THE CHRISTI CENTER, INC.
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2017

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INDEX TO FINANCIAL STATEMENTS

Allman & Associates, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Christi Center, Inc.

We have audited the accompanying financial statements of The Christi Center, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the entity's preparation 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 the entity'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 The Christi Center, Inc. as of December 31, 2017, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Allman & Associates, Inc.

Austin, Texas
August 23, 2018

THE CHRISTI CENTER, INC.
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

December 31, 2017

Assets		
Current Assets:		
Cash and cash equivalents	$	165,957
Accounts receivable		1,805
Contributions receivable		15,792
Grants receivable		6,488
Prepaid expenses		2,400
Total Current Assets		192,442
Fixed Assets:		
Christi house		634,825
Furniture and equipment		51,283
		686,108
Accumulated depreciation		(262,432)
		423,676
Other Assets:		
Endowment Fund held by Austin Community Foundation		1,554
Total Assets	$	617,672
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$	7,959
Accrued liabilities		8,041
Deferred revenue		353
Total Current Liabilities		16,353
Total Liabilities		16,353
Net Assets:		
Unrestricted		547,594
Unrestricted - Board designated		1,554
Total unrestricted net assets		549,148
Temporarily restricted		52,171
Total Net Assets		601,319
Total Liabilities and Net Assets	$	617,672

See accompanying auditors’ report and notes to the financial statements.

THE CHRISTI CENTER, INC.
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Contributions	$ 199,949	$ -	$ -	$ 199,949
Grants	47,520	144,168	-	191,688
In-kind donations	7,280	-	-	7,280
Other	350	-	-	350
Interest	270	-	-	270
	255,369	144,168	-	399,537
Net Assets Released from Restrictions	160,846	(160,846)	-	-
Total Revenue	416,215	(16,678)	-	399,537
Expenses				
Program Services	414,005	-	-	414,005
Administrative	34,034	-	-	34,034
Fundraising	38,157	-	-	38,157
Total Expenses	486,196	-	-	486,196
Change in Net Assets	(69,981)	(16,678)	-	(86,659)
Beginning Net Assets	619,129	68,849	-	687,978
Ending Net Assets	$ 549,148	$ 52,171	$ -	$ 601,319

See accompanying auditors' report and notes to the financial statements.

THE CHRISTI CENTER, INC.
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

Expense Category	Program	Administrative	Fundraising	**Totals**
Wages, payroll taxes, and benefits	$ 295,429	$ 14,880	$ 28,437	$ 338,746
Contract labor	3,500	-	-	3,500
Bank fees	-	6,273	-	6,273
Advertising	2,471	128	245	2,844
Postage and delivery	4,158	174	333	4,665
Rent	9,660	-	-	9,660
Printing	9,997	505	966	11,468
Professional fees	813	8,222	-	9,035
Depreciation	14,891	771	1,474	17,136
Office equipment	7,050	365	698	8,113
Supplies	11,308	164	1,356	12,828
Insurance	7,895	527	781	9,203
Repairs and maintenance	1,166	60	115	1,341
Telecommunications	12,748	660	1,262	14,670
Travel	7,749	-	-	7,749
Janitorial	2,138	111	212	2,461
Utilities	7,149	370	707	8,226
Office expense	14,065	730	1,391	16,186
Bad debt	1,818	94	180	2,092
Total expenses	$ 414,005	$ 34,034	$ 38,157	$ 486,196

See accompanying auditors’ report and notes to financial statements.

THE CHRISTI CENTER, INC.
(A Nonprofit Corporation)

STATEMENT OF CASH FLOWS

Year Ended December 31, 2017

Cash Flows From Operating Activities:		
Total Change in Net Assets	$	(86,659)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		17,136
Loss on disposal of fixed assets		126
Change in assets and liabilities:		
Decrease (increase) in accounts receivable		(1,805)
Decrease (increase) in contributions and grants receivable		(10,603)
Decrease (increase) in prepaid expenses		(2,400)
Decrease (increase) in other assets		1,732
Increase (decrease) in accounts payable		3,585
Increase (decrease) in accrued liabilities		353
Cash Used by Operating Activities		(78,535)
Net Decrease in Cash and Cash Equivalents		(78,535)
Cash and Cash Equivalents at beginning of year		244,492
Cash and Cash Equivalents at end of year	$	165,957
Supplemental data:		
Income taxes paid	$	-
Interest paid	$	-

See accompanying auditors’ report and notes to the financial statements.

