

CHANDLER CHRISTIAN COMMUNITY CENTER, INC.
AUDITED FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2010

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors
Chandler Christian Community Center, Inc.
P.O. Box 591
Chandler, AZ 85244

I have audited the accompanying statement of financial position of the Chandler Christian Community Center, Inc. as of June 30, 2010, and the related statements of activities, functional expenses, and of cash flows for the year then ended. These financial statements are the responsibility of the Chandler Christian Community Center's management and Board of Directors. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chandler Christian Community Center, Inc. as of June 30, 2010, changes in net assets, functional expenses and cash flows for the year then ended in conformity with the accounting standards generally accepted in the United States.

As described in Note 6 to the financial statements, the Chandler Christian Community Center, Inc. adopted the policy to recognize donated food inventory on hand.

Reginald Brooks, CPA

November 22, 2010

CHANDLER CHRISTIAN COMMUNITY CENTER, INC.
Statement of Financial Position
as of June 30, 2010

ASSETS

Current Assets

Cash (Notes 2, 4 and 7)	\$ 68,372
Food Inventory (Notes 2 and 6)	81,375
Prepaid Assets	<u>1,329</u>
Total Current Assets	151,076

Property and Equipment (Note 2)

Land	57,898
Buildings	122,947
Building Improvements	248,938
Equipment	34,734
Vehicles	45,069
Accumulated Depreciation	<u>(179,959)</u>
Net Property and Equipment	329,627

TOTAL ASSETS	<u><u>\$ 480,703</u></u>
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LIABILITIES & NET ASSETS

Liabilities (Note 2)

Current Liabilities

Accounts Payable	\$ 1,814
Accrued Payroll and Related Liabilities	<u>11,975</u>
Total Current Liabilities	<u>13,789</u>
Total Liabilities	13,789

Net Assets (Note 2)

Net Assets - Permanently Restricted	0
Net Assets-Temporarily Restricted	0
Net Assets-Unrestricted	<u>466,914</u>
Total Net Assets	466,914

TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 480,703</u></u>
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See Independent Auditor's Report and Notes to the Financial Statements

CHANDLER CHRISTIAN COMMUNITY CENTER, INC
Statement of Activities and Changes in Net Assets
for the Year Ended June 30, 2010

CHANGES IN UNRESTRICTED NET ASSETS

Unrestricted Revenue (Note 2)

Grants

City of Chandler	\$ 47,000
United Way	27,194
Other Grants	44,000
Total Unrestricted Grants	<u>118,194</u>

Fund Raisers

Golf Tournament	22,664
Other	8,337
Total Fund Raiser Revenue	<u>31,001</u>

Contributions

Private	64,372
Churches	5,907
Operation Santa	5,350
Back to School	2,383
In Kind	1,046,342
Total Contributions	<u>1,124,354</u>

Meeting Fees

Interest Income	250
	48

Total Unrestricted Revenue	<u>1,273,847</u>
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Net Assets Released from Restrictions

Satisfaction of Program restrictions	<u>0</u>
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Increase in Unrestricted Net Assets	<u>1,273,847</u>
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Expenses (Notes 2, 3, 4, 5 and 7)

Program Services	1,289,603
Fund Raising Expenses	17,010
General and Administrative Expenses	32,431
Decrease in Unrestricted Net Assets	<u>1,339,044</u>

Net Increase in Unrestricted Net Assets	<u>(65,197)</u>
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CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Revenue (Note 2)

Total Temporarily Restricted Grants Received	<u>0</u>
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Net Assets Released from Temporary Restrictions

Increase in Temporarily Restricted Net Assets	<u>0</u>
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Total Increase in Net Assets	<u>(65,197)</u>
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Net Assets at Beginning of Year - Restated	<u>532,111</u>
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Net Assets at End of Year	<u><u>\$ 466,914</u></u>
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See Independent Auditor's Report and Notes to the Financial Statements

CHANDLER CHRISTIAN COMMUNITY CENTER, INC.
Statement of Functional Expenses
for the Year Ended June 30, 2010

