

**CHRISTIAN WOMEN'S JOB CORPS OF
MIDDLE TENNESSEE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2006**

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BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Christian Women's Job Corps of Middle Tennessee

We have audited the accompanying statement of financial position of Christian Women's Job Corps of Middle Tennessee (a Tennessee not-for-profit corporation, the "Organization") as of December 31, 2006 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 Women's Job Corps of Middle Tennessee as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

December 14, 2007

CHRISTIAN WOMEN'S JOB CORPS OF MIDDLE TENNESSEE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006

ASSETS

Cash and cash equivalents	\$ 322,552
Contributions receivable	8,291
Investments	51,116
Prepaid expenses	2,107
Gift cards	401
Furniture and equipment, net	<u>1,674</u>
 TOTAL ASSETS	 <u><u>\$ 386,141</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 400
Deferred special events support	<u>29,875</u>
 Total Liabilities	 <u>30,275</u>

NET ASSETS

Unrestricted	349,866
Temporarily restricted	5,000
Permanently restricted	<u>1,000</u>
 Total Net Assets	 <u>355,866</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 386,141</u></u>
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The accompanying notes are an integral part of these financial statements.

CHRISTIAN WOMEN'S JOB CORPS OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2006

Changes in Unrestricted Net Assets

Revenues	
Contributions	\$ 174,671
Special event	148,193
ATR receipts	3,383
Investment income	<u>4,459</u>
Total Unrestricted Revenues	330,706
Net assets released from restrictions	<u>14,914</u>
Total Unrestricted Revenues and Reclassifications	<u>345,620</u>
Functional Expenses	
Program services	<u>117,188</u>
Supporting services:	
Management and general	<u>47,786</u>
Fundraising	2,952
Special events direct costs	<u>48,597</u>
	<u>51,549</u>
Total Unrestricted Functional Expenses	<u>216,523</u>
Increase in unrestricted net assets	<u>129,097</u>
Changes in Temporarily Restricted Net Assets	
Specific projects	5,000
Net assets released from restrictions	<u>(14,914)</u>
Decrease in temporarily restricted net assets	<u>(9,914)</u>
INCREASE IN NET ASSETS	119,183
NET ASSETS, BEGINNING OF THE YEAR	<u>236,683</u>
NET ASSETS, END OF THE YEAR	<u><u>\$ 355,866</u></u>

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

CHRISTIAN WOMEN'S JOB CORPS OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2006

		Supporting Services		
	Program	Management	Fund-	
	Services	and	raising	Total
		General		
Salaries and benefits	\$ 68,961	\$ 29,786	\$ 2,482	\$ 101,229
Depreciation	8,050	2,683	-	10,733
Network and computer administration	4,500	4,500	-	9,000
Interns	7,486	-	-	7,486
Office supplies and equipment	2,590	2,590	217	5,397
Utilities	3,600	1,200	-	4,800
Program costs	4,699	-	-	4,699
Janitorial	3,066	1,022	-	4,088
Volunteers	1,641	1,641	-	3,282
GED	2,945	-	-	2,945
Administration	1,389	1,389	116	2,894
Telephone	1,103	1,103	93	2,299
Development and training	914	914	-	1,828
Insurance	1,264	421	-	1,685
ATR costs	1,642	-	-	1,642
Program supplies	1,617	-	-	1,617
Graduation	1,184	-	-	1,184
Postage	537	537	44	1,118
Total expenses before special events direct costs	117,188	47,786	2,952	167,926
Donated items - special events	-	-	34,739	34,739
Special events direct cost	-	-	13,858	13,858
Total special events direct costs	-	-	48,597	48,597
Total expenses	\$ 117,188	\$ 47,786	\$ 51,549	\$ 216,523

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

CHRISTIAN WOMEN'S JOB CORPS OF MIDDLE TENNESSEE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 119,183
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	10,733
Increase in contributions receivable	(7,991)
Decrease in gift cards	218
Increase in prepaid expenses	(1,311)
Increase in deferred special events support	6,725
Decrease in accounts payable	<u>(20)</u>
Net Cash Provided by Operating Activities	<u>127,537</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	<u>(12,899)</u>
Net Cash Used by Investing Activities	<u>(12,899)</u>
Net Increase in Cash and Cash Equivalents	114,638

CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>207,914</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u><u>\$ 322,552</u></u>

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

CHRISTIAN WOMEN'S JOB CORPS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2006

