



# **CHRISTIAN RELIEF SERVICES, INC.**

## **Financial Statements**

*For the Year Ended June 30, 2018*

*(With Summarized Financial Information for the Year Ended June 30, 2017)*



**and  
Report Thereon**



**CHRISTIAN RELIEF SERVICES, INC.**

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**For the Year Ended June 30, 2018**

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

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

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, 2018, 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.

### **Auditor's 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 auditor's 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**

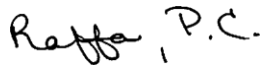
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Relief Services, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Correction of Error**

As discussed in Note 14 to the financial statements, errors related to the accrual of unconditional promises to give which resulted in the understatement of cash contributions revenue and grants and contributions receivable and the overstatement of wills and bequests was discovered by management of the Organization during the current year. Accordingly, the amount reported for cash contributions revenue, wills and bequests, and grants and contributions receivable has been restated in the 2017 financial statements now presented, and an adjustment has been made to net assets as of July 1, 2016 and July 1, 2017, to correct the errors. Our opinion is not modified with respect to this matter.

### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2017 financial statements, and our report dated November 1, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

 Raffa, P.C.

**Raffa, P.C.**

Washington, DC  
October 16, 2018

**CHRISTIAN RELIEF SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2018**  
**(With Summarized Financial Information as of June 30, 2017)**

	2018	(As Restated) 2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 609,777	\$ 267,345
Grants and contributions receivable, net	20,114	147,868
Accounts receivable	70,829	91,789
Due from affiliates	43,949	24,053
Contributed relief materials inventory	149,895	150,782
Prepaid expenses	15,214	32,203
Deposits	335	335
Property and equipment, net	43,002	49,809
<b>TOTAL ASSETS</b>	<b>\$ 953,115</b>	<b>\$ 764,184</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 175,134	\$ 142,746
Line of credit payable	650,000	1,350,000
Due to affiliates	295,757	148,737
Funds held for others	91	91
Security deposits	18,254	18,654
<b>TOTAL LIABILITIES</b>	<b>1,139,236</b>	<b>1,660,228</b>
<b>Net Assets</b>		
Unrestricted	(199,152)	(1,043,912)
Temporarily restricted	13,031	147,868
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>(186,121)</b>	<b>(896,044)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 953,115</b>	<b>\$ 764,184</b>

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

**CHRISTIAN RELIEF SERVICES, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2018**

**(With Summarized Financial Information for the Year Ended June 30, 2017)**

	<u>2018</u>			(As Restated) 2017 Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
<b>SUPPORT AND REVENUE</b>				
Noncash contributions	\$ 17,303,193	\$ -	\$ 17,303,193	\$ 18,873,422
Cash contributions	3,816,895	92,961	3,909,856	4,157,510
Cash contributions from affiliates	1,776,558	1,800,000	3,576,558	2,148,980
Wills and bequests	-	1,108,051	1,108,051	598,695
Donated housing	697,200	-	697,200	581,244
Government grants	357,462	-	357,462	296,279
Housing rental and related income	214,174	-	214,174	192,671
Workplace campaign	-	17,588	17,588	17,921
Interest and other income	19,351	-	19,351	739
Net assets released from restrictions:				
Satisfaction of time restrictions	27,601	(27,601)	-	-
Satisfaction of purpose restrictions	3,125,836	(3,125,836)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>27,338,270</u>	<u>(134,837)</u>	<u>27,203,433</u>	<u>26,867,461</u>
<b>EXPENSES</b>				
Program Services:				
Domestic programs	1,281,785	-	1,281,785	1,345,200
American Indian programs	3,366,446	-	3,366,446	2,820,903
International programs	16,377,532	-	16,377,532	18,581,577
Housing programs	1,557,503	-	1,557,503	1,409,047
Total Program Services	<u>22,583,266</u>	<u>-</u>	<u>22,583,266</u>	<u>24,156,727</u>
Supporting Services:				
Management and general	136,153	-	136,153	210,413
Fundraising	3,774,091	-	3,774,091	3,792,492
Total Supporting Services	<u>3,910,244</u>	<u>-</u>	<u>3,910,244</u>	<u>4,002,905</u>
<b>TOTAL EXPENSES</b>	<u>26,493,510</u>	<u>-</u>	<u>26,493,510</u>	<u>28,159,632</u>
<b>CHANGE IN NET ASSETS</b>	<u>844,760</u>	<u>(134,837)</u>	<u>709,923</u>	<u>(1,292,171)</u>
<b>NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	(1,043,912)	20,465	(1,023,447)	319,099
Prior period adjustment	<u>-</u>	<u>127,403</u>	<u>127,403</u>	<u>77,028</u>
<b>NET ASSETS, BEGINNING OF YEAR AS RESTATED</b>	<u>(1,043,912)</u>	<u>147,868</u>	<u>(896,044)</u>	<u>396,127</u>
<b>NET ASSETS (DEFICIT), END OF YEAR</b>	<u>\$ (199,152)</u>	<u>\$ 13,031</u>	<u>\$ (186,121)</u>	<u>\$ (896,044)</u>

