

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
Black Mountain, North Carolina

CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Functional Expenses	5-6
Statements of Cash Flow	7
Notes to Financial Statements	8-20

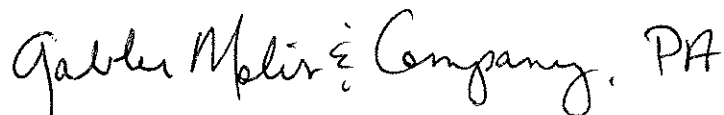
INDEPENDENT AUDITORS' REPORT

The Board of Directors
Christmount Christian Assembly, Inc.
Black Mountain, North Carolina

We have audited the accompanying statements of financial position of Christmount Christian Assembly, Inc. (a non-profit organization) as of December 31, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christmount Christian Assembly, Inc. as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



GablerMolis & Company, PA
Asheville, North Carolina
April 9, 2007

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2006 AND 2005

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Current Assets:		
Cash	\$ 113,121	\$ 67,109
Promises to Give, Net	90,833	80,340
Accrued Interest	12,630	12,287
Other Receivables	10,107	11,658
Inventories	15,161	10,795
Total Current Assets	241,852	182,189
Non-Current Assets:		
Promises to Give, Less Current Portion	30,961	79,495
Deferred Costs, Net	29,438	32,833
Investments	134,297	186,921
Property and Equipment, Net	2,169,390	2,212,672
Total Non-Current Assets	2,364,086	2,511,921
Assets Restricted to Endowment:		
Investments	1,519,064	1,480,446
Total Assets Restricted to Endowment	1,519,064	1,480,446
Total Assets	\$ 4,125,002	\$ 4,174,556
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts Payable	\$ 37,242	\$ 6,713
Accrued Expenses	25,281	41,338
Deposits	500	500
Line of Credit	27,992	49,980
Mortgage Note Payable	63,338	59,633
Notes Payable - Other	6,838	9,380
Total Current Liabilities	161,191	167,544
Long-Term Liabilities:		
Mortgage Note Payable , Less Current Portion	840,586	876,178
Notes Payable - Other, Less Current Portion	14,843	7,701
Total Long-Term Liabilities	855,429	883,879
Total Liabilities	1,016,620	1,051,423
Net Assets:		
Unrestricted:		
Undesignated	55,101	(46,275)
Investment in Property and Equipment	1,245,689	1,270,797
	1,300,790	1,224,522
Temporarily Restricted	288,528	418,165
Permanently Restricted	1,519,064	1,480,446
Total Net Assets	3,108,382	3,123,133
Total Liabilities and Net Assets	\$ 4,125,002	\$ 4,174,556

The accompanying notes are an integral part of these financial statements.

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue:				
Contributions	\$ 264,169	\$ 74,134	\$ 69,615	\$ 407,918
Fees for Services	425,190	-	-	425,190
Road Revenue	21,017	-	-	21,017
Water, Sewer, and Solid Waste Revenue	59,665	-	-	59,665
Gain on Sale of Property	18,542	-	-	18,542
Investment Earnings	86,772	-	-	86,772
Net Realized Gain on Investments	35,864	-	-	35,864
Net Unrealized Gain (Loss) on Investments	-	-	30,846	30,846
Miscellaneous Revenues	10,039	-	-	10,039
	921,258	74,134	100,461	1,095,853
Net Assets Released From Restrictions	265,614	(203,771)	(61,843)	-
Total Public Support and Revenues	1,186,872	(129,637)	38,618	1,095,853
Expenses:				
Program Services	871,662	-	-	871,662
Supporting Services	238,942	-	-	238,942
Total Expenses	1,110,604	-	-	1,110,604
Change in Net Assets	76,268	(129,637)	38,618	(14,751)
Net Assets, Beginning of Year	1,224,522	418,165	1,480,446	3,123,133
Net Assets, End of Year	\$ 1,300,790	\$ 288,528	\$ 1,519,064	\$ 3,108,382

The accompanying notes are an integral part of these financial statements.

