

CHRISTIAN COMMUNITY SERVICES, INC.

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2007 AND DECEMBER 31, 2006

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, 2007, and December 31, 2006, 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 audits 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 audits 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, 2007, and December 31, 2006, 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 & Co. P.C.

Hoskins & Company, P. C.
June 9, 2008

CHRISTIAN COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

Assets			
		<u>2007</u>	<u>2006</u>
Current assets:			
Cash and cash equivalents		\$ 95,017	\$ 75,843
Cash and cash equivalents (restricted)		-	6,355
Cash and cash equivalents (board designated)		3,087	13,697
Prepaid expenses		<u>5,093</u>	<u>5,297</u>
Total current assets		<u>103,197</u>	<u>101,192</u>
Property and Equipment			
Building		200,000	200,000
Vehicles		35,666	35,666
Equipment and furniture		15,946	11,951
Less: Accumulated depreciation		<u>(98,737)</u>	<u>(84,078)</u>
Total furniture and equipment		<u>152,875</u>	<u>163,539</u>
Total assets		<u><u>\$ 256,072</u></u>	<u><u>\$ 264,731</u></u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable		\$ 50	\$ 50
IDA Payable		62,954	62,218
Payroll Liabilities		<u>-</u>	<u>776</u>
Total current liabilities		<u>63,004</u>	<u>63,044</u>
Net assets:			
Unrestricted net assets		189,981	181,635
Temporarily restricted net assets		-	6,355
Board designated funds		<u>3,087</u>	<u>13,697</u>
Total net assets		<u>193,068</u>	<u>201,687</u>
Total liabilities and net assets		<u><u>\$ 256,072</u></u>	<u><u>\$ 264,731</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, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Unrestricted Net Assets:		
Revenue and Support		
Contributions	\$ 152,956	\$ 169,234
Interest income	114	203
Golf fundraiser	30,480	30,120
Friend of CCSI fundraising	1,259	7,400
Other income	60,250	72,965
Net assets released from donor restrictions	<u>6,355</u>	<u>15,445</u>
Total revenue and support	251,414	295,367
Operating Expenses		
Program services	228,801	213,184
Support services	<u>24,877</u>	<u>24,902</u>
Total Expenses	<u>253,678</u>	<u>238,086</u>
(Decrease) Increase in unrestricted net assets	(2,264)	57,281
Temporarily restricted net assets:		
Contributions	\$ -	\$ 21,800
Net assets released from donor restrictions	<u>(6,355)</u>	<u>(15,445)</u>
(Decrease) Increase in temporarily restricted net assets	<u>(6,355)</u>	<u>6,355</u>
Total (decrease) increase in net assets	(8,619)	63,636
Net assets at beginning of year	<u>201,687</u>	<u>138,051</u>
Net assets at end of year	<u><u>\$ 193,068</u></u>	<u><u>\$ 201,687</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, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
(Decrease) increase in Net Assets	\$ (8,619)	\$ 63,636
Adjustments to reconcile net earnings to cash flows provided (used) by operating activities:		
Depreciation	14,659	15,671
Decrease in prepaid expenses	204	125
Decrease in payroll liabilities	(776)	776
Increase in IDA liabilities	<u>736</u>	<u>-</u>
Net cash provided by operating activities	6,204	80,208
Cash flows from investing activities:		
Purchase of Office Equipment	<u>(3,995)</u>	<u>-</u>
Net cash used by investing activities	(3,995)	-
Cash flows from financing activities	<u>-</u>	<u>-</u>
Increase in Cash and Cash Equivalents	2,209	80,208
Cash and Cash Equivalents, Beginning of Year	95,895	15,687
Cash and Cash Equivalents, End of Year	<u>\$ 98,104</u>	<u>\$ 95,895</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, 2007

Support Services					
	Program	Management and General	Fundraising	Support Services Total	Program and Support Services Total
MTI/Adult Life Basic Skills	\$ 8,830	\$ -	\$ -	\$ -	\$ 8,830
MTI/Family Mentoring	34,708	-	-	-	34,708
MTI/IDA	736	-	-	-	736
MTI/Child Pass	1,273	-	-	-	1,273
Basic Financial Training	4,095	-	-	-	4,095
Depreciation	13,193	1,466	-	1,466	14,659
Equipment	469	88	30	118	587
Financial Counseling	973	-	-	-	973
Auto Insurance	3,102	915	-	915	4,017
Health Insurance	7,887	696	696	1,392	9,279
Liability Insurance	2,014	839	-	839	2,853
Janitorial Service	242	28	-	28	270
Miscellaneous	189	102	-	102	291
Office Supplies	3,259	613	150	763	4,022
Payroll Expenses	137,556	7,052	7,052	14,104	151,660
Postage and Delivery	217	112	-	112	329
Printing and Reproduction	423	5	47	52	475
Professional Fees	2,864	1,006	-	1,006	3,870
Telephone	4,223	214	-	214	4,437
Staff Training/Conferences	1,561	-	-	-	1,561
Transportation	887	-	-	-	887
Friend of CCSI Fundraising	-	-	-	-	-
Fundraising	-	-	272	272	272
Golf Tournament	-	-	2,380	2,380	2,380
Management	-	1,074	-	1,074	1,074
Dues & Subscriptions	100	-	-	-	100
Bank Charge&Finance Charge	-	40	-	40	40
	<u>\$ 228,801</u>	<u>\$ 14,250</u>	<u>\$ 10,627</u>	<u>\$ 24,877</u>	<u>\$ 253,678</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	Program and Support Services 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.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

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 inspire undeserved families to achieve quality, productive lives and build a legacy of self-sufficiency. The vision is 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 of The Organization have been prepared on 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.

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

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.

CHRISTIAN COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND DECEMBER 31, 2006

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.

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 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, 2007 AND DECEMBER 31, 2006

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 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. 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, 2007 and December 31, 2006 was \$3,087 and \$13,697 respectively. The participants saved a total of \$31,477 and \$31,109 as of December 31, 2007 and December 31, 2006 respectively. The related liability for this program was \$62,954 and \$62,218 as of December 31, 2007 and December 31, 2006 respectively.

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. There were no restricted funds at December 31, 2007.

NOTE 5—Prior Period Adjustment

The Organization liability for the Individual Development Program was not reported as of December 31, 2006, resulting in overstating the beginning net asset by \$62,218. The current year's beginning net asset is changed to reflect the correction made.

NOTE 6—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.