	Program Services			Supporting Services			Total Functional Expenses
	Food Bank	Other	Total	G & A	Fund Raising	Total	
Salaries & Wages	\$ 148,822	\$	\$ 148,822	\$ 7,832	\$	\$ 7,832	\$ 156,654
Payroll Taxes	11,440		11,440	602		602	12,042
Retirement Expense	1,592		1,592	749		749	2,341
Insurance - Workers Compensation	2,074		2,074	110		110	2,184
Total	163,928	0	163,928	9,293	0	9,293	173,221
Back to School Expenses	0	3,244	3,244	0		0	3,244
Operation Santa	0	6,000	6,000	0		0	6,000
Utilities - Electric	6,106		6,106	2,873		2,873	8,979
Utilities - Water/Sewer	358		358	168		168	526
Utilities - Telephone	2,102		2,102	990		990	3,092
Utilities - Waste Removal	1,123		1,123	528		528	1,651
Insurance Expense	8,922		8,922	4,199		4,199	13,121
Property Taxes	0		0	895		895	895
Repairs & Maintenance	644		644	304		304	948
Truck Expenses	4,904		4,904	0		0	4,904
Office Expense	0		0	1,008		1,008	1,008
Gifts	0		0	568		568	568
Supplies	1,675		1,675	88		88	1,763
Dues & Subscriptions	0		0	556		556	556
Credit Card Merchant Fees	0		0	269		269	269
Interest Expense	124		124	59		59	183
Legal and Professional fees	0		0	4,200		4,200	4,200
Grants consulting	0		0	0	14,640	14,640	14,640
Accounting Expense (Note 7)	0		0	3,573		3,573	3,573
Public Relations	2,349		2,349	1,105		1,105	3,454
Golf Event Expenses	0		0	0	2,370	2,370	2,370
Donated Food	1,069,472		1,069,472	0		0	1,069,472
Total	1,097,779	9,244	1,107,023	21,383	17,010	38,393	1,145,416
Depreciation Expense	18,652		18,652	1,755		1,755	20,407
Total Expenses	\$ <u>1,280,359</u>	\$ <u>9,244</u>	\$ <u>1,289,603</u>	\$ <u>32,431</u>	\$ <u>17,010</u>	\$ <u>49,441</u>	\$ <u>1,339,044</u>

See Independent Auditor's Report and Notes to the Financial Statements

CHANDLER CHRISTIAN COMMUNITY CENTER, INC.
Statement of Cash Flows
for the Year Ended June 30, 2010

Cash Flows from Operating Activities:

Grants received	\$ 118,194
Cash received from meeting fees	250
Contributions received	78,012
Fund raiser revenue received	31,001
Interest income received from banks	48
Cash paid for general and administration	(28,576)
Cash paid for program services	(201,499)
Cash paid for fund raising activities	<u>(17,010)</u>
Net cash provided (used) by operating activities	(19,580)

Cash Flows from Investing Activities:

Cash paid to acquire assets	<u>0</u>
Net cash provided (used) by investing activities	0

Cash Flows from Financing Activities:

Cash paid for financing activities	<u>0</u>
Net cash provided (used) by financing activities	0

Net increase (decrease) in cash and equivalents	<u>(19,580)</u>
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Cash and equivalents, beginning of year	<u>87,952</u>
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Cash and equivalents, end of year	<u><u>\$ 68,372</u></u>
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CHANDLER CHRISTIAN COMMUNITY CENTER, INC.
Statement of Cash Flows
for the Year Ended June 30, 2010

Reconciliation of changes in net assets to net cash provided by operating activities:

Total increase (decrease) in net assets	\$ (65,197)
Adjustment to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	20,407
Donated food revenue	(1,069,472)
Donated food expense	1,069,472
Donated professional services revenue	(2,100)
Donated professional services expense	2,100
(Increase) decrease in food inventory	25,230
(Increase) decrease in prepaid assets	(1,329)
Increase (decrease) in accounts payable and accrued expenses	1,309
Total adjustments	<u>45,617</u>
Net cash provided (used) by operating activities	<u>\$ (19,580)</u>

See Independent Auditor's Report and Notes to the Financial Statements

CHANDLER CHRISTIAN COMMUNITY CENTER, INC.
Notes to Financial Statements
(See Auditor's Report)

Note 1. – Organization

Chandler Christian Community Center, Inc. is a non-profit corporation that was organized under the laws of the State of Arizona in 1968. The Organization meets the basic human needs, including emergency food boxes for people in crisis in the Chandler, AZ community, and works to empower individuals and families by providing programs that develop skills needed for self-sufficiency and long-term change.

Note 2. – Significant Accounting Policies

Basis of Accounting – These financial statements are presented on the accrual basis of accounting. Revenue is recorded when earned, or when pledges are made and expenses are recorded when goods or services are received.

Basis of Presentation – Financial statement presentation is in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 – 205 – Not-For Profit Entities – Presentation of Financial Statements (formerly FASB Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*). Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents – Cash and cash equivalents consist primarily of cash held in checking and savings accounts and highly liquid investments (certificates of deposit).

Food Inventory – The estimated value of food on hand at June 30, 2010 includes donated food received in June 2010. A physical inventory of donated food on hand at June 30, 2010 was not taken. See Note 6.

