

CHRISTIAN COMMUNITY SERVICES, INC.

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2010 AND DECEMBER 31, 2009

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 statements of financial position of Christian Community Services, Inc. (a not-for-profit organization) as of December 31, 2010, and December 31, 2009, 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 audits.

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 provide 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, 2010, and December 31, 2009, 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
May 05, 2011

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 48,009	\$ 108,215
Cash and cash equivalents (board designated)	70,125	46,848
Prepaid expenses	<u>-</u>	<u>1,575</u>
Total current assets	<u>118,134</u>	<u>156,638</u>
Property and equipment		
Building	200,000	200,000
Vehicles	35,666	35,666
Equipment and furniture	24,711	24,711
Less: Accumulated depreciation	<u>(125,035)</u>	<u>(115,536)</u>
Total furniture and equipment (net)	<u>135,342</u>	<u>144,841</u>
Total assets	<u><u>\$ 253,476</u></u>	<u><u>\$ 301,479</u></u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 764	\$ 3,390
Payroll liabilities	-	7,833
IDA payable	<u>53,190</u>	<u>37,663</u>
Total current liabilities	<u>53,954</u>	<u>48,886</u>
Net assets:		
Unrestricted net assets	123,295	195,343
Board designated net assets	70,125	-
Temporarily restricted net assets	<u>6,102</u>	<u>57,250</u>
Total net assets	<u>199,522</u>	<u>252,593</u>
Total liabilities and net assets	<u><u>\$ 253,476</u></u>	<u><u>\$ 301,479</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, 2010 AND 2009

	2010	2009
Revenue and support		
Unrestricted revenue:		
Contributions	\$ 144,069	\$ 138,434
Interest income	22	72
Golf fundraiser	31,440	27,840
Friend of CCSI fundraising	23,451	24,877
Grant revenue	15,910	1,748
Private donations	91,426	39,621
Other income	2,268	180
Change in IDA reserve balance	-	16,289
Total unrestricted Revenue	308,586	249,061
Temporarily restricted revenue	100	57,250
Net asset released from restriction	51,248	-
Total revenue and support	359,934	306,311
Operating expenses		
Program services	311,300	242,031
Support services	50,457	42,652
Total operating expenses	361,757	284,684
Temporarily restricted contributions		
Net asset released from restriction	(51,248)	-
Changes in temporarily restricted net assets	(51,248)	-
(Decrease) Increase in unrestricted net assets	(53,071)	21,627
Net assets at beginning of year	252,593	230,966
Net assets at end of year	\$ 199,522	\$ 252,593

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, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
(Decrease) Increase in net assets	\$ (53,071)	\$ 21,627
Adjustments to reconcile net earnings to cash flows provided (used) by operating activities:		
Depreciation	9,499	9,131
Decrease (Increase) in prepaid expenses	1,575	(1,575)
(Decrease) Increase in accounts payable	(2,626)	2,676
(Decrease) Increase in payroll liabilities	(7,833)	7,833
Increase (Decrease) in IDA liabilities	<u>15,527</u>	<u>(21,895)</u>
Net cash (used) provided by operating activities	(36,929)	17,797
 Cash flows from investing activities:		
Purchase of office equipment	<u>-</u>	<u>(8,765)</u>
Net cash used by investing activities	<u>-</u>	<u>(8,765)</u>
 Cash flows from financing activities	<u>-</u>	<u>-</u>
 (Decrease) Increase in cash and cash equivalents	(36,929)	9,032
Cash and cash equivalents, beginning of year	155,063	146,031
Cash and cash equivalents, end of year	<u><u>\$ 118,134</u></u>	<u><u>\$ 155,063</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, 2010

