

CBMC, INC.

Audited Financial Statements

*Year Ended December 31, 2004 and
Six-month Period Ended December 31, 2003*



CBMC, INC.

Audited Financial Statements

Year Ended December 31, 2004 and Six-month Period Ended December 31, 2003

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CBMC, Inc.:

We have audited the accompanying statements of financial position of CBMC, Inc., as of December 31, 2004 and 2003, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2004 and the six-month period ended December 31, 2003. These financial statements are the responsibility of CBMC, Inc.'s management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CBMC, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 CBMC, Inc. as of December 31, 2004 and 2003 and the changes in its net assets and its cash flows for the periods then ended in conformity with accounting principles generally accepted in the United States of America.

Pershing Yoakley & Associates

Knoxville, Tennessee
January 23, 2005

CBMC, INC.

Statements of Financial Position

	<i>December 31,</i>	
	<i>2004</i>	<i>2003</i>
ASSETS		
Cash and cash equivalents	\$ 2,045,436	\$ 1,754,006
Promises to give	-	51,473
Receivables, net	70,620	19,483
Inventories	55,129	74,338
Prepayments	4,977	15,247
Investments	207,420	218,104
Property held for sale	5,000	10,000
Property and equipment, net	195,863	257,842
Cash surrender value of life insurance policies	171,866	159,472
TOTAL ASSETS	<u>\$ 2,756,311</u>	<u>\$ 2,559,965</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 38,640	\$ 45,695
Accrued salaries, benefits, and compensated absences	153,998	146,935
Other liabilities	6,758	-
Annuity obligations	170,409	219,313
TOTAL LIABILITIES	<u>369,805</u>	<u>411,943</u>
NET ASSETS		
Unrestricted	637,111	497,375
Temporarily restricted	1,624,738	1,525,990
Permanently restricted	124,657	124,657
TOTAL NET ASSETS	<u>2,386,506</u>	<u>2,148,022</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,756,311</u>	<u>\$ 2,559,965</u>

CBMC, INC.

Statements of Activities

	<i>Year Ended December 31, 2004</i>			
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
SUPPORT AND REVENUE				
Contributions	\$ 841,145	\$ 3,331,300	\$ -	\$ 4,172,445
Sales	179,021	-	-	179,021
Material and event support	9,927	230,596	-	240,523
Investment income	17,252	-	-	17,252
Other revenue	152,620	32,605	-	185,225
	1,199,965	3,594,501	-	4,794,466
Net assets released from restrictions	3,495,753	(3,495,753)	-	-
TOTAL SUPPORT AND REVENUE	4,695,718	98,748	-	4,794,466
EXPENSES AND LOSSES				
Program services				
Field Ministry	3,028,389	-	-	3,028,389
Forums	336,043	-	-	336,043
Ministry tools	234,236	-	-	234,236
Leadership development and training	167,519	-	-	167,519
Outreach events	114,200	-	-	114,200
Conference events	52,632	-	-	52,632
TOTAL PROGRAM SERVICES	3,933,019	-	-	3,933,019
Supporting services				
General and administrative	337,602	-	-	337,602
Cost of generating support	256,700	-	-	256,700
TOTAL SUPPORTING SERVICES	594,302	-	-	594,302
TOTAL EXPENSES	4,527,321	-	-	4,527,321
Loss on disposal of property and equipment	10,932	-	-	10,932
Loss on property held for sale	5,000	-	-	5,000
Change in value of annuity obligations	12,729	-	-	12,729
TOTAL EXPENSES AND LOSSES	4,555,982	-	-	4,555,982
CHANGE IN NET ASSETS	139,736	98,748	-	238,484
NET ASSETS, beginning of year	497,375	1,525,990	124,657	2,148,022
NET ASSETS, end of year	\$ 637,111	\$ 1,624,738	\$ 124,657	\$ 2,386,506

See notes to financial statements.

CBMC, INC.

