
CRISIS CONTROL MINISTRY, INC.

Financial Statements

Year Ended September 30, 2011


 **GRAY,
CALLISON
& CO., P.A.**
CERTIFIED PUBLIC ACCOUNTANTS
WINSTON-SALEM, NORTH CAROLINA

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December 2, 2011

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Crisis Control Ministry, Inc.
Winston-Salem, North Carolina

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Crisis Control Ministry, Inc. (a nonprofit organization) as of September 30, 2011, and the related statements of support and revenue, expenses and changes in net assets - modified cash basis, and functional expenses - modified cash basis for the year then ended. These financial statements are the responsibility of the Ministry's management. 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 of material misstatement. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Crisis Control Ministry, Inc. as of September 30, 2011 and its support and revenue, expenses and the changes in its net assets for the year then ended, in conformity with the basis of accounting described in Note A.

Gray, Callison & Co., P.A.

CRISIS CONTROL MINISTRY, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
September 30, 2011

ASSETS

CURRENT ASSETS

Cash	\$ 677,709
Restricted cash – Housing Assistance Fund	1,932
Refundable items	<u>6,868</u>
TOTAL CURRENT ASSETS	<u>686,509</u>

PROPERTY AND EQUIPMENT, net

404,905

\$ 1,091,414

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Custodial account – Housing Assistance Fund	\$ <u>1,932</u>
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NET ASSETS

Unrestricted:

Available for current operations	\$ 566,687
Net investment in property and equipment	<u>404,905</u>
	971,592

Temporarily restricted

117,890
1,089,482

TOTAL NET ASSETS AND LIABILITIES

\$ 1,091,414

CRISIS CONTROL MINISTRY, INC.
 STATEMENT OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN NET ASSETS -
 MODIFIED CASH BASIS
 Year Ended September 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions, grants and other support	\$ 1,350,539	\$ 1,025,312	\$ 2,375,851
ARRA-grant – HPRP		193,471	193,471
In-kind contributions		2,170,749	2,170,749
Interest income	7,913		7,913
Other	9,080		9,080
Net assets released from restrictions	<u>3,290,378</u>	<u>(3,290,378)</u>	
TOTAL SUPPORT AND REVENUE	<u>4,657,910</u>	<u>99,154</u>	<u>4,757,064</u>
EXPENSES			
Client assistance	4,121,694		4,121,694
Supporting services:			
General and administrative	277,619		277,619
Fundraising	<u>255,767</u>		<u>255,767</u>
TOTAL EXPENSES	<u>4,655,080</u>		<u>4,655,080</u>
INCREASE IN NET ASSETS	2,830	99,154	101,984
NET ASSETS - beginning of year	<u>968,762</u>	<u>18,736</u>	<u>987,498</u>
NET ASSETS - END OF YEAR	<u>\$ 971,592</u>	<u>\$ 117,890</u>	<u>\$ 1,089,482</u>

The accompanying notes are an integral part of this statement.

CRISIS CONTROL MINISTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
Year Ended September 30, 2011

	Supporting Services			Total
	Client Assistance	General & Administrative	Fundraising	
CLIENT ASSISTANCE				
Groceries	\$ 47,212	\$	\$	\$ 47,212
Groceries In-Kind	508,340			508,340
Fuel	27,830			27,830
Rent	455,531			455,531
Electricity	233,449			233,449
Gas	12,524			12,524
Water	29,668			29,668
Pharmacy	200,361			200,361
Pharmacy In-Kind	1,662,409			1,662,409
HPRP	176,397			176,397
Other	7,318			7,318
	<u>3,361,039</u>			<u>3,361,039</u>
PERSONNEL COSTS				
Salaries and temporary wages	476,030	174,599	88,878	739,507
Benefits	68,695	21,775	16,532	107,002
Payroll taxes	37,361	11,843	8,991	58,195
	<u>582,086</u>	<u>208,217</u>	<u>114,401</u>	<u>904,704</u>
OTHER OPERATING COSTS				
Telephone	9,402	1,175	1,175	11,752
Utilities	18,132	2,211	1,769	22,112
Office supplies/equipment	16,619	12,464	12,464	41,547
Postage	2,170	2,170	17,357	21,697
Resource development			83,063	83,063
Insurance	12,737	3,639	1,820	18,196
Professional services	3,765	3,765		7,530
Repairs and maintenance	36,740	4,480	3,584	44,804
Security guard	4,081			4,081
Janitorial	20,771	2,533	2,026	25,330
Continuing education	2,087	4,175	2,087	8,349
Ministry support		11,298		11,298
Technology	8,444	8,444	11,259	28,147
Volunteer support	5,017			5,017
Travel	1,365			1,365
Bank fees		4,087		4,087
Dues and subscriptions		4,293		4,293
Advertising	144	144	1,143	1,431
	<u>141,474</u>	<u>64,878</u>	<u>137,747</u>	<u>344,099</u>
DEPRECIATION	<u>37,095</u>	<u>4,524</u>	<u>3,619</u>	<u>45,238</u>
TOTAL EXPENSES	<u>\$ 4,121,694</u>	<u>\$ 277,619</u>	<u>\$ 255,767</u>	<u>\$ 4,655,080</u>