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue:				
Contributions	\$ 166,183	\$ 149,440	\$ 14,750	\$ 330,373
Fees for Services	423,468	-	-	423,468
Road Revenue	27,345	-	-	27,345
Water, Sewer, and Solid Waste Revenue	70,455	-	-	70,455
Gain on Sale of Property	7,774	-	-	7,774
Investment Earnings	75,621	10,591	-	86,212
Net Realized Gain on Investments	66,895	-	-	66,895
Net Unrealized Gain (Loss) on Investments	75,658	-	(109,641)	(33,983)
Miscellaneous Revenues	9,791	-	-	9,791
	923,190	160,031	(94,891)	988,330
Net Assets Released From Restrictions	79,630	(79,630)	-	-
Total Public Support and Revenues	1,002,820	80,401	(94,891)	988,330
Expenses:				
Program Services	912,798	-	-	912,798
Supporting Services	271,985	-	-	271,985
Total Expenses	1,184,783	-	-	1,184,783
Change in Net Assets	(181,963)	80,401	(94,891)	(196,453)
Net Assets, Beginning of Year	1,406,485	337,764	1,575,337	3,319,586
Net Assets, End of Year	\$ 1,224,522	\$ 418,165	\$ 1,480,446	\$ 3,123,133

The accompanying notes are an integral part of these financial statements.

**CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006**

2006

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries and Wages	\$ 314,689	\$ 69,536	\$ 13,348	\$ 82,884	\$ 397,573
Payroll Taxes	23,754	5,320	1,016	6,336	30,090
Group Insurance	41,176	8,273	1,245	9,518	50,694
Pension Contributions	28,384	15,743	2,176	17,919	46,303
Total Salaries and Related Expenses	408,003	98,872	17,785	116,657	524,660
Supplies	24,890	812	1,353	2,165	27,055
Insurance	19,319	597	-	597	19,916
Utilities	58,367	1,805	-	1,805	60,172
Repairs and Maintenance	54,190	1,676	-	1,676	55,866
Equipment Rental	4,013	-	-	-	4,013
Promotional Expense	31,758	-	7,450	7,450	39,208
Food and Kitchen Supplies	75,024	-	-	-	75,024
Program Expense	14,227	-	-	-	14,227
Telephone	3,737	2,616	1,121	3,737	7,474
Speaker Honoraria and Travel	7,097	-	-	-	7,097
Staff Travel	6,617	-	-	-	6,617
Bank and Credit Card Charges	-	3,975	-	3,975	3,975
Licenses, Taxes and Fees	-	2,699	-	2,699	2,699
Professional Fees	-	16,688	-	16,688	16,688
Continuing Education	110	-	-	-	110
Investment Management Fees	-	7,509	-	7,509	7,509
Dues, Meetings and Assembly	-	260	-	260	260
Board and Committee Expenses	-	1,271	-	1,271	1,271
Contract Labor	930	-	-	-	930
Trash Collection	7,299	226	-	226	7,525
Miscellaneous - Utilities					
Component Unit	21,809	-	-	-	21,809
Other Expenses	16,606	7,749	3,321	11,070	27,676
Total Expenses Before Interest, Depreciation and Amortization	753,996	146,755	31,030	177,785	931,781
Interest	-	54,123	-	54,123	54,123
Depreciation	117,666	3,639	-	3,639	121,305
Amortization	-	3,395	-	3,395	3,395
Total Interest, Depreciation and Amortization	117,666	61,157	-	61,157	178,823
Total Expenses	\$ 871,662	\$ 207,912	\$ 31,030	\$ 238,942	\$ 1,110,604

The accompanying notes are an integral part of these statements.

