

CHRISTIAN AID CENTER

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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, 2020 and 2019, 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

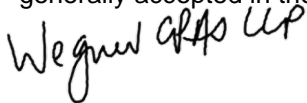
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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.

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 13, 2021

CHRISTIAN AID CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Cash | \$ 808,119 | \$ 331,605 |
| Certificates of deposit | - | 276,389 |
| Unconditional promises to give | 212,737 | 5,316 |
| Prepaid expenses | 6,901 | 7,196 |
| Investments | 271,918 | - |
| Beneficial interest in assets held by BMCF | 439,091 | 428,868 |
| Property and equipment - net | <u>5,390,388</u> | <u>5,475,909</u> |
| Total assets | <u><u>\$ 7,129,154</u></u> | <u><u>\$ 6,525,283</u></u> |
| LIABILITIES | | |
| Accounts payable | \$ 13,808 | \$ 10,036 |
| Payroll taxes payable | 1,956 | 1,402 |
| Note payable | <u>817,608</u> | <u>870,156</u> |
| Total liabilities | 833,372 | 881,594 |
| NET ASSETS | | |
| Without donor restrictions | 5,896,840 | 5,452,168 |
| With donor restrictions | <u>398,942</u> | <u>191,521</u> |
| Total net assets | <u><u>6,295,782</u></u> | <u><u>5,643,689</u></u> |
| Total liabilities and net assets | <u><u>\$ 7,129,154</u></u> | <u><u>\$ 6,525,283</u></u> |

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| SUPPORT AND OTHER REVENUE | | |
| Individual donations | \$ 1,202,609 | \$ 774,742 |
| Business donations | 105,568 | 73,947 |
| Church donations | 65,090 | 65,038 |
| Civic group donations | 15,448 | 12,345 |
| Government donations | 203,881 | - |
| Grants | 124,409 | 70,602 |
| Other donations | 41,224 | 34,789 |
| In-kind donations | 119,300 | 84,115 |
| Miscellaneous revenue | 2,250 | 8,112 |
| Change in value of beneficial interest in assets held by BCMF | 28,650 | 66,047 |
| Investment return, net | 6,297 | 5,316 |
| | <u>1,914,726</u> | <u>1,195,053</u> |
| EXPENSES | | |
| Program services | | |
| Guest services | 303,722 | 275,953 |
| Men's services | 267,555 | 255,105 |
| Women & children services | 532,214 | 564,513 |
| | <u>1,103,491</u> | <u>1,095,571</u> |
| Total program services | 1,103,491 | 1,095,571 |
| Management and general Development | 142,689 | 140,394 |
| | <u>229,190</u> | <u>155,667</u> |
| Total expenses | 1,475,370 | 1,391,632 |
| NET ASSETS RELEASED FROM RESTRICTIONS | | |
| Satisfaction of program restrictions | 5,316 | 156,785 |
| | <u>5,316</u> | <u>156,785</u> |
| Change in net assets without donor restrictions | 444,672 | (39,794) |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS | | |
| Contributions | 212,737 | - |
| Net assets released from restrictions | (5,316) | (156,785) |
| | <u>207,421</u> | <u>(156,785)</u> |
| Change in net assets with donor restrictions | 207,421 | (156,785) |
| Change in net assets | 652,093 | (196,579) |
| Net assets at beginning of year | 5,643,689 | 5,840,268 |
| Net assets at end of year | <u>\$ 6,295,782</u> | <u>\$ 5,643,689</u> |

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 FUNCTIONAL EXPENSES
Year Ended December 31, 2019

| | Guest Services | Men's Services | Women & Children Services | Total Program | Management and General | Development | Total |
|--------------------------------|-------------------|-------------------|---------------------------------|---------------------|---------------------------|-------------------|---------------------|
| Personnel | \$ 123,398 | \$ 154,053 | \$ 231,504 | \$ 508,955 | \$ 64,453 | \$ 81,797 | \$ 655,205 |
| Supplies | 107,712 | 14,574 | 16,712 | 138,998 | 5,256 | 183 | 144,437 |
| Marketing and public relations | 8,903 | 18,753 | 18,293 | 45,949 | 4,734 | 46,592 | 97,275 |
| Occupancy | 20,417 | 37,163 | 40,223 | 97,803 | 11,924 | 1,330 | 111,057 |
| Consultants | - | 8,750 | 11,828 | 20,578 | 2,847 | 16,500 | 39,925 |
| Insurance | 391 | 2,561 | 31,555 | 34,507 | 15,905 | 6,817 | 57,229 |
| Office | 4,716 | 657 | 1,458 | 6,831 | 12,859 | 206 | 19,896 |
| Depreciation | 2,018 | 13,222 | 162,920 | 178,160 | 1,509 | - | 179,669 |
| Travel and vehicle | 5,176 | 4,654 | 1,079 | 10,909 | 2,071 | 1,467 | 14,447 |
| Professional fees | 660 | - | - | 660 | 16,700 | - | 17,360 |
| Interest expense | - | - | 48,223 | 48,223 | - | - | 48,223 |
| Volunteer and board | 409 | - | - | 409 | 1,345 | - | 1,754 |
| Conference and education | 2,153 | 718 | 718 | 3,589 | 791 | 775 | 5,155 |
| Total expenses | \$ 275,953 | \$ 255,105 | \$ 564,513 | \$ 1,095,571 | \$ 140,394 | \$ 155,667 | \$ 1,391,632 |

