CHRISTIAN SERVICE BRIGADE

Financial Statements
For the Years Ended
June 30, 2020 and 2019
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, 2020 and 2019, 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 9, 2020

CHRISTIAN SERVICE BRIGADE

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS		**2020**		**2019**
CURRENT ASSETS:				
Cash	$	92,037	$	29,051
Investments, at fair value		79,995		-
Accounts receivable		6,911		523
Bequest receivable		1,766		55,000
Inventory		66,009		61,042
Prepaid expenses		-		941
Total current assets		246,718		146,557
PROPERTY AND EQUIPMENT, net		6,687		7,586
	$	253,405	$	154,143
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Current portion of long-term debt	$	33,781	$	-
Accounts payable		8,622		42,027
Accrued liabilities		49,404		25,667
Current portion of annuities payable		2,101		2,101
Total current liabilities		93,908		69,795
ANNUITIES PAYABLE		41,579		37,343
LONG-TERM DEBT		69,819		-
NET ASSETS WITHOUT DONOR RESTRICTION		48,099		47,005
	$	253,405	$	154,143

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, 2020 AND 2019

	2020	2019
CHANGE IN OPERATING NET ASSETS WITHOUT DONOR RESTRICTION:		
PUBLIC SUPPORT AND REVENUE:		
Contributions	$ 644,584	$ 639,709
In-kind contributions	12,000	12,000
Fee income	62,000	101,991
Sales	91,323	103,478
Total public support and revenue	809,907	857,178
FUNCTIONAL EXPENSES:		
Program services	656,984	656,414
Supporting services	65,088	91,104
Fundraising	80,400	77,451
Total functional expenses	802,472	824,969
CHANGE IN OPERATING NET ASSETS WITHOUT DONOR RESTRICTION	7,435	32,209
NON-OPERATING ACTIVITIES:		
Interest and dividend income	61	-
Unrealized depreciation of investments	(65)	-
Change in value of annuities payable	(6,337)	(3,100)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	1,094	29,109
NET ASSETS WITHOUT DONOR RESTRICTION, beginning of year	47,005	17,896
NET ASSETS WITHOUT DONOR RESTRICTION, end of year	$ 48,099	$ 47,005

See accountants’ compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	Program Services	Supporting Services	Fundraising	Total	Program Services	Supporting Services	Fundraising	Total
Salaries and related expenses	$ 504,479	$ 55,796	$ 61,338	$ 621,613	$ 461,142	$ 75,928	$ 55,947	$ 593,017
Cost of sales - materials	42,242	-	-	42,242	50,929	-	-	50,929
Travel	20,936	1,479	1,608	24,023	40,353	2,710	2,581	45,644
Professional services	16,597	1,845	4,275	22,717	13,083	3,406	3,151	19,640
Building rent and improvements	8,234	1,115	2,651	12,000	8,234	1,115	2,651	12,000
Bank fees	9,321	713	1,696	11,730	9,800	629	1,497	11,926
ISI regional conference	11,384	-	-	11,384	20,565	-	-	20,565
Equipment purchase/rental	6,656	814	1,767	9,237	7,243	927	2,199	10,369
Telephone	6,193	649	818	7,660	7,030	775	1,106	8,911
Promotions	5,274	412	946	6,632	6,096	328	627	7,051
Postage	4,211	410	726	5,347	4,886	797	885	6,568
Office supplies	4,457	239	393	5,089	3,801	555	445	4,801
Building insurance	3,127	423	1,007	4,557	2,963	401	954	4,318
Contractual labor	3,500	-	-	3,500	6,500	-	-	6,500
Payroll processing and state filing fees	2,291	310	737	3,338	2,729	367	854	3,950
Depreciation	1,983	268	638	2,889	3,606	488	1,161	5,255
Building maintenance and utilities	1,746	236	562	2,544	2,128	264	629	3,021
Printing and publications	1,738	135	-	1,873	1,476	1,950	-	3,426
Dues and subscriptions	1,357	116	276	1,749	1,423	193	458	2,074
Conferences	957	105	74	1,136	2,427	271	232	2,930
Fundraising expenses	-	-	833	833	-	-	2,074	2,074
Interest expense	301	23	55	379	-	-	-	-
	$ 656,984	$ 65,088	$ 80,400	$ 802,472	$ 656,414	$ 91,104	$ 77,451	$ 824,969

