

CHRISTIAN AID CENTER

FINANCIAL STATEMENTS

December 31, 2021 and 2020

CONTENTS

Independent Accountant's Review Report.....	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses	4
Statements of Cash Flows	6
Notes to the Financial Statements	7

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees
Christian Aid Center
Walla Walla, Washington

We have reviewed the accompanying financial statements of Christian Aid Center, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Christian Aid Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Wegner CPAs, LLP
Madison, Wisconsin
May 25, 2022

CHRISTIAN AID CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 555,602	\$ 808,119
Unconditional promises to give	126,808	212,737
Prepaid expenses	19,747	6,901
Investments	840,510	271,918
Beneficial interest in assets held by BMCF	250,612	439,091
Property and equipment - net	<u>5,198,063</u>	<u>5,390,388</u>
Total assets	<u>\$ 6,991,342</u>	<u>\$ 7,129,154</u>
LIABILITIES		
Accounts payable	\$ 28,838	\$ 13,808
Payroll taxes payable	28,147	1,956
Note payable	<u>252,837</u>	<u>817,608</u>
Total liabilities	309,822	833,372
NET ASSETS		
Without donor restrictions	6,368,507	5,896,840
With donor restrictions	<u>313,013</u>	<u>398,942</u>
Total net assets	<u>6,681,520</u>	<u>6,295,782</u>
Total liabilities and net assets	<u>\$ 6,991,342</u>	<u>\$ 7,129,154</u>

See accompanying notes and independent accountant's review report.

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and

	2021	0
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND OTHER REVENUE		
Individual donations	\$ 1,270,012	\$ 1,202,609
Business donations	86,316	105,568
Church donations	60,776	65,090
Civic group donations	11,583	15,448
Government donations	-	203,881
Grants	92,385	124,409
Other donations	57,498	41,224
In-kind donations	257,968	119,300
Miscellaneous revenue	9,454	2,250
Change in value of beneficial interest in assets held by BCMF	51,952	28,650
Investment return, net	11,342	6,297
Total support and revenue without donor restrictions	1,909,286	1,914,726
EXPENSES		
Program services		
Guest services	423,688	303,722
Men's services	318,246	267,555
Women & children services	581,938	532,214
Total program services	1,323,872	1,103,491
Management and general Development	188,424	142,689
	138,060	229,190
Total expenses	1,650,356	1,475,370
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of time restrictions	212,737	5,316
Change in net assets without donor restrictions	471,667	444,672
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	126,808	212,737
Net assets released from restrictions	(212,737)	(5,316)
Change in net assets with donor restrictions	(85,929)	207,421
Change in net assets	385,738	652,093
Net assets at beginning of year	6,295,782	5,643,689
Net assets at end of year	\$ 6,681,520	\$ 6,295,782

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Guest Services	Men's Services	Women & Children Services	Total Program	Management and General	Development	Total
Personnel	\$ 126,786	\$ 164,771	\$ 239,346	\$ 530,903	\$ 88,095	\$ 102,698	\$ 721,696
Supplies	223,936	53,114	46,548	323,598	3,444	167	327,209
Marketing and public relations	36,462	19,628	19,400	75,490	16,982	29,746	122,218
Occupancy	21,068	44,595	36,553	102,216	20,420	602	123,238
Consultants	-	-	-	-	5,125	-	5,125
Insurance	1,806	5,412	44,671	51,889	410	-	52,299
Office	3,032	1,470	2,263	6,765	24,230	3,688	34,683
Depreciation	6,642	19,903	164,271	190,816	1,509	-	192,325
Travel and vehicle	2,169	7,316	1,808	11,293	3,249	990	15,532
Professional fees	489	777	2,270	3,536	24,517	163	28,216
Interest expense	-	-	23,714	23,714	-	-	23,714
Volunteer and board	751	172	6	929	443	6	1,378
Conference and education	547	1,088	1,088	2,723	-	-	2,723
Total expenses	\$ 423,688	\$ 318,246	\$ 581,938	\$ 1,323,872	\$ 188,424	\$ 138,060	\$ 1,650,356

