2013
Financial Statements
With
Auditor's Letters

CHRISTIAN COMMUNITY SERVICES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2013

(With Independent Auditor's Report Thereon)

CHRISTIAN COMMUNITY SERVICES, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2013

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PATTERSON, HARDEE & BALLENTINE, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Christian Community Services, Inc.

We have audited the accompanying financial statements of Christian Community Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes 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 audit. We conducted our audit 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 of 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 audit opinion.

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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Patterson Hardee & Ballentine

February 28, 2014

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CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

Current Assets:		
Cash	$ 5,941	
Prepaid expenses	964	
Total current assets		$ 6,905
Property and equipment, net		117,775
Assets whose use is limited by:		
Cash - board designated	61,049	
Cash - temporarily restricted	31,395	
		92,444
		$ 217,124

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	$ 4,101	
Accrued payroll	737	
Current portion of IDA payable	20,000	
Total current liability		$ 24,838
IDA payable, less current portion		43,291
Total liabilities		68,129
Net Assets:		
Unrestricted	56,551	
Unrestricted - board designated	61,049	
Total unrestricted net assets		117,600
Temporarily restricted	31,395	
Total restricted net assets		31,395
Total net assets		148,995
		$ 217,124

See accompanying notes to financial statements.

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenues:				
Direct public support	$ 193,464	$ -	$ -	$ 193,464
Grants	12,400	33,012	-	45,412
Program fees	10,247	-	-	10,247
Fundraising	42,281	-	-	42,281
Interest income	22	-	-	22
Net assets released from restrictions	43,171	(43,171)	-	-
Total public support and revenues	301,585	(10,159)	-	291,426
Expenses:				
Program services	229,575	-	-	229,575
Management and general	56,275	-	-	56,275
Fundraising	26,971	-	-	26,971
Total expenses	312,821	-	-	312,821
Decrease in net assets	(11,236)	(10,159)	-	(21,395)
Net assets - beginning of year	128,836	41,554	-	170,390
Net assets - end of year	$ 117,600	$ 31,395	$ -	$ 148,995

See accompanying notes to financial statements.

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services	Management and General	Fundraising	Total
Adult life basic skills	$ 7,923	$ -	$ -	$ 7,923
Family mentoring	7,188	-	-	7,188
Children's personal, academic, social & spiritual success (PASS)	4,306	-	-	4,306
Consulting expense	551	146	37	734
Basic financial training	4,664	-	-	4,664
Depreciation expense	8,036	714	179	8,929
Dues and subscriptions	977	976	-	1,953
Equipment expense	1,503	134	33	1,670
Financial counseling	1,295	-	-	1,295
Strategic plan expense	5,959	-	-	5,959
Insurance expense	20,048	1,782	446	22,276
Janitorial service	367	2,082	-	2,449
Advertising expense	-	863	-	863
Office supplies	4,925	923	308	6,156
Payroll expenses	145,472	38,793	9,698	193,963
Postage and delivery	1,429	268	89	1,786
Printing and reproduction	3,084	578	193	3,855
Professional fees	3,833	3,832	-	7,665
Telephone expense	1,793	1,793	-	3,586
Staff training	250	1,229	-	1,479
Home buyer education	1,938	-	-	1,938
Transportation expense	1,553	-	-	1,553
Golf tournament	-	-	2,598	2,598
Other fundraising expenses	-	-	13,390	13,390
Communications - website	2,163	2,162	-	4,325
IDA matching expenses	318	-	-	318
	$ 229,575	56,275	26,971	$ 312,821

See accompanying notes to financial statements.

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows From Operating Activities:		
Decrease in net assets		$ (21,395)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	$ 8,929	
Changes in:		
Prepaid expenses	(964)	
Asset whose use is limited	15,533	
Accounts payable	2,656	
Accrued payroll	737	
IDA payable	(22,482)	
Total adjustments		4,409
Net cash used in operating activities		(16,986)
Cash Flows From Investing Activities:		
Purchase of property and equipment	(4,751)	
Net cash used in investing activities		(4,751)
Net decrease in cash		(21,737)
Cash - beginning of year		27,678
Cash - end of year		$ 5,941

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

The terms ""we", "us", or "our"" are used throughout these notes to the financial statements to identify the Christian Community Services, Inc., a non-profit organization. Our mission is to create inspiration for underserved families so 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 undeserved and all have achieved self sufficiency.