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005

2005

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries and Wages	\$ 303,349	\$ 78,900	\$ 14,173	\$ 93,073	\$ 396,422
Payroll Taxes	24,259	4,767	838	5,605	29,864
Group Insurance	39,811	7,648	1,523	9,171	48,982
Pension Contributions	27,356	12,242	1,953	14,195	41,551
Total Salaries and Related Expenses	394,775	103,557	18,487	122,044	516,819
Supplies	28,134	917	1,529	2,446	30,580
Insurance	48,817	1,510	-	1,510	50,327
Utilities	49,022	1,516	-	1,516	50,538
Repairs and Maintenance	54,563	1,688	-	1,688	56,251
Equipment Rental	3,667	-	-	-	3,667
Promotional Expense	29,347	-	6,884	6,884	36,231
Food and Kitchen Supplies	68,919	-	-	-	68,919
Program Expense	12,353	-	-	-	12,353
Telephone	4,014	2,809	1,204	4,014	8,027
Speaker Honoraria and Travel	7,168	-	-	-	7,168
Staff Travel	7,054	-	-	-	7,054
Bank and Credit Card Charges	-	3,222	-	3,222	3,222
Licenses, Taxes and Fees	-	2,923	-	2,923	2,923
Professional Fees	-	19,150	-	19,150	19,150
Continuing Education	-	-	-	-	-
Investment Management Fees	-	9,047	-	9,047	9,047
Uncollectible Pledges	-	-	11,825	11,825	11,825
Dues, Meetings and Assembly	-	734	-	734	734
Board and Committee Expenses	-	1,450	-	1,450	1,450
Contract Labor	7,925	-	-	-	7,925
Trash Collection	8,699	269	-	269	8,968
Miscellaneous - Utilities					
Component Unit	52,114	-	-	-	52,114
Other Expenses	14,805	6,909	2,961	9,870	24,675
Total Expenses Before Interest, Depreciation and Amortization	791,376	155,701	42,890	198,591	989,967
Interest	-	66,243	-	66,243	66,243
Depreciation	121,423	3,755	-	3,755	125,178
Amortization	-	3,395	-	3,395	3,395
Total Interest, Depreciation and Amortization	121,423	73,393	-	73,393	194,816
Total Expenses	\$ 912,798	\$ 229,095	\$ 42,890	\$ 271,985	\$ 1,184,783

The accompanying notes are an integral part of these statements.

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (14,751)	\$ (196,453)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided Used By Operating Activities:		
Depreciation and Amortization	124,700	128,573
Gain on Sale of Investments	(35,864)	(66,895)
Gain on Sale of Property and Equipment	(18,542)	(7,774)
Unrealized (Gain) Loss on Investments	(30,846)	33,983
Uncollectible Pledges	-	11,825
Provision for Present Value Adjustment	923	6,940
Donated Stocks	-	(32,323)
Change in Operating Assets and Liabilities:		
Promises to Give, Net	37,118	83,543
Accrued Interest	(343)	765
Other Receivables	1,551	(3,763)
Inventories	(4,366)	1,815
Accounts Payable	30,529	(5,852)
Accrued Expenses	(16,057)	(2,246)
Net Cash Provided (Used) By Operating Activities	74,052	(47,862)
Cash Flows from Investing Activities:		
Proceeds From Sale of Investments	319,474	385,296
Proceeds From Sale of Property and Equipment	18,542	7,774
Purchase of Investments	(238,759)	(248,450)
Purchase of Property and Equipment	(78,022)	-
Net Cash Provided (Used) By Investing Activities	21,235	144,620
Cash Flows from Financing Activities:		
Principal Payments on Line of Credit	(21,988)	(50,020)
Principal Payments on Long-term Borrowings	(41,788)	(63,419)
Proceeds from Long-term Debt	14,501	-
Net Cash Used By Financing Activities	(49,275)	(113,439)
Net Increase (Decrease) in Cash	46,012	(16,681)
Cash, Beginning of Year	67,109	83,790
Cash, End of Year	\$ 113,121	\$ 67,109
Supplemental Disclosures:		
Total Interest Paid	\$ 54,123	\$ 66,243

The accompanying notes are an integral part of these financial statements.

