

YEAR ENDED DECEMBER 31, 2013



## Page Independent Auditor's 1-2 Report..... Statement Financial of 3 Position..... Statement of 4 Activities..... Statement of Cash 5 Flow..... Notes Financial 6-8 to Statements.... Functional Statement of 9 Expenses....

### INDEPENDENT AUDITOR'S REPORT

**Board of Directors** Karl Length Resources International Resources Internat

## **Report on the Financial Statements**

3775 Kimmel Road

we have audited the accompanying financial statements of Christian Resources

(517) 937-9333 Phone / 563-2552 Fax Horton, Miternation 10 246 Michigan nonprofit corporation) which are comprised affithe statement of financial position as of December 31, 2013, and the related statements of activity and cash flow for the year then ended, and the related notes to the financial statements.

## **Managements Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U. S. generally accepted accounting principles; this includes 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 Christian Resources International's preparations 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 Christian Resources International'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 financial position of Christian Resources International as of December 31, 2013, and the results of its operations and its cash flow for the year then ended in accordance with U. S. generally accepted accounting principles.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Christian Resources International's basic financial statements. The Statement of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statement of Functional Expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Functional Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Karl L. Drake, P.C.

Certified Public Accountant

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March 7, 2014



# STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013	
ASSETS	
CURRENT ASSETS	
Cash	\$ 31,900
Investments	2,668
Accounts Receivable	
TOTAL CURRENT ASSETS	34,568
FIXED ASSETS	
Land	65,000
Building	107,051
Building Improvements	96,303
Furniture and Equipment	22,985
	291,339
Less Accumulated Depreciation	-128,070
TOTAL FIXED ASSETS	163,269
TOTAL ASSETS	\$ 197,837
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$ 21,806
Payroll Taxes Payable	1,676
TOTAL CURRENT LIABILITIES	23,482
NET ASSETS	
Unrestricted	174,355
Temporarily Restricted	
Permanently Restricted	
TOTAL NET ASSETS	174,355
TOTAL LIABILITIES AND NET ASSETS to Financial Statements.	\$ 197,837



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YEAR ENDED D		Temporarily 2Restricted	Permanentl y Restricted	Totals
SUPPORT AND REVENUE				
Support - Contributions	\$ 254,741	\$ 73,601	\$	\$ 328,342
Revenue - Investment Income				
Net Assets Released from Restrictions	73,601	-73,601		
TOTAL SUPPORT AND REVENUE	328,342			328,342
EXPENSES				
Program Services	253,012			253,012
General Administration	44,590			44,590
Fund Raising	50,190			50,190
TOTAL EXPENSES	347,792			347,792
INCREASE < DECREASE > NET ASSETS	-19,450			-19,450
NET ASSETS - BEGINNING OF YEAR	193,805			193,805
NET ASSETS - END OF YEAR	\$ 174,355	\$ 	\$	\$ 174,355



# STATEMENT OF CASH FLOW

YEAR ENDED DECEMBER 31, 2013

CASH FLOW FROM OPERATING ACTIVITIES	
Increase <i>Decrease</i> in Net Assets	\$
	-19,450
Adjustments to Reconcile Increase in Net Assets to Net Cash	,
Provided By Operating Activities:	
Depreciation	8,858
Decrease < <i>Increase</i> > in receivables	
Decrease < Increase > in investments	-2,668
Increase <i>Decrease</i> in accounts payable	-8,88 <i>1</i>
Increase <i>Decrease</i> in other payables	-500
mercuse Decreuses in other phyhores	
NET CASH PROVIDED < <i>USED</i> > BY OPERATING ACTIVITIES	-22,641
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	
Sale of Fixed Assets	
NET CASH PROVIDED BY INVESTING ACTIVITIES	
CASH FLOW FROM FINANCING ACTIVITIES	
Increase In Notes Payable	
Payments on Notes Payable	
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NET CASH PROVIDED < USED > BY FINANCING ACTIVITIES	
TOTAL INCREASE < DECREASE > IN CASH	-22,641
	_
CASH AT BEGINNING OF YEAR	54,541
CASH AT END OF YEAR	\$ 31,900

See Accompanying Notes to Financial Statements
-5-



#### 1. NATURE OF THE ORGANIZATION

Christian Resources International exists as a non-profit missions organization to recycle worldwide, free of charge, used and surplus Christian literature and educational materials. The purpose is to equip saints for the work of ministry, to build up the body of Christ.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Christian Resources International have been prepared on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

#### ALLOCATION OF EXPENSES

The Organization's costs of program and supporting activities have been summarized on a functional basis in the statement of activity. Certain costs have been allocated between the program and supporting activities.

### RECOGNITION OF DONOR RESTRICTIONS

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

## PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

#### **INCOME TAXES**

The Organization is exempt from Federal income taxes under Code Section 501(c)(3) of the Internal Revenue Service Code. Contributions to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A). The Organization has been determined not to be a private foundation under Section 509.



## ASH AND CASH EQUIVALENTS

For purposes of the statement of cash flow, the Organization considers all unrestricted highly liquid investments and all certificates of deposit to be cash equivalents. During the year ended December 31, 2013, the Organization spent no monies on income taxes and \$2,782 in interest.

## PROMISES TO GIVE

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 are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

#### CONTRIBUTED SERVICES

During the year ended December 31, 2013, the value of contributed services meeting the requirements of recognition in the financial statements was not material and has not been recorded

## **ESTIMATES**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 3. CASH

The Organization has cash accounts in one bank that carries FDIC insurance. At December 31, 2013, the balance of uninsured cash was as follows:

	Carrying Value	Book Value	
Insured Uninsured	\$ 21,899 25	\$ 31,875 25	
	\$ 21,924	\$ 31,900	

Differences between carrying value and book value are caused by deposits in transit and outstanding checks.



## 4. PROPERTY AND EQUIPMENT

Major classes of fixed assets are as follows:

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Land	\$ 65,000
Building	107,051
Building Improvements	96,303
Furniture and Equipment	22,985
Total Cost	\$ 291,339
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Amount charged to depreciation expense for 2013 was \$8,858.

## 5. PENSION PLAN

The Organization did not participate in a retirement plan during the year ended December 31, 2013.

## 6. VACATION AND SICK PAY

The Organization has no policy governing accrual of vacation and sick pay. Therefore, no amounts are accrued at December 31, 2013.

## 7. INVESTMENTS

Investments consist of stock and fixed income securities and are valued at market value. Market value at December 31, 2013 was \$2,668.



## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013

	Program Services	General Administratio n	Fund Raising	Total Expenses
Salaries and Wages Employee Benefits Payroll Taxes Professional Fees Office Supplies	\$ 96,002 7,383 6,225 710 9,597	\$ 22,317 1,717 1,447 8,954 1,066	\$ 22,317 1,717 1,447 	\$ 140,636 10,817 9,119 9,664 10,663
Packing Supplies Telephone Postage Shipping Utilities	6,928 3,012 8,956 25,670 7,438	376 1,493  826	376 4,478 	6,928 3,764 14,927 25,670 8,264
Repairs Travel Depreciation Insurance Dues and Memberships	11,673 16,678 8,858 5,555 2,711	  617 	1,853  	11,673 18,531 8,858 6,172 2,711
Printing Equipment Rental Interest Advertising Bank Charges	12,222 2,375  20,690	2,782  2,995	5,238 1,155  8,867	17,460 3,530 2,782 29,557 2,995
Program Expenses Recruitment TOTAL EXPENSES	329  <b>\$ 253,012</b>	 \$ 44,590	2,742 <b>\$ 50,190</b>	329 2,742 <b>\$ 347,792</b>