

**CHRISTIAN SERVICE PROGRAM**

**SHREVEPORT, LOUISIANA**

**DECEMBER 31, 2013**

CHRISTIAN SERVICE PROGRAM

SHREVEPORT, LOUISIANA

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**COMPILED FINANCIAL STATEMENTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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June 13, 2014

To the Board of Directors  
Christian Service Program  
Shreveport, Louisiana

## Independent Accountant's Compilation Report

We have compiled the accompanying statement of financial position of Christian Service Program as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Shreveport, Louisiana

*Heard, McElroy & Vestal, LLC*

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CHRISTIAN SERVICE PROGRAM  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2013

A S S E T S

**Current assets:**

Cash and cash equivalents	55,501
Investments	721,441
Grants receivable	<u>17,218</u>
Total current assets	794,160

**Fixed assets:**

Land	60,548
Building and equipment	192,040
Equipment	6,834
Automobiles	45,120
<u>Less-accumulated depreciation</u>	<u>(154,293)</u>
Book value of fixed assets	150,249

Beneficial interest in assets of foundation	<u>175,580</u>
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Total assets	<u>1,119,989</u>
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The accompanying notes are an integral part of the financial statements.

LIABILITIES AND NET ASSETS

**Current liabilities:**

Accounts payable and accrued liabilities	1,765
Payroll liabilities	3,909
Funds held for others	<u>21,651</u>
Total current liabilities	27,325

**Net assets:**

Unrestricted	766,835
Investment in fixed assets	<u>150,249</u>
Total unrestricted net assets	917,084

Permanently restricted	<u>175,580</u>
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Total net assets	<u>1,092,664</u>
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Total liabilities and net assets	<u>1,119,989</u>
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CHRISTIAN SERVICE PROGRAM  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>Revenue and other support:</u></b>			
Contributions	151,251	-	151,251
Room and board	18,559	-	18,559
Grants	80,580	-	80,580
Interest and dividends	74,878	1,475	76,353
Realized and unrealized gain on investments	-	15,444	15,444
Miscellaneous income	1,500	-	1,500
Total revenue and other support	<u>326,768</u>	<u>16,919</u>	<u>343,687</u>
<b><u>Net assets released from restrictions</u></b>	<u>6,235</u>	<u>(6,235)</u>	<u>-</u>
Total revenue, other support, and reclassifications	333,003	10,684	343,687
<b><u>Expenses:</u></b>			
Program services	220,875	-	220,875
General and administrative	160,009	-	160,009
Total expenses	<u>380,884</u>	<u>-</u>	<u>380,884</u>
<b><u>Change in net assets</u></b>	(47,881)	10,684	(37,197)
<b><u>Net assets-beginning of year</u></b>	<u>964,965</u>	<u>164,896</u>	<u>1,129,861</u>
<b><u>Net assets-end of year</u></b>	<u>917,084</u>	<u>175,580</u>	<u>1,092,664</u>

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

CHRISTIAN SERVICE PROGRAM

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Direct Services</u>	<u>Transitional Housing</u>	<u>Hospitality House</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Banking fees	-	-	-	-	358	358
Building repairs and maintenance	-	2,343	89	2,432	7,253	9,685
Contract labor	-	23,600	4,320	27,920	6,000	33,920
Depreciation	-	1,338	4,305	5,643	600	6,243
Equipment repairs and maintenance	-	-	4,491	4,491	-	4,491
Food and supplies	-	-	24,807	24,807	-	24,807
Fundraising	-	-	-	-	2,397	2,397
Insurance	-	-	-	-	27,084	27,084
Miscellaneous	-	-	-	-	1,681	1,681
Office supplies	-	-	-	-	2,998	2,998
Payroll	-	4,888	67,397	72,285	68,305	140,590
Payroll taxes	-	374	5,194	5,568	5,225	10,793
Professional fees	-	-	-	-	10,113	10,113
Rent assistance	18,625	-	-	18,625	-	18,625
Resident expense	1,000	500	-	1,500	-	1,500
Stipends	-	-	-	-	12,078	12,078
Taxes and licenses	-	-	-	-	582	582
Telephone	13	1,832	784	2,629	3,791	6,420
Transportation assistance	2	-	-	2	-	2
Utilities	-	22,011	19,780	41,791	11,544	53,335
Utilities assistance	<u>13,182</u>	<u>-</u>	<u>-</u>	<u>13,182</u>	<u>-</u>	<u>13,182</u>
 Total expenses	 <u>32,822</u>	 <u>56,886</u>	 <u>131,167</u>	 <u>220,875</u>	 <u>160,009</u>	 <u>380,884</u>

