

CHRISTIAN COMMUNITY SERVICES, INC.

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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

Table of Contents

INDEPENDENT AUDITORS' REPORT-----	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION-----	2
STATEMENT OF ACTIVITIES-----	3
STATEMENT OF CASH FLOWS-----	4
STATEMENT OF FUNCTIONAL EXPENSES-----	5
NOTES TO THE FINANCIAL STATEMENTS-----	6-9

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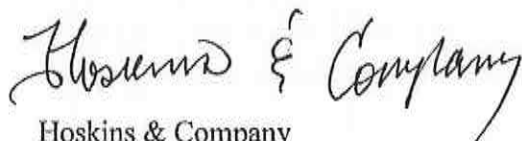
INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Christian Community Services, Inc. as of December 31, 2011, and the related statements of activities, cash flows, and functional expenses for the year 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 misstatement. 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, 2011, and changes in its net assets and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.



Hoskins & Company
April 9, 2012

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

Assets	
Current assets	
Cash	\$ 38,929
Cash- Board designated funds	62,015
Cash- Donor restricted funds	12,416
Money market	2,471
Total current assets	<u>115,831</u>
Property and equipment, net of accumulated depreciation	<u>130,967</u>
Total assets	<u>246,798</u>
Liabilities and net assets	
Current liabilities	
Payroll liabilities	1,490
Short-term IDA payable	2,471
Total current liabilities	<u>3,961</u>
Long-term liabilities	
Long-term IDA payable	68,761
Total long-term liabilities	<u>68,761</u>
Net assets	
Unrestricted net assets	161,660
Temporarily restricted net assets	12,416
Permanently restricted net assets	-
Total net assets	<u>174,076</u>
Total liabilities and net assets	<u>\$ 246,798</u>

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

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support				
Contributions	\$ 116,559	\$ -	\$ -	\$ 116,559
Grant revenue	37,850	-	-	37,850
Private donations	96,346	-	-	96,346
Fundraising	33,625	-	-	33,625
Friends of CCSI	20,891	-	-	20,891
Campaigns	14,113	-	-	14,113
Program fees	5,442	-	-	5,442
Interest income	193	-	-	193
Cal Turner fund	3,286	6,714	-	10,000
Frist fund	3,400	-	-	3,400
Franklin B. Jones Scholar fund	500	-	-	500
Total revenues and support	<u>332,205</u>	<u>6,714</u>	<u>-</u>	<u>338,919</u>
Expenses				
Program services	301,999	-	-	301,999
Management and general	40,672	-	-	40,672
Fundraising	34,395	-	-	34,395
Total expenses	<u>377,066</u>	<u>-</u>	<u>-</u>	<u>377,066</u>
(Decrease) increase in net assets	(44,861)	6,714	-	(38,147)
Net asset released from restriction	-	(400)	-	(400)
Net assets at beginning of year	206,521	6,102	-	212,623
Net assets at end of year	<u>\$ 161,660</u>	<u>\$ 12,416</u>	<u>\$ -</u>	<u>\$ 174,076</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, 2011

Cash flows from operating activities

Decrease in net assets	\$ (38,147)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation	9,473
Decrease in accounts payable	(764)
Increase in payroll liabilities	1,490
Net non-cash change in IDAs	30,745
Net cash provided by operating activities	<u>2,797</u>

Cash flows from investing activities

Purchase of fixed assets	<u>(5,099)</u>
Net cash used in investing activities	(5,099)

Cash flows from financing activities

Net change in cash and cash equivalents	(2,302)
Cash and cash equivalents, beginning of year	118,133
Cash and cash equivalents, end of year	<u><u>\$ 115,831</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, 2011

