

CHRISTIAN AID CENTER

FINANCIAL STATEMENTS

December 31, 2023 and 2022

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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 statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 the 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 the results of our procedures proved a reasonable basis for our conclusion.

We are required to be independent of Christian Aid Center and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Report on 2022 Financial Statements

The December 31, 2022 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated July 24, 2023. We have not performed any auditing procedures since that date.

Wegner CPAs, LLP
Madison, Wisconsin
July 29, 2024

CHRISTIAN AID CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 (Reviewed) and 2022 (Audited)

	2023	2022
ASSETS		
Cash	\$ 991,639	\$ 580,423
Unconditional promises to give	194,054	155,998
Prepaid expenses	-	8,299
Investments	1,191,789	782,520
Beneficial interest in assets held by BMCF	214,038	194,663
Property and equipment, net	5,295,489	5,359,932
Total assets	\$ 7,887,009	\$ 7,081,835
LIABILITIES		
Accounts payable	\$ 102,685	\$ 25,308
Payroll taxes payable	58,307	22,988
Note payable	259,065	259,065
Total liabilities	420,057	307,361
NET ASSETS		
Without donor restrictions	6,599,667	6,423,271
With donor restrictions	867,285	351,203
Total net assets	7,466,952	6,774,474
Total liabilities and net assets	\$ 7,887,009	\$ 7,081,835

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 (Reviewed) and 2022 (Audited)

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND OTHER REVENUE		
Individual donations	\$ 1,141,398	\$ 1,109,598
Business donations	59,610	47,737
Church donations	68,140	69,411
Civic group donations	8,874	6,176
Coats for kids donations	6,585	-
Grants	59,108	153,888
Other donations	25,307	9,426
In-kind contributions	332,718	266,346
Miscellaneous revenue	21,830	6,949
Change in value of beneficial interest in assets held by BCMF	(28,260)	47,032
Investment return, net	123,765	(126,508)
Total support and revenue without donor restrictions	1,819,075	1,590,055
EXPENSES		
Program services		
Guest services	482,881	433,320
Men's services	413,593	364,216
Women & children services	489,371	504,658
Total program services	1,385,845	1,302,194
Management and general	218,476	226,478
Development	194,356	133,427
Total expenses	1,798,677	1,662,099
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of time restrictions	155,998	126,808
Change in net assets without donor restrictions	176,396	54,764
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	672,080	164,998
Net assets released from restrictions	(155,998)	(126,808)
Change in net assets with donor restrictions	516,082	38,190
Change in net assets	692,478	92,954
Net assets at beginning of year	6,774,474	6,681,520
Net assets at end of year	<u>\$ 7,466,952</u>	<u>\$ 6,774,474</u>

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023 (Reviewed)

	Guest Services	Men's Services	Women & Children Services	Total Program	Management and General	Development	Total
Personnel	\$ 95,802	\$ 183,979	\$ 160,425	\$ 440,206	\$ 57,460	\$ 122,357	\$ 620,023
Supplies	263,668	75,221	50,801	389,690	1,797	613	392,100
Marketing and public relations	100,418	33,936	34,384	168,738	34,296	66,263	269,297
Occupancy	2,352	69,680	56,920	128,952	14,448	58	143,458
Consultants	-	-	-	-	4,777	-	4,777
Insurance	2,193	731	731	3,655	56,482	731	60,868
Office	3,755	10,838	12,557	27,150	18,147	1,366	46,663
Depreciation	6,290	28,596	165,015	199,901	6,113	-	206,014
Travel and vehicle	1,793	7,993	6,187	15,973	3,001	1,058	20,032
Professional fees	4,929	1,643	1,768	8,340	20,302	1,643	30,285
Volunteer and board	1,616	77	141	1,834	511	16	2,361
Conference and education	65	899	442	1,406	1,142	251	2,799
Total expenses	\$ 482,881	\$ 413,593	\$ 489,371	\$ 1,385,845	\$ 218,476	\$ 194,356	\$ 1,798,677

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022 (Audited)

	Guest Services	Men's Services	Women & Children Services	Total Program	Management and General	Development	Total
Personnel	\$ 117,537	\$ 143,347	\$ 221,894	\$ 482,778	\$ 63,579	\$ 100,701	\$ 647,058
Supplies	230,779	106,354	46,939	384,072	1,926	2,505	388,503
Marketing and public relations	64,504	21,174	21,536	107,214	22,181	22,539	151,934
Occupancy	6,395	56,394	42,832	105,621	15,655	8	121,284
Consultants	-	-	960	960	8,988	710	10,658
Insurance	2,117	706	706	3,529	57,032	706	61,267
Office	598	2,389	3,689	6,676	17,788	4,985	29,449
Depreciation	6,290	25,799	164,271	196,360	5,730	-	202,090
Travel and vehicle	2,266	7,067	1,302	10,635	3,063	743	14,441
Professional fees	-	-	-	-	27,877	-	27,877
Interest	-	457	-	457	-	-	457
Volunteer and board	2,160	301	302	2,763	642	301	3,706
Conference and education	674	228	227	1,129	2,017	229	3,375
Total expenses	\$ 433,320	\$ 364,216	\$ 504,658	\$ 1,302,194	\$ 226,478	\$ 133,427	\$ 1,662,099