1. Organization & Summary of Significant Accounting Policies

Organization and Nature of Activities

The Christi Center, Inc. (the "Organization") is a not-for-profit organization whose purpose is to provide help and ongoing support to individuals and families adjusting to life after the death of a loved one, regardless of the circumstances, and educating the general public and specific persons concerning the problems of individuals and families in such crises. The founders founded the organization after their daughter, Christi, was killed by a drunken driver.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Contributions received are recorded as unrestricted, temporarily restricted and permanently restricted support depending on the existence or nature of donor stipulations.

Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Unrestricted Net Assets – Unrestricted net assets consist of net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board.

Temporarily Restricted Net Assets – Temporarily restricted net assets consist of assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specified event. When the donor restriction expires, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At December 31, 2017, the Organization had $52,171 of temporarily restricted net assets from program grants.

Permanently Restricted Net Assets – Permanently restricted net assets consist of net assets subject to donor-imposed restrictions that they be maintained in perpetuity by the Organization. The Organization had no permanently restricted net assets as of December 31, 2017.

1. Organization & Summary of Significant Accounting Policies (continued)

Use of Estimates

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The presentation 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 amount of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Cash and Equivalents

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. The Organization maintains cash in federally insured accounts. No losses have been suffered in connection with such balances as of December 31, 2017.

Property and Equipment

Property and Equipment are recorded at cost or at estimated fair value at the date of donation. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Organization follows the practice of capitalizing all expenditures of property and equipment greater than $2,500 with an estimated useful life of one year or longer. Depreciation is provided using the straight-line method over the estimated useful lives of the assets from 5 to 39 years.

Grants and Contributions Receivable

Grants and contributions receivable, including unconditional promises, are recognized as revenue when the grant is awarded or donor’s commitment is received. Contributions receivable are recognized at the estimated present value of the future cash flows, net of allowance for uncollectible contributions. Contributions receivable are reported on the short-term (due within one year) or the long-term (due after one year).

The Organization’s policy for determining when these types of receivables are past due is based on when the payments are promised. At December 31, 2017, management recorded $0 for the allowance for uncollectible accounts.

1. Organization & Summary of Significant Accounting Policies (continued)

Federal Income Taxes

The Organization is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3). Therefore, no provision for income taxes has been included in these financial statements.

The Organization has adopted the recognition requirements for uncertain income tax positions as required by GAAP, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Organization has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organizations' financial position, changes in net assets or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2017. The Organization is subject to income tax audits for the previous three years which are open. There are currently no audits for any tax periods in progress.

Functional Accounting

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program.

Credit Risk

Financial instruments which potentially subject the Organization to credit risk consist of cash and cash equivalents and accounts receivable. The Organization's deposits did not exceed the federal depository insurance limits as of December 31, 2017. The Organization does not require collateral for accounts receivable, and management does not believe it has significant credit risk related to those receivables.

1. Organization & Summary of Significant Accounting Policies (continued)

Financial Instruments

The Organization's financial instruments consist of cash & equivalents, receivables, and payables at December 31, 2017 and are carried on the accompanying balance sheet at amounts which approximate their respective fair values.

2. Donated Services

The Organization receives donated services in connection with the various programs the Organization provides to the community. Donations of materials or services that either create or enhance nonfinancial assets or that require specialized skills that would otherwise need to be purchased are recognized as revenues at their respective fair values. Donated materials and office space aggregating $7,280 were recognized in the accompanying statement of activities for the year ended December 31, 2017.