The accompanying notes are an integral part of this statement.

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Ministry is a nonprofit organization with locations in Winston-Salem and Kernersville, North Carolina. It is a Christian-based ministry whose mission is to assist people in crisis to meet essential life needs and to become self-sufficient.

Basis of Accounting

The financial statements of Crisis Control Ministry, Inc. (the "Ministry") have been prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis differs from generally accepted accounting principles primarily because support and revenue and related assets are recognized when received rather than when earned, expenses are recognized when paid rather than when incurred, the value of certain donated materials and services, if applicable, is not recorded, and the beneficial interests in assets held by third party trusts are not recorded. The cash method has been modified primarily by the recording of property and equipment and related depreciation, certain refundable items and in-kind donations of distributed food and pharmaceuticals.

Property and Equipment

The Ministry capitalizes individual items costing more than \$500 and having an estimated useful life of a minimum of three years. The asset is valued at cost, except that donated assets are recorded at their estimated fair values at date of receipt. Depreciation is provided over the estimated useful lives of the respective assets on a straight line basis.

Financial Statement Presentation

The Organization has adopted the FASB ASC 958 Not For Profit Entities. FASB ASC 958 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset categories according to externally imposed restrictions. At September 30, 2011, the Organization reported unrestricted and temporarily restricted net assets of \$971,592 and \$117,890, respectively.

Contributions

In accordance with FASB ASC 958 Not For Profit Entities support received is recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under FASB ASC 958, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS

Donated Products and Services

The estimated value of food and pharmaceuticals donated to the Ministry is recorded as in-kind support and expense in the accompanying financial statements to the extent such amounts were distributed to the Ministry's clients during the year. Perpetual inventories of food items and pharmaceuticals are not maintained, except for controlled pharmaceuticals, which is required by law. The accompanying financial statements do not reflect the value of food and pharmaceuticals on hand at year end.

The value assigned in-kind food and pharmaceutical support and expense is determined by using what management believes to be conservative estimates of the wholesale value for items dispensed less actual purchases made for these items during the year.

For in-kind food donations, the value assigned to distributed food items is determined using local grocery store retail prices, reduced by applying a retail industry gross profit percentage to arrive at an estimated wholesale value.

For in-kind pharmaceutical donations, the Ministry maintains a database for dispensed prescriptions. The database assigns an "average wholesale price" value to each prescription filled, that is, a price pharmaceutical manufacturers charge to large customers and pharmaceutical chains before discounts and volume price breaks. The Ministry reduced this average wholesale price value using an index disclosed in a June, 2005 U.S. Department of Health and Human Services study, thus giving affect to wholesale price adjustments from such discounts and price breaks.

The accompanying financial statements do not reflect the value of donated services provided by volunteers, the rental value of donated facilities, or the value of any other donated item(s), other than those referred to above.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting periods. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Ministry to concentrations of credit risk consist principally of cash deposits in excess of the \$250,000 federally insured limit. Uninsured deposits at September 30, 2011 were approximately \$3,882.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS

Income Tax Status

The Ministry is recognized as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and has been granted exemption from federal and state income taxes. Management is not aware of any events or circumstances that would jeopardize its tax exempt status.

Advertising Costs

Generally the Organization expenses the cost of advertising and promotion as it is incurred. During the year ended September 30, 2011, the Organization recorded advertising and promotion expenses of \$1,431.

NOTE B: PROPERTY AND EQUIPMENT

As of September 30, 2011, property and equipment consisted of the following:

Land	\$ 63,406
Building	1,027,895
Furniture and equipment	<u>341,698</u>
	1,432,999
Accumulated depreciation	<u>(1,028,094)</u>
	<u>\$ 404,905</u>

Depreciation expense for the year ended September 30, 2011 was \$45,238.

