

CHRISTIAN COMMUNITY SERVICES, INC.

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2006 AND DECEMBER 31, 2005

CHRISTIAN COMMUNITY SERVICES, INC.

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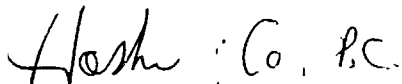
INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Christian Community Services, Inc. (a nonprofit organization) as of December 31, 2006, and December 31, 2005, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of Christian Community Services, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2006, and December 31, 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.



Hoskins & Company, P. C.
March 31, 2007

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 75,843	\$ 10,540
Cash and cash equivalents (Restricted)	6,355	-
Cash and cash equivalents (Board Designated)	13,697	5,147
Prepaid expenses	<u>5,297</u>	<u>5,422</u>
Total Current Assets	101,192	21,109
Other Assets		
Property and Equipment		
Building	200,000	200,000
Vehicles	35,666	35,666
Equipment and furniture	11,951	11,951
Less: Accumulated depreciation	<u>(84,078)</u>	<u>(68,406)</u>
Total Other Assets	163,539	179,211
Total Assets	<u><u>\$ 264,731</u></u>	<u><u>\$ 200,320</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 50	\$ 51
Payroll Liabilities	<u>776</u>	<u>-</u>
Total Current Liabilities	826	51
Net Assets		
Unrestricted net assets	243,853	195,122
Temporarily restricted net assets	6,355	-
Board designated funds	<u>13,697</u>	<u>5,147</u>
Total Net Assets	263,905	200,269
Total Liabilities and Net Assets	<u><u>\$ 264,731</u></u>	<u><u>\$ 200,320</u></u>

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

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Unrestricted Net Assets		
Revenue and Support		
Contributions	\$ 169,234	\$ 171,161
Hope VI grant revenue	-	150
Interest income	203	60
Golf Fundraiser	30,120	-
Friend of CCSI Fundraising	7,400	-
Other income	72,965	20,561
Net assets released from donor restrictions	<u>15,445</u>	<u>14,092</u>
Total Revenue and Support	295,367	206,024
 Operating Expenses		
Program services	213,184	211,632
Support services	<u>24,902</u>	<u>21,421</u>
Total Expenses	<u>238,086</u>	<u>233,053</u>
 Increase (decrease) in Unrestricted Net Assets	57,281	(27,029)
 Temporarily Restricted Net Assets		
Contributions	\$ 21,800	\$ -
Net assets released from donor restrictions	<u>(15,445)</u>	<u>(14,092)</u>
 Increase (Decrease) in Temporarily Restricted Net Assets	<u>6,355</u>	<u>(14,092)</u>
 Total Increase (decrease) in Net Assets	63,636	(41,121)
Net Assets at Beginning of Year	<u>200,269</u>	<u>241,390</u>
Net Assets at End of Year	<u><u>\$ 263,905</u></u>	<u><u>\$ 200,269</u></u>

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

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities		
Increase (decrease) in Net Assets	\$ 63,636	\$ (41,121)
Depreciation	15,671	15,753
Decrease (increase) in prepaid expenses	125	(171)
Decrease in contributions receivable	-	4,750
Increase in liabilities	776	1,396
Net cash provided (used) provided by operating activities	<u>80,208</u>	<u>(19,393)</u>
Cash Flows from Investing Activities	<u>-</u>	<u>-</u>
Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
Increase (decrease) in Cash and Cash Equivalents	80,208	(19,393)
Cash and Cash Equivalents, Beginning of Year	15,687	35,080
Cash and Cash Equivalents, End of Year	<u><u>\$ 95,895</u></u>	<u><u>\$ 15,687</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, 2006

		Support Services			
	Program	Management and General	Fundraising	Support Services Total	Total
MTI/Adult Life Basic Skills	8,967	\$ -	\$ -	\$ -	\$ 8,967
MTI/Family Mentoring	6,682	-	-	-	6,682
MTI/IDA	21,642	-	-	-	21,642
MTI/Child Pass	1,044	-	-	-	1,044
Basic Financial Training	3,512	-	-	-	3,512
Depreciation	14,106	1,565	-	1,565	15,671
Equipment	2,571	482	163	645	3,216
Financial Counseling	672	-	-	-	672
Auto Insurance	3,311	977	-	977	4,288
Health Insurance	7,558	667	667	1,334	8,892
Liability Insurance	707	294	-	294	1,001
Janitorial Service	780	89	-	89	869
Miscellaneous	245	134	-	134	379
Office Supplies	2,056	386	95	481	2,537
Payroll Expenses	130,829	6,707	6,707	13,414	144,243
Postage and Delivery	139	71	-	71	210
Printing and Reproduction	325	3	36	39	364
Professional Fees	2,679	941	-	941	3,620
Telephone	4,181	212	-	212	4,393
Staff Training/Conferences	240	-	-	-	240
Transportation	530	-	-	-	530
Friend of CCSI Fundraising	-	-	1,470	1,470	1,470
Fundraising	-	-	118	118	118
Golf Tournament	-	-	2,842	2,842	2,842
Management	-	276	-	276	276
Dues & Subscriptions	408	-	-	-	408
	<u>\$ 213,184</u>	<u>\$ 12,804</u>	<u>\$ 12,098</u>	<u>\$ 24,902</u>	<u>\$ 238,086</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, 2005

