

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

# **CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**

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# **Norman Moline CPA, Inc.**

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To the Board of Directors,  
Christian Motorsports International, Inc.

## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

I have reviewed the accompanying balance sheet of Christian Motorsports International, Inc. (a nonprofit corporation) as of December 31, 2014 and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles generally accepted in the United States of America.

The prior year summarized comparative information has been derived from Christian Motorsports International, Inc.'s December 31, 2013 financial statements, previously reviewed by me.



Norman L. Moline, Jr.  
Certified Public Accountant  
July 14, 2015

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2014**  
**(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013)**

<u><b>ASSETS</b></u>		
	<u>2014</u>	<u>2013</u>
Cash & cash equivalents	\$ 546,764	\$ 560,749
Accounts receivable		40
Prepaid expenses	6,146	7,582
Resale inventory	5,978	8,228
Marketable securities	<u>480</u>	<u>30</u>
<b>TOTAL ASSETS BEFORE FIXED ASSETS</b>	<b><u>559,368</u></b>	<b><u>576,629</u></b>
<b>FIXED ASSETS</b>		
Vehicles & trailers	227,369	225,249
Ministry equipment	17,318	17,318
Office equipment	11,803	11,803
Software	9,946	9,946
Less accumulated depreciation	<u>(165,931)</u>	<u>(130,882)</u>
<b>TOTAL FIXED ASSETS NET OF DEPRECIATION</b>	<b><u>100,505</u></b>	<b><u>133,434</u></b>
<b>TOTAL ASSETS</b>	<b><u>659,873</u></b>	<b><u>710,063</u></b>
<u><b>LIABILITIES AND NET ASSETS</b></u>		
<b>LIABILITIES</b>		
Accounts payable	8,162	13,230
Payroll-related liabilities	<u>6,992</u>	<u>7,061</u>
<b>TOTAL LIABILITIES</b>	<b><u>15,154</u></b>	<b><u>20,291</u></b>
<b>NET ASSETS</b>		
Unrestricted:		
Available for general activities	32,005	35,885
Allocated by management for reserves	135,452	156,467
Allocated by management for building fund	225,220	220,550
Net investment in fixed assets	<u>100,505</u>	<u>133,434</u>
Total unrestricted net assets	493,182	546,336
Temporarily restricted by donors	<u>151,537</u>	<u>143,436</u>
<b>TOTAL NET ASSETS</b>	<b><u>644,719</u></b>	<b><u>689,772</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 659,873</u></b>	<b><u>\$ 710,063</u></b>

See accompanying notes and independent accountant's review report.

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013)**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	2014 <u>Totals</u>	2013 <u>Totals</u>
<b>INCOME</b>				
Cash contributions	\$ 504,999	\$ 339,139	\$ 844,138	\$ 884,242
In-kind contributions	60,158		60,158	60,693
Product sales	5,254		5,254	7,040
Conference income	6,665		6,665	
Staff processing fees	3,910		3,910	2,900
Event sponsorship fees	51,875		51,875	39,275
Fund raising event fees	8,175		8,175	10,545
Investment gain, or (loss)	450		450	(1,180)
Interest income	<u>5,376</u>	<u>          </u>	<u>5,376</u>	<u>5,122</u>
<b>TOTAL INCOME</b>	<b>646,862</b>	<b>339,139</b>	<b>986,001</b>	<b>1,008,637</b>
Net assets released from restrictions:				
Administrative assessments	33,906	(33,906)		
Purpose of restrictions accomplished	<u>297,132</u>	<u>(297,132)</u>	<u>          </u>	<u>          </u>
<b>TOTAL INCOME AFTER RECLASSIFICATION</b>	<b><u>977,900</u></b>	<b><u>8,101</u></b>	<b><u>986,001</u></b>	<b><u>1,008,637</u></b>
<b>EXPENSES (See Statement of Functional Expenses)</b>				
Program Services	<u>826,718</u>	<u>          </u>	<u>826,718</u>	<u>806,482</u>
Supporting Services:				
Administrative	121,609		121,609	119,478
Fund raising	<u>82,727</u>	<u>          </u>	<u>82,727</u>	<u>70,918</u>
Total Supporting Services	<u>204,336</u>	<u>          </u>	<u>204,336</u>	<u>190,396</u>
<b>TOTAL EXPENSES</b>	<b><u>1,031,054</u></b>	<b><u>          </u></b>	<b><u>1,031,054</u></b>	<b><u>996,878</u></b>
<b>NET INCOME, (LOSS)</b>	<b>(53,154)</b>	<b>8,101</b>	<b>(45,053)</b>	<b>11,759</b>
Net assets, beginning of year	<u>546,336</u>	<u>143,436</u>	<u>689,772</u>	<u>678,013</u>
<b>Net assets, end of year</b>	<b><u>\$ 493,182</u></b>	<b><u>\$ 151,537</u></b>	<b><u>\$ 644,719</u></b>	<b><u>\$ 689,772</u></b>

