



CHRISTIAN RELIEF SERVICES, INC.

Financial Statements

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)



**and
Report Thereon**



CHRISTIAN RELIEF SERVICES, INC.

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For the Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Christian Relief Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Christian Relief Services, Inc. (the Organization), an affiliate of Christian Relief Services Charities, Inc., which comprise the statement of financial position as of June 30, 2020, 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 from 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.

Continued

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Opinion

In our opinion, the 2020 financial statements referred to above present fairly, in all material respects, the financial position of Christian Relief Services, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Report on the Summarized Comparative Financial Statements*

We have previously audited the Organization's 2019 financial statements, and in our report dated November 5, 2019, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature of Marcum LLP in cursive script.

Washington, DC
October 30, 2020

CHRISTIAN RELIEF SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2020
(With Summarized Financial Information as of June 30, 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,198,549	\$ 791,830
Grants and contributions receivable, net	440,274	66,998
Accounts receivable	-	183
Due from affiliates	7,969	1,118
Contributed relief materials inventory	988,089	197,525
Prepaid expenses and other	2,402	13,558
Property and equipment, net	20,700	32,686
TOTAL ASSETS	\$ 2,657,983	\$ 1,103,898
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 148,541	\$ 198,273
Due to affiliates	470,396	4,683
Security deposits	18,054	18,054
TOTAL LIABILITIES	636,991	221,010
Net Assets		
Net assets without donor restrictions	1,760,447	871,427
Net assets with donor restrictions	260,545	11,461
TOTAL NET ASSETS	2,020,992	882,888
TOTAL LIABILITIES AND NET ASSETS	\$ 2,657,983	\$ 1,103,898

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

CHRISTIAN RELIEF SERVICES, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Noncash contributions	\$ 28,675,385	\$ -	\$ 28,675,385	\$ 13,351,564
Cash contributions	4,936,827	41,580	4,978,407	5,186,944
Cash contributions from affiliates	1,321,714	2,100,000	3,421,714	4,311,493
Wills and bequests	200,000	885,730	1,085,730	259,866
Government grants	261,546	-	261,546	259,266
Housing rental and related income	119,221	-	119,221	177,025
Donated housing	82,800	-	82,800	728,400
Workplace campaign	-	14,422	14,422	15,267
Interest and other income	2,426	-	2,426	2,708
Net assets released from restrictions:				
Satisfaction of time restrictions	15,338	(15,338)	-	-
Satisfaction of purpose restrictions	2,777,310	(2,777,310)	-	-
	38,392,567	249,084	38,641,651	24,292,533
TOTAL REVENUE AND SUPPORT				
EXPENSES				
Program Services:				
Domestic programs	1,659,609	-	1,659,609	1,008,479
American Indian programs	3,507,194	-	3,507,194	3,179,594
International programs	27,349,323	-	27,349,323	12,245,070
Housing programs	763,368	-	763,368	1,416,822
	33,279,494	-	33,279,494	17,849,965
Total Program Services				
Supporting Services:				
Management and general	116,478	-	116,478	138,843
Fundraising	4,107,575	-	4,107,575	5,234,716
	4,224,053	-	4,224,053	5,373,559
Total Supporting Services				
TOTAL EXPENSES	37,503,547	-	37,503,547	23,223,524
CHANGE IN NET ASSETS	889,020	249,084	1,138,104	1,069,009
NET ASSETS, BEGINNING OF YEAR	871,427	11,461	882,888	(186,121)
NET ASSETS, END OF YEAR	\$ 1,760,447	\$ 260,545	\$ 2,020,992	\$ 882,888

