

CHRISTIAN SERVICE BRIGADE

Financial Statements
For the Years Ended
June 30, 2023 and 2022
with
Accountants' Compilation Report

CHRISTIAN SERVICE BRIGADE

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Charles W. Chiampou, CPA, JD
Robert J. Travis, CPA
Kelly G. Besaw, CPA, CVA
Eugene G. Kershner, CPA
D. Scott Sutherland, CPA
Stephen R. Brady, CPA, JD
Jon K. Pellish, CPA
Eric D. Colca, CPA, CVA
Michael Schaffstall, CPA
Garret R. Alexin, CPA, MBA
Karen M. Antonelli, CPA, CCIFP
Meagan K. Fitzgerald, CPA
Brian Maze, CPA
Andrew L. Neyman, CPA, MBA
Gina M. McDonough, CPA
Jennifer N. Aceti, CPA
Matthew J. DeVincentis, CPA, MBA
Laura J. Markle, CPA

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

Management is responsible for the accompanying financial statements of Christian Service Brigade (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

Champion Travis Besaw & Kershner LLP

October 3, 2023

CHRISTIAN SERVICE BRIGADE

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 135,811	\$ 51,085
Investments, at fair value	167,028	185,541
Accounts receivable	133	2,609
Inventory	64,810	65,940
Prepaid expenses	1,302	984
Total current assets	<u>369,084</u>	<u>306,159</u>
PROPERTY AND EQUIPMENT, net	<u>1,881</u>	<u>3,226</u>
	<u><u>\$ 370,965</u></u>	<u><u>\$ 309,385</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 17,943	\$ 8,991
Accrued liabilities	39,999	52,690
Current portion of annuities payable	2,101	2,101
Total current liabilities	<u>60,043</u>	<u>63,782</u>
LONG-TERM PORTION OF ANNUITIES PAYABLE	<u>27,091</u>	<u>32,228</u>
Total liabilities	87,134	96,010
NET ASSETS WITHOUT DONOR RESTRICTION	<u>283,831</u>	<u>213,375</u>
	<u><u>\$ 370,965</u></u>	<u><u>\$ 309,385</u></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, 2023 AND 2022**