		<u>Support Services</u>			
	Program	Management and General	Fundraising	Support Services Total	Program and Support Services Total
MTI/Adult Life Basic Skills	\$ 13,449	\$ -	\$ -	\$ -	\$ 13,449
MTI/Family Mentoring	9,056	-	-	-	9,056
MTI/Child Pass	4,544	-	-	-	4,544
Basic financial training	11,646	-	-	-	11,646
Depreciation	8,549	950	-	950	9,499
Equipment	4,822	903	306	1,209	6,031
Financial counseling	973	-	-	-	973
Insurances	19,379	5,720	-	5,720	25,099
Janitorial service	3,332	383	-	383	3,715
Miscellaneous	112	63	-	63	174
Office supplies	895	168	41	210	1,105
Payroll expenses	192,888	9,889	9,889	19,778	212,666
Postage and delivery	213	109	-	109	322
Printing and reproduction	2,469	29	276	305	2,774
Professional fees	4,256	1,494	-	1,494	5,750
Telephone	3,585	182	-	182	3,767
Staff training/conferences	643	-	-	-	643
Transportation	805	-	-	-	805
Fundraising	-	-	14,518	14,518	14,518
Development	-	-	-	-	-
Management	-	5,072	-	5,072	5,072
Dues & subscriptions	150	-	-	-	150
Communications- website	1,327	466	-	466	1,793
IDA CCSI Matching Expenses	27,971	-	-	-	27,971
Bank charge & finance charge	235	-	-	-	235
	<u>\$ 311,300</u>	<u>\$ 25,428</u>	<u>\$ 25,029</u>	<u>\$ 50,457</u>	<u>\$ 361,757</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, 2009

		Support Services			
	Program	Management and General	Fundraising	Support Services Total	Program and Support Services Total
MTI/Adult Life Basic Skills	\$ 14,048	\$ -	\$ -	\$ -	\$ 14,048
MTI/Family Mentoring	8,424	-	-	-	8,424
MTI/Child Pass	4,253	-	-	-	4,253
Basic financial training	5,791	-	-	-	5,791
Depreciation	8,218	913	-	913	9,131
Equipment	1,963	368	124	492	2,455
Financial counseling	961	-	-	-	961
Auto insurance	2,745	810	-	810	3,555
Health insurance	9,130	806	806	1,612	10,742
Liability insurance	2,035	848	-	848	2,883
Janitorial service	3,229	371	-	371	3,600
Miscellaneous	92	52	-	52	144
Office supplies	1,826	343	84	427	2,253
Payroll expenses	166,304	8,526	8,526	17,052	183,356
Postage and delivery	143	73	-	73	216
Printing and reproduction	853	10	95	105	958
Professional fees	4,256	1,494	-	1,494	5,750
Telephone	5,030	255	-	255	5,285
Staff training/conferences	47	-	-	-	47
Transportation	1,590	-	-	-	1,590
Fundraising	-	-	14,599	14,599	14,599
Development	-	-	400	400	400
Management	-	2,843	-	2,843	2,843
Dues & subscriptions	100	-	-	-	100
Communications- website	873	307	-	307	1,180
Bank charge & finance charge	120	-	-	-	120
	<u>\$ 242,031</u>	<u>\$ 18,019</u>	<u>\$ 24,634</u>	<u>\$ 42,652</u>	<u>\$ 284,684</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, 2010 AND DECEMBER 31, 2009

NOTE 1---NATURE OF ORGANIZATION

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

NOTE 2---SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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). 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.

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.

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:

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

	<u>Years</u>
Machinery and equipment	3—10
Furniture and fixtures	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. 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.

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 3---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 YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

NOTE 4---TEMPORARILY RESTRICTED AND BOARD DESIGNATED FUNDS

In 2000 the board designated matching funds for participants that completed the Organization's Individual Development Program (IDP) as a component of the 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, 2010 and December 31, 2009 was \$6,282 and \$1,848 respectively. The board also designated \$63,843 in 2010 for unspecified purpose. The participants saved a total of \$26,595 and \$18,832 as of December 31, 2010 and December 31, 2009 respectively. The related liability for this program was \$53,190 and \$37,663 as of December 31, 2010 and December 31, 2009 respectively. The IDA matching expense was \$27,971 as of December 31, 2010.

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

NOTE 6—Subsequent Events

There were no subsequent events requiring disclosure as of May 05, 2011, the date management evaluated such events. The financial statements were available to be issued on May 05, 2011.