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Note 1 – Organization and Nature of Activities

Christmount Christian Assembly, Incorporated (the "Assembly") is a camp, conference, and retreat center for the Christian Church (Disciples of Christ), whose mission it is to serve God by providing opportunities for life-changing and enriching experiences in faith, knowledge, leadership and personal relationships. The facilities at the Assembly are used for training events and conferences. Other nonprofit organizations also hold training events and conferences for religious, educational and community service purposes. The Assembly provides facilities, generating housing and food service revenue. The Assembly also provides programs and conferences which utilize its locale in the Blue Ridge Mountains of North Carolina. Christmount Christian Assembly is an affiliate agency of the Christian Church (Disciples of Christ) and reports through Homeland Ministries.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation also follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "*Financial Statements of Not-for-Profit Organizations*". Under SFAS No. 117, the Assembly reports information regarding its restricted net assets and permanently restricted net assets.

Net asset categories consist of the following:

Unrestricted net assets consist of all resources of the Assembly which have no donor imposed restrictions. The Assembly's Board of Directors, at their discretion, may designate unrestricted support for a specified purpose.

Temporarily restricted net assets consist of contributions received whose use by the Assembly is limited by donor-imposed stipulations that expire by passage of time or can be fulfilled by actions of the Assembly. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

CHRSTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Permanently restricted net assets consist of contributions received from donors whose use by the Assembly is limited to investment in perpetuity by donor-imposed stipulations. Earnings from permanently restricted net assets are classified according to donor-imposed stipulations as increases in either unrestricted or temporarily restricted net assets.

Investments

The Assembly carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Net unrealized gains and losses are included in the changes in permanently restricted and unrestricted net assets in the statements of activities in accordance with specific fund provisions. Investment earnings, unless otherwise restricted, are available to support current program services.

Restricted and Unrestricted Revenue and Support

In accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 116, “*Accounting for Contributions Received and Contributions Made*”, the Assembly reports contributions received as restricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Unconditional promises to give are recorded as received. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Promises to give are received as a result of a capital campaign drives for facility construction and improvement projects. An allowance for uncollectible promises is provided based on management’s evaluation of potential uncollectible promises receivable at year-end.

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

Restricted and Unrestricted Revenue and Support (continued)

Contributions and investments established as an endowment by the donor under which the principal is retained in perpetuity are permanently restricted.

Inventories

Inventories consist of gift shop inventories and are stated at cost, determined on a first-in, first-out basis.

Property and Equipment

Property and equipment are recorded at fair value, if donated, and at cost, if purchased. Depreciation is provided by charges to operations using methods designed to amortize the cost of the assets over their estimated useful lives. Expenditures for major renewals and betterments are capitalized. Repairs, maintenance and minor renewals, not in the nature of capital expenditures, are reflected in operations. Depreciation is computed using the straight-line method based on the estimated useful life of the assets.

Promotional Expense

Promotional expense is charged to operations in the year incurred and total \$39,208 and \$36,231 for the years ended December 31, 2006 and 2005, respectively.

Income Taxes

The Assembly is incorporated as a nonprofit corporation under laws of the State of North Carolina. It has qualified for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Assembly has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualified for deductible contributions as provided in Section 170(b)(1)(A).

Functional Expenses

The Assembly allocates its expenses on a functional basis between its program and support services. Expenses that can be identified specifically with program or support services are allocated directly according to their nature and expenditure classification. Other expenses that are common to both functions are allocated between support or program services based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for overall support and direction of the Assembly.

**CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

Christmount Utilities Commission

Christmount Christian Assembly, Inc. provides road, trash, water, and sewer services to the Assembly and certain private residential units. Included in the Statement of Activities are the following revenues and expenses applicable to the provision of such services by the utilities unit of the Assembly for the years ending December 31, 2006 and 2005:

	2006					
	Road	Trash	Water	Sewer	Other Fees	Total
Revenues	\$ 28,037	\$ 7,000	\$ 35,299	\$ 30,540	\$ -	\$ 100,876
Expenses	\$ 13,311	\$ 5,733	\$ 37,786	\$ 26,986	\$ -	\$ 83,816

The Commission provides utilities and related services to the Assembly as follows:

Revenues	\$ 18,918
Expenses	\$ 38,372

	2005					
	Road	Trash	Water	Sewer	Other Fees	Total
Revenues	\$ 27,345	\$ 6,882	\$ 35,518	\$ 28,100	\$ 790	\$ 98,635
Expenses	\$ 37,279	\$ 6,471	\$ 35,653	\$ 38,418	\$ -	\$ 117,821

The Commission provides utilities and related services to the Assembly as follows:

Revenues	\$ 21,673
Expenses	\$ 51,490

Other fees are included in Miscellaneous Revenues on the Statement of Activities.

Expenses include allocated depreciation by service and are presented on the Statement of Functional Expenses by category of expense.

**CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 – Promises to Give

Unconditional promises to give are comprised of Building for the Future campaign receivables for various facility construction and improvement projects.

Promises to give, due in more than one year, are reflected at the present value of estimated cash flows using discount rates of 4.89% and 4.00% for the years ending December 31, 2006 and 2005, respectively.

Unconditional promises to give are as follows at December 31:

	<u>2006</u>	<u>2005</u>
Promises to Give Due With-in One Year	\$ 90,833	\$ 80,340
Promises to Give Due in Two to Five Years	<u>40,208</u>	<u>91,165</u>
Gross Promises to Give	131,041	171,505
Less Discounts to Net Present Value	(3,747)	(4,670)
Less Allowance for Uncollectible Promises to Give	<u>(5,500)</u>	<u>(7,000)</u>
Total Promises to Give, Net	<u>\$ 121,794</u>	<u>\$ 159,835</u>

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Note 4 – Deferred Costs

Deferred Costs are comprised of the following:

- a) \$66,700 in fees paid in 1989 to develop a twenty-five year master plan for the Assembly and to closing costs incurred during the refinancing of the mortgage note payable. These costs are capitalized and amortized over a twenty-five year period.
- b) A refinancing of long-term debt during the year ended December 31, 2005 resulted in loan closing costs of \$10,900, which are capitalized and amortized over the fifteen year term of the loan (Reference Note 10).

As of December 31, 2006 and 2005, Deferred Costs are as follows:

	2006			2005		
	Master Plan	Loan Costs	Total	Master Plan	Loan Costs	Total
Deferred Costs	\$ 66,700	\$ 10,900	\$ 77,600	\$ 66,700	\$ 10,900	\$ 77,600
Accumulated Amortization	45,376	2,785	48,162	42,708	2,059	44,767
Deferred Costs, Net	<u>\$ 21,324</u>	<u>\$ 8,115</u>	<u>\$ 29,438</u>	<u>\$ 23,992</u>	<u>\$ 8,841</u>	<u>\$ 32,833</u>

Amortization expense for the years ending December 31, 2006 and 2005 is \$3,395 and \$3,395, respectively.

Note 5 – Inventory

Inventories consist of the following at December 31:

	2006	2005
Gift Shop	<u>\$ 15,161</u>	<u>\$ 10,795</u>

Note 6 – Property and Equipment

Property and Equipment consist of the following at December 31, 2006 and 2005:

	2006	2005
Land and Land Improvements	\$ 381,541	\$ 381,541
Buildings	2,905,116	2,905,116
Water and Sewer System	266,872	265,341
Walk to Remember	63,520	-
Furniture and Fixtures	102,380	102,380
Equipment	196,808	198,159
Vehicles	49,235	34,735
	<u>\$3,965,472</u>	<u>\$3,887,272</u>
Less: Accumulated Depreciation	<u>1,796,083</u>	<u>1,674,600</u>
Land, Buildings and Equipment, Net	<u>\$2,169,389</u>	<u>\$2,212,672</u>

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Note 6 – Property and Equipment (continued)

Depreciation expense related to property and equipment amounted to \$121,305 and \$125,178 for the years ended December 31, 2006 and 2005, respectively.

