

CHRISTIAN SERVICE BRIGADE

Financial Statements
For the Years Ended
June 30, 2019 and 2018
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, 2019 and 2018, and the related statements of activities and changes in net assets, of functional expenses and of 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 9, 2019

CHRISTIAN SERVICE BRIGADE

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

ASSETS	2019	2018
CURRENT ASSETS:		
Cash	\$ 29,051	\$ 35,555
Accounts receivable, net	523	1,173
Bequest receivable	55,000	-
Inventory	61,042	67,056
Prepaid expenses	941	1,242
Total current assets	<u>146,557</u>	<u>105,026</u>
PROPERTY AND EQUIPMENT, net	<u>7,586</u>	<u>12,841</u>
	<u>\$ 154,143</u>	<u>\$ 117,867</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 42,027	\$ 35,985
Accrued liabilities	25,667	25,541
Current portion of annuities payable	2,101	2,101
Total current liabilities	<u>69,795</u>	<u>63,627</u>
LONG-TERM LIABILITIES:		
Annuities payable	37,343	36,344
NET ASSETS WITHOUT DONOR RESTRICTION	<u>47,005</u>	<u>17,896</u>
	<u>\$ 154,143</u>	<u>\$ 117,867</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, 2019 AND 2018**

	2019	2018
CHANGE IN OPERATING NET ASSETS WITHOUT DONOR RESTRICTION:		
PUBLIC SUPPORT AND REVENUE:		
Contributions	\$ 639,709	\$ 574,594
In-kind contributions	12,000	12,000
Fee income	101,991	99,842
Sales	103,478	110,273
Total public support and revenue	<u>857,178</u>	<u>796,709</u>
FUNCTIONAL EXPENSES:		
Program services	656,414	658,847
Supporting services	91,104	72,624
Fundraising	77,451	76,843
Total functional expenses	<u>824,969</u>	<u>808,314</u>
CHANGE IN OPERATING NET ASSETS WITHOUT DONOR RESTRICTION	32,209	(11,605)
CHANGE IN VALUE OF ANNUITIES PAYABLE	<u>(3,100)</u>	<u>(1,720)</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	29,109	(13,325)
NET ASSETS WITHOUT DONOR RESTRICTION, beginning of year	<u>17,896</u>	<u>31,221</u>
NET ASSETS WITHOUT DONOR RESTRICTION, end of year	<u>\$ 47,005</u>	<u>\$ 17,896</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019				2018			
	Program Services	Supporting Services	Fundraising	Total	Program Services	Supporting Services	Fundraising	Total
Salaries and related expenses	\$ 461,142	\$ 75,928	\$ 55,947	\$ 593,017	\$ 449,178	\$ 56,473	\$ 55,285	\$ 560,936
Cost of sales - materials	50,929	-	-	50,929	58,507	3	7	58,517
Travel	40,353	2,710	2,581	45,644	39,832	3,215	2,179	45,226
ISI regional conference	20,565	-	-	20,565	13,962	-	-	13,962
Professional services	13,083	3,406	3,151	19,640	8,638	3,862	2,218	14,718
Bank fees	9,800	629	1,497	11,926	9,041	524	1,123	10,688
Building rent and improvements	8,234	1,115	2,651	12,000	8,234	1,115	2,651	12,000
Equipment purchase/rental	7,243	927	2,199	10,369	7,166	1,760	2,298	11,224
Telephone	7,030	775	1,106	8,911	7,874	867	1,144	9,885
Promotions	6,096	328	627	7,051	7,928	231	449	8,608
Postage	4,886	797	885	6,568	6,197	687	870	7,754
Contractual labor	6,500	-	-	6,500	12,000	-	-	12,000
Depreciation	3,606	488	1,161	5,255	3,046	412	980	4,438
Office supplies	3,801	555	445	4,801	8,028	674	740	9,442
Building insurance	2,963	401	954	4,318	2,866	388	923	4,177
Payroll processing and state filing fees	2,729	367	854	3,950	2,151	291	692	3,134
Printing and publications	1,476	1,950	-	3,426	3,099	937	-	4,036
Building maintenance and utilities	2,128	264	629	3,021	2,128	288	685	3,101
Conferences	2,427	271	232	2,930	6,641	784	1,561	8,986
Fundraising expenses	-	-	2,074	2,074	-	-	2,770	2,770
Dues and subscriptions	1,423	193	458	2,074	2,331	113	268	2,712
	<u>\$ 656,414</u>	<u>\$ 91,104</u>	<u>\$ 77,451</u>	<u>\$ 824,969</u>	<u>\$ 658,847</u>	<u>\$ 72,624</u>	<u>\$ 76,843</u>	<u>\$ 808,314</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets without donor restriction	\$ 29,109	\$ (13,325)
Adjustments to reconcile change in net assets without donor restriction to net cash used in operating activities:		
Depreciation	5,255	4,438
Decrease in value of annuity payable	3,100	1,720
Bad debt recovery	(500)	-
Changes in operating assets and liabilities:		
Accounts receivable	1,150	(826)
Bequest receivable	(55,000)	-
Inventory	6,014	5,894
Prepaid expenses	301	1,990
Accounts payable	6,042	(2,163)
Accrued liabilities	126	(4,398)
Annuities payable	(2,101)	(2,101)
Net cash used in operating activities	<u>(6,504)</u>	<u>(8,771)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>-</u>	<u>(5,098)</u>
NET CHANGE IN CASH	(6,504)	(13,869)
CASH, BEGINNING OF YEAR	<u>35,555</u>	<u>49,424</u>
CASH, END OF YEAR	<u><u>\$ 29,051</u></u>	<u><u>\$ 35,555</u></u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