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
STATEMENT OF CASH FLOWS
Years Ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 652,093 | \$ (196,579) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities | | |
| Depreciation | 186,568 | 179,669 |
| Change in value of beneficial interest in assets held by BMCF | (28,650) | (66,047) |
| Net realized and unrealized gains on investments | (4,324) | - |
| Decrease (increase) in assets | | |
| Unconditional promises to give | (207,421) | 156,785 |
| Prepaid expense | 295 | 173 |
| Increase in liabilities | | |
| Accounts payable | 3,772 | 9,616 |
| Payroll taxes payable | 554 | 254 |
| Net cash flows from operating activities | <u>602,887</u> | <u>83,871</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (101,047) | (235,926) |
| Purchase of investments | (267,594) | - |
| Interest reinvested in certificates of deposit | - | (2,250) |
| Redemptions of certificates of deposit | 276,389 | - |
| Distributions from beneficial interest in assets held by BMCF | 18,427 | 18,038 |
| Net cash flows from investing activities | <u>(73,825)</u> | <u>(220,138)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on note payable | (52,548) | (75,000) |
| Net change in cash and cash equivalents | <u>476,514</u> | <u>(211,267)</u> |
| Cash at beginning of year | <u>331,605</u> | <u>542,872</u> |
| Cash at end of year | <u>\$ 808,119</u> | <u>\$ 331,605</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Noncash investing and financing transactions | | |
| Cash paid for interest | \$ 42,022 | \$ 48,223 |

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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

Investments consist of mutual funds, which are valued at the published net asset value per unit at the end of the last trading day of the fiscal year. 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.

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,

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

supplies, marketing and public relations, occupancy, consultants, insurance, office, depreciation, travel and vehicle, professional fees, volunteer and board, and conference and education, which are allocated based on estimates of time and effort.

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.

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.

Donated Services

A substantial number of volunteers have donated services to CAC's program services and fund-raising 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.

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.

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.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Beneficial Interest in Assets Held by Blue Mountain Community Foundation

CAC has established agency endowment funds with Blue Mountain Community Foundation (BMCF). CAC recognizes the fair value of contributions as support when received and recognizes transfers to the agency endowment as decreases in cash and increases in an asset called “Beneficial interest in assets held by BMCF” when the funds are transferred to BMCF.

CAC acknowledges that by virtue of the governing instrument of BMCF, the Foundation has the authority to modify any restriction or condition on the distribution of assets to protect those funds from obsolescence.

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.

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 13, 2021, 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, 2020 and 2019 totaled approximately \$356,000 and \$329,000.

NOTE 3 – AGENCY ENDOWMENT

CAC’s endowment consists of endowment funds held by Blue Mountain Community Foundation (BMCF). These funds include a donor endowment and amounts that have been 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

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 3 – AGENCY ENDOWMENT (continued)

Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Trustees have interpreted the Washington Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, CAC classifies the original value of gifts donated as endowment funds restricted in perpetuity, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to net assets without restrictions.

Composition of the net assets for the endowment were as follows at December 31, 2020 and 2019:

| | 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> |
| | Without Donor Restriction | With Donor Restriction | 2019 Total |
| Donor-restricted endowment funds | \$ - | \$ 186,205 | \$ 186,205 |
| Board designated endowment funds | 242,663 | - | 242,663 |
| | <u>\$ 242,663</u> | <u>\$ 186,205</u> | <u>\$ 428,868</u> |

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 3 – AGENCY ENDOWMENT (continued)

Changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2020 Total</u> |
|--------------------------------|---------------------------------------|------------------------------------|-----------------------|
| Beginning balance | \$ 242,663 | \$ 186,205 | \$ 428,868 |
| Other change for redesignation | <u>(194,489)</u> | <u>-</u> | <u>(194,489)</u> |
| Ending balance | <u>\$ 48,174</u> | <u>\$ 186,205</u> | <u>\$ 234,379</u> |
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2019 Total</u> |
| Beginning balance | \$ 194,654 | \$ 186,205 | \$ 380,859 |
| Distributions | (18,038) | - | (18,038) |
| Net investment activity | <u>66,047</u> | <u>-</u> | <u>66,047</u> |
| Ending balance | <u>\$ 242,663</u> | <u>\$ 186,205</u> | <u>\$ 428,868</u> |