We empower underserved families to achieve a legacy of economic self-sufficiency through a family centered, holistic approach that includes classroom workshops focusing on behaviors and practical financial tools, individual counseling, mentoring, asset development and a unique children's curriculum. These are provided through the Basic Financial Training (BFT) Workshops, Mentoring Towards Independence (MTI) program and Homebuyer Education Workshops.

Program Descriptions

Basic Financial Training Workshops

Basic Financial Training Workshops (BFT) are eight hour certificate based workshops that provide participants with the basic financial management skills. The four-part series remind students how mainstream financial centers help build assets while predatory lenders destroy credit and provide tips and tricks on planning for large purchase assets such as auto, school and retirement. The second workshop focuses on the importance of establishing a savings account and the basics of budgeting. Participants must create a zero based budget and track daily expenses for the entire 4 week period. During the third session we actually pull their credit report and review why good credit is important, how credit scores are calculated, how to pull own credit report and what transactions impact credit scores. The fourth class is a teaser for our homebuyer education workshop. Participants review steps to homeownership and are provided with an overview of options and importance of planning for purchase and the sustainability of that important purchase.

BFT workshops are open to the public at large but are a pre-requisite for the Mentoring Towards Independence program. BFT workshops are held approximately six times per year, and child care and a light meal is provided for the Monday night classes. There is a $10 registration charge.

Mentoring Towards Independence

Mentoring Towards Independence (MTI) is our flagship program. This nine month (September - May) program targets families earning between 100%-200% of the HHS Federal Poverty line. This program utilizes over one hundred and twenty volunteers each month to provide nutritious family style meals. The program mentors and tutors approximately 20 families per program year. Life Enhancing Topics are taught the first semester, and these topics address the behaviors that impact money management decisions. The second semester finds the participants thoroughly engaged in Financial Peace University. Throughout the week the participants (mentees) meet with their Mentor, and the Mentees meet once a month for budget coaching and goal progress. Another great component of MTI is the Individual Development Accounts (IDA's). The IDA's are matched saving accounts in which we give $2 for every $1 saved up to $3,334. An IDA participant has 5 years to save $1,666 and receive our matched portion; giving mentees $5,000 for the purchase of a house, micro-enterprise or higher education. To date we have 142 families who are self-sufficient, with 98 of those as first-time homeowners and the rest paying fair market rent.

The children also learn many of the same concepts as the adults. The children are engaged with their Tutors in homework assistance and in character development, career exploration and Financial Fitness for Life curriculum. Additionally, the children are working on the "Earn It. Save It." initiative in which they are earning points which equals a monetary award, thus reinforcing rewards for earning income.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Program Descriptions (continued)

Homebuyer Education Workshops

To provide a continuum of care and provide a self-sufficient income program, we offer Tennessee Housing Development Agency Certified Homebuyer Education (THDA) workshops. These workshops are taught by certified pre and post-purchase home education counselors and serve as the financial education requirement for many home loan assistance programs such as THDA. This eight hour workshop dives deeply into the home buying process and helps the prospective homeowner to understand the mortgage process, determine how much of a house payment they can really afford, and show how proper budgeting and good credit can help obtain and sustain long-term home ownership. There is a $15 fee for this class.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, our net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations, which may or will be met, either by our actions and/or by the passage of time. Restrictions fulfilled in the same accounting period in which the contributions are received are reported in the Statement of Activities as unrestricted.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations which require the assets to be permanently maintained. Generally, the donors of these assets permit us to use all or part of the income earned and any related investments for general or specific purposes. We had no permanently restricted net assets as of December 31, 2013.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, we consider all unrestricted cash and investment instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2013, we had no cash equivalents.

Promises to Give

Unconditional promises to give are recognized as support and revenues in the period promised and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Revenue

We receive contributions from foundations, churches, grantors and individuals. We recognize this revenue as it is received or promised to us in accordance with generally accepted accounting principles for non-profit organizations. We also receive program revenues from participants in our Basic Financial Training and THDA Home Ownership Training.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Purchases or donations of equipment over $500 are capitalized. Donated assets with donor stipulations as to specific purpose(s) are reported as restricted contributions until it is placed in the service for which it is restricted. Depreciation is computed using the straight line basis over the following estimated useful lives of the respective assets:

	Years
Machinery and equipment	3-10
Furniture and fixtures	3-10
Building	40

Expenditures for repairs and maintenance are charged to expense as incurred.