(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.

Adoption of Recent Accounting Standard – The Organization adopted Accounting Standards Update (“ASU”) 2016-14, “*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.*” ASU 2016-14 contains several provisions that change the presentation of and disclosures within the financial statements of a not-for-profit entity. These changes include an updated net asset classification scheme from three classes to two classes, quantitative and qualitative disclosures regarding liquidity, a change in presentation of investment return to a net basis and a requirement to report expenses by function and nature.

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. As of June 30, 2019 and 2018, the Organization only has net assets without donor restriction.

Cash – 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.

Bequests and Accounts Receivable – Bequests and 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. The Organization recorded an allowance for doubtful accounts of \$500 as of June 30, 2018. There was no allowance for doubtful accounts as of June 30, 2019.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$7,163 and \$7,361 for the years ended June 30, 2019 and 2018, respectively, are included in cost of sales presented in the 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.

Contributions – Contributions are recognized 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.

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 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 2.52% and 2.98% at June 30, 2019 and 2018, respectively.

Donated Services – 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events – Management has evaluated the effects of all subsequent events through October 9, 2019, 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 has approximately \$147,000 of financial assets available within one year of the statement of financial position date consisting of approximately \$29,000 of cash, approximately \$56,000 of bequest and accounts receivable, and approximately \$61,000 of inventory. On August 23, 2019, the Organization obtained a line of credit with a bank which provides for up to \$50,000 of borrowings, payable on demand. There was \$35,000 available on the line of credit as of October 9, 2019, the date the financial statements were available to be issued.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2019	2018
Furniture and office equipment	\$ 29,241	\$ 32,855
Computer software	<u>6,287</u>	<u>6,287</u>
	35,528	39,142
Less accumulated depreciation	<u>27,942</u>	<u>26,301</u>
	<u>\$ 7,586</u>	<u>\$ 12,841</u>

Depreciation attributable to property and equipment amounted to \$5,255 and \$4,438 for the years ended June 30, 2019 and 2018, respectively.

4. OPERATING LEASE

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. In-kind contributions and building rent amounted to \$12,000 for each of the years ended June 30, 2019 and 2018.

5. RETIREMENT BENEFITS

The Organization has a tax deferred annuity plan covering certain full-time employees with at least three years of employment. The Organization contributes a matching amount up to 4% of salary. Employer contributions were approximately \$2,200 for each of the years ended June 30, 2019 and 2018.

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