	2023	2022
CHANGE IN OPERATING NET ASSETS:		
PUBLIC SUPPORT AND REVENUE:		
Contributions	\$ 725,549	\$ 609,810
Donated services and assets	15,000	15,000
Fee income	94,119	67,111
Sales	74,338	67,060
Total public support and revenue	<u>909,006</u>	<u>758,981</u>
FUNCTIONAL EXPENSES:		
Program services	648,764	596,207
Supporting services	116,370	93,590
Fundraising	86,156	88,064
Total functional expenses	<u>851,290</u>	<u>777,861</u>
CHANGE IN OPERATING NET ASSETS	57,716	(18,880)
NON-OPERATING ACTIVITIES:		
Interest and dividend income	3,037	842
Unrealized appreciation (depreciation) of investments	9,044	(11,631)
Realized gains (losses) on sales of investments	(2,378)	8,843
Change in value of annuities payable	3,037	3,045
Forgiveness of debt	-	106,825
Total non-operating activities	<u>12,740</u>	<u>107,924</u>
CHANGE IN NET ASSETS	70,456	89,044
NET ASSETS, beginning of year	<u>213,375</u>	<u>124,331</u>
NET ASSETS, end of year	<u>\$ 283,831</u>	<u>\$ 213,375</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023				2022			
	Program Services	Supporting Services	Fundraising	Total	Program Services	Supporting Services	Fundraising	Total
Salaries and related expenses	\$ 461,834	\$ 106,417	\$ 61,159	\$ 629,410	\$ 443,056	\$ 83,975	\$ 60,281	\$ 587,312
Cost of sales - materials	39,969	-	-	39,969	32,227	-	-	32,227
Professional services	26,864	2,225	4,989	34,078	20,017	1,683	4,139	25,839
Travel	29,732	1,155	1,391	32,278	17,114	910	1,166	19,190
ISI regional conference	24,092	67	159	24,318	18,387	-	-	18,387
Donated space	10,293	1,393	3,314	15,000	10,416	1,357	3,227	15,000
Bank fees	10,532	697	1,658	12,887	9,310	802	1,906	12,018
Promotions	8,805	624	1,439	10,868	5,561	426	992	6,979
Postage	6,281	492	1,098	7,871	5,925	437	1,255	7,617
Small equipment purchases and rentals	4,378	565	1,342	6,285	5,138	617	1,441	7,196
Contractual labor	6,072	10	23	6,105	3,800	-	-	3,800
Building insurance	3,578	484	1,152	5,214	3,508	475	1,129	5,112
↳ Fundraising expenses	-	-	5,078	5,078	-	-	8,272	8,272
Building maintenance and utilities	2,968	402	955	4,325	2,729	369	878	3,976
Telephone	2,847	772	454	4,073	8,228	1,225	1,169	10,622
Office supplies	2,971	147	297	3,415	3,335	331	671	4,337
Payroll processing and state filing fees	1,954	264	629	2,847	1,663	225	535	2,423
Conferences	1,946	365	382	2,693	2,286	507	406	3,199
Dues and subscriptions	1,945	166	340	2,451	2,282	126	300	2,708
Depreciation	923	125	297	1,345	925	125	297	1,347
Printing and publications	780	-	-	780	300	-	-	300
	<u>\$ 648,764</u>	<u>\$ 116,370</u>	<u>\$ 86,156</u>	<u>\$ 851,290</u>	<u>\$ 596,207</u>	<u>\$ 93,590</u>	<u>\$ 88,064</u>	<u>\$ 777,861</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 70,456	\$ 89,044
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Unrealized (appreciation) depreciation of investments	(9,044)	11,631
Realized (gains) losses on sales of investments	2,378	(8,843)
Depreciation	1,345	1,347
Change in value of annuities payable	(3,036)	(3,045)
Forgiveness of debt	-	(106,825)
Changes in operating assets and liabilities:		
Accounts receivable	2,476	(2,609)
Inventory	1,130	(6,478)
Prepaid expenses	(318)	(46)
Accounts payable	8,952	(4,171)
Accrued liabilities	(12,691)	4,168
Annuities payable	(2,101)	(2,101)
Net cash and cash equivalents provided by (used in) operating activities	<u>59,547</u>	<u>(27,928)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(91,778)	(8,474)
Proceeds from sale of investments	116,957	9,699
Net cash and cash equivalents provided by investing activities	<u>25,179</u>	<u>1,225</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	84,726	(26,703)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>51,085</u>	<u>77,788</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 135,811</u>	<u>\$ 51,085</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

(See Accountants' Compilation Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Christian Service Brigade (the “Organization”), is a not-for-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, 2023 and 2022, 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, 2023 and 2022.

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 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 – The Organization presents contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets and provide additional disclosures about contributions of nonfinancial assets.

The Organization recognizes in-kind contributions of nonfinancial assets 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 contributions of nonfinancial assets as revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Leases – On July 1, 2022, the Organization adopted ASU 2016-02, *Leases* (Topic 842), and all subsequent amendments. The pronouncement requires the recognition of leases on the balance sheet as right-of-use assets and lease liabilities, for lessees, and updates disclosure requirements regarding qualitative and quantitative information of leases for lessors. The Organization elected to adopt Topic 842 using the effective date transition method, which permits the Organization to apply the new standard prospectively and present comparative years under legacy GAAP.

The adoption of this standard did not have a material effect on the Organization’s financial statements.

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 3.85% and 3.14% at June 30, 2023 and 2022, 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 3, 2023, 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, 2023 and 2022, that are available to meet general expenditures within one year of the statement of financial position date.

	2023	2022
Cash and cash equivalents	\$ 135,811	\$ 51,085
Investments, at fair value	167,028	185,541
Accounts receivable	<u>133</u>	<u>2,609</u>
	<u>\$ 302,972</u>	<u>\$ 239,235</u>

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 3, 2023, 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, 2023 and 2022, were \$167,028 and \$185,541, respectively.

Unrealized appreciation (depreciation) on investments based upon the market value at June 30, 2023 and 2022, was \$9,044 and (\$11,631), respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2023	2022
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>36,186</u>	<u>34,841</u>
	<u>\$ 1,881</u>	<u>\$ 3,226</u>

Depreciation attributable to property and equipment amounted to \$1,345 and \$1,347 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022.

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 for each of the years ended June 30, 2023 and 2022.

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 were 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 were 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 \$4,000 and \$3,800 for the years ended June 30, 2023 and 2022, respectively.

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