

CHRISTIAN SERVICE PROGRAM

SHREVEPORT, LOUISIANA

DECEMBER 31, 2018

CHRISTIAN SERVICE PROGRAM

SHREVEPORT, LOUISIANA

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HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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June 25, 2019

To the Board of Directors
Christian Service Program
Shreveport, Louisiana

Management is responsible for the accompanying financial statements of Christian Service Program (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, “Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.” The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Christian Service Program adopted ASU 2016-14 for the year ended December 31, 2018.

The supplementary information on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is required in accordance with Louisiana Revised Statute (LRS) 24:513(A)(3), and is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

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CHRISTIAN SERVICE PROGRAM
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS

Current assets:

Cash and cash equivalents	147,432
Investments	<u>70,590</u>
Total current assets	218,022

Fixed assets:

Book value of fixed assets	<u>1,425,023</u>
Total fixed assets	1,425,023

Beneficial interest in assets of foundation	<u>172,463</u>
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Total assets	<u><u>1,815,508</u></u>
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LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:

Payroll liabilities	<u>3,394</u>
Total current liabilities	3,394

Net assets:

Without restrictions	194,960
Investment in fixed assets	<u>1,425,023</u>
Total net assets without restrictions	1,619,983

Total net assets with donor restrictions	<u>192,131</u>
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Total net assets	<u>1,812,114</u>
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Total liabilities and net assets	<u><u>1,815,508</u></u>
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The accompanying notes are an integral part of these financial statements.

CHRISTIAN SERVICE PROGRAM

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenue and other support:</u>			
Contributions	201,994	-	201,994
Room and board	2,048	-	2,048
Grants	114,618	25,000	139,618
Net investment return	<u>(144)</u>	<u>(7,515)</u>	<u>(7,659)</u>
Total revenue and other support	318,516	17,485	336,001
<u>Net assets released from restrictions</u>			
Total revenue, other support, and reclassifications	<u>23,250</u>	<u>(23,250)</u>	<u>-</u>
Total revenue, other support, and reclassifications	341,766	(5,765)	336,001
<u>Expenses:</u>			
Program services	219,201	-	219,201
General and administrative	188,995	-	188,995
Fundraising	<u>3,679</u>	<u>-</u>	<u>3,679</u>
Total expenses	<u>411,875</u>	<u>-</u>	<u>411,875</u>
<u>Change in net assets</u>	(70,109)	(5,765)	(75,874)
<u>Net assets-beginning of year</u>	<u>1,690,092</u>	<u>197,896</u>	<u>1,887,988</u>
<u>Net assets-end of year</u>	<u>1,619,983</u>	<u>192,131</u>	<u>1,812,114</u>

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

CHRISTIAN SERVICE PROGRAM

REPORTING OF EXPENSES BY NATURE AND FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Direct Services</u>	<u>Transitional Housing</u>	<u>Hospitality House</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Banking fees	-	-	-	-	1,241	-	1,241
Building repairs and maintenance	-	1,918	4,395	6,313	6,241	-	12,554
Contract labor	-	-	2,640	2,640	-	-	2,640
Depreciation	-	-	44,586	44,586	4,954	-	49,540
Equipment repairs and maintenance	-	-	4,893	4,893	-	-	4,893
Food and supplies	-	-	29,060	29,060	-	-	29,060
Fundraising	-	-	-	-	-	3,679	3,679
Insurance	-	-	16,583	16,583	1,295	-	17,878
Loss on disposal of assets	-	-	-	-	58,510	-	58,510
Miscellaneous	-	-	-	-	260	-	260
Office supplies	-	-	-	-	1,234	-	1,234
Payroll	-	-	73,770	73,770	84,417	-	158,187
Payroll taxes	-	-	5,297	5,297	6,805	-	12,102
Professional fees	-	-	-	-	20,708	-	20,708
Rent assistance	200	-	-	200	-	-	200
Taxes and licenses	-	-	-	-	518	-	518
Telephone	-	-	-	-	60	-	60
Utilities	-	5,891	27,566	33,457	2,752	-	36,209
Utilities assistance	2,402	-	-	2,402	-	-	2,402
 Total expenses	 <u>2,602</u>	 <u>7,809</u>	 <u>208,790</u>	 <u>219,201</u>	 <u>188,995</u>	 <u>3,679</u>	 <u>411,875</u>

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

CHRISTIAN SERVICE PROGRAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Cash flows from operating activities:</u>	
Change in net assets	(75,874)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	49,540
Loss on disposal of equipment	58,510
Net loss on investments	11,490
<i>Increase (decrease) in:</i>	
Payroll liabilities	<u>(751)</u>
Total adjustments	<u>118,789</u>
Net cash provided by operating activities	42,915
<u>Cash flows from investing activities:</u>	
Purchases of property and equipment	(11,500)
Proceeds from sale of investments	148,779
Purchase of investments	(102,064)
Investment in beneficial interest in assets of foundation	<u>6,157</u>
Net cash (provided) by investing activities	41,372
<u>Net (increase) in cash and cash equivalents</u>	84,287
<u>Cash-beginning of year</u>	<u>63,145</u>
<u>Cash-end of year</u>	<u><u>147,432</u></u>

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

CHRISTIAN SERVICE PROGRAM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 2018, 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) Hospitality House to feed needy individuals two meals per day.

During 2013, the Board elected to move the organization's location to the Hope Connections Facility where area non-profits have joined together to provide at one location an array of services to those in need. Christian Service Program completed construction and moved its facilities to its new location during 2017. In conjunction with the move, the organization ceased operations of its transitional housing facilities and disposed of the related properties in 2018.