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, 2018**  
**(With Summarized Financial Information for the Year Ended June 30, 2017)**

	Program Services					Supporting Services				
	Domestic Programs	American Indian Programs	International Programs	Housing Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	2018 Total	2017 Total
Donated relief materials	\$ 590,125	\$ 916,817	\$15,790,668	\$ -	\$17,297,610	\$ -	\$ -	\$ -	\$17,297,610	\$19,560,053
Cash grants – affiliates	343,373	1,800,000	240,000	-	2,383,373	-	-	-	2,383,373	2,136,777
Printing and production	23,916	75,196	17,020	853	116,985	121	2,120,003	2,120,124	2,237,109	2,311,919
Wages and fringe benefits	17,509	29,671	17,525	348,455	413,160	-	415,889	415,889	829,049	699,038
Postage	3,237	21,987	3,018	1,590	29,832	552	789,984	790,536	820,368	833,874
Rent	20,152	20,152	20,152	701,542	761,998	13,431	36,475	49,906	811,904	699,574
Procurement fees	229,681	392,575	83,216	-	705,472	-	-	-	705,472	647,933
Contract services	1,188	61,375	-	50,164	112,727	-	131,414	131,414	244,141	222,274
Office supplies, dues and subscriptions	4,438	6,466	-	44,768	55,672	11,248	142,948	154,196	209,868	198,637
Cash grants	7,856	2,500	113,201	30,088	153,645	20	-	20	153,665	52,413
Shipping	32,994	30,883	77,500	20	141,397	465	1,486	1,951	143,348	135,594
Homeowner association fees	-	-	-	103,363	103,363	-	-	-	103,363	86,335
List rental	-	-	-	-	-	-	79,779	79,779	79,779	109,385
Utilities	2,417	2,443	2,394	63,845	71,099	-	5,665	5,665	76,764	67,930
Payroll taxes	1,369	2,322	1,369	25,734	30,794	-	29,115	29,115	59,909	50,330
Interest expense	-	-	-	22,753	22,753	31,657	-	31,657	54,410	70,403
Meetings and travel	-	-	7,991	24,803	32,794	293	15,926	16,219	49,013	34,565
Repairs and maintenance	172	253	172	44,057	44,654	-	435	435	45,089	49,602
Operating expenses – Terry Lynn	-	-	-	38,429	38,429	-	-	-	38,429	43,357
Professional and consulting	-	-	-	2,655	2,655	31,057	-	31,057	33,712	40,031
General insurance	2,637	2,637	2,637	12,499	20,410	4,282	3,099	7,381	27,791	19,864
Bank charges	-	-	-	-	-	26,228	388	26,616	26,616	26,567
Depreciation and amortization	-	500	-	17,070	17,570	-	-	-	17,570	14,320
Telephone	101	101	101	10,459	10,762	-	633	633	11,395	7,031
Miscellaneous	-	-	-	9,971	9,971	410	435	845	10,816	15,743
Provision for losses	-	-	-	-	-	16,389	-	16,389	16,389	21,159
Real estate taxes	568	568	568	3,857	5,561	-	-	-	5,561	3,578
Advertising	52	-	-	443	495	-	417	417	912	1,166
Equipment rental	-	-	-	85	85	-	-	-	85	107
Operating expenses – housing	-	-	-	-	-	-	-	-	-	73
TOTAL EXPENSES	\$ 1,281,785	\$ 3,366,446	\$ 16,377,532	\$ 1,557,503	\$ 22,583,266	\$ 136,153	\$ 3,774,091	\$ 3,910,244	\$ 26,493,510	\$ 28,159,632

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, 2018**

**(With Summarized Financial Information for the Year Ended June 30, 2017)**

**Increase (Decrease) in Cash and Cash Equivalents**

	<u>2018</u>	<u>(As Restated) 2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 709,923	\$ (1,292,171)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	17,570	14,320
Provision for doubtful accounts	(2,465)	2,369
Noncash contributions	(17,303,193)	(18,873,422)
Donated relief materials	17,297,610	19,560,053
Provision for inventory loss	6,470	12,185
Changes in assets and liabilities:		
Grants and contributions receivable	130,219	(7,235)
Accounts receivable	20,960	(56,589)
Due from affiliates	(19,896)	5,620
Prepaid expenses	16,989	373,812
Accounts payable and accrued expenses	32,388	(18,403)
Due to affiliates	147,020	42,886
Security deposits	(400)	(200)
Deferred revenue	-	(454)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>1,053,195</u>	<u>(237,229)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(10,763)</u>	<u>(18,344)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(10,763)</u>	<u>(18,344)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	650,000	300,000
Payment on line of credit	<u>(1,350,000)</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>(700,000)</u>	<u>300,000</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	342,432	44,427
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>267,345</u>	<u>222,918</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 609,777</u></u>	<u><u>\$ 267,345</u></u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Actual cash paid for interest	<u><u>\$ 54,410</u></u>	<u><u>\$ 70,403</u></u>