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Christian Women's Job Corps of Middle Tennessee (the "Organization") is a Tennessee not-for-profit corporation that was chartered on February 4, 2003 to provide employment and life skills training and advocacy to women in poverty, particularly to women transitioning back into society after incarceration as well as to women in crisis situations. The Organization's primary program components includes life and job skills training, computer education, GED preparation, and Bible study and spiritual support. Prior to the Organization's formation, its program was conducted as a ministry of the Nashville Baptist Association through the Women's Missionary Union. The Organization provides its services to women within the middle Tennessee area. The Organization is governed by a board of directors who each serve a three-year term of office with one-third of the members rotating annually. At least half of the members of the board must be members of Southern Baptist churches.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and the disclosures of commitments and contingencies. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

CHRISTIAN WOMEN'S JOB CORPS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. The Organization uses the allowance method to determine uncollectible unconditional contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire during the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Contributed Services

Various volunteers donate many hours to the Organization's program services and fundraising campaigns. These contributed services are not reflected in the financial statements since the services do not require specialized skills.

Investments

Investments are composed of certificates of deposit, equity securities, and mutual funds and are valued at quoted fair market price.

Furniture and Equipment and Depreciation

Furniture and equipment acquisitions are recorded at cost. Donations of furniture and equipment are recorded as revenues at their estimated fair value. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statement of activities for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the estimated useful life of three years and is computed on the straight-line method.

Deferred Special Events Revenue

Deferred special events revenue represents proceeds received in advance, net of related prepaid expenses, for the Organization's annual fundraiser which are not considered earned by the Organization (or expenses incurred) until after the event has been held.

CHRISTIAN WOMEN'S JOB CORPS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

NOTE 3 - CONCENTRATION OF CREDIT AND MARKET RISK

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents. At December 31, 2006, the Organization's balance exceeded the Federal Deposit Insurance Corporation (FDIC) limit by \$209,267.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are considered current since they are expected to be collected within one year. No allowance for uncollectible receivables was deemed necessary as of December 31, 2006.

NOTE 5 - INVESTMENTS

The Organization's investments consist of the following:

Certificate of deposit	\$ 33,768
Equity securities	5,288
Investments in Endowment:	
U.S. Government Agency Obligations	4,990
Growth mutual funds	<u>7,070</u>
	<u>\$ 51,116</u>

The certificate of deposit matures February 19, 2008 and bears an interest rate of 3.8%. The equity securities originated from a contribution and have no associated realized or unrealized gains or losses at December 31, 2006.

The U.S. Government agency obligations and growth mutual funds are held by the Tennessee Baptist Foundation for the establishment of an endowment. Total income for 2006 was \$896 consisting of investment income of \$273 and unrealized gains of \$623. See Note 7 for information regarding the endowment.

CHRISTIAN WOMEN'S JOB CORPS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2006

NOTE 6 - FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following:

Leasehold improvements	\$ 35,000
Equipment - computers	3,296
Equipment - office	3,485
Software	<u>764</u>
	42,545
Accumulated depreciation	(<u>40,871</u>)
	<u>\$ 1,674</u>

Depreciation expense was \$10,733 for the year ended December 31, 2006.

NOTE 7 - RESTRICTIONS ON NET ASSETS

The temporarily restricted nets assets at year-end consist of contributions made for specific projects organized by the Organization. These will be released from restriction when the funds are used for the purpose designated by the donor.

Unrestricted net assets are available for various programs and administration of the Organization. Within unrestricted net assets, the Organization has designated funds for an endowment.

The permanently restricted net assets at year-end consist of contributions made to start the endowment fund. Currently, the earnings on the invested funds are being added to the designated portion of the endowment fund until such time the balance is sufficient to began using the earnings for operations. The funds are held with the Tennessee Baptist Foundation as described in Note 5.

The balance in the endowment fund is as follows:

Unrestricted – designated	\$ 11,060
Permanently restricted	<u>1,000</u>
	<u>\$ 12,060</u>

CHRISTIAN WOMEN'S JOB CORPS OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2006

NOTE 8 - LEASE OBLIGATIONS

The Organization has entered into a lease with The Next Door, Inc. ("TND"), a non-profit organization (formally known as the Downtown Ministry Center), for the fifth floor premises of a building located in downtown Nashville at which the Organization conducts its programs. The building is owned by First Baptist Church Nashville which, in turn, leases the building to TND. The sublease called for monthly rates of \$400 to cover operating expenses. At December 31, 2006, the lease was renewed through June 30, 2011 with a monthly rate of \$600. The lease may be cancelled by either party with six months written notice.

