

CHRISTIAN SERVICE BRIGADE

Financial Statements
For the Years Ended
June 30, 2022 and 2021
with
Accountants' Compilation Report

CHRISTIAN SERVICE BRIGADE

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To the Board of Directors
Christian Service Brigade
Hamburg, New York

Management is responsible for the accompanying financial statements of Christian Service Brigade (a non-profit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Chiampou Travis Besaw & Kershner LLP

October 17, 2022

CHRISTIAN SERVICE BRIGADE

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS:		
Cash and cash equivalents	\$ 51,085	\$ 77,788
Investments, at fair value	185,541	189,554
Accounts receivable	2,609	-
Inventory	65,940	59,462
Prepaid expenses	984	938
Total current assets	<u>306,159</u>	<u>327,742</u>
PROPERTY AND EQUIPMENT, net	<u>3,226</u>	<u>4,573</u>
	<u>\$ 309,385</u>	<u>\$ 332,315</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of Paycheck Protection Program loan	\$ -	\$ 24,871
Accounts payable	8,991	13,162
Accrued liabilities	52,690	48,522
Current portion of annuities payable	2,101	2,101
Total current liabilities	<u>63,782</u>	<u>88,656</u>
LONG-TERM PORTION OF ANNUITIES PAYABLE	32,228	37,374
LONG-TERM PORTION OF PAYCHECK PROTECTION PROGRAM LOAN	-	81,954
Total liabilities	<u>96,010</u>	<u>207,984</u>
NET ASSETS WITHOUT DONOR RESTRICTION	<u>213,375</u>	<u>124,331</u>
	<u>\$ 309,385</u>	<u>\$ 332,315</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CHANGE IN OPERATING NET ASSETS:		
PUBLIC SUPPORT AND REVENUE:		
Contributions	\$ 609,810	\$ 669,828
Donated services and assets	15,000	12,000
Fee income	67,111	39,259
Sales	67,060	34,309
Total public support and revenue	<u>758,981</u>	<u>755,396</u>
FUNCTIONAL EXPENSES:		
Program services	596,207	599,255
Supporting services	93,590	97,066
Fundraising	88,064	89,660
Total functional expenses	<u>777,861</u>	<u>785,981</u>
CHANGE IN OPERATING NET ASSETS	(18,880)	(30,585)
NON-OPERATING ACTIVITIES:		
Forgiveness of debt	106,825	103,600
Interest and dividend income	842	583
Unrealized appreciation (depreciation) of investments	(11,631)	530
Realized gains on sales of investments	8,843	-
Change in value of annuities payable	3,045	2,104
Total non-operating activities	<u>107,924</u>	<u>106,817</u>
CHANGE IN NET ASSETS	89,044	76,232
NET ASSETS, beginning of year	<u>124,331</u>	<u>48,099</u>
NET ASSETS, end of year	<u>\$ 213,375</u>	<u>\$ 124,331</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022				2021			
	Program Services	Supporting Services	Fundraising	Total	Program Services	Supporting Services	Fundraising	Total
Salaries and related expenses	\$ 443,056	\$ 83,975	\$ 60,281	\$ 587,312	\$ 477,253	\$ 82,719	\$ 63,968	\$ 623,940
Cost of sales - materials	32,227	-	-	32,227	31,060	-	-	31,060
Professional services	20,017	1,683	4,139	25,839	16,295	2,446	3,967	22,708
Travel	17,114	910	1,166	19,190	16,230	2,016	1,401	19,647
ISI regional conference	18,387	-	-	18,387	2,149	-	-	2,149
Donated space	10,416	1,357	3,227	15,000	8,234	1,115	2,651	12,000
Bank fees	9,310	802	1,906	12,018	7,393	738	1,754	9,885
Telephone	8,228	1,225	1,169	10,622	6,065	638	738	7,441
Fundraising expenses	-	-	8,272	8,272	-	-	5,885	5,885
Postage	5,925	437	1,255	7,617	3,429	1,200	817	5,446
Small equipment purchases and rentals	5,138	617	1,441	7,196	5,160	685	1,628	7,473
Promotions	5,561	426	992	6,979	3,565	2,221	823	6,609
4 Building insurance	3,508	475	1,129	5,112	3,251	440	1,047	4,738
Office supplies	3,335	331	671	4,337	2,041	435	349	2,825
Contractual labor	3,800	-	-	3,800	1,500	-	-	1,500
Building maintenance and utilities	2,729	369	878	3,976	1,940	263	625	2,828
Conferences	2,286	507	406	3,199	7,699	1,380	2,252	11,331
Dues and subscriptions	2,282	126	300	2,708	843	114	271	1,228
Payroll processing and state filing fees	1,663	225	535	2,423	2,740	371	882	3,993
Depreciation	925	125	297	1,347	1,827	248	588	2,663
Printing and publications	300	-	-	300	520	31	-	551
Interest expense	-	-	-	-	61	6	14	81
	<u>\$ 596,207</u>	<u>\$ 93,590</u>	<u>\$ 88,064</u>	<u>\$ 777,861</u>	<u>\$ 599,255</u>	<u>\$ 97,066</u>	<u>\$ 89,660</u>	<u>\$ 785,981</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets:	\$ 89,044	\$ 76,232
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:		
Unrealized (appreciation) depreciation of investments	11,631	(530)
Realized gains on sales of investments	(8,843)	-
Depreciation	1,347	2,663
Change in value of annuities payable	(3,045)	(2,104)
Forgiveness of debt	(106,825)	(103,600)
Changes in operating assets and liabilities:		
Accounts receivable	(2,609)	6,911
Bequest receivable	-	1,766
Inventory	(6,478)	6,547
Prepaid expenses	(46)	(938)
Accounts payable	(4,171)	4,540
Accrued liabilities	4,168	(882)
Annuities payable	(2,101)	(2,101)
Net cash and cash equivalents used in operating activities	<u>(27,928)</u>	<u>(11,496)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(8,474)	(109,029)
Proceeds from sale of investments	9,699	-
Purchases of property and equipment	-	(549)
Net cash and cash equivalents provided by (used in) investing activities	<u>1,225</u>	<u>(109,578)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>106,825</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(26,703)	(14,249)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>77,788</u>	<u>92,037</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 51,085</u>	<u>\$ 77,788</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(See accountants' compilation report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Christian Service Brigade (the “Organization”), is a non-profit missionary organization dependent upon the financial support of churches and individuals to maintain its work. The Organization’s work is to strengthen churches by equipping men who are committed to God’s Word to win and train boys as disciples of Jesus Christ.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and according to current accounting standards, which require all not-for-profit organizations provide a statement of financial position, a statement of activities and changes in net assets, and a statement of cash flows. A separate presentation of expenses by functional and natural classification is also required. Classification of net assets and revenues, expenses, gains, and losses is based on the existence or absence of donor-imposed restrictions.