Property and Equipment – Property and equipment generally costing \$500 or more is recorded at cost. Donated assets are recorded at their fair market values at the time they are contributed. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Buildings	40 years
Freezers and Coolers	7 years
Warehouse Equipment	7 years
Office Equipment	5 years
Vehicles	5 years

CHANDLER CHRISTIAN COMMUNITY CENTER, INC.
Notes to Financial Statements
(See Auditor's Report)

Grants and Contributions – Grants and contributions received are reported as increases in their respective net asset classes. All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted grants or contributions that increase net assets. However, if a restriction is fulfilled in the same time period in which the grant or contribution is received, the organization reports the grant or contribution as unrestricted.

Contributed Services – According to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-15-2 and FASB ASC 958-605-15-4 – Revenue Recognition-Contributions Received (formerly Statement of Financial Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made), contributed services would only be recorded as contribution revenue if the services would (1) typically need to be purchased by the organization if not provided by contribution, (2) require specialized skills, and (3) be provided by individuals with those skills. Since specialized skills are not required by general volunteers, contribution revenue for the donated hours has not been recorded in the financial statements. Contribution revenue for donated professional services totaling \$2,100 has been recorded for the year ended June 30, 2010, since specialized skills are required.

Donated Food and Other Items - Donated food items are valued at \$1.49 per pound for donated food received from July 1, 2009 to December 31, 2009, and at \$1.58 per pound for donated food received from January 1, 2010 to June 30, 2010, which is consistent with other food banks in the area. Other donated items are valued at comparable thrift store amounts.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities and net assets at the date of the financial statements and the reported amounts of certain revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

Note 3. – Functional Allocation of Expenses

The costs of providing various programs, fund raising events and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CHANDLER CHRISTIAN COMMUNITY CENTER, INC.
Notes to Financial Statements
(See Auditor's Report)

Note 4. Concentrations of Risk

Financial instruments that potentially expose Chandler Christian Community Center, Inc. to concentrations of credit and market risk consist primarily of cash in checking, savings accounts and certificates of deposit at Chase Bank and First Credit Union. Bank accounts at Chase Bank are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Bank accounts at First Credit Union are insured by the National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000. Chandler Christian Community Center, Inc. has not experienced any losses in its cash.

Chandler Christian Community Center, Inc. provides substantially all of its program services in Chandler, AZ. It is not deemed likely that an event will occur in the near future that will cause a severe impact in Chandler Christian Community Center's operations.

The City of Chandler provided 20.9% (\$47,000) of total cash revenue received during the fiscal year ended June 30, 2010. While the City of Chandler has continuously made grants in prior years, future grants are expected, but not guaranteed.

Note 5. – Income Taxes

The Chandler Christian Community Center, Inc. is exempt from federal and state income taxes under Section (501)(C)(3) of the Internal Revenue Code. The Chandler Christian Community Center, Inc. is not a private foundation. Annual tax information forms 990 and 99 are filed with the Internal Revenue Service and Arizona Department of Revenue, respectively.

Note 6. – Prior Period Adjustment for Correction of an Error in Accounting for Food Inventory

The Chandler Christian Community Center, Inc. has adopted accounting principles generally accepted in the United States of America regarding the recognition of donated food inventory on hand as of June 30, 2010. Due to the extreme measures required to conduct a complete physical inventory by weighing all of the food on hand at year end, the Organization adopted the policy that the estimated amount of food inventory would consist of that food which was donated during the previous month, or a one-month supply. Unrestricted net assets as of the beginning of the year have been restated to reflect this change by \$106,605. The effect of such restatement on the prior year change in unrestricted net assets is \$10,346. See Note 2.

CHANDLER CHRISTIAN COMMUNITY CENTER, INC.
Notes to Financial Statements
(See Auditor's Report)

Note 7. – Related Parties

The Treasurer is an employee of the CPA firm that performs accounting and payroll services for Chandler Christian Community Center, Inc. During the fiscal year ended June 30, 2010, \$3,573 was paid to the CPA firm.

A Board member is the Executive Vice President and Chief Operating Officer of First Credit Union. Chandler Christian Community Center, Inc. maintains a savings account at First Credit Union with a balance of \$13,392 at June 30, 2010.

Note 8. – Subsequent Events

Subsequent to June 30, 2010, The Chandler Christian Community Center, Inc. was awarded grants totaling \$252,878 for a Family Resource Center.

Subsequent events were evaluated through November 19, 2010, the date the financial statements of The Chandler Christian Community Center were available to be issued. Events occurring after November 19, 2010 were not evaluated.