

CHRISTIAN SERVICE BRIGADE

Financial Statements
For the Years Ended
June 30, 2024 and 2023
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 not-for-profit corporation), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 a compilation engagement 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 the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Chiampou Travis Besaw & Kershner LLP

October 7, 2024

CHRISTIAN SERVICE BRIGADE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 123,516	\$ 135,811
Investments, at fair value	96,689	167,028
Accounts receivable	332	133
Inventory	72,486	64,810
Prepaid expenses	54	1,302
Total current assets	<u>293,077</u>	<u>369,084</u>
PROPERTY AND EQUIPMENT, net	<u>372</u>	<u>1,881</u>
	<u>\$ 293,449</u>	<u>\$ 370,965</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 16,753	\$ 17,943
Accrued liabilities	26,292	39,999
Current portion of annuities payable	2,101	2,101
Total current liabilities	<u>45,146</u>	<u>60,043</u>
LONG-TERM PORTION OF ANNUITIES PAYABLE	<u>26,694</u>	<u>27,091</u>
Total liabilities	71,840	87,134
NET ASSETS:		
Without donor restriction	217,377	283,831
With donor restriction	4,232	-
Total net assets	<u>221,609</u>	<u>283,831</u>
	<u>\$ 293,449</u>	<u>\$ 370,965</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR 2023)**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2024 Total</u>	<u>2023 Total</u>
CHANGE IN OPERATING NET ASSETS:				
PUBLIC SUPPORT AND REVENUE:				
Contributions	\$ 615,185	\$ 4,232	\$ 619,417	\$ 725,549
Donated services and assets	15,000	-	15,000	15,000
Fee income	24,108	-	24,108	94,119
Sales	70,816	-	70,816	74,338
Total public support and revenue	<u>725,109</u>	<u>4,232</u>	<u>729,341</u>	<u>909,006</u>
FUNCTIONAL EXPENSES:				
Program services	581,032	-	581,032	648,764
Supporting services	127,411	-	127,411	116,370
Fundraising	86,286	-	86,286	86,156
Total functional expenses	<u>794,729</u>	<u>-</u>	<u>794,729</u>	<u>851,290</u>
CHANGE IN OPERATING NET ASSETS	(69,620)	4,232	(65,388)	57,716
NON-OPERATING ACTIVITIES:				
Interest and dividend income	6,749	-	6,749	3,037
Unrealized appreciation (depreciation) of investments	(9,193)	-	(9,193)	9,044
Realized gains (losses) on sales of investments	8,668	-	8,668	(2,378)
Casualty loss	(1,354)	-	(1,354)	-
Change in value of annuities payable	(1,704)	-	(1,704)	3,037
Total non-operating activities	<u>3,166</u>	<u>-</u>	<u>3,166</u>	<u>12,740</u>
CHANGE IN NET ASSETS	(66,454)	4,232	(62,222)	70,456
NET ASSETS, beginning of year	<u>283,831</u>	<u>-</u>	<u>283,831</u>	<u>213,375</u>
NET ASSETS, end of year	<u>\$ 217,377</u>	<u>\$ 4,232</u>	<u>\$ 221,609</u>	<u>\$ 283,831</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024				2023			
	Program Services	Supporting Services	Fundraising	Total	Program Services	Supporting Services	Fundraising	Total
Salaries and related expenses	\$ 461,248	\$ 112,210	\$ 61,630	\$ 635,088	\$ 461,834	\$ 106,417	\$ 61,159	\$ 629,410
Cost of sales - materials	40,284	-	-	40,284	39,969	-	-	39,969
Professional services	24,240	7,442	5,660	37,342	26,864	2,225	4,989	34,078
Donated space	10,293	1,393	3,314	15,000	10,293	1,393	3,314	15,000
Travel	12,188	1,040	785	14,013	29,732	1,155	1,391	32,278
Bank fees	7,038	620	1,473	9,131	10,532	697	1,658	12,887
Fundraising expenses	-	-	7,063	7,063	-	-	5,078	5,078
Telephone	4,867	1,046	685	6,598	2,847	772	454	4,073
Building insurance	3,586	486	1,154	5,226	3,578	484	1,152	5,214
Postage	3,574	428	926	4,928	6,281	492	1,098	7,871
Payroll processing and state filing fees	2,777	376	894	4,047	1,954	264	629	2,847
Promotions	2,999	414	619	4,032	8,805	624	1,439	10,868
↳ Building maintenance and utilities	2,701	366	870	3,937	2,968	402	955	4,325
Conferences	1,601	217	515	2,333	1,946	365	382	2,693
Dues and subscriptions	1,587	124	295	2,006	1,945	166	340	2,451
Office supplies	1,269	227	161	1,657	2,971	147	297	3,415
Small equipment purchases and rentals	366	227	118	711	4,378	565	1,342	6,285
Depreciation	385	187	124	696	923	125	297	1,345
Printing and publications	29	608	-	637	780	-	-	780
ISI regional conference	-	-	-	-	24,092	67	159	24,318
Contractual labor	-	-	-	-	6,072	10	23	6,105
	<u>\$ 581,032</u>	<u>\$ 127,411</u>	<u>\$ 86,286</u>	<u>\$ 794,729</u>	<u>\$ 648,764</u>	<u>\$ 116,370</u>	<u>\$ 86,156</u>	<u>\$ 851,290</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (62,222)	\$ 70,456
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Unrealized (appreciation) depreciation of investments	9,193	(9,044)
Realized (gains) losses on sales of investments	(8,668)	2,378
Depreciation	696	1,345
Casualty loss	1,354	-
Change in value of annuities payable	1,704	(3,036)
Changes in operating assets and liabilities:		
Accounts receivable	(199)	2,476
Inventory	(7,676)	1,130
Prepaid expenses	1,248	(318)
Accounts payable	(1,190)	8,952
Accrued liabilities	(13,707)	(12,691)
Annuities payable	(2,101)	(2,101)
Net cash and cash equivalents provided by (used in) operating activities	<u>(81,568)</u>	<u>59,547</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(182,940)	(91,778)
Proceeds from sale of investments	252,754	116,957
Purchases of fixed assets	(541)	-
Net cash and cash equivalents provided by investing activities	<u>69,273</u>	<u>25,179</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(12,295)	84,726
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>135,811</u>	<u>51,085</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 123,516</u>	<u>\$ 135,811</u>

See accountants' compilation report and notes to financial statements.