See accompanying notes and independent accountant's review report.

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013)**

	Program <u>Services</u>	Adminis- <u>trative</u>	Fund <u>Raising</u>	2014 <u>Totals</u>	2013 <u>Totals</u>
Salaries & wages	\$ 492,465	\$ 79,661	\$ 27,129	\$ 599,255	\$ 560,726
Payroll taxes	17,316			17,316	18,784
Employee benefits	16,042	2,507	854	19,403	29,329
Travel	130,912	3,018		133,930	149,263
Conferences, retreats & training	15,308			15,308	16,703
Printing & publications	5,701	1,584	41,901	49,186	37,016
Supplies	28,135	1,121	382	29,638	36,481
Rent	18,732	2,833	965	22,530	24,006
Telecommunications	8,228	1,286	438	9,952	9,550
Postage & shipping	5,758	3,302	7,120	16,180	13,101
Computer expense	4,621	5,149	246	10,016	11,474
Insurance	10,234	1,599	545	12,378	12,266
Meals, entertainment & gifts	1,891	1,130	1,577	4,598	6,300
Benevolence & donation expense	2,084			2,084	3,286
Maintenance & utilities	26,087	82	28	26,197	10,913
Tax & license	416	830		1,246	790
Accounting		4,188		4,188	3,748
Interest expense					67
Depreciation	28,978	4,528	1,542	35,048	37,534
Apparel & promotional items	12,309			12,309	8,398
Staff administration		1,857		1,857	1,148
Transaction fees		6,772		6,772	5,895
Equipment rent	1,170			1,170	
Bad debts		162		162	
Advertising expense	<u>331</u>			<u>331</u>	<u>100</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 826,718</u></b>	<b><u>\$ 121,609</u></b>	<b><u>\$ 82,727</u></b>	<b><u>\$1,031,054</u></b>	<b><u>\$ 996,878</u></b>

See accompanying notes and independent accountant's review report.

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
**(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013)**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<u>2014</u>	<u>2013</u>
Net income, (loss)	\$ (45,053)	\$ 11,759
Adjustments to reconcile net income to net cash provided by operations:		
Non-cash donations of fixed assets		(1,400)
Noncash unrealized (gains), losses on investments	(450)	1,180
Depreciation	35,048	37,534
(Increase), decrease in receivables	40	101
(Increase) in prepaid expenses & deposits	1,437	(1,527)
(Increase), decrease in inventory	2,250	(164)
Increase, (decrease) in accounts payable	(5,068)	5,546
Increase, (decrease) in payroll-related liabilities	<u>(69)</u>	<u>(961)</u>
<b>Net cash provided by operating activities</b>	<b><u>(11,865)</u></b>	<b><u>52,068</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	<u>(2,120)</u>	<u>          </u>
<b>Net cash provided by investing activities</b>	<b><u>(2,120)</u></b>	<b><u>          </u></b>
 <b>NET INCREASE, (DECREASE) IN CASH</b>	<b>(13,985)</b>	<b>52,068</b>
Cash, beginning of year	<u>560,749</u>	<u>508,681</u>
<b>Cash, end of year</b>	<b><u>\$ 546,764</u></b>	<b><u>\$ 560,749</u></b>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Receipt of donated fixed assets	\$ 1,400
Cash paid for interest	\$ 67

See accompanying notes and independent accountant's review report.

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE A - OPERATIONS**

Christian Motorsports International, Inc. is a Christian non-profit organization exempt from federal and state income taxes. Contributions from donors qualify for income tax deductions.

The primary purpose of the organization is to meet the emotional and spiritual needs of individuals in motorsports through pastoral care, fellowship, evangelism, and service. Its activities include pre-race chapel services, invocations, visits to the sick or injured, Bible studies, weddings, baptisms, memorial services, etc.