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

CHRISTIAN SERVICE PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

<b><u>Cash flows from operating activities:</u></b>	
Change in net assets	(37,197)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:	
Depreciation	6,243
Realized and unrealized (gain) on investments	(15,444)
<i>Change in operating assets and liabilities:</i>	
Grants receivable	(17,218)
Accounts payable and accrued liabilities	119
Payroll liabilities	743
Funds held for others	<u>1,685</u>
Net cash (used) by operating activities	(61,069)
<b><u>Cash flows from investing activities:</u></b>	
Purchase of property and equipment	(45,587)
Net redemptions of investments	29,495
Investment in beneficial interest in assets of foundation	<u>(10,684)</u>
Net cash (used) by investing activities	(26,776)
<b><u>Net decrease in cash and cash equivalents</u></b>	(87,845)
<b><u>Cash and cash equivalents at beginning of year</u></b>	<u>143,346</u>
<b><u>Cash and cash equivalents at end of year</u></b>	<u><u>55,501</u></u>

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

CHRISTIAN SERVICE PROGRAM  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

**1. Organization**

Christian Service Program is incorporated as a nonprofit organization under the laws of the State of Louisiana for the purpose of assisting individuals who lack the basic necessities of life. During 2013, the program provided the following services in fulfilling this purpose:

1. Direct Services to individuals in emergency situations for rent, utilities, medication, clothing or other necessities.
2. Transitional Housing while homeless individuals find permanent shelter.
3. Hospitality House to feed needy individuals two meals per day.

The Board elected to move the organization's location to the Hope for the Homeless site where area non-profits have joined together to provide at one location an array of services to those in need. As part of this transition, Christian Service Program is currently in the process of focusing its efforts on the Hospitality House and clothing assistance program while phasing out the other services offered.

**2. Summary of Significant Accounting Policies**

The significant accounting policies followed by the Organization and the methods of applying those policies which materially affect the determination of financial position, changes in financial position, or changes in net assets are summarized below:

**(a) *Basis of Presentation***

The financial statements of the Organization are prepared on the accrual basis. The Organization is required to report information regarding its financial position and activities according to three classes of net asset, as applicable:

***Unrestricted Net Assets*** - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

***Temporarily Restricted Net Assets*** - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization, and/or by the passage of time. The Organization had no temporarily restricted net assets during the year.

***Permanently Restricted Net Assets*** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal 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. When a restriction expires, restricted net assets are reclassified to unrestricted net assets.

2. Summary of Significant Accounting Policies (Continued)

(b) *Beneficial Interest in Assets of Foundation*

Transfers by Christian Service Program of its own funds to the Community Foundation of North Louisiana, specifying itself as beneficiary, are accounted for as an asset in accordance with generally accepted accounting principles.

(c) *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.

(d) *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported in the statement of financial position at their fair values. Fair values for marketable securities are based on quoted market prices. Gains and losses on the sale of marketable securities are determined using the specific identification method. Unrealized gains and losses are included in the change in net assets.

(e) *Fixed Assets*

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method. Buildings are assigned useful lives of forty years. Furniture and equipment generally are assigned ten-year useful lives and vehicles are assigned three to five year useful lives. The Organization uses a capitalization policy of \$1,000 for fixed assets.

(f) *Tax Status*

Christian Service Program qualifies as a tax-exempt organization as described in the Internal Revenue Service Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statement. Contributions to the Organization are deductible as charitable contributions under Internal Revenue Code Section 170.

Christian Service Program is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, the Christian Service Program must assess whether it has any tax positions associated with unrelated business income subject to income tax. Christian Service Program does not expect any of its tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Christian Service Program's accounting records.

## 2. Summary of Significant Accounting Policies (Continued)

Christian Service Program is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2010 and beyond remain subject to examination by the Internal Revenue Service.