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Guest Services	Men's Services	Women & Children Services	Total Program	Management and General	Development	Total
Personnel	\$ 115,028	\$ 154,168	\$ 200,452	\$ 469,648	\$ 68,935	\$ 153,192	\$ 691,775
Supplies	147,700	13,003	15,135	175,838	1,790	1,202	178,830
Marketing and public relations	4,308	20,762	19,276	44,346	7,674	47,702	99,722
Occupancy	28,622	45,132	46,130	119,884	12,550	69	132,503
Consultants	-	8,250	8,250	16,500	-	16,500	33,000
Insurance	403	2,638	32,502	35,543	16,383	7,022	58,948
Office	1,285	1,368	3,904	6,557	16,524	441	23,522
Depreciation	3,918	17,320	163,821	185,059	1,509	-	186,568
Travel and vehicle	1,830	4,134	718	6,682	1,552	62	8,296
Professional fees	-	-	-	-	15,200	3,000	18,200
Interest expense	-	-	42,022	42,022	-	-	42,022
Volunteer and board	628	750	-	1,378	518	-	1,896
Conference and education	-	30	4	34	54	-	88
Total expenses	\$ 303,722	\$ 267,555	\$ 532,214	\$ 1,103,491	\$ 142,689	\$ 229,190	\$ 1,475,370

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
STATEMENT OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 385,738	\$ 652,093
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	192,325	186,568
Change in value of beneficial interest in assets held by BMCF	(51,951)	(28,650)
Net realized and unrealized gains on investments	(6,928)	(4,324)
Decrease (increase) in assets		
Unconditional promises to give	85,929	(207,421)
Prepaid expense	(12,846)	295
Increase in liabilities		
Accounts payable	15,030	3,772
Payroll taxes payable	26,191	554
Net cash flows from operating activities	633,488	602,887
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(101,047)
Purchase of investments	(561,664)	(267,594)
Redemptions of certificates of deposit	-	276,389
Distributions from beneficial interest in assets held by BMCF	240,430	18,427
Net cash flows from investing activities	(321,234)	(73,825)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(564,771)	(52,548)
Net change in cash and cash equivalents	(252,517)	476,514
Cash at beginning of year	808,119	331,605
Cash at end of year	\$ 555,602	\$ 808,119
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash investing and financing transactions		
Cash paid for interest	\$ 23,714	\$ 42,022

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Christian Aid Center (CAC) - Walla Walla Rescue Mission was founded in 1946 as a non-denominational ministry to serve those who suffer from chronic poverty, hunger, homelessness, chemical dependency, and mental illness. CAC provides emergency shelter for homeless women and children as well as single men in a safe caring environment. CAC also provides breakfast and dinner daily to the hungry in the community.

Promises to Give

Unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All promises to give are receivable in less than one year.

Investments

CAC reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Property and Equipment

Property and equipment have been recorded at cost, if purchased, or market value at time of donation if received as a gift. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets.

Contributions and Grants

Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions.

Donated Services

A substantial number of volunteers have donated services to CAC's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills as defined by generally accepted accounting principles.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of receipt.

Beneficial Interest in Assets Held by Blue Mountain Community Foundation

CAC's beneficial interest in assets held by Blue Mountain Community Foundation (BMCF) represents an agreement between CAC and BMCF in which CAC transfers assets to BMCF in exchange for future distributions. The beneficial interest is not actively traded, and significant other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to CAC by BMCF. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Expense Allocation

The financial statements report certain categories of expenses that are attributed to more than one program service or supporting activity. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, supplies, marketing and public relations, consultants, office, travel and vehicle, professional fees, volunteer and board, and conference and education, which are allocated based on estimates of time and effort; as well as occupancy, insurance, depreciation, which are allocated on a square-footage basis.

The following program services and supporting activities are included in the accompanying financial statements:

Guest services-CAC provides breakfast and dinner daily to anyone in the community who is hungry. The meal ministry is volunteer driven with more than 200 volunteers preparing and serving hot, nutritious meals each month.