NOTE 4 – INVESTMENTS

Investments at December 31, 2020 and 2019 include the following:

| | <u>2020</u> | <u>2019</u> |
|---------------------------|-------------------|-------------|
| Cash and cash equivalents | \$ 7,902 | \$ - |
| Mutual funds | <u>264,016</u> | <u>-</u> |
| | <u>\$ 271,918</u> | <u>\$ -</u> |

Mutual funds are listed on national exchanges and are valued at the closing prices as of the valuation date.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2020 and 2019 are as follows:

| | 2020 Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|--------------------|---|---|--|
| Beneficial interest in assets held by BMCF | <u>\$ 439,091</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 439,091</u> |
| | 2019 Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Beneficial interest in assets held by BMCF | <u>\$ 428,868</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 428,868</u> |

CAC's beneficial interest in assets held by 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 observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as report to CAC by BMCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably estimated.

The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Beginning balance | \$ 428,868 | \$ 380,859 |
| Distributions | (18,427) | (18,038) |
| Change in value of beneficial interest included in change in net assets | <u>28,650</u> | <u>66,047</u> |
| Ending balance | <u>\$ 439,091</u> | <u>\$ 428,868</u> |

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019 consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|---------------------|---------------------|
| Land | \$ 152,078 | \$ 152,078 |
| Buildings and improvements | 5,466,445 | 5,418,041 |
| Furnishings | 297,821 | 278,613 |
| Equipment | 141,086 | 107,651 |
| Vehicles | <u>23,587</u> | <u>23,587</u> |
| Property and equipment | 6,081,017 | 5,979,970 |
| Less: accumulated depreciation | <u>690,629</u> | <u>504,061</u> |
| Property and equipment - net | <u>\$ 5,390,388</u> | <u>\$ 5,475,909</u> |

NOTE 7 – 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 2020 and 2019 was \$24,237 and \$20,885.

NOTE 8 – NET ASSETS

Net assets without donor restrictions at December 31, 2020 and 2019 consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|---------------------|---------------------|
| Board designated | | |
| Property and equipment | \$ 4,572,780 | \$ 4,605,753 |
| Board endowment | 48,174 | 242,663 |
| Board Directed Long-term Reserve | 204,712 | 212,769 |
| Board Directed Operating Reserve | 271,918 | 153,503 |
| Maintenance reserves | - | 105,063 |
| King shelter maintenance reserve | - | 2,500 |
| King shelter operating reserve | - | 2,500 |
| Undesignated | <u>799,256</u> | <u>127,417</u> |
| Net assets without donor restrictions | <u>\$ 5,896,840</u> | <u>\$ 5,452,168</u> |

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 8 – NET ASSETS (continued)

Net assets with donor restrictions at December 31, 2020 and 2019 consist of the following:

| | 2020 | 2019 |
|---------------------------------------|------------|------------|
| Promises to give due in future period | \$ 212,737 | \$ 5,316 |
| Endowment funds | 186,205 | 186,205 |
| | \$ 398,942 | \$ 191,521 |

NOTE 9 – NOTE PAYABLE

CAC has a variable rate mortgage note payable. The rate is 5% as of December 31, 2020. 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 the year ended December 31, 2020 and 2019 was \$42,022 and \$48,223. Future minimum principal payments are as follows for years ending December 31:

| | |
|------------|------------|
| 2021 | \$ 20,000 |
| 2022 | 30,936 |
| 2023 | 32,541 |
| 2024 | 34,120 |
| 2025 | 36,000 |
| Thereafter | 664,011 |
| Total | \$ 817,608 |

NOTE 10 – 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.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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.

| | 2020 | 2019 |
|--|------------|------------|
| Cash | \$ 808,119 | \$ 331,605 |
| Certificates of deposit | - | 276,389 |
| Unconditional promises to give | 212,737 | 5,316 |
| Beneficial interest in assets held by BMCF | 439,091 | 428,868 |
| Financial assets at year-end | 1,459,947 | 1,042,178 |
| Less those unavailable for general expenditures within one year due to: | | |
| Donor-restricted endowment funds | 186,205 | 186,205 |
| Board designations | 524,804 | 718,998 |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 748,938 | \$ 136,975 |

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.

NOTE 12 – COVID-19 CONSIDERATIONS

CAC's operations may be affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on CAC is uncertain; however, it may result in a material adverse impact on CAC's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to CAC's donors and revenues, absenteeism in CAC's workforce, and a decline in value of assets held by CAC.