Note 7 – Investments

Investments are comprised of the following:

<u>December 31, 2006</u>	<u>Cost</u>	<u>Market</u>
Companion Capital Account:		
Equity Securities	\$ 347,259	\$ 396,030
Bonds	156,929	150,768
Investments with Affiliated Church Organizations:		
Christian Church Foundation	894,532	955,525
Board of Church Extension	<u>151,038</u>	<u>151,038</u>
	<u>\$ 1,549,758</u>	<u>\$ 1,653,361</u>
<u>December 31, 2005</u>	<u>Cost</u>	<u>Market</u>
Companion Capital Account:		
Equity Securities	\$ 444,028	\$ 491,503
Bonds	106,608	102,629
Investments with Affiliated Church Organizations:		
Christian Church Foundation	902,216	921,496
Board of Church Extension	<u>151,739</u>	<u>151,739</u>
	<u>\$ 1,604,591</u>	<u>\$ 1,667,367</u>

Investments are reported at fair value on the Statement of Financial Position as follows:

	<u>2006</u>	<u>2005</u>
Non-Current Assets:		
Investments	\$ 134,297	\$ 186,921
Assets Restricted for Endowments:		
Investments	<u>1,519,064</u>	<u>1,480,446</u>
	<u>\$ 1,653,361</u>	<u>\$ 1,667,367</u>

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Note 7 – Investments (continued)

The Assembly utilizes brokerage and investment firms for the management and safekeeping of substantially all marketable securities, resulting in an off-balance sheet risk. The estimated fair value amount has been determined by the Assembly using market valuation provided by their investment brokers.

The following schedule summarizes the investment return on Investments for the years ending December 31, 2006 and 2005:

	2006	2005
Dividends and Interest	\$ 86,772	\$ 86,212
Realized Gains	35,864	66,895
Unrealized Gains (Losses)	30,846	(33,983)
Investment Return	\$ 153,482	\$ 119,124

Dividends and interest earned on Investments are included in the Statements of Activities under the Investment Earnings caption, which also includes interest earned on short-term cash equivalent investments. Management fees for investment services totaled \$7,509 and \$9,047 for the years ending December 31, 2006 and 2005, respectively.

Note 8 – Line of Credit

In September 2003, the line of credit agreement with the Board of Church Extension of Disciples of Christ, Inc. in the amount of \$70,000 was amended. This action amends the original line of credit extending the maturity date to January 2005 and increasing the amount to \$100,000. Subsequent to the year ending December 31, 2005, the line was extended to a maturity date of January 2007. The line is secured by a promissory note and an assignment of investments held in the trust of Church Extension. Interest accrues on the unpaid principal balance at a rate of 2% above the average rate paid on supporting investments. Interest is payable monthly. Interest expense on the line of credit for the years ending December 31, 2006 and 2005 totals \$2,868 and \$3,499 respectively. Line of credit activity for the years ending December 31, 2006 and 2005 is as follows:

	2006	2005
Beginning Balance	\$ 49,980	\$ 100,000
Less, Payments on Line of Credit	21,988	50,020
Ending Balance	\$ 27,992	\$ 48,980

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Note 9 – Mortgage Note Payable

