

CHRISTIAN SERVICE PROGRAM

SHREVEPORT, LOUISIANA

DECEMBER 31, 2019 AND 2018

CHRISTIAN SERVICE PROGRAM

SHREVEPORT, LOUISIANA

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HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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June 18, 2020

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 statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 supplementary information on page 15 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
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
<u>Current assets:</u>		
Cash and cash equivalents	179,000	147,432
Investments	71,049	70,590
Other assets	<u>12,725</u>	<u>-</u>
Total current assets	262,774	218,022
Fixed assets, net	1,394,560	1,425,023
Beneficial interest in assets of foundation	188,510	172,463
Total assets	<u>1,845,844</u>	<u>1,815,508</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

<u>Current liabilities:</u>		
Payroll liabilities	<u>3,999</u>	<u>3,394</u>
Total current liabilities	3,999	3,394
<u>Net assets:</u>		
Without restrictions	246,949	194,960
Investment in fixed assets	<u>1,394,560</u>	<u>1,425,023</u>
Total net assets without restrictions	1,641,509	1,619,983
Total net assets with donor restrictions	<u>200,336</u>	<u>192,131</u>
Total net assets	<u>1,841,845</u>	<u>1,812,114</u>
Total liabilities and net assets	<u>1,845,844</u>	<u>1,815,508</u>

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

CHRISTIAN SERVICE PROGRAM

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenue and other support:</u>			
Contributions	182,399	-	182,399
Grants	131,236	25,000	156,236
Other income	12,725	-	12,725
Net investment return	<u>5,202</u>	<u>23,060</u>	<u>28,262</u>
Total revenue and other support	331,562	48,060	379,622
<u>Net assets released from restrictions</u>	<u>39,855</u>	<u>(39,855)</u>	<u>-</u>
Total revenue, other support, and reclassifications	371,417	8,205	379,622
<u>Expenses:</u>			
Program services	216,494	-	216,494
General and administrative	129,119	-	129,119
Fundraising	<u>4,278</u>	<u>-</u>	<u>4,278</u>
Total expenses	<u>349,891</u>	<u>-</u>	<u>349,891</u>
<u>Change in net assets</u>	21,526	8,205	29,731
<u>Net assets-beginning of year</u>	<u>1,619,983</u>	<u>192,131</u>	<u>1,812,114</u>
<u>Net assets-end of year</u>	<u>1,641,509</u>	<u>200,336</u>	<u>1,841,845</u>

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

CHRISTIAN SERVICE PROGRAM

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	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
Grants	114,618	25,000	139,618
Room and board	2,048	-	2,048
Net investment return	(144)	(7,515)	(7,659)
Total revenue and other support	318,516	17,485	336,001
<u>Net assets released from restrictions</u>	23,250	(23,250)	-
Total revenue, other support, and reclassifications	-	(5,765)	336,001
<u>Expenses:</u>			
Program services	219,201	-	219,201
General and administrative	188,995	-	188,995
Fundraising	3,679	-	3,679
Total expenses	411,875	-	411,875
<u>Change in net assets</u>	(70,109)	(5,765)	(75,874)
<u>Net assets-beginning of year</u>	1,690,092	197,896	1,887,988
<u>Net assets-end of year</u>	1,619,983	192,131	1,812,114

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

CHRISTIAN SERVICE PROGRAM

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019						
	Direct Services	Transitional Housing	Hospitality House	Total Program Services	General and Administrative	Fundraising	Total
Banking fees	-	-	-	-	-	-	-
Building repairs and maintenance	-	-	9,683	9,683	12,348	-	22,031
Contract labor	-	-	2,640	2,640	620	-	3,260
Depreciation	-	-	39,567	39,567	4,396	-	43,963
Equipment repairs and maintenance	-	-	7,117	7,117	-	-	7,117
Food and supplies	-	-	40,487	40,487	-	-	40,487
Fundraising	-	-	-	-	-	4,278	4,278
Insurance	-	-	16,413	16,413	981	-	17,394
Loss on disposal of assets	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Office supplies	-	-	-	-	1,190	-	1,190
Payroll	-	-	69,544	69,544	84,186	-	153,730
Payroll taxes	-	-	4,749	4,749	7,009	-	11,758
Professional fees	-	-	-	-	15,308	-	15,308
Rent assistance	988	-	-	988	-	-	988
Taxes and licenses	-	-	-	-	950	-	950
Telephone	-	-	-	-	-	-	-
Utilities	-	-	24,554	24,554	2,131	-	26,685
Utilities assistance	752	-	-	752	-	-	752
Total expenses	1,740	-	214,754	216,494	129,119	4,278	349,891

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

CHRISTIAN SERVICE PROGRAM

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2018						
	Direct Services	Transitional Housing	Hospitality House	Total Program Services	General and Administrative	Fundraising	Total
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	2,602	7,809	208,790	219,201	188,995	3,679	411,875

