

Cypress Community Assistance Ministries

**FINANCIAL STATEMENTS –
MODIFIED CASH BASIS**

December 31, 2014 and 2013



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Cypress Community Assistance Ministries
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cypress Community Assistance Ministries
Houston, Texas

We have audited the accompanying financial statements of the Cypress Community Assistance Ministries (the Organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2014 and 2013 and the related statements of revenue, expenses and changes in net assets – modified cash basis and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Cypress Community Assistance Ministries as of December 31, 2014 and 2013, and its revenue and other support, expenses and changes in net assets and cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Caru, Riggs & Ingram, L.L.C.

Houston, Texas

June 9, 2015

Cypress Community Assistance Ministries
Statements of Assets, Liabilities and Net Assets –
Modified Cash Basis

<i>December 31,</i>	2014	2013
Assets		
Cash and cash equivalents	\$ 307,570	\$ 283,130
Prepaid expenses and other assets	10,000	10,000
Property and equipment, net	97,473	106,707
Total assets	\$ 415,043	\$ 399,837
Liabilities and Net Assets		
Liabilities		
Sales tax payable	\$ -	\$ 5,887
Commitments and contingencies		
Unrestricted net assets	415,043	393,950
Total liabilities and net assets	\$ 415,043	\$ 399,837

The accompanying footnotes are an integral part of these financial statements – modified cash basis.

Cypress Community Assistance Ministries
Statements of Revenues, Expenses and Changes in Net Assets –
Modified Cash Basis

<i>For the years ended December 31,</i>	2014	2013
Unrestricted revenue and other support		
Contributions	\$ 342,093	\$ 396,060
Stores sales, net	990,491	983,497
Investment and other income	6,732	8,874
Total revenue and other support	1,339,316	1,388,431
Expenses		
Bank and credit card charges	20,984	21,273
Cost of sales, net	32,225	41,150
Client assistance	208,015	223,044
Depreciation	16,096	14,008
Equipment	5,923	5,608
Other operating expenses	49,911	31,900
Rent	260,585	273,051
Repairs and maintenance	42,035	40,778
Salaries and wages	576,919	615,231
Supplies	8,680	24,025
Technology support	28,200	26,711
Telephone	17,254	13,434
Utilities	51,396	42,862
Total expenses	1,318,223	1,373,075
Change in unrestricted net assets	21,093	15,356
Unrestricted net assets, beginning of year	393,950	378,594
Unrestricted net assets, end of year	\$ 415,043	\$ 393,950

The accompanying footnotes are an integral part of these financial statements – modified cash basis.

Cypress Community Assistance Ministries
Statements of Cash Flows –
Modified Cash Basis

<i>For the years ended December 31,</i>	2014	2013
Operating activities		
Change in net assets	\$ 21,093	\$ 15,356
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	16,096	14,008
Changes in operating liabilities		
Prepays and other assets	-	15,698
Sales tax payable	(5,887)	821
Other payables	-	(5,175)
Net cash provided by operating activities	31,302	40,708
Investing activities		
Purchase of property plant and equipment	(6,862)	(42,853)
Net change in cash and cash equivalents	24,440	(2,145)
Cash and cash equivalents, beginning of year	283,130	285,275
Cash and cash equivalents, end of year	\$ 307,570	\$ 283,130

The accompanying footnotes are an integral part of these financial statements – modified cash basis.

Cypress Community Assistance Ministries
Notes to Financial Statements
Modified Cash Basis

NOTE 1: ORGANIZATION

Cypress Community Assistance Ministries (the Organization) is a nonprofit faith based organization that serves individuals and families in financial crisis, those on the brink of homelessness, the elderly and the unemployed. The Organization offers individuals access to a food pantry, clothing, financial assistance, GED/ESL classes and employment assistance. The Organization's support comes primarily from contributions and sales from Angels' Attic.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's policy is to prepare financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles; consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses and purchases are recognized when cash is disbursed rather than when the obligation is incurred.

Financial Statement Presentation

The Organization's resources are reported for accounting purposes as unrestricted net assets, due to the lack of donor-imposed stipulations. Unrestricted net assets may be designated for a specific purpose by action of the Board of Directors.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with initial maturities of three months or less at the time of purchase to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost if purchased, or in the case of donated property, at the estimated fair market value at the date of donation. Depreciation is computed by use of the straight-line method for financial reporting purposes. Useful lives of the assets range from three to fifteen years.

Routine maintenance, repair, renewal and replacement costs are charged against operations in the year incurred. Expenditures, which materially increase values or extend useful lives of property and equipment, are capitalized.

Cypress Community Assistance Ministries
Notes to Financial Statements
Modified Cash Basis

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Considerations

The Organization uses fair value to measure monetary and certain nonmonetary financial assets and liabilities. The Organization's financial instruments (primarily cash and cash equivalents and payables) are carried in the accompanying statement of assets, liabilities, and net assets – modified cash basis.

Contributions

Contributions are recorded in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as unrestricted.

Angels' Attic Sales

The Organization receives donated clothing, furniture, household items, and other merchandise for sale in its resale shop. Revenue is recorded when the sale occurs and is reported net of discounts, estimated returns and sales taxes. In addition, the Organization will purchase jewelry to supplement donated items. For the years ended December 31, 2014 and 2013, the Organization purchased \$32,225 and \$41,150, respectively, of jewelry and new gifts which is expensed upon purchase.

Donated Goods and Services

The Organization receives significant donations which are sold in the resale shop or distributed to clients. These donations are primarily from individual donors. The Organization has not estimated the value of the donations and therefore no amounts are recorded in the accompanying financial statements.

The Organization also receives significant volunteer time to assist the fulfillment of its programs. While the value of such contributed efforts is vitally beneficial to the Organization, no dollar amount is recognized in these financial statements for these contributions.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves and Angels' Attic. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2014 and 2013 totaled \$15,674 and \$14,170, respectively.

Cypress Community Assistance Ministries
Notes to Financial Statements
Modified Cash Basis

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income tax has been made in these financial statements.

The Organization accounts for uncertain tax positions, when it is more likely than not, that such an asset or a liability will be realized. As of December 31, 2014, management believes there were no uncertain tax positions.

Estimates

The preparation of the financial statements in conformity with the modified cash basis of accounting, an other comprehensive basis of accounting, required management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through the date the financial statements were available for issuance on June 9, 2015. No matters were identified affecting the accompanying financial statements or related disclosures.

Note 3: PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost as follows:

<i>December 31,</i>	2014	2013
Equipment	\$ 32,165	\$ 32,009
Furniture and fixtures	29,191	28,862
Leasehold improvements	116,594	110,217
Vehicles	24,002	24,002
Less: accumulated depreciation	(104,479)	(88,383)
	\$ 97,473	\$ 106,707



Cypress Community Assistance Ministries
Notes to Financial Statements
Modified Cash Basis

NOTE 4: CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts at various banks, which at times, may exceed the Federal Deposit Insurance Corporation's limit. The Organization has not experienced any losses from maintaining cash accounts in excess of the federally insured limit. Management believes that it is not exposed to any significant credit risk on cash accounts, due to the financial strength of the financial institutions where deposits are held.

For the years ended December 31, 2014 and 2013, approximately 23% and 27%, respectively, of the Organizations contributions were from a church.

NOTE 5: LEASE COMMITMENTS

The Organization leases its facilities under non-cancellable operating leases which are currently operating under a month-to-month basis. The Organization is in the process of negotiating new leases for the facilities. Rent expense totaled \$260,585 and \$273,051 for the years ended December 31, 2014 and 2013, respectively.