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

CHRISTIAN RELIEF SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	Program Services				Supporting Services			2020 Total	2019 Total	
	Domestic Programs	American Indian Programs	International Programs	Housing Programs	Total Program Services	Management and General	Fundraising			Total Supporting Services
Donated relief materials	\$ 383,943	\$ 764,497	\$26,718,138	\$ -	\$27,866,578	\$ -	\$ -	\$ -	\$27,866,578	\$13,303,934
Cash grants – affiliates	1,049,749	2,200,000	400,000	267,622	3,917,371	-	-	-	3,917,371	1,960,000
Printing and production	4,763	46,464	3,523	-	54,750	-	2,378,565	2,378,565	2,433,315	3,172,064
Postage	3,653	17,363	2,368	-	23,384	487	950,465	950,952	974,336	1,199,754
Wages and fringe benefits	-	12,299	-	273,542	285,841	13,359	357,610	370,969	656,810	754,040
Procurement fees	167,184	364,302	74,000	-	605,486	-	-	-	605,486	554,510
Contract services	-	69,000	-	28,707	97,707	-	115,413	115,413	213,120	247,352
Rent	23,291	23,292	23,291	84,061	153,935	10,473	30,820	41,293	195,228	852,966
Office supplies, dues and subscriptions	3,380	3	-	3,157	6,540	3,156	128,716	131,872	138,412	219,007
List rental	-	-	-	-	-	-	101,366	101,366	101,366	122,056
Cash grants	5,350	500	50,674	29,533	86,057	-	-	-	86,057	196,325
Shipping	11,427	91	65,449	-	76,967	-	764	764	77,731	119,375
Payroll taxes	-	1,134	-	19,652	20,786	1,559	25,787	27,346	48,132	54,252
Professional and consulting	-	-	-	149	149	35,360	-	35,360	35,509	45,920
Bank charges	-	-	-	-	-	27,324	322	27,646	27,646	27,277
Utilities	2,420	2,420	2,420	16,249	23,509	-	3,610	3,610	27,119	73,169
General insurance	3,429	3,429	3,429	3,637	13,924	3,327	7,056	10,383	24,307	28,613
Repairs and maintenance	163	163	163	15,611	16,100	-	3,206	3,206	19,306	44,736
Provision for inventory loss	-	-	-	-	-	18,242	-	18,242	18,242	-
Depreciation and amortization	-	1,380	-	15,064	16,444	-	-	-	16,444	17,587
Real estate taxes	597	597	597	5,659	7,450	-	-	-	7,450	9,226
Meetings and travel	-	-	4,261	443	4,704	367	1,236	1,603	6,307	40,176
Telephone	260	260	260	211	991	-	2,247	2,247	3,238	10,432
Provision for write-downs	-	-	-	-	-	2,824	-	2,824	2,824	1,972
Miscellaneous	-	-	750	60	810	-	-	-	810	16,454
Advertising	-	-	-	11	11	-	392	392	403	-
Homeowner association fees	-	-	-	-	-	-	-	-	-	88,018
Interest expense	-	-	-	-	-	-	-	-	-	64,309
TOTAL EXPENSES	\$ 1,659,609	\$ 3,507,194	\$ 27,349,323	\$ 763,368	\$ 33,279,494	\$ 116,478	\$ 4,107,575	\$ 4,224,053	\$ 37,503,547	\$ 23,223,524

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

CHRISTIAN RELIEF SERVICES, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,138,104	\$ 1,069,009
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	16,444	17,587
Recovery of doubtful accounts	(235)	(715)
Noncash contributions	(28,675,385)	(13,351,564)
Donated relief materials	27,866,578	13,303,934
Provision for inventory loss	18,243	-
Changes in assets and liabilities:		
Grants and contributions receivable	(373,041)	23,109
Accounts receivable	183	1,368
Due from affiliates	(6,851)	42,831
Prepaid expenses and other	11,156	1,991
Accounts payable and accrued expenses	(49,732)	23,048
Due to affiliates	465,713	(291,074)
Security deposits	-	(200)
NET CASH PROVIDED BY OPERATING ACTIVITIES	411,177	839,324
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(4,458)	(7,271)
NET CASH USED IN INVESTING ACTIVITIES	(4,458)	(7,271)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	950,000
Payment on line of credit	-	(1,600,000)
NET CASH USED IN FINANCING ACTIVITIES	-	(650,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	406,719	182,053
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	791,830	609,777
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,198,549	\$ 791,830
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ -	\$ 64,309

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

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

1. Organization and Summary of Significant Accounting Policies

Organization

Christian Relief Services, Inc. (the Organization) was incorporated in February 1998, under the Virginia Nonstock Corporation Act, to provide funding, technical support services and donated relief materials to communities striving to break the stranglehold of poverty in order to achieve sustainable solutions. Many communities within the U.S., and throughout the world, suffer from a lack of basic infrastructure services – clean water, medicine, education and housing. On July 1, 1998, the Organization began operations as a 501(c)(3) organization approved by the Internal Revenue Service (the IRS) under the group exemption authority of Christian Relief Services Charities, Inc. (CRSC). The Organization works closely with partner charities, including, to a great extent, its affiliates and parent, individuals and nongovernmental organizations embedded in targeted communities, to determine effective ways of sharing resources and creating long-term solutions to the alleviation of human suffering, misery, pain and disability in the world by advancing and improving the welfare of all persons while preserving native heritages, customs and beliefs, which includes the acquisition of low-income housing and developing, renovating and managing housing for persons of limited means, the chronically, mentally and/or physically challenged and the elderly. The Organization receives most of its support from cash contributions from the public, contributed relief materials and relief materials purchased at a discount.