In July 2000, the Assembly entered into a construction/permanent loan agreement with the Board of Church Extension Disciples of Christ, Inc. in the amount of \$1,200,000 for the construction of a new dining facility. March 2003 the note was amended to modify monthly payments of principal and interest to \$9,496 and extend the original maturity date to April 1, 2018 (a 15 year amortization). Loan closing costs of \$10,900 are capitalized and included in Deferred Costs on the Statement of Financial Position (Reference Note 4). The interest on the note is variable. At December 31, 2006 and 2005 the interest rate is 7.003% and 6.077%, respectively. The interest rate is effective for three years and is subject to review each subsequent three year period. The new variability date is April 1, 2006. The note is secured by a deed of trust on the real property of the Assembly. The scheduled maturity for this note based on the prevailing rate at December 31, 2006 is as follows:

<u>Year Ended</u> <u>December 31,</u>	
2007	\$ 63,338
2008	67,274
2009	71,455
2010	75,895
2011	80,612
Thereafter	<u>545,350</u>
Total	<u>\$ 903,924</u>

Interest expense on this mortgage note payable for the years ending December 31, 2006 and 2005 is \$50,325 and \$61,343, respectively.

Mortgage note payable is presented on the statement of financial position at December 31, 2006 and 2005 as follows:

	<u>2006</u>	<u>2005</u>
Note Payable – Bank	\$ 903,924	\$ 935,810
Less: Current Portion	<u>63,338</u>	<u>59,633</u>
Note Payable, Less Current Portion	<u>\$ 840,586</u>	<u>\$ 876,178</u>

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Note 10 – Notes Payable - Other

Notes Payable - Other consists of the following:

	<u>December 31,</u>	
	<u>2006</u>	<u>2005</u>
1) 5.9% Annual Percentage Rate (APR) note payable to John Deere Credit, issued February 1, 2002, payable in 60 monthly installments of \$412, principal and interest due March 1, 2007, secured by tractor.	\$ 837	\$ 5,551
2) 5.25% note payable to Asheville Savings Bank, issued May 9, 2003 payable in 66 monthly installments of \$317, principal and interest, due November 23, 2008, secured by a vehicle.	6,864	10,206
3) 11.37% note payable to Parkland Corporation, issued May 19, 2003 payable in 36 monthly installments of \$348, principal and interest, due May 19, 2006, secured by a vehicle.	-	1,324
4) 7.9% note payable to Chase Auto Finance issued December 17, 2006 payable in 60 payments of \$293, principal and interest, due December 12, 2011.	<u>13,980</u>	<u>-</u>
	21,681	17,081
Less Current Maturities	<u>6,838</u>	<u>9,380</u>
Notes Payable – Other, Net of Current Maturities	<u>\$ 14,843</u>	<u>\$ 7,701</u>

Scheduled maturities on these notes are as follows:

<u>Year Ended</u> <u>December 31,</u>	
2007	\$ 6,838
2008	6,024
2009	2,902
2010	3,139
2011	<u>2,778</u>
Total	<u>\$ 21,681</u>

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Note 10 – Notes Payable – Other (continued)

Interest expense on notes payable - other for the acquisition of equipment for the year ending December 31, 2006 and December 31, 2005 is \$930 and \$1,451, respectively.

Note 11 – Net Assets

Unrestricted net assets, designated by the Board of Directors of the Assembly and undesignated, are comprised of the following:

	<u>2006</u>	<u>2005</u>
Designated for Property and Equipment	\$1,245,689	\$1,270,797
Undesignated	<u>55,101</u>	<u>(46,275)</u>
	<u>\$1,300,790</u>	<u>\$1,224,522</u>

Temporarily restricted net assets are subject to donor imposed stipulations are comprised of the following:

	<u>2006</u>	<u>2005</u>
Construction and related debt payments	\$ 197,225	\$ 379,776
Columbarium	52,794	379,776
Programs	<u>38,509</u>	<u>38,389</u>
	<u>\$ 288,528</u>	<u>\$ 418,465</u>

Permanently restricted net assets are restricted to investment in perpetuity by donors.