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 (Reviewed) and 2022 (Audited)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 692,478	\$ 92,954
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	206,014	202,090
Change in value of beneficial interest in assets held by BMCF	(28,260)	47,032
Net realized and unrealized (gains) losses on investments	(63,926)	75,726
Gain on sale of vehicle	-	(3,800)
Decrease (increase) in assets		
Unconditional promises to give	(38,056)	(29,190)
Prepaid expenses	8,299	11,448
Increase (decrease) in liabilities		
Accounts payable	77,377	(3,530)
Payroll taxes payable	35,319	(5,159)
Net cash flows from operating activities	889,245	387,571
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(141,571)	(104,894)
Purchase of investments	(358,941)	(17,736)
Proceeds from sale of vehicle	-	3,800
Sale of investments	13,598	-
Distributions from beneficial interest in assets held by BMCF	8,885	8,917
Net cash flows from investing activities	(478,029)	(109,913)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	-	(252,837)
Net change in cash and cash equivalents	411,216	24,821
Cash at beginning of year	580,423	555,602
Cash at end of year	\$ 991,639	\$ 580,423
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ -	\$ 457
Noncash investing and financing transactions		
Property and equipment acquired via note payable	-	259,065

See accompanying notes and independent accountant's review report.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

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

CAC reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. 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 received are recorded as increases in net assets with donor restrictions and without donor restrictions, depending on the existence of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

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.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Beneficial Interest in Assets Held by Blue Mountain Community Foundation

CAC's beneficial interest in assets held by Blue Mountain Community Foundation (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 other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to CAC by BMCF. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

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, supplies, marketing and public relations, consultants, office, travel and vehicle, volunteer and board, and conference and education, which are allocated based on estimates of time and effort; as well as occupancy, insurance, depreciation, which are allocated on a square-footage basis.

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. These include life-skill classes, counseling, mentoring, addiction recovery, job coaching, and spiritual guidance.

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.

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).

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Date of Management's Review

Subsequent events have been evaluated through July 29, 2024, 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, 2023 and 2022 totaled approximately \$510,000 and \$145,000.

NOTE 3 – INVESTMENTS

Investments at December 31, 2023 and 2022 are comprised of the following:

	2023	2022
Cash and cash equivalents	\$ 378,236	\$ 19,008
Fixed income	518,201	528,379
Portfolio funds	295,352	235,133
Investments	<u>\$ 1,191,789</u>	<u>\$ 782,520</u>

Fair values of portfolio funds and fixed income securities are valued at unadjusted quoted prices reported on the active markets on which the individual securities are traded, which are Level 1 fair value measurements.

NOTE 4 – IN-KIND CONTRIBUTIONS

In-kind contributions for the years ended December 31, 2023 and 2022, included in the financial statements, were as follows:

	2023	2022
Food	\$ 195,809	\$ 195,439
Clothing and supplies	136,909	70,907
Total	<u>\$ 332,718</u>	<u>\$ 266,346</u>

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

NOTE 4 – IN-KIND CONTRIBUTIONS (continued)

CAC recognized in-kind contributions within support and revenue. Unless otherwise noted, in-kind contributions did not have donor-imposed restrictions. CAC does not sell in-kind contributions and only distributes the in-kind contributions for all program purposes.

Contributed food is valued per pound based on food bank valuations. Clothing and supplies are valued using comparable online shopping site values.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023 and 2022 consisted of the following:

	2023	2022
Land	\$ 152,078	\$ 152,078
Buildings and improvements	5,760,285	5,749,444
Furnishings	297,821	297,821
Equipment	141,086	141,086
Vehicles	69,634	69,634
Construction in progress	165,643	34,913
Property and equipment	6,586,547	6,444,976
Less: accumulated depreciation	1,291,058	1,085,044
Property and equipment - net	<u>\$ 5,295,489</u>	<u>\$ 5,359,932</u>

NOTE 6 – ENDOWMENT

CAC's endowment consists of endowment funds held by Blue Mountain Community Foundation (BMcF). The endowment includes both donor-restricted endowment funds and funds 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 Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

CAC is subject to Washington's Prudent Management of Institutional Funds Act (UPMIFA) and thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions.

The board of directors of CAC has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, CAC considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

NOTE 6 – ENDOWMENT (continued)

accordance with the direction of the applicable donor gift instrument. CAC has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, CAC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of CAC and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of CAC, and (7) the investment policies of CAC.