**NOTE B - ACCOUNTING POLICIES**

The financial statements have been prepared on the accrual basis. The significant accounting policies are described as follows:

**CLASSES OF NET ASSETS**

The financial statements report amounts separately by class of net assets:

- a) Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in the organization's programs, and those resources invested in fixed assets.
- b) Temporarily restricted amounts are those which are restricted by donors for specific operating purposes or for the acquisition of fixed assets.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions. When a donor's purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash held in checking and savings accounts, short-term investments in certificates of deposit, and money market accounts.

**INVENTORY**

Inventory is recorded at cost. The inventory consists of items that promote the organizations's name and logo, such as apparel, decals, and other items.

**MARKETABLE SECURITIES**

Marketable securities are valued at fair market value, with the increases or decreases in value recorded in the Statement of Activities as Investment Gain or Loss.

**FIXED ASSETS**

Expenditures for fixed assets in excess of \$1,000 are capitalized at cost. Donated assets to be used in the organization's programs are capitalized at their fair market value on the date of the gift. Depreciation of



**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

equipment is computed on the straight-line method over the estimated useful lives of the assets (5-7 years for personal property, 10 years for leasehold improvements, and 30 years for real estate).

The organization reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### **INCOME AND EXPENSES**

Contribution income is recorded when cash is received or when ownership of donated assets is transferred. Pledges and grants are recorded in the balance sheet when the organization is notified of the pledge or grant. Bequests are recorded as income at the time the organization has an established right to the bequest and the proceeds are measurable. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

#### **ALLOCATION OF EXPENSES**

The costs of providing the program and supporting activities of the organization have been summarized on a functional basis in the statement of activities, and presented in detail in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, administrative, and fund raising functions, based upon the estimated benefit received by each function.

The organization incurred no "joint costs", where expenses of an activity are allocated to fund raising and non-fund raising functions.

#### **USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, such as in the allocation of expenses described above. Actual results could differ from those estimates.

#### **DONATED FIXED ASSETS, MATERIALS AND SERVICES**

Donated fixed assets and materials are reflected as contributions in the accompanying financial statements at their estimated values at date of receipt. The Board of Directors and other volunteers donate a substantial number of hours of service in furtherance of the organization's programs, administrative functions, and fund raising activities. However, donated services are not recorded in the financial statements unless provided by individuals possessing specialized skills that the organization would have purchased if the services had not been donated. For the current year, no donated services were recorded in the financial statements.

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE C - OPERATING LEASE COMMITMENTS**

The organization rents office space under an operating lease that expires on February 28, 2018. The following is a schedule by years of future minimum rental payments required under this operating lease:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 23,014
2016	23,791
2017	24,504
2018	<u>4,104</u>
Total minimum payments required	<u>\$ 75,413</u>

Office space rental expense for the year ended December 31, 2014 was \$22,530.

**NOTE D - RETIREMENT PLAN**

The organization permits its employees to participate in a fully vested salary reduction retirement plan. No employer funds are contributed.

**NOTE E - CONCENTRATIONS**

Approximately 40-50% of the organization's donors belong to the National Hot Rod Association (NHRA). Although there is no indication that the NHRA will be ceasing operations, should that happen, the organization's contribution income could be negatively impacted.

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

The organization uses restricted net asset classes to account for the receipt and expenditure of restricted contributions. Eight percent of restricted contributions are transferred to the unrestricted fund to support the administrative and fund raising functions. The following is a summary of these restricted net asset classes for the years ended December 31, 2014 and 2013.

<u>Restricted net asset class</u>	<u>12-31-14</u>	<u>12-31-13</u>
Staff support funds	\$ 35,851	\$ 36,542
Regional funds	62,878	51,502
Miscellaneous project funds	52,328	55,362
Marketable securities (see note below)	<u>480</u>	<u>30</u>
Totals	<u>\$ 151,537</u>	<u>\$ 143,436</u>

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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In 2009 the organization received a gift of 10,000 shares of a publicly traded company, with a donor restriction that the stock could not be sold if the value was less than \$1.00 per share. As of December 31, 2014 the stock was worth .048 cents per share. Therefore the stock cannot be sold per the donor restriction and its total value of \$480 is included in the organization's restricted net assets as of December 31, 2014.

**NOTE G - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the accountant's report.