NOTE C: WINSTON-SALEM FOUNDATION TRUSTS

The Ministry is the sole beneficiary of five endowment funds administered under irrevocable trust agreements with The Winston-Salem Foundation - The Crisis Control Ministry, Inc. Endowment Fund, the Hope Trust of Crisis Control Ministry, the Gordon Hanes Memorial Endowment for Crisis Control Ministry, the Orpha Marie Leonard Pope Fund and the J. Kirk Glenn, Jr. Endowment. The Ministry is also a co-beneficiary of several other endowment funds at the Winston-Salem Foundation.

The endowment funds are irrevocable, and are controlled and administered by The Winston-Salem Foundation with Wells Fargo (formerly Wachovia Bank, N.A.) as Trustee and to whom variance power has been granted under these trust agreements. Contributions made directly to these trusts, including contributions made to the trust by the Ministry as a donor, contributions received by the Ministry designated for transfer to these trusts by unrelated third parties, as well as any undistributed investment earnings accumulated in these trusts, including any changes in fair value of trusted assets, have not been included as assets of the Ministry in these statements. Management of the Ministry is not aware of any instances or matters that would jeopardize its status as beneficiary to the income produced from these trusted assets at the Foundation.

During the year ended September 30, 2011, the Ministry received distributions of \$85,947 from these endowments for operating and specified purposes.

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE D: LEASES

The Ministry's Kernersville facility is occupied rent free under an agreement with the owner. Under this agreement, the Ministry is required to pay maintenance and utilities for its portion of the building. The value of this in-kind lease has not been included in the accompanying financial statements as it is not considered significant.

NOTE E: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30, 2011, are as follows:

Donor restricted by specific purpose:

Client Services	
Breaking the Cycle	\$ 1,662
Utilities	6,494
Events	
CROP Walk	1,534
Other	
Building Improvements	100,000
Facility Access	7,500
Praise Project	700
	<u>\$ 117,890</u>

NOTE F: HOUSING ASSURANCE FUND

The Ministry agreed to administer the Housing Assurance Fund on behalf of the Ten Year Plan to End Chronic Homelessness. The Ministry disburses funds as outlined by the Housing Assurance Oversight Committee. The purpose of the Ten Year Plan Housing Assurance Fund is to provide a safety net for the chronically homeless to assist them in maintaining permanent housing for up to one year by providing as assurance that their rent and utility expenses will be covered. As of September 30, 2011, the fund had a balance of \$1,932.

NOTE G: HOMELESSNESS PREVENTION AND RAPID RE-HOUSING PROGRAM

The Ministry agreed to assist the City of Winston-Salem with the Homelessness Prevention and Rapid Re-Housing Program. The Ministry disburses funds as outlined in the grant agreement. The purpose of the Homelessness Prevention and Rapid Re-Housing Program is to provide financial assistance and services to either prevent individuals and families from becoming homeless or help those who are experiencing homelessness to be quickly re-housed and stabilized. As of September 30, 2011, the Ministry received \$193,471 and had disbursed \$176,397 in accordance with the grant agreement.

CRISIS CONTROL MINISTRY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE H: PENSION PLAN

The Ministry has established a defined contribution pension plan for the benefit of its employees, who become eligible after one year of service. Eligible participants may make elective deferrals to the Plan up to 18% of eligible compensation, subject to limitations prescribed by the Internal Revenue Service. Employer contributions to the Plan are at the discretion of the Ministry's Board. Pension costs recorded by the Ministry during the year ended September 30, 2011 totaled \$32,401.

NOTE I: GUARANTEES

As part of their client services, the Ministry acts as a guarantor for numerous clients' utility bill arrangements with Duke Energy and/or Piedmont Natural Gas. In the event of the clients' default, the Ministry then becomes liable for the balance owed. Presently, Management estimates the Ministry is contingently liable under these guarantee arrangements for approximately \$18,835.

NOTE J: INCOME TAXES

The Organization files its income tax return in the U.S. Federal jurisdiction. The Organization is no longer subject to income tax examination by tax authorities for the tax years prior to 2007. In the normal course of business, the Organization is subject to examination by the various taxing authorities. Although the outcome of tax audits is always uncertain, the Organization believes that there are no significant unrecognized tax liabilities at September 30, 2011.

NOTE K: SUBSEQUENT EVENTS EVALUATION

The Ministry evaluated the effects subsequent events would have on the financial statements through December 2, 2011, which is the date the financial statements were available for issuance.