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, money market accounts and all highly liquid investments with initial maturities of three months or less.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost or, if donated to the Organization, are recorded at the estimated fair value at the time of donation. Depreciation and amortization on furniture, office equipment, computer software and vehicles are provided using the straight-line method over the estimated useful lives, ranging from three to seven years. Leasehold improvements are recorded at cost and amortized over the shorter of the lease term or useful life. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and amortization, and any gain or loss is reflected in revenue or expenses in the accompanying statement of activities. Major additions with a cost in excess of \$1,000 and useful life in excess of one year are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

CHRISTIAN RELIEF SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020**

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

Net Assets

The net assets of the Organization are classified as follows:

- Net assets without donor restrictions represent funds that are available for support of the Organization's operations.
- Net assets with donor restrictions represent amounts that are subject to donor-imposed restrictions to be used for various programs or within a specific time period. These donor restrictions can be temporary in nature in that they will be met by the Organization's activities or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor stipulated that the funds must be maintained in perpetuity. As of June 30, 2020, the Organization had no net assets that were required to be maintained in perpetuity.

Revenue and Support Recognition

Unconditional gifts and grants of cash and other assets are recognized as revenue and support at their net realizable value when an unconditional promise to give is received by the Organization. The Organization reports unconditional gifts and grants of cash and other assets as revenue and support without donor restrictions and available for general operations, unless specifically restricted by the donor.

The Organization reports unconditional gifts of cash and other assets as revenue and support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets for purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Workplace campaign contributions with payments due in future years are reported as revenue with donor restrictions in the accompanying statement of activities. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Revenue and support recognized for unconditional contributions that have been committed to the Organization but have not been received is reflected as grants and contributions receivable in the accompanying statement of financial position. Grants and contributions receivable are reported net of an allowance for doubtful accounts. The allowance is based on historical collection experience and a review of the status of grants and contributions receivable. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

Wills and bequests are recognized at the time an unassailable right to the gift has been established, the proceeds are measurable and the Organization accepts the gift. Amounts that have not been collected as of year-end are included in grants and contributions receivable in the accompanying statement of financial position.

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2020

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

Revenue and Support Recognition (continued)

The Organization receives grants with U.S. government and state agencies, which are conditional upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. During the year ended June 30, 2020 the Organization was awarded \$338,295 in such grants, of which \$76,749 had yet to be recognized as of June 30, 2020 as certain conditions had not yet occurred. Revenue and support recognized on these grants for which billings have not been presented to the grantor or cash has not been received from the grantor, are reflected as part of contributions receivable in the accompanying statement of financial position. Conditional awards that are earned and released within the same year are reported as increases in net assets without donor restrictions in the accompanying statement of activities.

Housing rental income is recognized as rents become due. All contracts between the Organization and the tenants of the Organization's properties are considered operating leases.

Contributed Relief Materials, Donated Services and Housing and Inventory

Contributed relief materials received by the Organization consist of food, clothing, hygiene products, shoes, school supplies, bedding, medicine, medical equipment and medical supplies and are recorded as revenue and contributed relief materials inventory at their estimated fair value at the time of receipt. Upon donation to CRSC's affiliates, the materials are expensed at their estimated fair value at the time of donation and are released from inventory. Inventory is stated at the lower of cost or net realizable value, as determined by the first-in, first-out method.

Donated housing is recorded at its comparable market value during the time of use.

The Organization's programs are also furthered by a substantial number of nonprofessional volunteers who have contributed their services to the Organization. The value of these services is not reflected in the accompanying financial statements because the contributed services do not meet the necessary criteria for recognition under GAAP.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of the Organization are reported as expenses of those functional areas. Salaries and benefits that benefit multiple CRSC affiliates have been allocated among the CRSC affiliates based on estimates determined by management to be equitable. Occupancy and depreciation expenses are allocated by the square footage used by each affiliate. All other shared costs are recorded in the parent company and not allocated since the amounts are not significant to the financial statements of the affiliates.