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, 2018**

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### **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 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, 2018**

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

**Net Assets**

The net assets of the Organization are classified as follows:

- Unrestricted net assets represent funds that are available for support of the Organization's operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.

**Revenue Recognition**

Gifts and grants of cash and other assets are recognized as revenue at their net realizable value when an unconditional promise to give is received by the Organization. The Organization reports gifts and grants of cash and other assets as unrestricted support and available for general operations, unless specifically restricted by the donor.

The Organization reports gifts of cash and other assets as temporarily restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets 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 temporarily restricted revenue in the accompanying statement of activities.

Revenue recognized for 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.

The Organization has cost-reimbursable grants with U.S. government and state agencies. Revenue from these grants is recognized as allowable costs are incurred. Costs incurred, but not yet reimbursed or billed, under these grants and contracts are reported as accounts receivable in the accompanying statement of financial position.

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. Service fee income is recognized as the contractual payments become due from clients who

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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

**Revenue Recognition (continued)**

reside in the Organization's transitional and supportive housing programs and is included in housing rental and related income in the accompanying statement of activities. Amounts that have not been collected as of year-end are included in accounts receivable in the accompanying statement of financial position.

**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 or one of its 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 activities. Costs directly related to program and/or supporting services are charged to those functional areas. Expenses related to more than one function are allocated among the programs and supporting services benefited.

**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.

2. Grants and Contributions Receivable

Grants and contributions receivable represent unconditional promises to give and are recorded at their net realizable value. All receivables are due to be collected within one year. The Organization has recorded an allowance for doubtful accounts of \$4,141 as of June 30, 2018.

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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3. Accounts Receivable

Accounts receivable consisted of the following amounts as of June 30, 2018:

State grants receivable	\$ 57,811
Federal grants receivable	12,618
Employee advances	<u>400</u>
Total Accounts Receivable	<u>\$ 70,829</u>

All amounts are due within one year and considered fully collectible.

4. Contributed Relief Materials Inventory

The Organization's contributed relief materials inventory consisted of the following as of June 30, 2018:

Medicine and medical supplies	\$ 69,758
Clothes and shoes	44,566
Supplies and other	<u>35,571</u>
Total Contributed Relief Materials Inventory	<u>\$ 149,895</u>

5. Property and Equipment

Property and equipment consisted of the following as of June 30, 2018:

Furniture, office equipment and software	\$ 71,269
Leasehold improvements	66,738
Vehicles	<u>44,580</u>
Total Property and Equipment	182,587
Less: Accumulated Depreciation and Amortization	<u>(139,585)</u>
Property and Equipment, Net	<u>\$ 43,002</u>

Depreciation and amortization expense was \$17,570 for the year ended June 30, 2018.

6. 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 March 13, 2018, the agreement was modified to extend the maturity date to July 27, 2019. The Organization is also required to comply with certain financial covenants. As of June 30, 2018, the outstanding balance was \$650,000 on this line of credit and the Organization was in compliance with the financial covenants.

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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6. Line of Credit (continued)

Interest accrues on the unpaid principal at the variable rate of the bank's prime rate plus 0.5% or 3.5% per annum, whichever is higher. The Organization is also required to comply with certain financial covenants. Interest expense paid on this line of credit was \$54,410 for the year ended June 30, 2018, and the interest rate was 4.5% as of June 30, 2018.

7. Net Assets

**Unrestricted Net Assets**

The Organization had a negative unrestricted net asset balance of \$199,152 as of June 30, 2018. To help with the deficit, the Board of Directors approved unrestricted contributions to be made from the endowment fund held in Christian Relief Services/21<sup>st</sup> Century Campaign, Inc. (CRS21), an affiliate, to support the Organization.

**Temporarily Restricted Net Assets**

As of June 30, 2018, net assets totaling \$13,031 were restricted for future periods.

