Tennessee Conferences 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 \$239,639 and \$238,298 at December 31, 2020 and 2019, respectively. Distributions to CCF were \$10,039 and \$10,645 for 2020 and 2019, respectively.

**Note 9. Board Designated Investments**

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

**Note 10. Concentrations**

Various board members continuously contribute to CCF. Total individual contributions by Board Members were 19% and 21% as of December 31, 2020 and 2019, respectively.

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**Note 11. Related Party Transactions**

CCF is a related organization with a company owned by a board member for marketing services. CCF incurs a monthly fee of \$400 for services provided during the years ended December 31, 2020 and 2019, respectively.

**Note 12. Subsequent Event**

CCF has evaluated subsequent events through September 1, 2021, the date on which the financial statements were available to be issued.