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement

In June 2018, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958)*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, subject to other guidance, and determining whether a contribution is conditional. The Organization adopted ASU 2018-08 on July 1, 2019, using the modified prospective basis and the adoption of the standard did not result in a material change to the financial statements or the timing of revenue recognition for the Organization's grants and contributions.

2. Grants and Contributions Receivable

Grants and contributions receivable consisted of the following amounts as of June 30, 2020:

Contributions receivable	\$ 383,905
Federal grants receivable	<u>59,560</u>
Total Grants and Contributions Receivable	443,465
Less: Allowance for Doubtful Accounts	<u>(3,191)</u>
Grants and Contributions Receivable, Net	<u>\$ 440,274</u>

All receivables are due to be collected within one year.

3. Contributed Relief Materials Inventory

The Organization's contributed relief materials inventory consisted of the following as of June 30, 2020:

Medical supplies	\$ 865,593
Clothes and shoes	78,696
Hygiene products	23,558
Blankets	<u>20,242</u>
Total Contributed Relief Materials Inventory	<u>\$ 988,089</u>

Continued

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

4. Property and Equipment

Property and equipment consisted of the following as of June 30, 2020:

Furniture, office equipment and software	\$ 83,705
Leasehold improvements	66,031
Vehicles	<u>44,580</u>
Total Property and Equipment	194,316
Less: Accumulated Depreciation and Amortization	<u>(173,616)</u>
Property and Equipment, Net	<u>\$ 20,700</u>

Depreciation and amortization expense was \$16,444 for the year ended June 30, 2020.

5. Line of Credit

The Organization has a line of credit agreement with a financial institution in the amount of \$1,500,000. The line of credit is secured by personal property and guaranteed by CRSC. On July 26, 2019, the agreement was modified to extend the maturity date to July 27, 2021. There was no outstanding balance on this line of credit as of June 30, 2020 and the Organization did not make any draws on the line of credit during the year. The Organization was in compliance with the financial covenants. Interest accrues on the unpaid principal at the variable rate of the bank's prime rate plus 2.5%, which was at 3.33% as of June 30, 2020.

6. Net Assets with Donor Restrictions

As of June 30, 2020, net assets with donor restrictions consisted of \$250,000 restricted for American Indian Programs and \$10,545 restricted for future periods.

7. Contributed Relief Materials

The Organization records all contributed relief materials at their estimated fair value at the date of donation. During the year ended June 30, 2020, donated relief materials were used for the following programs and are included in donated relief materials in the accompanying statement of functional expenses:

International programs	\$ 26,718,138
American Indian programs	764,497
Domestic programs	<u>383,943</u>
Total Contributed Relief Materials	<u>\$ 27,866,578</u>

Continued

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

8. Transactions with Affiliates and Related Parties

Rent Expense

The Organization entered into an agreement with CRSC for the use of housing units owned by CRSC for the Organization's transitional housing program. The Organization is charged a monthly fee for use of the housing units. Rent and other housing related fees were \$82,800 for the year ended June 30, 2020, which are recognized as donated housing and included in rent expense under housing programs in the accompanying statement of activities.

Contributions

The Organization is an affiliate of CRSC. The Organization and CRSC share a common board. The Organization acts as the fundraising arm for CRSC and its affiliates. The Organization raises both cash and noncash contributions for CRSC and its affiliates, and the contributions are distributed to the entities based on program objectives and need.

During the year ended June 30, 2020, the Organization made noncash contributions of contributed relief materials to the following affiliates, which are included in the accompanying statement of functional expenses as donated relief materials expense:

Bread and Water for Africa, Inc.	\$ 26,718,138
American Indian Youth Running Strong, Inc.	764,497
Americans Helping Americans, Inc.	<u>383,943</u>
Total Contributed Relief Materials Donated to Affiliates	<u>\$ 27,866,578</u>

During the year ended June 30, 2020, the Organization received noncash contributions of contributed relief materials from American Indian Youth Running Strong, Inc. totaling \$9,878.