Statements of Activities - Continued

	<i>Six-month Period Ended December 31, 2003</i>			<i>Total</i>
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	
SUPPORT AND REVENUE				
Contributions	\$ 412,065	\$ 2,224,282	\$ -	\$ 2,636,347
Sales	91,276	-	-	91,276
Material and event support	3,111	98,494	-	101,605
Investment income	7,086	-	-	7,086
Other revenue	43,759	-	-	43,759
	557,297	2,322,776	-	2,880,073
Net assets released from restrictions	1,881,823	(1,881,823)	-	-
TOTAL SUPPORT AND REVENUE	2,439,120	440,953	-	2,880,073
EXPENSES AND LOSSES				
Program services				
Field Ministry	1,634,950	-	-	1,634,950
Forums	219,983	-	-	219,983
Ministry tools	115,480	-	-	115,480
Leadership development and training	4,795	-	-	4,795
Conference events	25,634	-	-	25,634
TOTAL PROGRAM SERVICES	2,000,842	-	-	2,000,842
Supporting services				
General and administrative	105,331	-	-	105,331
Cost of generating support	123,654	-	-	123,654
TOTAL SUPPORTING SERVICES	228,985	-	-	228,985
TOTAL EXPENSES	2,229,827	-	-	2,229,827
(Gain) loss on disposal of property and equipment	-	-	-	-
Loss on property held for sale	20,001	-	-	20,001
Change in value of annuity obligations	7,464	-	-	7,464
TOTAL EXPENSES AND LOSSES	2,257,292	-	-	2,257,292
CHANGE IN NET ASSETS	181,828	440,953	-	622,781
NET ASSETS, beginning of year	315,547	1,085,037	124,657	1,525,241
NET ASSETS, end of year	\$ 497,375	\$ 1,525,990	\$ 124,657	\$ 2,148,022

See notes to financial statements.

CBMC, INC.

Statements of Functional Expenses

Field	Year Ended December 31, 2004										Total
	Program Services					Supporting Activities					
	Staff	Forums	Ministry Tools	Leadership Training	Outreach Events	Conference Events	General and Administrative	Fund Raising			
Salaries	\$ 1,809,548	\$ 154,509	\$ 82,185	\$ 55,355	\$ 69,919	\$ 29,086	\$ 145,937	\$ 141,018	\$ 2,487,557		
Payroll taxes	130,613	12,109	7,507	4,779	4,977	2,441	11,797	11,682	185,905		
Other benefits	320,986	27,254	20,262	11,251	12,169	5,901	29,482	31,760	459,065		
Total salaries and benefits	2,261,147	193,872	109,954	71,385	87,065	37,428	187,216	184,460	3,132,527		
Automobile	115,564	4,098	198	2,785	4,792	244	2,751	2,113	132,545		
Travel	53,708	6,362	404	16,743	2,089	1,345	4,275	5,683	90,609		
Meals	48,876	3,055	197	2,454	2,005	261	2,122	1,348	60,318		
Meetings	63,102	1,290	153	8,926	2,613	113	966	802	77,965		
Rent	81,400	11,149	24,670	97	2,981	42	40,249	14,802	175,390		
Telephone	63,542	5,229	3,440	9,121	2,338	1,510	6,327	5,123	96,630		
Supplies	19,281	825	2,106	956	656	359	1,565	893	26,641		
Materials	50,567	3,353	54,826	1,356	2,073	273	5,180	572	118,200		
Printing	20,698	5,258	694	798	770	433	3,867	5,598	38,116		
Equipment	28,749	4,284	4,307	3,941	671	2,441	8,759	6,359	59,511		
Data processing	685	302	4,514	1,808	-	470	912	453	9,144		
Professional fees	11,267	63,067	2,598	2,589	146	3,493	42,067	3,883	129,110		
Postage	20,632	3,045	17,037	2,122	640	861	4,406	5,329	54,072		
Insurance	6,712	1,444	1,444	1,444	99	722	2,889	2,166	16,920		
Depreciation	42,092	19,133	-	-	-	-	11,480	3,827	76,532		
Interest	804	268	268	268	-	134	536	402	2,680		
Other	139,563	10,009	7,426	40,726	5,262	2,503	12,035	12,887	230,411		
	\$ 3,028,389	\$ 336,043	\$ 234,236	\$ 167,519	\$ 114,200	\$ 52,632	\$ 337,602	\$ 256,700	\$ 4,527,321		

See notes to financial statements.

CBMC, INC.