Donated Services and Goods

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by us if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Members of the Board of Directors have provided substantial assistance to us by donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Advertising

Advertising is expensed as incurred.

Income Tax Status

We are a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code, and are classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements. We do not believe there are any uncertain tax positions. Further, we do not believe that we have any unrelated business income, which would be subject to federal taxes. We are not subject to examination by U.S. federal or state taxing authorities for years before 2010.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Values of Financial Instruments

The carrying values of current assets, current liabilities, and restricted cash approximate fair values due to the short maturities of these instruments.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk

At December 31, 2013, we owed 51% of all payables to four vendors.

We receive a large amount of general donations from two churches. A major reduction in contributions from these churches may have a significant effect on the future operations of our programs and activities. During the year ended December 31, 2013, we received 35% of total revenue from these two churches.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

NOTE 2 - Property and Equipment

A summary of property and equipment at December 31, 2013, is as follows:

Building	$ 200,000
Automobiles	17,833
Office equipment	35,682
	253,515
Less: accumulated depreciation	(135,740)
	$ 117,775

NOTE 3 - Accounts Payable

A summary of accounts payable at December 31, 2013, is as follows:

Accounts payable	$ 2,394
Payroll taxes	1,707
	$ 4,101

NOTE 4 - Individual Development Accounts Payable (IDA)

Mentoring Towards Independence (MTI) is one of our outreach programs. Individuals who are enrolled in the program are eligible to open an Individual Development Account (IDA). We will match every dollar the participant deposits into a savings account with two dollars (2:1), up to a maximum of $3,334 to be used towards a down payment towards a home, further education, or starting a business. We maintain a separate cash account for this purpose. The balance of the board designated funds in the money market account as of December 31, 2013, was $61,049.

We classified IDA payables likely to result in disbursement next fiscal year as short-term IDA payable and the remaining balance as long-term IDA payable. The classification is based on prior years' experience and our analysis of specific savings accounts. At December 31, 2013, short-term IDA payable and long-term IDA payable had a balance of $ 20,000 and $ 43,291, respectively.

NOTE 5 - Board Designated Unrestricted Net Assets

A summary of board designated unrestricted net assets at December 31, 2013, is as follows:

Individual development accounts (IDA) funding	$ 61,049

NOTE 6 - Temporarily Restricted Net Assets

We receive restricted donations and restricted grants. These funds are restricted for donor or grantor selected purposes. All amounts received are recorded as restricted revenue when the amounts are received or promised and are released from restriction as the restrictions are fulfilled.

A summary of temporarily restricted net assets at December 31, 2013, is as follows:

Washington foundation grant	$ 11,417
Memorial grant	10,000
Bank of America grant	3,288
Technology and training	259
Predator's foundation grant	1,229
Scholarships	5,202
Total temporarily restricted net assets	$ 31,395

NOTE 7 - Related Party Transactions

We have an agreement with Metropolitan Development and Housing Agency (MDHA) to provide day care services at the Community Center in Vine Hill Homes.

We have an agreement with Schrader Lane Child Care Services Center (Schrader Lane) through which Schrader Lane provides workforce and management services that are appropriate for fulfilling the obligations to maintain a child daycare center at the Community Center. Schrader Lane is fully responsible for the actions of the individuals who perform services related to the Schrader Lane Child Care Services Center.

Schrader Lane pays all expenses it incurs in performing its obligations under this agreement. We have no financial obligation to Schrader Lane. Activities and transactions related to the agreement have not been included in our financial statements.

We pay for healthcare insurance of two of our employees through the health insurance of Schrader Lane. All health insurance expenses related to our employees is fully funded by us. Health insurance expense paid to Schrader Lane for the year ended December 31, 2013, is $16,970.

NOTE 8 - Subsequent Events

We have evaluated events subsequent to the year ending December 31, 2013. As of February 28, 2014, the date the financial statements were available to be issued, no events subsequent to the Statement of Financial Position date are considered necessary to be included in the financial statements for the year ended December 31, 2013.