

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

# **CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**

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# **Norman Moline CPA, Inc.**

150 N. Santa Anita Ave., Suite 640  
Arcadia, California 91006  
Tel.: (626) 445-5554 · Fax: (626) 445-8854  
E-mail: nlmoline.cpa@juno.com

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

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

I have reviewed the accompanying financial statements of Christian Motorsports International, Inc. (a nonprofit corporation) which comprise the balance sheet as of December 31, 2015 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. 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's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my report.

### **Accountant's Conclusion**

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, 2014 financial statements, previously reviewed by me.



Norman L. Moline, Jr.  
Certified Public Accountant  
August 2, 2016

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2015**  
**(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2014)**

**ASSETS**

	<u>2015</u>	<u>2014</u>
Cash & cash equivalents	\$ 576,221	\$ 546,764
Prepaid expenses	6,125	6,147
Resale inventory	6,253	5,977
Marketable securities	<u>36</u>	<u>480</u>
<b>TOTAL ASSETS BEFORE FIXED ASSETS</b>	<b><u>588,635</u></b>	<b><u>559,368</u></b>
<b>FIXED ASSETS</b>		
Vehicles & trailers	144,354	227,369
Ministry equipment	19,645	17,318
Office equipment	9,040	11,803
Software	9,946	9,946
Less accumulated depreciation	<u>(103,311)</u>	<u>(165,931)</u>
<b>TOTAL FIXED ASSETS NET OF DEPRECIATION</b>	<b><u>79,674</u></b>	<b><u>100,505</u></b>
<b>TOTAL ASSETS</b>	<b><u>668,309</u></b>	<b><u>659,873</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts payable	7,177	8,162
Payroll-related liabilities	<u>9,648</u>	<u>6,992</u>
<b>TOTAL LIABILITIES</b>	<b><u>16,825</u></b>	<b><u>15,154</u></b>
<b>NET ASSETS</b>		
Unrestricted:		
Available for general activities	39,673	32,005
Allocated by management for reserves	346,907	360,672
Net investment in fixed assets	<u>79,674</u>	<u>100,505</u>
Total unrestricted net assets	466,254	493,182
Temporarily restricted by donors	<u>185,230</u>	<u>151,537</u>
<b>TOTAL NET ASSETS</b>	<b><u>651,484</u></b>	<b><u>644,719</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 668,309</u></b>	<b><u>\$ 659,873</u></b>

See accompanying notes and independent accountant's review report.