Men's services-CAC provides emergency shelter in a safe caring environment. CAC also provides programs to help guests make a positive personal life change. These include life-skill classes, counseling, mentoring, addiction recovery, job coaching, and spiritual guidance.

Women & Children's Services-CAC provides safe, supportive space for homeless women with children in flexible living-units. These include life-skill classes, counseling, mentoring, addiction recovery, job coaching, and spiritual guidance.

Management and general-activities include accounting and production of financial reports, development and oversight of the annual budget, supervision of all departments, maintenance of personnel records, and representation of CAC within the community.

Development-activities include cultivation of new and major donors, direct mail appeals, planned giving activities, and media and public relations activities.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Paycheck Protection Program Loan

CAC received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan has been fully forgiven as the funds were used for payroll costs, interest on mortgages, rent, and utilities. CAC met the PPP's eligibility criteria and believed the loan is, in substance, a grant. CAC recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Tax Status

CAC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, CAC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Date of Management's Review

Subsequent events have been evaluated through May 25, 2022, the date that the financial statements were available for issue.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

CAC maintains its cash and certificates of deposit at two financial institutions in Washington. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000. CAC's uninsured balances at December 31, 2021 and 2020 totaled approximately \$265,000 and \$356,000.

NOTE 3 – INVESTMENTS

Investments are comprised of the following:

	2021	2020
Cash and cash equivalents	\$ 1,595	\$ 7,902
Fixed income	665,671	-
Portfolio funds	173,244	-
Mutual funds	-	264,016
	\$ 840,510	\$ 271,918

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 3 – INVESTMENTS (continued)

Fair values of mutual funds, portfolio funds, and fixed income securities are valued at unadjusted quoted prices reported on the active markets on which the individual securities are traded, which are Level 1 fair value measurements.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Land	\$ 152,078	\$ 152,078
Buildings and improvements	5,466,445	5,466,445
Furnishings	297,821	297,821
Equipment	141,086	141,086
Vehicles	23,587	23,587
Property and equipment	6,081,017	6,081,017
Less: accumulated depreciation	882,954	690,629
Property and equipment - net	\$ 5,198,063	\$ 5,390,388

NOTE 5 – ENDOWMENT

CAC's endowment consists of endowment funds held by Blue Mountain Community Foundation (BMcF). The endowment includes both donor-restricted endowment funds and funds designated by the Trustees to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

CAC is subject to Washington's Prudent Management of Institutional Funds Act (UPMIFA) and thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions. The board of directors of CAC has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, CAC considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. CAC has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, CAC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 – ENDOWMENT (continued)

funds: (1) the duration and preservation of the fund, (2) the purposes of CAC and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of CAC, and (7) the investment policies of CAC.

CAC established funds at BMCF to invest its endowment assets. The agreement between CAC and BMCF states that the transfer of assets is irrevocable and that the transferred assets will not be returned to CAC. However, BMCF will make annual distributions of the income earned on the funds, subject to BMCF's spending policy. The agreement also grants variance power to BMCF, which permits BMCF to substitute another beneficiary in place of CAC if CAC ceases to exist or if the BMCF's board of governors votes that support of CAC either is no longer necessary or is inconsistent with the needs of the community.

BMCF's primary investment goal is to deliver long-term investment returns sufficient to cover both spending and inflation to preserve the purchasing power of the investment portfolio. BMCF seeks to achieve this goal through cost-effective implementation at an appropriate level of risk, diversification of asset classes and strategies to provide consistent returns, capital preservation in down market cycles to provide stability in spending support, and long-term capital appreciation through the incorporation of risk-based assets, including nonmarketable, illiquid alternatives.

