

CHRISTIAN SERVICES, INC. OF AMERICA

FINANCIAL STATEMENT

Year Ended December 31, 2019

CHRISTIAN SERVICES, INC. OF AMERICA

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INDEPENDENT AUDITOR'S REPORT

To the Officers and Board of Directors of
Christian Services, Inc. of America
Hattiesburg, Mississippi

We have audited the accompanying financial statements of Christian Services, Inc. of America (a Mississippi nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, 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 from 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.



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To the Officers and Board of Directors of
Christian Services, Inc. of America

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 Services, Inc. of America as of December 31, 2019, 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.



Hattiesburg, Mississippi
August 19, 2020

FINANCIAL STATEMENTS

EXHIBIT A

CHRISTIAN SERVICES, INC. OF AMERICA

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

CURRENT ASSETS

Cash - without donor restrictions	\$	151,206
Cash - with donor restrictions		84,460
Food supplies on hand		4,186
Prepaid expense		31,358
Total current assets		<u>271,210</u>

FIXED ASSETS

Land		69,500
Furniture and equipment		277,217
Buildings and improvements		<u>1,326,305</u>
		1,673,022
Less: Accumulated depreciation		<u>(894,022)</u>
Total fixed assets, net		<u>779,000</u>

OTHER ASSETS

Total assets

11,420

\$ 1,061,630

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	49,432
Sales tax payable		657
Employment taxes payable		443
Total current liabilities		<u>50,532</u>

NET ASSETS

Without donor restrictions		926,638
With donor restrictions		84,460
Total net assets		<u>1,011,098</u>

Total liabilities and net assets

\$ 1,061,630

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

EXHIBIT B

CHRISTIAN SERVICES, INC. OF AMERICA

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Donations - cash	\$ 370,201	\$ 1,278	\$ 371,479
Donations - in kind	133,725	-	133,725
Grants	25,000	125,267	150,267
Bargains and Blessings sales revenue, net	152,448	-	152,448
United Way allocation	-	59,924	59,924
Special events - ticket sales and donations	27,978	-	27,978
Interest and dividend income	22	-	22
Rental income	3,000	-	3,000
Miscellaneous income	13,350	-	13,350
Net assets released from restriction	113,873	(113,873)	-
Total revenues and other support	<u>839,597</u>	<u>72,596</u>	<u>912,193</u>
EXPENSES			
Program services:			
Soup kitchen	207,544	-	207,544
Benevolence	112,022	-	112,022
Shelters/recovery programs	127,184	-	127,184
Outreach store	141,897	-	141,897
Teaching/special events	79,847	-	79,847
Food distribution	130,246	-	130,246
Total program services	<u>798,740</u>	<u>-</u>	<u>798,740</u>
Supporting services:			
Management and general	30,270	-	30,270
Fundraising and other	9,788	-	9,788
Total supporting services	<u>40,058</u>	<u>-</u>	<u>40,058</u>
Total expenses	<u>838,798</u>	<u>-</u>	<u>838,798</u>
CHANGE IN NET ASSETS	799	72,596	73,395
NET ASSETS			
Beginning of year	<u>925,839</u>	<u>11,864</u>	<u>937,703</u>
End of year	<u>\$ 926,638</u>	<u>\$ 84,460</u>	<u>\$ 1,011,098</u>

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

EXHIBIT C

CHRISTIAN SERVICES, INC. OF AMERICA

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

Description	Program Services						Supporting Services			Total Expenses	
	Soup Kitchen	Benevolence	Shelters/ Recovery Programs	Outreach Store	Teaching/ Special Events	Food Distribution	Total Program Services	Management/ General	Fundraising/ Other		Total Supporting Services
Grants	\$ -	\$ 54,158	\$ -	\$ -	\$ -	\$ 64,867	\$ 119,025	\$ -	\$ -	\$ -	\$ 119,025
Compensation to officers	12,250	2,500	11,500	5,500	3,500	9,500	44,750	3,500	2,100	5,600	50,350
Other salaries	58,439	28,075	24,932	61,710	32,175	20,113	225,444	2,300	1,978	4,278	229,722
Pension plans	1,195	517	616	1,153	586	500	4,567	98	69	167	4,734
Employee benefits	8,482	3,670	4,372	8,183	4,160	3,551	32,418	696	491	1,187	33,605
Payroll taxes	5,379	2,268	2,706	5,107	2,647	2,174	20,281	335	310	645	20,926
Accounting fees	1,000	900	900	900	900	900	5,500	1,250	-	1,250	6,750
Advertising / promotion	1,387	1,187	1,387	187	1,293	-	5,441	1,093	4,840	5,933	11,374
Office expenses	53,139	3,708	22,419	2,285	12,708	1,722	95,981	4,648	-	4,648	100,629
Information technology	565	423	423	423	423	284	2,541	282	-	282	2,823
Occupancy	30,573	7,280	35,812	29,059	10,340	7,057	120,121	5,385	-	5,385	125,506
Travel	15,683	2,783	13,971	14,395	4,619	11,438	62,889	5,445	-	5,445	68,334
Interest	139	28	84	111	42	78	482	75	-	75	557
Depreciation	19,288	4,500	8,037	12,859	6,429	8,037	59,150	5,143	-	5,143	64,293
Staff training	25	25	25	25	25	25	150	20	-	20	170
Total	\$ 207,544	\$ 112,022	\$ 127,184	\$ 141,897	\$ 79,847	\$ 130,246	\$ 798,740	\$ 30,270	\$ 9,788	\$ 40,058	\$ 838,798