The standards also require that the amounts for each of the two classes of net assets – net assets with donor restriction and net assets without donor restriction be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities and changes in net assets. Net assets without donor restrictions represents resources available for the general support of the Organization’s activities and may be designated by the Organization’s Board of Directors for specific purposes. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization. As restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. At June 30, 2022 and 2021, the Organization only has net assets without donor restriction.

Cash and cash equivalents – The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk with regard to its cash and cash equivalents.

Investments – Generally accepted accounting principles require the Organization to report investments in marketable securities and mutual funds with readily determinable fair values, at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in net assets in the reporting period in which the income and gains are recognized.

Generally accepted accounting principles establish a hierarchy for the determination of fair value, as well as disclosure requirements relative to those assets and liabilities. The hierarchy identifies three levels of input. Level 1 inputs are generally quoted market prices for identical assets or liabilities, which are actively traded on an exchange. Level 2 inputs generally consist of market prices for identical assets which are not actively traded or market prices of similar assets or liabilities which are actively traded on an exchange. Level 3 inputs are referred to as unobservable inputs and consist primarily of information derived by management where Level 1 and Level 2 inputs are not available. All investments held by the Organization are considered Level 1.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of the obligations to be met. It is the Organization’s policy to charge off uncollectible receivables when management determines that the receivable will not be collected. There was no allowance for doubtful accounts as of June 30, 2022 and 2021.

Inventory – Inventory consists of books and materials, sold through the programs, and is stated at the lower of cost or net realizable value, with cost determined using the first-in, first-out method. Shipping and handling costs of \$5,803 and \$4,013 for the years ended June 30, 2022 and 2021, respectively, are included in cost of sales presented in the accompanying statements of activities and changes in net assets as a component of program services.

Property and Equipment – Property and equipment is stated at either cost or fair market value at the date of donation. Depreciation is provided using the straight-line method over estimated useful lives of the respective assets. Maintenance and repairs are charged to operations as incurred; significant betterments are capitalized.

Revenue Recognition – The Organization recognizes revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The various revenue streams of the Organization are described below:

Contributions – The Organization recognizes revenue from contributions when the donor makes an unconditional promise to give to the Organization. Contributions received are recorded as with or without donor restriction, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished in the reporting period in which the contribution or grant is recognized. All other donor-restricted contributions and support are reported as increases in assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Fee Income – The Organization records program and conference registration fee income when received from members and participants.