During the year ended June 30, 2020, the Organization made cash contributions to the following affiliates, which are included in the accompanying statement of functional expenses as cash grants - affiliates:

American Indian Youth Running Strong, Inc.	\$ 2,200,000
CRSC	645,972
Americans Helping Americans, Inc.	400,000
Bread and Water for Africa, Inc.	400,000
CRS Virginia	267,622
Christian Relief Services/21 st Century Campaign, Inc.	<u>3,777</u>
Total Cash Grants to Affiliates	<u>\$ 3,917,371</u>

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

8. Transactions with Affiliates and Related Parties (continued)

Contributions (continued)

During the year ended June 30, 2020, the Organization received cash contributions from the following affiliates, which are included in the accompanying statement of activities:

Christian Relief Services/21 st Century Campaign, Inc.	\$ 3,000,000
CRSC	413,807
CRS Virginia	<u>7,907</u>
Total Cash Contributions from Affiliates	<u>\$ 3,421,714</u>

Included in cash grants to affiliates was a forgiveness of the due to affiliate balance from CRSC totaling \$358,312.

As of June 30, 2020, the Organization had a receivable due from American Indian Youth Running Strong, Inc. of \$7,969 for contributions, which is included in due from affiliates in the accompanying statement of financial position.

As of June 30, 2020, the Organization had payables due to CRS Virginia and CRSC of \$461,350 and \$9,046, respectively, which is included in due to affiliates in the accompanying statement of financial position.

9. Concentration of Credit Risk

The Organization maintains its cash and cash equivalents with certain commercial financial institutions, in which the aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit. As of June 30, 2020, the Organization exceeded the maximum limit insured by the FDIC by approximately \$775,000. The Organization monitors the creditworthiness of these financial institutions and has not experienced any credit losses on their cash and cash equivalents.

10. Availability of Resources and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2020, were as follows:

Cash and cash equivalents	\$ 1,198,549
Grants and contributions receivable, net	440,274
Due from affiliates	<u>7,969</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 1,646,792</u>

Continued

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

10. Availability of Resources and Liquidity (continued)

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and receivables, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$1,500,000, of which the full amount was unused and available to draw upon as of June 30, 2020.

11. Homes for the Homeless

Safe Places is a 24-month transitional housing program serving families who have become homeless as a result of domestic violence. The mission of this program is to provide such families with safety and shelter while empowering them to break the cycle and live free from abuse. In previous years, the Organization managed the operations of the homes used for the transitional housing program and received donated housing from CRS Virginia and CRSC. Beginning in July 2019, the management and operation of the houses used for the transitional housing program were transferred to CRS Virginia and CRSC. The Organization supports the program by paying for some of the operating expenses, which totaled \$37,415 for the year ended June 30, 2020.

The Organization also leases an apartment complex from CRSC for its program that provides housing to low-income individuals. During the year ended June 30, 2020, the Organization recognized \$82,800 as contributions of donated housing from CRSC related to the apartment complex used for the low housing program. During the year ended June 30, 2020, the Organization incurred \$52,805 of operating expenses for the apartment complex.

12. Pension Plan

Employees of the Organization are eligible to participate in a 401(k) plan sponsored by CRSC after 60 days of service. Under the terms of the defined contribution plan, eligible employees may elect to contribute up to the federal tax limitation. The plan has the following employee deferral and matching provisions:

<u>Elective Deferral</u>	<u>Employer Matching</u>
1%	150% of employee contribution
1% – 3%	100% of employee contribution
3% – 6%	50% of employee contribution

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

12. Pension Plan (continued)

On January 1, 2020, the plan was amended to increase the employer matching provisions as follows:

<u>Elective Deferral</u>	<u>Employer Matching</u>
1%	400% of employee contribution
1% – 5%	100% of employee contribution

Employees are immediately vested in employer contributions. During the year ended June 30, 2020, retirement expense related to the plan was \$22,220, which is included in wages and fringe benefits in the accompanying statement of functional expenses.

13. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended June 30, 2020, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertainty in income tax positions taken for the year ended June 30, 2020, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. There are currently no audits for any tax periods pending or in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in tax positions, if any, in interest or income tax expense. As of June 30, 2020, the Organization had no accruals for interest and/or penalties.

14. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

15. Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 financial statement presentation.

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

16. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 30, 2020, the date the financial statements were available to be issued. Except for the matter discussed below, there were no subsequent events that require recognition or disclosure in these financial statements.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout the United States. The Organization is monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, in addition to the impact on its employees. The Organization has been able to continue operations in a remote environment; however, at this point, the extent to which COVID-19 will impact the Organization's financial condition or result of operations is uncertain and being evaluated by management and the Board.