	Program	Management and General	Fundraising	Total
Adult life basic skills	\$ 13,098	\$ -	\$ -	\$ 13,098
Family mentoring	8,251	-	-	8,251
Menotring Towards Independence	500	-	-	500
Children's PASS	7,598	-	-	7,598
Basic financial training	7,981	-	-	7,981
Depreciation	8,526	947	-	9,473
Equipment	148	28	9	185
Financial counseling	1,472	-	-	1,472
Insurances	21,538	6,357	-	27,895
Janitorial service	3,732	428	-	4,160
Miscellaneous	30	16	-	46
Office supplies	1,849	348	85	2,282
Payroll expenses	171,397	20,164	10,082	201,643
Postage and delivery	50	447	-	497
Printing and reproduction	2,743	32	307	3,082
Professional fees	8,241	2,894	-	11,135
Telephone	4,131	459	-	4,590
Staff training	2,212	-	-	2,212
Transportation	1,858	-	-	1,858
Fundraising	-	-	23,828	23,828
Development	-	-	84	84
Management	-	7,433	-	7,433
Dues & subscriptions	64	581	-	645
Communications - website	1,105	388	-	1,493
IDA matching expenses	34,949	-	-	34,949
Bank and finance charges	26	150	-	176
Scholar	500	-	-	500
Total	<u>\$ 301,999</u>	<u>\$ 40,672</u>	<u>\$ 34,395</u>	<u>\$ 377,066</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, 2011**

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 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 (FASB ASC 958), Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of 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 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.

Designation of Unrestricted 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 YEAR ENDED DECEMBER 31, 2011**

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.

Fixed Assets

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>Asset</u>	<u>Years</u>
Machinery and equipment	3—10
Vehicles	3—10
Buildings	20—39

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.

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.

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

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.

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, 2011

NOTE 3---FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs of the Organization have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs benefited.

NOTE 4---PROPERTY AND EQUIPMENT

Depreciation expense as of December 31, 2011 was \$9,473. A summary of property and equipment as of December 31, 2011 was as follows:

	<u>December 31, 2011</u>
Vine Hill Community Center	\$ 200,000
Automobiles	35,666
Office equipment	29,809
Accumulated depreciation – buildings	(80,003)
Accumulated depreciation – automobiles	(35,666)
Accumulated depreciation – office equipment	<u>(18,839)</u>
	<u>\$ 130,967</u>

NOTE 5---BOARD DESIGNATED FUNDS

The board designated matching funds for participants that completed the Organization's Mentoring Towards Independence (MTI) program. The Organization matches every dollar the participant deposits into a savings account with two dollars (2:1), up to a maximum of \$5,000 for each participant. 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, 2011 was \$2,471. The board also designated \$62,015 in 2011 for unspecified purposes. The participants saved a total of \$35,616 as of December 31, 2011. The related liability for this program was \$71,231 as of December 31, 2011. The board assigned the money market balance as a short-term IDA payable and the remaining balance as a long-term IDA payable.

**CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 will provide 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.

NOTE 7—SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure as of April 9, 2012, the date management evaluated such events. The financial statements were available to be issued on April 9, 2012.

Form **8879-EO****IRS e-file Signature Authorization
for an Exempt Organization**

OMB No. 1545-1878

For calendar year 2011, or fiscal year beginning _____, 2011, and ending _____

▶ **Do not send to the IRS. Keep for your records.**
▶ **See instructions.****2011**Department of the Treasury
Internal Revenue Service

Name of exempt organization

Employer identification number

CHRISTIAN COMMUNITY SERVICES, INC.62-1702753

Name and title of officer

Belita B HowardInterim Executive Dir.**Part I Type of Return and Return Information (Whole Dollars Only)**

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a, below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

1a Form 990 check here	▶ <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b	<u>327,000.</u>
2a Form 990-EZ check here	▶ <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b	
3a Form 1120-POL check here	▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b	
4a Form 990-PF check here	▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a Form 8868 check here	▶ <input type="checkbox"/>	b Balance Due (Form 8868, Part I, line 3c or Part II, line 8c)	5b	

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2011 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

☒ I authorize Hoskins & Company PC to enter my PIN 05002 as my signature

ERO firm name Enter five numbers, but do not enter all zeros

on the organization's tax year 2011 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

☐ As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2011 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature

Belita B Howard

Date

4-24-2012**Part III Certification and Authentication**

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

62505109135

do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2011 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature

Harvey E. Hoskins, CPA

Date

ERO Must Retain This Form — See Instructions
Do Not Submit This Form To the IRS Unless Requested To Do So

BAA For Paperwork Reduction Act Notice, see instructions.

Form **8879-EO** (2011)