Sales – The Organization records sales of goods at point-of-sale.

Donated Services and Assets – Effective July 1, 2021, the Organization adopted FASB Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* requiring not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities and provide additional disclosures about contributions of nonfinancial assets.

The Organization recognizes in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization has a rent-free lease on a building owned by a local church. The fair value of the donated space (see Note 6) is recorded as donated services and assets within public support and revenue in the statements of activities and changes in net assets.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, fundraising efforts and committee assignments. No amounts have been reflected in the financial statements for these services, since no objective basis is available to measure their value.

Functional Expenses – The Organization allocates all expenses based on direct costs to specified departments and management’s reasonable percentage estimate of job function. The costs of providing various program and supporting services have been presented on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Life Annuity Contracts – The Organization has established two gift annuity plans, whereby contribution revenues are recognized on the dates of donation at fair value and are added to the general assets of the Organization. A liability is then established at the present value of the estimated future payments to be made to the beneficiaries. The liabilities, reflected as annuities payable on the statements of financial position, are adjusted throughout the terms of the agreements for changes in the estimate of present value of the liabilities using a risk-free discount rate. The discount rates utilized were 3.14% and 2.06% at June 30, 2022 and 2021, respectively.

Tax Status – The Organization is a 501(c)(3) organization exempt from Federal and New York State income taxes under Section 501(a) of the Internal Revenue Code.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events – Management has evaluated the effects of all subsequent events through October 17, 2022, the date the financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the financial statements.

2. LIQUIDITY

The Organization maintains liquid financial assets sufficient to cover one year of general expenditures. The following table reflects the Organization’s financial assets as of June 30, 2022 and 2021, that are available to meet general expenditures within one year of the statement of financial position date.

	2022	2021
Cash and cash equivalents	\$ 51,085	\$ 77,788
Investments, at fair value	185,541	189,554
Accounts receivable	<u>2,609</u>	<u>-</u>
	<u>\$ 239,235</u>	<u>\$ 267,342</u>

2. LIQUIDITY (continued)

As more fully described in Note 5, the Organization has a committed line of credit with a bank which provides for up to \$50,000 of borrowings, payable on demand. There was \$50,000 available on the line of credit as of October 17, 2022, the date the financial statements were available to be issued.

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

3. INVESTMENTS

The Organization's investments, principally mutual funds, are subject to measurement at fair value on a recurring basis. Fair value as determined by quoted prices in active markets for identical assets (Level 1) at June 30, 2022 and 2021, were \$185,541 and \$189,554, respectively.

Unrealized appreciation (depreciation) on investments based upon the market value at June 30, 2022 and 2021, was (\$11,631) and \$530, respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2022	2021
Furniture and office equipment	\$ 31,780	\$ 31,780
Computer software	<u>6,287</u>	<u>6,287</u>
	38,067	38,067
Less accumulated depreciation	<u>34,841</u>	<u>33,494</u>
	<u>\$ 3,226</u>	<u>\$ 4,573</u>

Depreciation attributable to property and equipment amounted to \$1,347 and \$2,663 for the years ended June 30, 2022 and 2021, respectively.

5. LINE OF CREDIT

The Organization has a committed line of credit with a bank which provides for maximum borrowings up to \$50,000. Outstanding borrowings bear interest at the bank's prime rate plus 3.36%. There were no outstanding borrowings under the line of credit as of June 30, 2022 and 2021.

6. DONATED SERVICES AND ASSETS

In April 2013, the Organization entered into a rent-free lease on a building owned by a local church. The Organization is responsible for the maintenance and utilities of the building. The fair value of the donated space is assessed based on third-party confirmation of the replacement value of the donated space if monetized. The fair value of the donated space amounted to \$15,000 and \$12,000 for the years ended June 30, 2022 and 2021, respectively.

7. PAYCHECK PROTECTION PROGRAM LOAN

In February 2021, the Organization received a loan in the amount of \$106,825 pursuant to the Paycheck Protection Program under division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), enacted on March 27, 2020. The proceeds from the loan have been used for eligible payroll costs, retirement and health benefits, utilities, and rent during the covered period. The loan was forgiven in its entirety in October 2021 and has been recorded as a non-operating activity in the statement of activities and changes in net assets for the year ended June 30, 2022.

8. RETIREMENT BENEFITS

The Organization has a tax deferred annuity plan (the “Plan”) covering certain full-time employees with at least three years of employment. The Organization contributes a matching amount up to 1% of salary. Employer contributions were approximately \$3,800 and \$3,600 for the years ended June 30, 2022 and 2021, respectively.

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