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 two classes of net asset, as applicable:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Some net assets without donor restrictions may be designated by the Board for specific purposes.

Net Assets with Donor Restrictions - 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. 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 with donor restrictions or without donor restrictions 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 may be reported as increases in assets with donor restrictions if the restrictions expire in the fiscal year in

2. Summary of Significant Accounting Policies (Continued)

which the contributions are recognized. All other donor-restricted contributions are reported as increases in assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, assets with donor restrictions are reclassified to assets without donor restrictions.

(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*

Purchased property, plant and equipment are recorded at cost and donated assets at fair value as of the date of donation. The organization did not maintain adequate records relating to fixed assets acquired prior to January 1, 2013; therefore, these amounts have been recorded at the estimated net book value as of that date. Depreciation related to these assets has not been reflected in these statements due to the total amount being indeterminable. All assets acquired prior to 2013 were disposed of prior to December 31, 2018. Depreciation has been calculated and reflected for assets acquired during 2013 and thereafter. 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 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

(g) *Functional Expenses*

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, insurance, and utilities, which are allocated based on estimated square footage.

(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.

(i) *New Financial Statement Presentation*

In August 2016, the FASB issued ASU No. 2016-14, “*Presentation of Financial Statements of Not-for-Profit Entities*,” with the stated purpose of improving financial reporting by those entities. Among other provisions, this ASU reduces the number of classes of nets assets from three to two, requires the presentation of expense in both natural and functional classifications, and requires additional disclosures concerning liquidity and the availability of financial resources. This standard is effective for fiscal years beginning after December 15, 2017. The Organization adopted this standard for the year ended December 31, 2018 and its implementation is reflected in the financial statements.

3. Cash

At December 31, 2018, the Organization’s cash position is summarized as follows:

Without Donor Restrictions	127,764
With Donor Restrictions	<u>19,668</u>
	<u>147,432</u>

4. Property, Plant, and Equipment

A summary of fixed assets at December 31, 2018 is as follows:

Buildings and equipment	1,398,419
Land	82,000
Automobiles	<u>45,120</u>
	1,525,539
Less: accumulated depreciation	<u>100,516</u>
Total property, plant, and equipment	<u>1,425,023</u>

5. Investments

The value of the investments at December 31, 2018 is summarized as follows:

	Fair Value	Cost	Unrealized Gain (Loss)
Fixed Income			
CDs/Equivalents	50,430	50,000	430
Mutual funds			
Close-end funds	<u>20,160</u>	<u>21,281</u>	<u>(1,121)</u>
Total	<u>70,590</u>	<u>71,281</u>	<u>(691)</u>

6. 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.
- 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, 2018 are summarized in the tables below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed Income				
CDs/Equivalents	<u>-</u>	<u>50,430</u>	<u>-</u>	<u>50,430</u>
Total Fixed Income	<u>-</u>	<u>50,430</u>	<u>-</u>	<u>50,430</u>
Mutual funds				
Close-end funds	<u>20,160</u>	<u>-</u>	<u>-</u>	<u>20,160</u>
Total mutual funds	<u>20,160</u>	<u>-</u>	<u>-</u>	<u>20,160</u>
Total investments	<u>20,160</u>	<u>50,430</u>	<u>-</u>	<u>70,590</u>

7. Concentrations of Credit Risk

Financial instruments that potentially subject Christian Service Program to concentrations of credit risk consist principally of cash and investments. The Organization maintains cash balances at one financial institution. Total cash held by the organization, at times, may include monies that are not covered by insurance provided by the federal government. Management monitors the soundness of the financial institution in which cash deposits are held and believes the solvency of the financial institution is not a particular concern at this time. Substantially all investment amounts are dependent solely upon the faith and credit of the corporate issuer.

8. Grant Revenue

Grant revenue for 2018 is summarized as follows:

The Grayson Foundation Inc.	30,000
Caddo Parish Commission	25,000
Carolyn & Charles Beaird Foundation	31,000
Alta and John Franks Foundation	25,000
Miscellaneous Private Grants	<u>28,618</u>
Total grant revenue	<u>139,618</u>

9. 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.

10. 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 appreciation/depreciation accumulate in the endowment fund. The Foundation is obligated to distribute 4% of the average market value of the fund to Christian Service Program annually, provided 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	186,661
Contributions/additions	200
Interest	2,261
Net realized and unrealized gains	(8,041)
Administrative fees	(1,736)
Distributions to Christian Service Program	<u>(6,882)</u>
Ending balance, endowment fund	<u>172,463</u>

11. Donor Restrictions on Assets

Christian Service Program has received donations and grants for the primary purpose of building repairs and maintenance for a food service kitchen at the Hope Connections Facility. These amounts are recorded as net assets with donor restrictions totaling \$19,668 as of December 31, 2018.

12. Liquidity and Availability

Christian Service Program has \$218,022 of financial assets available within one year of the balance sheet date, consisting of cash of \$147,432 and short term investments of \$70,590. Only \$19,668 of the financial assets is subject to donor restrictions but are available for use within one year of the balance sheet date. The organization does not have a formal cash management policy, however, as part of its liquidity management, the organization evaluates its cash position periodically to ensure it has adequate funds to meet its operating needs while continuing to pursue additional gifts, grants and other sources of income.

SUPPLEMENTARY INFORMATION

CHRISTIAN SERVICE PROGRAM
SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH
LOUISIANA REVISED STATUTE 24:513(A)(3) (ACT 706 OF 2014)
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2018

Executive Director: Alvin Moore

Salary	49,624
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