### (g) *Functional Expenses*

Functional expenses have been allocated between Program Services and General and Administrative based on actual costs incurred, as well as an analysis of personnel time and space utilized for the related activities.

### (h) *Cash*

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

## 3. Investments

The value of the investments at December 31, 2013 is summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Investment cash	5,039	5,039	-
Equities:			
Stocks	34,240	36,000	1,760
Unit investment trusts	83,248	95,631	12,383
Real estate investment trusts	<u>242,178</u>	<u>306,330</u>	<u>64,152</u>
Total equities	359,666	437,961	78,295
Mutual funds	<u>263,320</u>	<u>278,441</u>	<u>15,121</u>
Total investments	<u>628,025</u>	<u>721,441</u>	<u>93,416</u>

## 4. Fair Value Measurements

Generally accepted accounting principles define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Under generally accepted accounting principles, a three-level fair value hierarchy was established that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than the quoted prices included in level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**4. Fair Value Measurements (Continued)**

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Organization’s mutual funds are valued at the net asset value of shares held at year end. The fair values of investments as of December 31, 2013 are summarized in the tables below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment cash	5,039	-	-	5,039
Equities:				
Stocks	36,000	-	-	36,000
Unit investment trusts	95,631	-	-	95,631
Real estate investment trusts	<u>306,330</u>	<u>-</u>	<u>-</u>	<u>306,330</u>
Total equities	437,961	-	-	437,961
Mutual Funds	<u>278,441</u>	<u>-</u>	<u>-</u>	<u>278,441</u>
Total investments	<u>721,441</u>	<u>-</u>	<u>-</u>	<u>721,441</u>

**5. Concentrations of Credit Risk**

Financial instruments that potentially subject Christian Service Program to concentrations of credit risk consist principally of cash, investment, and receivables. Concentrations of credit risk with respect to receivables are limited, since these amounts are due from governmental agencies under grants. The Organization maintains cash balances at one financial institution. At December 31, 2013, total cash held at this financial institution was \$70,016, which did not exceed FDIC-insured limits. Substantially all investment amounts are dependent solely upon the faith and credit of the corporate issuer.

**6. Grant Revenue**

Grant revenue for 2013 is summarized as follows:

Homelessness Prevention (HPRP)	17,218
Emergency Shelter	13,062
Emergency Solution	20,300
Caddo Parish Commission	<u>30,000</u>
Total grant revenue	<u>80,580</u>

**7. Donated Materials, Equipment and Services**

During the course of operations, Christian Service Program receives donations of food supplies, clothing, and equipment from many businesses and individuals. While the Organization recognizes the importance of the volunteers and the donated supplies and equipment, no objective basis for valuation of these items was determined and they are not included in the financial statements.

**8. Beneficial Interest in Assets of Foundation**

Christian Service Program established an endowment fund, the income distribution of which is used by the Program to support its charitable activities. Control of this endowment fund is vested in the Community Foundation of North Louisiana. Under the terms of the agreement, variance power and legal ownership of the funds rest with the Foundation, and net investment income and capital distribute 4% of the average market value of the fund to Christian Service Program annual, provided appreciation/depreciation accumulate in the endowment fund. The Foundation is obligated to the average market value is greater than the amount contributed to the fund.

Activity of this beneficial interest is summarized as follows:

Beginning balance, endowment fund	164,896
Interest	3,070
Net realized and unrealized gains	15,444
Administrative fees	(1,595)
Distributions to Christian Service Program	<u>(6,235)</u>
Ending balance, endowment fund	<u>175,580</u>

**9. Funds Held for Others**

As an accommodation in the past to some of its clients, the Program holds funds at their request and can issue checks at their request. The Program currently has discontinued this practice and is in the process of returning these funds to their owners.

**10. Commitments**

Christian Service Program entered into an agreement to provide its former executive director with the personal services of an assistant, and related housing for both individuals, through July 2014. Benefits provided by the Program under this agreement are expected to total approximately \$11,000 for 2014.

**11. Subsequent Events**

Christian Service Program is required to evaluate events or transactions that may occur after the date of the statement of financial position for potential recognition or disclosure in the financial statements. The Organization performed such an evaluation through June 13, 2014, the date the financial statements were available to be issued, noting no significant items to be disclosed.