Endowment net assets composition by type of fund as of December 31, 2021 and 2020, is as follows:

	Without Donor Restriction	With Donor Restriction	2021 Total
Donor-restricted endowment funds	\$ -	\$ 186,205	\$ 186,205
Board designated endowment funds	64,407	-	64,407
	<u>\$ 64,407</u>	<u>\$ 186,205</u>	<u>\$ 250,612</u>
	Without Donor Restriction	With Donor Restriction	2020 Total
Donor-restricted endowment funds	\$ -	\$ 186,205	\$ 186,205
Board designated endowment funds	48,174	-	48,174
	<u>\$ 48,174</u>	<u>\$ 186,205</u>	<u>\$ 234,379</u>

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 – ENDOWMENT (continued)

Changes in endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>
Beginning balance	\$ 48,174	\$ 186,205	\$ 234,379
Amounts appropriated for expenditure	(35,719)	-	(35,719)
Investment return, net	51,952	-	51,952
Ending balance	<u>\$ 64,407</u>	<u>\$ 186,205</u>	<u>\$ 250,612</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>
Beginning balance	\$ 242,663	\$ 186,205	\$ 428,868
Amounts appropriated for expenditure	(18,427)	-	(18,427)
Investment return, net	28,650	-	28,650
Other change for redesignation	(204,712)	-	(204,712)
Ending balance	<u>\$ 48,174</u>	<u>\$ 186,205</u>	<u>\$ 234,379</u>

NOTE 6 – RETIREMENT EXPENSE

CAC sponsors a 403(b) Pension Plan covering all eligible employees. CAC matches up to 5% for full time employees. Retirement expense for 2021 and 2020 was \$24,685 and \$24,237.

NOTE 7 – NET ASSETS

Net assets without donor restrictions at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Board designated		
Property and equipment	\$ 4,945,226	\$ 4,572,780
Board endowment	64,407	48,174
Board Directed Long-term Reserve	0	204,712
Board Directed Operating Reserve	840,510	271,918
Undesignated	<u>518,364</u>	<u>799,256</u>
Net assets without donor restrictions	<u>\$ 6,368,507</u>	<u>\$ 5,896,840</u>

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 7 – NET ASSETS (continued)

Net assets with donor restrictions at December 31, 2021 and 2020 consist of the following:

	2021	0
Promises to give due in future period	\$ 126,808	\$ 212,737
Endowment funds	186,205	186,205
Net assets with donor restrictions	\$ 313,013	\$ 398,942

NOTE 8 – NOTE PAYABLE

CAC has a variable rate mortgage note payable. The rate is 5% as of December 31, 2021. Monthly payments for the first three years are interest only with a lump-sum principal payment on December 31 of each year. Starting in year four, monthly payments will include principal and interest. Interest expense for December 31, 2021 and 2020 was \$23,714 and \$42,022.

The outstanding balance on the note payable was paid in full on January 13, 2022.

NOTE 9 – PAYCHECK PROTECTION PROGRAM

On April 8, 2020, CAC received a \$106,936 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On March 8, 2021, the SBA preliminarily approved forgiveness of the loan. CAC must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review CAC's good-faith certification concerning the necessity of its loan request, whether CAC calculated the loan amount correctly, whether CAC used loan proceeds for the allowable uses specified in the CARES Act, and whether CAC is entitled to loan forgiveness in the amount claimed on its application. If SBA determines CAC was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 10 – SUBSEQUENT EVENT

In March 2022, CAC purchased property for the future development of the men's center and entered into a loan agreement for \$259,065.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 11 – LIQUIDITY AND AVAILABILITY

The following table reflects CAC’s financial assets as of the dates of the statements of financial position reduced by amounts that are not available to meet cash needs for general expenditures within one year of the date of the statement of financial position because of donor restrictions or internal board designations.

	2021	2020
Cash	\$ 555,602	\$ 808,119
Unconditional promises to give	126,808	212,737
Beneficial interest in assets held by BMCF	250,612	439,091
Investments	840,510	271,918
Financial assets at year-end	1,773,532	1,731,865
Less those unavailable for general expenditures within one year due to:		
Donor-restricted endowment funds	186,205	186,205
Board designations	904,917	524,804
Financial assets available to meet cash needs for general expenditures within one year	\$ 682,410	\$ 1,020,856

As part of CAC’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CAC also has amounts set aside for operating and other reserves that could be drawn upon if the board of directors approves that action.