	<u>2006</u>	<u>2005</u>
Endowment	<u>\$1,519,064</u>	<u>\$1,480,446</u>

Note 12 – Restrictions on Net Assets

Net assets of the Assembly temporarily restricted by grantors or donors relate to ongoing program activities of the Assembly. Designated cash balances and promises to give are restricted for specific grantor or donor designated purposes. For the years ended December 31, 2006 and 2005 net assets in the amount of \$261,379 and \$79,630, respectively, were released by incurring expenses satisfying the restricted purposes or by occurrence of the events specified by donors.

Net assets were released from donor restrictions by meeting the time restrictions or by incurring expenses satisfying the stipulations of the contributions set by donors.

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Note 13 – Pension Plan

The Assembly offers membership in the Pension Fund of the Christian Church (Disciples of Christ) to its full time employees. The Assembly pays Pension Fund dues for employees as follows:

After the 1 st full year of employment:	3.5% of base salary
After the 2 nd full year of employment:	7.0% of base salary
After the 3 rd full year of employment:	10.5% of base salary
After the 4 th full year of employment:	14% of base salary

After the first full year of employment, but prior to completing four full years of employment with the Assembly, the employee may elect the balance of 14% dues paid to the Pension Fund through a payroll deduction. Pension expense for the current years ended December 31, 2006 and 2005 was \$46,303 and \$41,551, respectively.

Note 14 – Lease Commitments

The Christmount Christian Assembly, Inc. leased automotive equipment under separate non-cancelable operating leases. Two of three operating leases expired during the year ending December 31, 2005 and the remaining lease expired in November 2006.

Total lease expense presented as Equipment Rental on the Statements of Functional Expenses for the years ended December 31, 2006 and 2005 was \$3,366 and \$3,667, respectively.

Note 15 – Concentrations

Cash and cash investments are maintained with several financial institutions. Deposits held with banks and investment companies may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand. The Assembly has not experienced any losses in such accounts. Management believes the Assembly is not exposed to any significant credit risk related to such invested funds.

Note 16 – Beneficially Owned Funds

The Assembly is the beneficial owner, but not the legal owner, of certain donated funds held and controlled by third parties. These funds are not reflected in the accompanying Statement of Financial Position. The Assembly retains certain specified percentages of beneficial interests in these component funds. The total market value of such funds is \$251,241 and \$498,578 at December 31, 2006 and 2005, respectively.

CHRISTMOUNT CHRISTIAN ASSEMBLY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005

Note 17 – Art Display

During 2001 the Assembly received certain artwork under an agreement with the donor that permits these items to be displayed only. The gift is conditional in that the donor has specified the exclusive purpose for which the artwork can be utilized and prohibits the Assembly from either selling or exchanging the work. Even though, under different conditions, the art may have an ascertainable value and be marketable, no value has been assigned to the gift in these financial statements. In accordance with FAS 92 and FAS 116, accounting for artwork or any other part of a collection requires that the acquisition be disclosed and a regular record of the asset be maintained in the notes to the financial statement.

Note 18 – A Walk to Remember

During the year ending December 31, 2005 a project was implemented to construct a 286 foot walkway from the guest houses to the dining facility. The project is to be compliant with the Americans with Disabilities Act and is designed to make access easier for those who have difficulties in walking or are confined to a wheelchair. The project is called a Walk to Remember and is to be funded through monetary gifts for engraved granite capstones and brick pavers that will top the retaining walls and line the walkway. Contributions to the Walk to Remember project were \$50,064 and \$116,510 for the years ended December 31, 2006 and 2005, respectively and are included in temporarily restricted contributions on the Statements of Activities.

Construction on the Walk to Remember began in 2006 and is scheduled to be completed in April 2007. As of December 31, 2006, \$63,520 has been capitalized as construction in progress (see Note 6 - Property and Equipment) and is included in property and equipment on the statement of financial position.