CHRISTIAN SERVICE BRIGADE

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

(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.

Generally accepted accounting principles require that resources be classified for reporting purposes into two categories based upon the presence or absence of donor restrictions – with donor restrictions or without donor restrictions. 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, 2024, the Organization has net assets with donor restriction of 4,232 (Notes 2, 8). At June 30, 2023, the Organization only had net assets without donor restrictions.

Recent Accounting Standard Adopted – On July 1, 2023, the Organization adopted Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. This standard replaces the incurred loss model with the current expected credit loss (“CECL”) model to estimate credit losses for financial assets measured at amortized cost. The CECL model requires the Organization to estimate credit losses over the life of the financial assets based on historical experience, current conditions, and reasonable and supportable forecasts. Financial assets held by the Organization that are subject to this standard are accounts receivable. The adoption of this standard did not have an impact on the financial statements.

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. Certain funds are donor restricted for future scholarship opportunities.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Accounts Receivable and Allowance for Estimated Credit Losses – Receivables are stated at the amount management expects to collect from outstanding balances. The estimate of credit losses is based on the Organizations' assessment of the collectability of the respective customers and foundations. The Organization regularly reviews the allowance by considering factors such as the age of the receivable balances, historical experience, current economic conditions, and reasonable and supportable forecasts of future economic conditions that may affect an institution's ability to pay. Balances that are outstanding after management has used reasonable collection efforts are written off. There was no allowance for estimated credit losses as of June 30, 2024 and 2023.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 – The Organization recognizes leases in accordance with ASU 2016-02, Leases (Topic 842). ASU 2016-02 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.

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, 2024 and 2023, 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 7, 2024, 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

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprise of the following:

	2024	2023
Cash and cash equivalents	\$ 123,516	\$ 135,811
Investments, at fair value	96,689	167,028
Accounts receivable	<u>332</u>	<u>133</u>
	220,537	302,972
Less: donor restricted cash (Notes 1, 8)	<u>4,232</u>	<u>-</u>
	<u>\$ 216,305</u>	<u>\$ 302,972</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 7, 2024, 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. FAIR VALUE MEASUREMENTS

The fair value of the Organization's investments was determined by reference to quoted market prices and other relevant information generated by market transactions (Level 1) and valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or valuations based on models where the significant inputs are observable or can be corroborated by observable market data (Level 2). Investment gains, losses and income are reported in the statements of activities and changes in net assets.

The following table sets forth, by level within the fair value hierarchy, the Organization's investments that measured at fair value on a recurring basis as of June 30, 2024:

	Level 1	Level 2	Total	Cost
Mutual funds	\$ 6,952	\$ -	\$ 6,952	\$ 5,805
Certificates of deposit	<u>-</u>	<u>89,737</u>	<u>89,737</u>	<u>90,000</u>
Total	<u>\$ 6,952</u>	<u>\$ 89,737</u>	<u>\$ 96,689</u>	<u>\$ 95,805</u>

The following table sets forth, by level within the fair value hierarchy, the Organization's investments that measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Total	Cost
Equity securities	\$ 6,544	\$ -	\$ 6,544	\$ 793
Mutual funds	5,996	-	5,996	5,655
Certificates of deposit	-	63,985	63,985	64,000
Government securities	<u>-</u>	<u>90,503</u>	<u>90,503</u>	<u>88,834</u>
Total	<u>\$ 12,540</u>	<u>\$ 154,488</u>	<u>\$ 167,028</u>	<u>\$ 159,282</u>

3. FAIR VALUE MEASUREMENTS (continued)

Generally accepted accounting principles require that impaired investments, that is, investments for which the fair value is less than its cost, be evaluated as to whether such impairment is other than temporary. Since the Organization has the ability and the intent to hold the securities until a recovery in value occurs (or until maturity, if necessary), no investments have been deemed impaired at June 30, 2024 and 2023.

Unrealized appreciation (depreciation) on investments based upon the market value at June 30, 2024 and 2023, was (\$9,193) and \$9,044 respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024

	2024	2023
Furniture and office equipment	\$ 26,821	\$ 31,780
Computer software	<u>6,287</u>	<u>6,287</u>
	33,108	38,067
Less accumulated depreciation	<u>32,736</u>	<u>36,186</u>
	<u>\$ 372</u>	<u>\$ 1,881</u>

Depreciation attributable to property and equipment amounted to \$696 and \$1,345 for the years ended June 30, 2024 and 2023, respectively.

An asset was destroyed by the respective manufacturer, and the Organization has decided not to repair. As such, a casualty loss of \$1,354 has been recorded in non-operating activities in the statements of activities and changes in net assets for the year ended June 30, 2024.

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, 2024 and 2023.

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, 2024 and 2023.

7. 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 \$3,500 and \$4,000 for the years ended June 30, 2024 and 2023, respectively.

8. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are available for the following purposes as of June 30, 2024:

Camp scholarships	\$ <u>4,232</u>
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The were no net assets with donor restrictions as of June 30, 2023.

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