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

CHRISTIAN SERVICE PROGRAM

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	29,731	(75,874)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	43,963	49,540
Loss on disposal of equipment	-	58,510
Net (gain) loss on investments	(23,519)	11,490
<i>(Increase) decrease in:</i>		
Other assets	(12,725)	-
<i>Increase (decrease) in:</i>		
Payroll liabilities	605	(751)
Total adjustments	<u>8,324</u>	<u>118,789</u>
Net cash provided by operating activities	38,055	42,915
<u>Cash flows from investing activities:</u>		
Purchases of property and equipment	(13,500)	(11,500)
Proceeds from sale of investments	75,000	148,779
Purchase of investments	(75,000)	(102,064)
Investment in beneficial interest in assets of foundation	7,013	6,157
Net cash (used) provided by investing activities	(6,487)	41,372
<u>Net increase in cash and cash equivalents</u>	31,568	84,287
<u>Cash-beginning of year</u>	<u>147,432</u>	<u>63,145</u>
<u>Cash-end of year</u>	<u><u>179,000</u></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, 2019 AND 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 2019, 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 without donor restrictions if the restrictions expire in the fiscal year in 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.

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.

(d) 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.

(c) 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. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Cost and market values are disclosed in Note 5.

(d) 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 on a straight line basis and reflected for assets acquired during 2013 and thereafter. The organization uses a capitalization policy of \$1,000 for fixed assets.

(e) 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.

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.

2. Summary of Significant Accounting Policies (Continued)

(f) *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.

(g) *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.

(h) *Revenue and Other Support*

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

(i) *Accounting Standards Adopted in 2019*

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," to replace a wide range of industry-specific rules with a broad, principles-based framework for recognizing and measuring revenue from contracts with customers. The guidance is codified at FASB ASC 606. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The scope of the guidance explicitly excludes contributions as well as many other revenues for financial assets and liabilities including investment income, loans, leases and derivatives. Accordingly, the Organization's revenues were not affected. Adoption of ASU 2014-09, which was effective for the Organization on January 1, 2019, did not have an impact on the Organization's financial statements.

3. Cash

At December 31, 2019 and 2018, the Organization's cash position is summarized as follows:

	<u>2019</u>	<u>2018</u>
Without donor restrictions	167,174	127,764
With donor restrictions	<u>11,826</u>	<u>19,668</u>
	<u>179,000</u>	<u>147,432</u>

4. Property, Plant, and Equipment

A summary of fixed assets at December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Buildings and equipment	1,411,919	1,398,419
Land	82,000	82,000
Automobiles	<u>45,120</u>	<u>45,120</u>
	1,539,039	1,525,539
Less: accumulated depreciation	<u>144,479</u>	<u>100,516</u>
Total property, plant, and equipment	<u>1,394,560</u>	<u>1,425,023</u>

5. **Investments**

The value of the investments at December 31, 2019 and 2018 is summarized as follows:

	2019		
	Fair Value	Cost	Unrealized Gain (Loss)
Fixed income:			
CDs/equivalents	50,158	50,000	158
Mutual funds:			
Close-end funds	<u>20,891</u>	<u>21,281</u>	<u>(390)</u>
Total	<u>71,049</u>	<u>71,281</u>	<u>(232)</u>
	2018		
	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.

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

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, 2019 and 2018 are summarized in the tables below:

	2019			
	Level 1	Level 2	Level 3	Total
Fixed income:				
CDs/equivalents	-	50,158	-	50,158
	-	50,158	-	50,158
Mutual funds:				
Close-end funds	20,891	-	-	20,891
	20,891	-	-	20,891
Total	<u>20,891</u>	<u>50,158</u>	<u>-</u>	<u>71,049</u>
	2018			
	Level 1	Level 2	Level 3	Total
Fixed income:				
CDs/equivalents	-	50,430	-	50,430
	-	50,430	-	50,430
Mutual funds:				
Close-end funds	20,160	-	-	20,160
	20,160	-	-	20,160
Total	<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 2019 and 2018 is summarized as follows:

	2019	2018
Public grants	50,000	25,000
Private grants	<u>106,236</u>	<u>114,618</u>
Total grant revenue	<u>156,236</u>	<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:

	<u>2019</u>	<u>2018</u>
Beginning balance, endowment fund	172,463	186,661
Contributions/additions	-	200
Interest	3,622	2,261
Net realized and unrealized gains	21,212	(8,041)
Administrative fees	(1,774)	(1,736)
Distributions to Christian Service Program	<u>(7,013)</u>	<u>(6,882)</u>
Ending balance, endowment fund	<u>188,510</u>	<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 \$11,826 and \$19,668 as of December 31, 2019 and 2018, respectively.

12. **Liquidity and Availability**

Christian Service Program has \$262,774 of financial assets available within one year of the balance sheet date, consisting of cash of \$179,000, short term investments of \$71,049, and other current assets of \$12,725. Only \$11,826 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.

13. **Subsequent Events**

Management evaluates events and transactions that occur after the balance sheet date but before the financial statements are made available. Management evaluated such events and transactions through June 18, 2020, the date for which financial statements were made available for distribution, and other than what is referenced below, noted no significant subsequent events as of this date.

13. Subsequent Events (Continued)

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the financial effect will be to the Organization.

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, 2019

Executive Director: Alvin Moore

Salary	50,166
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