See accountants’ compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets without donor restriction	$ 1,094	$ 29,109
Adjustments to reconcile change in net assets without donor restriction to net cash provided by (used in) operating activities:		
Unrealized loss on investments	65	-
Depreciation	2,889	5,255
Decrease in value of annuity payable	6,337	3,100
Bad debt recovery	-	(500)
Changes in operating assets and liabilities:		
Accounts receivable	(6,388)	1,150
Bequest receivable	53,234	(55,000)
Inventory	(4,967)	6,014
Prepaid expenses	941	301
Accounts payable	(33,405)	6,042
Accrued liabilities	23,737	126
Annuities payable	(2,101)	(2,101)
Net cash provided by (used in) operating activities	41,436	(6,504)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(80,060)	-
Purchases of property and equipment	(1,990)	-
Net cash used in investing activities	(82,050)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	103,600	-
NET CHANGE IN CASH	62,986	(6,504)
CASH, BEGINNING OF YEAR	29,051	35,555
CASH, END OF YEAR	$ 92,037	$ 29,051
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 379	$ -

See accountants' compilation report and notes to financial statements.

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. As of June 30, 2020 and 2019, the Organization only has net assets without donor restriction.

Revenue Recognition – During 2020, the Financial Accounting Standards Board ("FASB") adopted Accounting Standards Update ("ASU") 2014-09, "*Revenue from Contracts with Customers (Topic 606)*" ("ASU 2014-09"), using a modified retrospective method of application to all contracts existing on July 1, 2019. The ASU outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires expanded disclosures about revenue recognition. The core principle of the revenue model is that the Organization recognizes revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those services. The new standard also requires enhanced disclosures related to the disaggregation of revenue and significant judgments made in measurement and recognition. The impact of adopting ASU 2014-09 is not material to total revenues or net assets without donor restrictions.

During 2020, the Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves current guidance about whether a transaction should be accounted for as a contribution or an exchange transaction, and determining whether a contribution is conditional. The adoption of this standard did not have a material impact on the Organization's financial statements.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Bequest 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. There was no allowance for doubtful accounts as of June 30, 2020 and 2019.

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 $6,221 and $7,163 for the years ended June 30, 2020 and 2019, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 1.41% and 2.52% at June 30, 2020 and 2019, 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.

Subsequent Events **–** Management has evaluated the effects of all subsequent events through October 9, 2020, 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 $181,000 of financial assets available within one year of the statement of financial position date consisting of approximately $92,000 of cash, approximately $80,000 of investments, and approximately $9,000 of bequest and accounts receivable. 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 9, 2020, the date the financial statements were available to be issued.

3. INVESTMENTS

The Organization's investments are subject to measurement at fair value on a recurring basis. The basis for determining fair value at June 30, 2020 is as follows:

Fair value as determined by quoted prices in active markets for identical assets (Level 1) at June 30, 2020:

Mutual funds	$ 79,995

Cumulative unrealized loss on investments based upon the market value at June 30, 2020 is $65. There were no investments held at June 30, 2019.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2020	2019
Furniture and office equipment	$ 31,231	$ 29,241
Computer software	6,287	6,287
	37,518	35,528
Less accumulated depreciation	30,831	27,942
	$ 6,687	$ 7,586

Depreciation attributable to property and equipment amounted to $2,889 and $5,255 for the years ended June 30, 2020 and 2019, respectively.

5. LINE OF CREDIT

On August 23, 2019, the Organization obtained 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, 2020.

6. LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2020:

Note payable to a bank in monthly installments of $4,362 commencing November 2020, including interest at 1%, through April 2022. The note payable is unsecured and is pursuant to the Small Business Administration's Paycheck Protection Program, as further described in Note 9.	$ 103,600
Less current portion	33,781
Long-term portion	$ 69,819

Principal maturities of long-term debt for the fiscal years subsequent to June 30, 2020 and thereafter are as follows: 2021 - $33,781; 2022 - $69,819.

7. 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, 2020 and 2019.

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 $8,000 and $2,200 for the years ended June 30, 2020 and 2019.

9. COVID-19 PANDEMIC

In March 2020, the COVID-19 pandemic outbreak started to affect the region in which the Organization operates. In connection with this outbreak, the Governor of the State of New York ordered all non-essential businesses be shut down immediately. Under this order, the Organization was deemed an essential business and continues to operate.

In April 2020, the Organization received a loan in the amount of approximately $103,600, pursuant to the Paycheck Protection Program ("PPP") under division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), enacted on March 27, 2020. The loan matures in approximately two years, and bears an interest rate of 1%, as more fully described in Note 6. The proceeds from the loan have been used for eligible payroll costs, retirement and health benefits, utilities, and rent during the covered period. Under the terms of the PPP, the loan can be forgiven if the funds are used for qualifying expenses as described in the CARES Act. It is the Organization's intention to use the funds for such qualifying expenses and have the loan forgiven in its entirety.

It is currently uncertain what the long-term effect of the pandemic will have on the Organization's operations. No provision for losses has been made in the accompanying financial statements.

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