Statements of Functional Expenses - Continued

Field	Six-month Period Ended December 31, 2003									
	Program Services					Supporting Activities				
	Staff	Forums	Ministry Tools	Leadership Training	Conference Events	General and Administrative	Fund Raising	Total		
Salaries	\$ 928,547	\$ 90,380	\$ 40,578	\$ -	\$ 15,404	\$ 38,900	\$ 65,269	\$ 1,179,078		
Payroll taxes	63,382	6,418	3,013	-	1,138	2,862	4,770	81,583		
Other benefits	158,328	16,189	11,388	-	3,740	13,979	16,113	219,737		
Total salaries and benefits	1,150,257	112,987	54,979	-	20,282	55,741	86,152	1,480,398		
Automobile	65,670	4,180	64	-	16	241	445	70,616		
Travel	23,580	3,433	70	-	18	334	668	28,103		
Meals	29,794	3,805	100	-	25	374	701	34,799		
Meetings	11,560	532	24	-	6	72	42	12,236		
Rent	61,637	12,300	12,937	-	-	7,762	5,175	99,811		
Telephone	41,928	3,411	1,696	-	1,537	2,847	3,321	54,740		
Supplies	12,600	928	1,166	743	22	368	312	16,139		
Materials	40,568	4,507	25,511	-	14	288	232	71,120		
Printing	13,148	562	33	291	8	1,386	1,693	17,121		
Equipment	19,871	2,113	2,803	1,553	1,348	5,760	3,678	37,126		
Data processing	1,136	(8)	1,995	278	323	(11)	123	3,836		
Professional fees	17,428	54,923	3,130	245	538	15,290	9,318	100,872		
Postage	14,191	1,293	7,879	1,685	149	1,403	5,102	31,702		
Insurance	5,167	1,289	1,289	-	322	3,868	2,256	14,191		
Depreciation	27,021	11,260	-	-	-	5,630	1,126	45,037		
Interest	115	38	40	-	10	115	66	384		
Other	99,279	2,430	1,764	-	1,016	3,863	3,244	111,596		
	\$1,634,950	\$219,983	\$115,480	\$ 4,795	\$ 25,634	\$ 105,331	\$123,654	\$2,229,827		

See notes to financial statements.

CBMC, INC.

Statements of Cash Flows

	<i>Year Ended December 31, 2004</i>	<i>Six-month Period Ended December 31, 2003</i>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 238,484	\$ 622,781
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	76,532	45,037
Loss on disposal of property and equipment	10,932	-
Loss on property held for sale	5,000	20,000
Change in cash surrender value of life insurance policies	(12,394)	(16,232)
Change in value of annuity obligation	(3,621)	16,057
Net change in:		
Promises to give	51,473	(36,828)
Receivables, net	(51,137)	(8,795)
Inventories	19,209	5,121
Prepayments	10,270	4,804
Accounts payable and accrued expenses	(7,055)	8,492
Accrued salaries, benefits, and compensated absences	7,063	48,780
Other liabilities	6,758	(8,891)
Total adjustments	<u>113,030</u>	<u>77,545</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	351,514	700,326
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net investment transactions	(5,561)	(1,875)
Purchase of property and equipment	(25,485)	(39,229)
Proceeds from disposals of property and equipment	-	-
CASH USED IN INVESTING ACTIVITIES	(31,046)	(41,104)

	<i>Year Ended December 31, 2004</i>	<i>Six-month Period Ended December 31, 2003</i>
Payments on capital lease obligations	-	(1,970)
Payments to annuitants	(29,038)	(15,448)
CASH USED IN FINANCING ACTIVITIES	(29,038)	(17,418)
NET INCREASE IN CASH AND CASH EQUIVALENTS	291,430	641,804
CASH AND CASH EQUIVALENTS, beginning of year	1,754,006	1,112,202
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,045,436</u>	<u>\$ 1,754,006</u>

NON-CASH TRANSACTION:

Payments to annuitants totaling \$16,245 and \$10,000 were paid directly from annuity investments during the year ended December 31, 2004 and the six-month period ended December 31, 2003, respectively.

CBMC, INC.

Notes to Financial Statements

Year Ended December 31, 2004 and Six-month Period Ended December 31, 2003

NOTE A--ORGANIZATION, OPERATIONS AND BASIS OF PRESENTATION

CBMC, Inc. (CBMC) is a not-for-profit charitable organization incorporated under the laws of the State of Delaware in 1939. CBMC's mission is to present Jesus Christ as Savior and Lord to business and professional men, and to develop Christian business and professional men to carry out The Great Commission. CBMC has many affiliated local committees that conduct meetings and are active in their communities independent of this organization. The financial statements of the local committees are not required to be and have not been combined with the financial statements of CBMC.

CBMC is classified as an organization exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

The financial statements of CBMC, Inc. have been prepared on the accrual basis. The significant accounting policies followed are described below.

Cash and Cash Equivalents: CBMC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. CBMC maintains cash and cash equivalent accounts at various financial institutions which at times may exceed federally insured amounts.

Promises to Give: Unconditional promises to give are recognized as support when received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Inventories: Inventories consist of publications and other merchandise available for resale and are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis.

Investments: Investments in marketable securities traded on a national securities exchange are stated at fair market value based on the last reported sales price on the valuation date. Other investments consist of insurance annuity contracts and are stated at cost. Net appreciation or depreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation of those investments, is reported in the Statements of Activities.