3. Credit Card

The Organization has an unsecured credit card with a $35,000 credit limit with a financial institution requiring monthly payments of principal and interest, calculated at 16.49 % as of December 31, 2017. The credit card account has a balance of $3,988 as of December 31, 2017.

4. Concentrations

The Organization receives funding from concentrated sources. If the Organization is unable to secure such funding in the future, it could adversely affect the Organization's ability to continue as a going concern.

5. Lease Commitments

The Organization rents office equipment subject to an operating lease requiring minimum non-cancelable rent payment of $385 per month, terminating on September of 2022.

The Organization also leases office space in Georgetown under a 12 month lease commencing January 1, 2018 at a monthly rental of $850. Of this monthly rental, $580 is donated from the lessor and $270 is paid by the Organization. The donated rental space is included in in-kind donations.

5. Lease Commitments (continued)

Minimum rent payments due over each of the next five years, are as follows:

Year ending December 31,		
2018	$	7,860
2019		4,620
2020		4,620
2021		4,620
2022		3,465
Total future minimum lease payments	$	25,185

6. Endowment Fund

The Organization entered into an agreement with Austin Community Foundation (ACF) to establish an endowment fund. The purpose of the endowment fund is to support the Organization's programs. Contributions to the endowment fund are from two sources: 1) Donors making restricted contributions directly to the ACF to support Organization and 2) the Organization may contribute board designated unrestricted funds to the endowment fund.

FASB ASC 958 requires the two sources of contributions to be recognized by the Organization and the ACF as follows:

1) The funds contributed by the Organization are recognized as an asset and board designated unrestricted net assets on the Organization's statement of financial position. This is a liquid fund to be accessed by the Organization when in need. The Organization maintains the right to remove funds at their own discretion including closing the account if requested with no penalties.

2) Donations made directly to the ACF by individuals, corporations, and other foundations are not recorded as contributions by the Organization. The ACF will record these as contributions. The ACF will also record the related investment activity on such contributions. Contributions to the Organization by the ACF will be recorded by the Organization as a contribution when received by the Organization

6. Endowment Fund (continued)

The ACF preserves the principal amounts contributed in perpetuity and charges a fee as compensation for investing, administering, and distributing funds. Investments are administered in accordance with Foundation policies and monitored by an investment committee. The investment pool is a diversified portfolio of fixed income, large cap, small cap, international and alternative strategy investment vehicles which are managed by investment managers.

Variance power is reserved by the ACF's Board of Governors and contained in the ACF's Articles of Incorporation and By-laws. This power provides the Board the ability to modify any restriction or condition on the distribution of assets, if circumstances warrant. The annual amount available to be distributed to the Organization is based upon the spending policy of the ACF as established by the Board of Governors. The current spending policy allows all of the income and principal to be available for distribution.

The fair value of the endowment is measured as Level 3 based on the criteria discussed in Note 7.

The following is a summary of endowment investment activity during the year ended December 31:

Beginning endowment balance recognized by the Organization	$	1,370
Contributions		-
Interest /dividends		30
Realized gains (losses)		75
Unrealized gain/(losses)		95
Fees		(16)
Ending endowment balance recognized by the Organization	$	1,554

6. Endowment Fund (continued)

The following is a summary of the pooled investments at ACF designated for the Organization as of December 31 2017:

Organization's endowment fund	$	1,554
Other donors' contributions		89,943
Total fair market value of pooled investments	$	91,497

7. Fair Value Measurements and Disclosures

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that it, an exit price). Fair Value Measurements and Disclosures also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
-
- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly.
-
- Level 3 Inputs – Unobservable inputs for the asset or liability.

The fair value of the Foundation’s current assets and current liabilities approximate the carrying amounts of such instruments due to their short maturity.

8. Temporarily restricted net assets

The following is a detail of the temporarily restricted net asset at December 31, 2017:

Funding Source	Restrictions	Amount
Kozmetsky Foundation	Program expense	$ 45,171
Lola Wright	Program expense	7,000
Total		$ 52,171

9. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. Management evaluated subsequent events through the date the financial statements were available for issuance, August 23, 2018, and there were no subsequent events to be disclosed.