NOTE 9 - DONATED SERVICES AND MATERIALS

The following donated services and materials contributed have been included in unrestricted revenues and expenses in the financial statements for the year ended December 31, 2006:

Included in contributions:	
Network and computer administration	\$ 9,000
Janitorial services	4,088
Interns	3,540
Included in Special events income and Special events direct costs	
	<u>34,739</u>
	<u>\$51,367</u>

Management Recommendation Letter

To the Board of Directors
Christian Women's Job Corps of Middle Tennessee

In planning and performing our audit of the financial statements of Christian Women's Job Corps of Middle Tennessee for the year ended December 31, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of the following matters that are an opportunity for strengthening internal controls and operating efficiency. The comments and suggestions regarding these matters are summarized below. This letter does not affect our audit report dated December 14, 2007, on the financial statements of Christian Women's Job Corps of Middle Tennessee.

1. Accounting Assistance

Your Organization has done an admirable job of administering the accounting for the Organization by using volunteers. However, the growth of the Organization appears to have outgrown the ability of the volunteers. We concur with the Board's recent approval to hire an employee that can take responsibility for the accounting process.

2. Strengthen the Expense Documentation Requirements

Several of the disbursements that we reviewed lacked sufficient documentation to determine the purpose of the expenditures and to determine proper approval. Some of the deficiencies we noted are as follows:

- Missing invoices or other support
- Payments to part-time employees with no documentation of the calculation.
- Purchases with no indication of the business purpose of the purchase.

3. Review Policies for Expenditure Review, Approval and Check Signing

Currently, the Organization does not have a formal policy for purchase approvals. We recommend that approvals should be differentiated according to the risk and the amount of expenditure. For example, it may be a policy to have all expenditures under \$500 require the approval of the associated manager. Expenditures between \$500 and \$2,000 may require the executive director's approval with expenditures over \$2,000 requiring the Board of Director's approval. Certain recurring expenses could be approved in advance for the entire year and would not need individual approval each time. These are just examples. The amounts appropriate for the Organization would need to be determined by the leadership. Furthermore, invoices should be marked paid, show evidence of approval, and indicate what general ledger account to charge. The accounting assistant should also perform a review noting proper approval and checking for clerical accuracy. We recommend studying this process for both the maximum protection and efficiency.

4. Review Expense Reimbursements

We noted during the audit that the Organization does not have a policy for expense reimbursements to individuals. We recommend developing policies that describe what expenses are appropriate for reimbursements and who must approve the reimbursements.

We recommend that the executive director approve all reimbursements to employees other than herself. A designated party of the Board of Directors should approve reimbursements to the executive director.

5. Require Support of Journal Entries

During the audit, we noted instances where journal entries were made with no documented support for the amount of the entry. We recommend that a journal entry book be maintained for all manual journal entries made to the general ledger. This book should contain the entry as well as the documents, calculations, reason for the entries, as well as proper approval of the entry.

6. Posting Tax Accountant's Entries

During the current year audit, it was noted that none of the entries suggested by the tax accountant had been posted to the Organization's books. We recommend that all tax and audit entries be posted in a timely manner and that the net assets per the audited financial statement be reconciled to Quickbooks as soon as practical.

7. Valuation of In-Kind Contributions

Currently, the Organization does not record in-kind contributions on the financial statements. We recommend developing a policy and procedure for determining when donations should be recorded and at what value they should be recorded.

8. Tracking Donor Information

Currently, the Organization relies on manual records to track donor amounts and donor history. We recommend considering the purchase of donor software to better manage both the financial and relationship aspects of the contributors.

9. Endowment Tracking

The Organization has established an endowment. Most of the fund consists of unrestricted transfers that have been made to the Baptist Foundation. Both the restricted and designated funds associated with the endowment are intermingled. We recommend separating the funds between the restricted and designated portions. We also recommend that the Organization adopt specific guidelines as to the use of the earnings and corpus of the two aspects of the endowment.

We sincerely appreciate the opportunity to have been of service to you and extend our appreciation for the courtesy extended to us by you and your staff. Should you wish to discuss these matters, or to assist you in implementing the recommendations, please feel free to call us.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
December 14, 2007