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)**

<b>INCOME</b>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	2015 <u>Totals</u>	2014 <u>Totals</u>
Cash contributions	\$ 496,943	\$ 346,945	\$ 843,888	\$ 844,138
In-kind contributions	67,592		67,592	60,158
Product sales	6,086		6,086	5,254
Conference income	(150)		(150)	6,665
Staff processing fees	3,480		3,480	3,910
Event sponsorship fees	60,635		60,635	51,875
Fund raising event fees	9,180		9,180	8,175
Gain on sale of assets	12,780		12,780	
Investment gain, or (loss)	(444)		(444)	450
Interest income	4,565		4,565	5,376
Miscellaneous income	<u>1,929</u>	<u>          </u>	<u>1,929</u>	<u>          </u>
<b>TOTAL INCOME</b>	<b>662,596</b>	<b>346,945</b>	<b>1,009,541</b>	<b>986,001</b>
Net assets released from restrictions:				
Administrative assessments	32,456	(32,456)		
Purpose of restrictions accomplished	<u>280,796</u>	<u>(280,796)</u>	<u>          </u>	<u>          </u>
<b>TOTAL INCOME AFTER RECLASSIFICATION</b>	<b><u>975,848</u></b>	<b><u>33,693</u></b>	<b><u>1,009,541</u></b>	<b><u>986,001</u></b>
<b>EXPENSES (See Statement of Functional Expenses)</b>				
Program Services	<u>687,159</u>	<u>          </u>	<u>687,159</u>	<u>826,718</u>
Supporting Services:				
Administrative	221,571		221,571	121,609
Fund raising	<u>94,046</u>	<u>          </u>	<u>94,046</u>	<u>82,727</u>
Total Supporting Services	<u>315,617</u>	<u>          </u>	<u>315,617</u>	<u>204,336</u>
<b>TOTAL EXPENSES</b>	<b><u>1,002,776</u></b>	<u>          </u>	<b><u>1,002,776</u></b>	<b><u>1,031,054</u></b>
<b>NET INCOME, (LOSS)</b>	<b>(26,928)</b>	<b>33,693</b>	<b>6,765</b>	<b>(45,053)</b>
Net assets, beginning of year	<u>493,182</u>	<u>151,537</u>	<u>644,719</u>	<u>689,772</u>
<b>Net assets, end of year</b>	<b><u>\$ 466,254</u></b>	<b><u>\$ 185,230</u></b>	<b><u>\$ 651,484</u></b>	<b><u>\$ 644,719</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, 2015**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	Program <u>Services</u>	Adminis- <u>trative</u>	Fund <u>Raising</u>	2015 <u>Totals</u>	2014 <u>Totals</u>
Salaries & wages	\$ 449,259	\$ 156,723	\$ 43,517	\$ 649,499	\$ 599,255
Payroll taxes	10,032	3,500	972	14,504	17,316
Employee benefits					19,403
Travel	95,708	11,810	12	107,530	133,930
Conferences, retreats & training	22,928			22,928	15,308
Printing & publications	5,240	1,931	34,446	41,617	49,186
Supplies	22,511	2,211	614	25,336	29,638
Rent	16,087	5,577	1,549	23,213	22,530
Telecommunications	4,877	1,701	472	7,050	9,952
Postage & shipping	4,433	2,563	8,320	15,316	16,180
Computer expense	3,655	5,968	354	9,977	10,016
Insurance	11,632	4,058	1,127	16,817	12,378
Meals, entertainment & gifts	2,067	466	554	3,087	4,598
Benevolence & donation expense	908			908	2,084
Repairs & maintenance	5,101	224	62	5,387	26,197
Tax & license	1,927	2,185		4,112	1,246
Legal & accounting		7,061		7,061	4,188
Depreciation	21,138	7,374	2,047	30,559	35,048
Apparel & promotional items	9,361			9,361	12,309
Staff administration		1,271		1,271	1,857
Transaction fees		6,948		6,948	6,772
Equipment rent					1,170
Bad debts					162
Advertising expense	<u>295</u>	<u>          </u>	<u>          </u>	<u>295</u>	<u>331</u>
<b>TOTAL EXPENSES</b>	<b>\$ <u>687,159</u></b>	<b>\$ <u>221,571</u></b>	<b>\$ <u>94,046</u></b>	<b>\$ <u>1,002,776</u></b>	<b>\$ <u>1,031,054</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, 2015**  
**(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014)**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<u>2015</u>	<u>2014</u>
Net income, (loss)	\$ 6,765	\$ (45,053)
Adjustments to reconcile net income to net cash provided by operations:		
Noncash unrealized (gains), losses on investments	444	(450)
Depreciation	30,559	35,048
(Increase), decrease in receivables		40
(Increase) in prepaid expenses & deposits	22	1,437
(Increase), decrease in inventory	(276)	2,250
Increase, (decrease) in accounts payable	(985)	(5,068)
Increase, (decrease) in payroll-related liabilities	<u>2,656</u>	<u>(69)</u>
Gain on sale of assets	(12,780)	
 <b>Net cash provided by operating activities</b>	 <b><u>26,405</u></b>	 <b><u>(11,865)</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of fixed assets	<u>61,000</u>	<u>          </u>
Purchase of fixed assets	<u>(57,948)</u>	<u>(2,120)</u>
 <b>Net cash provided by investing activities</b>	 <b><u>3,052</u></b>	 <b><u>(2,120)</u></b>
 <b>NET INCREASE, (DECREASE) IN CASH</b>	 <b>29,457</b>	 <b>(13,985)</b>
Cash, beginning of year	<u>546,764</u>	<u>560,749</u>
 <b>Cash, end of year</b>	 <b>\$ <u>576,221</u></b>	 <b>\$ <u>546,764</u></b>

See accompanying notes and independent accountant's review report.

**CHRISTIAN MOTORSPORTS INTERNATIONAL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**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, 2015**

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, 2015**

**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>
2016	\$ 23,791
2017	24,504
2018	<u>4,104</u>
Total minimum payments required	<u>\$ 52,399</u>

Office space rental expense for the year ended December 31, 2015 was \$23,213.

**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, 2015 and 2014.

<u>Restricted net asset class</u>	<u>12-31-15</u>	<u>12-31-14</u>
Staff support funds	\$ 46,569	\$ 35,851
Regional funds	84,258	62,878
Miscellaneous project funds	54,367	52,328
Marketable securities (see note below)	<u>36</u>	<u>480</u>
Totals	<u>\$ 185,230</u>	<u>\$ 151,537</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, 2015 the stock was worth .0036 cents per share. Therefore the stock cannot be sold per the donor restriction and its total value of \$36 is included in the organization's restricted net assets as of December 31, 2015.

**NOTE G - SUBSEQUENT EVENTS**

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