CAC established funds at BMCF to invest its endowment assets. The agreement between CAC and BMCF states that the transfer of assets is irrevocable and that the transferred assets will not be returned to CAC. However, BMCF will make annual distributions of the income earned on the funds, subject to BMCF's spending policy. The agreement also grants variance power to BMCF, which permits BMCF to substitute another beneficiary in place of CAC if CAC ceases to exist or if the BMCF's board of governors votes that support of CAC either is no longer necessary or is inconsistent with the needs of the community.

BMCF's primary investment goal is to deliver long-term investment returns sufficient to cover both spending and inflation to preserve the purchasing power of the investment portfolio. BMCF seeks to achieve this goal through cost-effective implementation at an appropriate level of risk,

diversification of asset classes and strategies to provide consistent returns, capital preservation in down market cycles to provide stability in spending support, and long-term capital appreciation through the incorporation of risk-based assets, including nonmarketable, illiquid alternatives.

Endowment net assets composition by type of fund as of December 31, 2023 and 2022, is as follows:

	Without Donor Restriction	With Donor Restriction	2023 Total
Donor-restricted endowment funds	\$ -	\$ 186,205	\$ 186,205
Board designated endowment funds	27,833	-	27,833
	<u>\$ 27,833</u>	<u>\$ 186,205</u>	<u>\$ 214,038</u>
	Without Donor Restriction	With Donor Restriction	2022 Total
Donor-restricted endowment funds	\$ -	\$ 186,205	\$ 186,205
Board designated endowment funds	8,458	-	8,458
	<u>\$ 8,458</u>	<u>\$ 186,205</u>	<u>\$ 194,663</u>

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

NOTE 6 – ENDOWMENT (continued)

Changes in endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>
Beginning balance	\$ 8,458	\$ 186,205	\$ 194,663
Amounts appropriated for expenditure	(8,885)	-	(8,885)
Investment return, net	28,260	-	28,260
Ending balance	<u>\$ 27,833</u>	<u>\$ 186,205</u>	<u>\$ 214,038</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
Beginning balance	\$ 64,407	\$ 186,205	\$ 250,612
Amounts appropriated for expenditure	(8,917)	-	(8,917)
Investment return, net	(47,032)	-	(47,032)
Ending balance	<u>\$ 8,458</u>	<u>\$ 186,205</u>	<u>\$ 194,663</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 2023 and 2022 was \$17,747 and \$21,282.

NOTE 8 – NET ASSETS

Net assets without donor restrictions at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Board designated		
Property and equipment	\$ 5,036,423	\$ 5,100,867
Board endowment	27,833	8,458
Board Directed Operating Reserve	450,000	350,000
New initiatives reserve	841,789	432,520
King Shelter Operating Reserve	5,000	5,000
Undesignated	<u>238,622</u>	<u>526,426</u>
Net assets without donor restrictions	<u>\$ 6,599,667</u>	<u>\$ 6,423,271</u>

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

NOTE 8 – NET ASSETS (continued)

Net assets with donor restrictions at December 31, 2023 and 2022 consist of the following:

	2023	2022
Promises to give due in future period	\$ -	\$ 155,998
Men's Shelter	681,080	9,000
Endowment funds	186,205	186,205
	<u>186,205</u>	<u>186,205</u>
Net assets with donor restrictions	<u>\$ 867,285</u>	<u>\$ 351,203</u>

NOTE 9 – NOTE PAYABLE

In March 2022, CAC purchased property for the future development of the men's center and entered into a loan agreement for \$259,065. The rate is 1% as of December 31, 2023 and it has a 96-month term. Monthly payments were deferred and will be paid off with the \$5,000,000 awarded in 2023 for construction of the men's shelter. The loan is secured by the property.

The outstanding balance on the prior note payable was paid in full on January 13, 2022. Interest expense was \$457 and \$23,714 for the years ended December 31, 2023 and 2022.

NOTE 10 – 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 dates of the statements of financial position because of donor restrictions or internal board designations.

	2023	2022
Cash	\$ 991,639	\$ 580,423
Unconditional promises to give	194,054	155,998
Beneficial interest in assets held by BMCF	214,038	194,663
Investments	1,191,789	782,520
	<u>1,191,789</u>	<u>782,520</u>
Financial assets at year-end	2,591,520	1,713,604
Less those unavailable for general expenditures within one year due to:		
Donor-restricted endowment funds	186,205	186,205
Donor-restricted for purpose	681,080	9,000
Board designations	1,324,622	795,978
	<u>1,324,622</u>	<u>795,978</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 399,613</u>	<u>\$ 722,421</u>

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 (Reviewed) and 2022 (Audited)

NOTE 10 – LIQUIDITY AND AVAILABILITY (continued)

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.