EXHIBIT D

CHRISTIAN SERVICES, INC. OF AMERICA

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019**

<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>	
Change in net assets	\$ 73,395
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	64,293
Noncash contributions	1,770
(Increase) decrease in:	
Grants receivable	3,750
Prepaid expense	(3,278)
Increase (decrease) in:	
Accounts payable	(1,812)
Sales tax payable	(372)
Employment taxes payable	(1,472)
Net cash provided by operating activities	<u>136,274</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>	
Purchases of fixed assets	<u>(26,070)</u>
Net cash used by investing activities	<u>(26,070)</u>
<i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i>	110,204
<i>CASH AND CASH EQUIVALENTS</i>	
Beginning of year	<u>125,462</u>
End of year	<u>\$ 235,666</u>
<i>RECONCILIATION TO STATEMENT OF FINANCIAL POSITION:</i>	
Cash - without donor restrictions	\$ 151,206
Cash - with donor restrictions	<u>84,460</u>
<i>Total cash and cash equivalents</i>	<u>\$ 235,666</u>

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

NOTES TO FINANCIAL STATEMENTS

CHRISTIAN SERVICES, INC. OF AMERICA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Christian Services, Inc. of America (the Organization) is presented to assist in the understanding of the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations - The Organization is a multi-faceted ministry designed to work together with other agencies and churches to share the love of God with the hungry and the homeless by meeting their basic needs, such as food, clothing and semi-permanent housing. The Organization primarily serves people in Hattiesburg, Mississippi and the surrounding counties. The main source of support is derived from donations.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Financial Statement Presentation - The Organization follows the recommendation of Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC 958-205, net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHRISTIAN SERVICES, INC. OF AMERICA

NOTES TO FINANCIAL STATEMENTS

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YEAR ENDED DECEMBER 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Cash and Cash Equivalents - For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Food Supplies on Hand - The value of food supplies on hand at year end is calculated based on a nominal value per estimated pound of food in each storage location at year end. These food supplies will primarily be used to serve meals at the Organization's soup kitchen.

Fixed Assets - Fixed assets are recorded at cost. Donations of fixed assets are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset for a particular purpose. The Organization has not received any donated fixed assets subject to restrictions to date.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Furniture and equipment is depreciated over 5 - 15 years and buildings and improvements over 7 - 31.5 years.

Maintenance and repairs of fixed assets are charged to operations, and major improvements are capitalized. Upon retirement, sale, or other disposition of fixed assets, the costs and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is included in operations.

Contributions - Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donations of property, equipment, marketable securities and other non-cash items are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as without donor restrictions support unless the donor has restricted the donated assets to a specific purpose.

Contributed Services - During the year ended December 31, 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization typically receives more than 5,000 volunteer hours per year.

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CHRISTIAN SERVICES, INC. OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED DECEMBER 31, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Advertising - The Organization expends funds for advertising and promotion of program services throughout the year. The amount spent on non-direct response advertising is expensed as incurred and totaled \$933 for the year ended December 31, 2019.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	<u>\$ 151,206</u>
Total	<u><u>\$ 151,206</u></u>

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash deposits at financial institutions in south Mississippi. At December 31, 2019, the Organization's deposits were fully insured under the Federal Deposit Insurance Corporation (FDIC).

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CHRISTIAN SERVICES, INC. OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
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YEAR ENDED DECEMBER 31, 2019**

NOTE 4 - RETIREMENT PLAN

On March 1, 2001, the Organization established a Savings Incentive Match Plan for Small Employers (SIMPLE). Employees are eligible to participate if they have completed one year of service and earn above a minimum compensation requirement. Under the provisions of the SIMPLE, eligible employees may make contributions to the plan subject to a maximum dollar limit. The Organization will match employees' contributions up to 3% of each eligible employee's total compensation. For the year ended December 31, 2019, the total cost of the SIMPLE to the Organization was \$4,734.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2019:

Benevolence Program - Loving Hands	\$ 9,460
Funds for the purchase of a truck	<u>75,000</u>
Total	<u><u>\$ 84,460</u></u>

NOTE 6 - SUBSEQUENT EVENTS

In preparing the financial statements, management of the Organization has evaluated subsequent events through August 19, 2020, which is the date the financial statements were available to be issued.

The spread of a novel strain of coronavirus (COVID-19) in the United States of America has caused economic uncertainties which are likely to negatively impact the Organization's operational and financial performance. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Organization expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

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