8. 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, 2018, 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	\$ 15,790,668
American Indian programs	916,817
Domestic programs	<u>590,125</u>
Total Contributed Relief Materials	<u>\$ 17,297,610</u>

9. Transactions with Affiliates and Related Parties

**Rent Expense**

Effective July 1, 1999, the Organization entered into an agreement with Christian Relief Services of Virginia, Inc. (CRS Virginia), an affiliate of CRSC, for the use of housing units owned by CRS Virginia for the Organization's transitional housing program. The Organization is charged a monthly fee for use of the housing units. The term of the agreement is one year with 30 automatic one-year extensions, unless written notice is given within 30 days. Rent and other housing related fees were \$701,542 for the year ended June 30, 2018, which are included in rent expense under housing programs in the accompanying statement of functional expenses.

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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9. Transactions with Affiliates and Related Parties (continued)

**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, 2018, the Organization made noncash contributions of contributed relief materials to the following affiliates, which are included in the accompanying statement of functional expenses:

Bread and Water for Africa, Inc.	\$ 15,790,668
American Indian Youth Running Strong, Inc.	916,817
Americans Helping Americans, Inc.	<u>590,125</u>
Total Contributed Relief Materials Donated to Affiliates	<u>\$ 17,297,610</u>

During the year ended June 30, 2018, the Organization made cash contributions to the following affiliates, which are included in the accompanying statement of functional expenses:

American Indian Youth Running Strong, Inc.	\$ 1,800,000
Americans Helping Americans, Inc.	240,000
Bread and Water for Africa, Inc.	240,000
CRSC	<u>103,373</u>
Total Cash Grants to Affiliates	<u>\$ 2,383,373</u>

During the year ended June 30, 2018, the Organization received cash contributions from the following affiliates, which are included in the accompanying statement of activities:

Christian Relief Services/21 <sup>st</sup> Century Campaign, Inc.	\$ 3,150,000
CRSC	<u>426,558</u>
Total Cash Contributions from Affiliates	<u>\$ 3,576,558</u>

As of June 30, 2018, the Organization had receivables due from CRSC in the amount of \$43,949, which are included in due from affiliates in the accompanying statement of financial position.

As of June 30, 2018, the Organization had payables due to the following affiliates, which are included in due to affiliates in the accompanying statement of financial position:

Bread and Water for Africa, Inc.	\$ 119,256
Christian Relief Services/21 <sup>st</sup> Century Campaign, Inc.	80,372
CRS Virginia	56,016
Americans Helping Americans, Inc.	40,000
American Indian Youth Running Strong, Inc.	<u>113</u>
Total Due to Affiliates	<u>\$ 295,757</u>

Continued

# CHRISTIAN RELIEF SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2018

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### 10. 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. CRS Virginia, an affiliate, owns 20 group homes, which the Organization leases from CRS Virginia. The Organization manages the operations of the homes. During the year ended June 30, 2018, the Organization incurred \$1,150,675 of operating expenses for the houses and recognized \$545,000 as a contribution of donated housing from CRS Virginia. In addition, the Organization leases three homes from CRSC. These homes are utilized in a program operated by the Organization that provides housing to formerly homeless, chronically mentally and/or physically challenged individuals. During the year ended June 30, 2018, the Organization recognized \$80,400 as a contribution of donated housing from CRSC for these homes.

The Organization also leases an apartment complex from CRSC. The apartment complex is utilized in a program operated by the Organization that provides housing to low-income individuals. During the year ended June 30, 2018, the Organization recognized \$71,400 as contributions of donated housing from CRSC related to the apartment complex. During the year ended June 30, 2018, the Organization incurred \$38,429 of operating expenses for the apartment complex.

### 11. 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

Employees are immediately vested in employer contributions. During the year ended June 30, 2018, retirement expense related to the plan was \$18,629, which is included in wages and fringe benefits in the accompanying statement of functional expenses.

### 12. 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, 2018, as the Organization had no taxable net unrelated business income.

**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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12. Income Taxes (continued)

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board 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, 2018, 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. As of June 30, 2018, the statute of limitations for tax years ended June 30, 2015, through June 30, 2017, remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in tax positions, if any, in income tax expense.

13. 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, 2017, from which the summarized information was derived.

14. Prior Period Adjustments

During the year ended June 30, 2018, the Organization restated its beginning net assets balance as of July 1, 2017, to correct errors related to the accrual of unconditional promises to give which resulted in the understatement of cash contributions revenue, grants and contributions receivable and wills and bequests in the prior year. These errors occurred as the revenue was recorded when the cash was received instead of when the unconditional promise to give was made. The adjustments increased net assets as of July 1, 2016 by \$77,028, increased net assets as of July 1, 2017 by \$127,403, decreased cash contributions by \$10,970, increased wills and bequests by \$61,345 and increased grants and contributions receivable by \$127,403. In addition, the Organization's change in net assets for the year ended June 30, 2017, increased by \$50,375.

15. Reclassifications

Certain 2017 amounts have been reclassified to conform to the 2018 financial statement presentation.



**CHRISTIAN RELIEF SERVICES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

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16. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 16, 2018, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.