	Support Services				Total
	Program	Management and General	Fundraising	Support Services Total	
Adult Life Basic Skills	\$ 8,323	\$ -	\$ -	\$ -	\$ 8,323
BASIC Financial Training	4,871	-	-	-	4,871
Child Care	56	-	-	-	56
Childrens Tutorial	349	-	-	-	349
Depreciation	14,178	1,575	-	1,575	15,753
Equipment	646	121	41	162	808
Family Mentoring	3,206	-	-	-	3,206
Financial Counseling	343	-	-	-	343
IDA	13,873	-	-	-	13,873
Auto Insurance	3,212	948	-	948	4,160
Health Insurance	9,203	812	812	1,624	10,827
Liability Insurance	1,882	784	-	784	2,666
Janitorial Service	2,126	244	-	244	2,370
Miscellaneous	1,395	765	-	765	2,160
Office Supplies	1,234	232	57	289	1,523
Payroll Expenses	130,834	6,705	6,705	13,410	144,244
Postage and Delivery	189	97	-	97	286
Printing and Reproduction	2,557	30	286	316	2,873
Professional Fees	2,498	877	-	877	3,375
Family Meals	2,879	-	-	-	2,879
Staff Training/Conferences	390	-	-	-	390
Telephone	6,508	330	-	330	6,838
Mentoring	365	-	-	-	365
Bank Charges & finance Chrgs	58	-	-	-	58
Volunteer Training	141	-	-	-	141
Supporting Services	316	-	-	-	316
	<u>\$ 211,632</u>	<u>\$ 13,520</u>	<u>\$ 7,901</u>	<u>\$ 21,421</u>	<u>\$ 233,053</u>

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

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND DECEMBER 31, 2005

NOTE 1--Nature of Organization

Christian Community Services, Inc. (The Organization) is collaboration between Schrader Lane Church of Christ and Woodmont Hills Church of Christ. The mission of the not-for-profit organization is to create a community that empowers families to reach quality, independent, and productive lives.

NOTE 2--Summary of Significant Accounting Policies

Income Taxes

The Organization is a tax-exempt entity under Section 501 (c) (3) of the Internal Revenue Code. Therefore, no provisions for income taxes are applicable.

Basis of Presentation

The financial statements of The Organization have been prepared on the accrual basis of accounting.

Property, Plant and Equipment

Disbursements for property and equipment are capitalized and reflected in the statement of financial position at cost. Expenditures for additions and major improvements are capitalized while those for maintenance and repairs are charged to expenses as incurred. 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
Vehicles	3—10
Buildings	20—39

Support and Expenses

The Organization's primary source of support is contributions. Contributions received are measured at their fair values and 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. 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 Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND DECEMBER 31, 2005

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in a checking account and a money market account. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value. Management believes The Organization is not exposed to any significant credit risk on cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Compensated Absences.

Employees of The Organization are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, but not for accumulated sick leave. Accordingly, vacation pay is accrued and recognized as an expense in the period earned by employees.

NOTE 3--Funding

The Organization receives substantially all of its support from contributions from Schrader Lane Church of Christ and Woodmont Hills Church of Christ. A major reduction in contributions from these churches may have a significant effect on the future operations of The Organization's programs and activities.

NOTE 4—Temporarily Restricted and Board Designated Funds

In 2000 the board designated matching funds for participants that completed The Organization's Individual Development as a component of the Mentoring towards independence program. The Organization matches every dollar the participant deposits into a savings account with two dollars, up to a maximum of \$5,000. These designated funds are on deposit in a money market account. The balance of the board designated funds in the money market account at December 31, 2006 and December 31, 2005 was \$13,697 and \$5,147 respectively.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND DECEMBER 31, 2005

Funds restricted for the Individual Development program by donors have also been deposited into the money market account. The balance of temporarily restricted funds at December 31, 2006 was \$6,355.

NOTE 5—Related Party Transactions

The Organization has an agreement with MDHA to provide day care services at the Community Center in Vine Hill Homes. The Organization has entered into an agreement with Schrader Lane Child Care Services Center (Schrader Lane) through which Schrader Lane will provide workforce and management services that are appropriate for fulfilling the obligations of The Organization to MDHA to maintain a child daycare center at the Community Center. Schrader Lane pays all expenses it incurs in performing its obligations under this agreement and receives grant funding from MDHA on behalf of The Organization. The Organization has no financial obligation to Schrader Lane. Activities and transactions related to this agreement have not been included in The Organization's financial statements.