

CHRISTIAN AID CENTER

FINANCIAL STATEMENTS

December 31, 2024 and 2023

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees
Christian Aid Center
Walla Walla, Washington

Opinion

We have audited the financial statements of Christian Aid Center, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Christian Aid Center as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Christian Aid Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The 2023 financial statements were reviewed by us, and our report thereon, dated July 29, 2024, stated we were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Emphasis of Matter

As described in note 12 to the financial statements, the 2023 financial statements have been restated to correct a misstatement in the previously issued financial statements. An adjustment has been made to various balances, including net assets without donor restrictions, as of December 31, 2023, to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Aid Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Christian Aid Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Aid Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Wegner CPAs, LLP
Madison, Wisconsin
January 26, 2026

CHRISTIAN AID CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 (Audited) and 2023 (Reviewed)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 323,837	\$ 873,756
Cash restricted for investment in men's shelter	52,020	117,883
Unconditional promises to give	477,253	194,054
Investments	2,178,456	1,191,789
Beneficial interest in assets held by BMCF	231,796	214,038
Property and equipment, net	<u>9,744,166</u>	<u>5,718,691</u>
Total assets	<u>\$ 13,007,528</u>	<u>\$ 8,310,211</u>
LIABILITIES		
Accounts payable	\$ 713,793	\$ 102,685
Payroll taxes payable	12,704	11,311
Accrued interest	-	5,207
Note payable	<u>-</u>	<u>259,065</u>
Total liabilities	726,497	378,268
NET ASSETS		
Without donor restrictions	6,746,332	6,870,604
With donor restrictions	<u>5,534,699</u>	<u>1,061,339</u>
Total net assets	<u>12,281,031</u>	<u>7,931,943</u>
Total liabilities and net assets	<u>\$ 13,007,528</u>	<u>\$ 8,310,211</u>

See accompanying notes.

CHRISTIAN AID CENTER
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 (Audited) and 2023 (Reviewed)

	<u>2024</u>	<u>2023</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions of cash and other financial assets		
Individual donations	\$ 690,229	\$ 942,343
Business donations	61,112	59,610
Civic group donations	28,504	8,874
Church donations	58,808	68,140
Foundations and trust donations	46,459	11,364
Grants	2,000	47,744
Other donations	54,015	36,739
Contributions of nonfinancial assets	425,682	332,718
Miscellaneous	12,643	21,830
Change in value of beneficial interest in assets held by BCMF	26,460	28,260
Investment return, net	<u>104,755</u>	<u>67,245</u>
 Total support and revenue without donor restrictions	 1,510,667	 1,624,867
EXPENSES		
Program services		
Guest services	535,283	475,737
Men's services	507,344	400,527
Women & children services	548,564	475,942
Supporting activities		
Management and general	112,987	219,235
Fundraising	<u>130,505</u>	<u>185,294</u>
 Total expenses	 1,834,683	 1,756,735
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	5,690	-
Expiration of time restrictions	<u>194,054</u>	<u>155,998</u>
 Net assets released from restrictions	 <u>199,744</u>	 <u>155,998</u>
 Change in net assets without donor restrictions	 (124,272)	 24,130
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions of cash and other financial assets	4,673,104	866,134
Net assets released from restrictions	<u>(199,744)</u>	<u>(155,998)</u>
 Change in net assets with donor restrictions	 <u>4,473,360</u>	 <u>710,136</u>
 Change in net assets	 4,349,088	 734,266
Net assets at beginning of year, as restated	<u>7,931,943</u>	<u>7,197,677</u>
 Net assets at end of year	 <u>\$ 12,281,031</u>	 <u>\$ 7,931,943</u>

See accompanying notes.

CHRISTIAN AID CENTER
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024 (Audited)

	Guest Services	Men's Services	Women & Children Services	Total Program	Supporting activities		Total
					Management and General	Fundraising	
Personnel	\$ 172,066	\$ 207,977	\$ 232,116	\$ 612,159	\$ 26,562	\$ 31,712	\$ 670,433
Supplies	242,241	127,226	122,718	492,185	2,027	913	495,125
Occupancy	14,181	56,719	65,793	136,693	7,656	1,617	145,966
Office	3,538	3,121	11,322	17,981	17,980	2,174	38,135
Depreciation	50,306	60,805	67,863	178,974	7,766	9,271	196,011
Consultants	-	-	-	-	1,969	-	1,969
Insurance	14,960	18,080	20,178	53,218	2,309	2,757	58,284
Travel and vehicle	3,208	7,530	2,767	13,505	1,616	737	15,858
Volunteer and board	1,977	11	11	1,999	8,039	11	10,049
Professional fees	-	-	-	-	36,152	-	36,152
Conference and education	134	1,178	1,178	2,490	461	217	3,168
Marketing and public relations	32,672	24,697	24,618	81,987	144	81,096	163,227
Interest	-	-	-	-	306	-	306
Total expenses	\$ 535,283	\$ 507,344	\$ 548,564	\$ 1,591,191	\$ 112,987	\$ 130,505	\$ 1,834,683

See accompanying notes.

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

	Guest Services	Men's Services	Women & Children Services	Total Program	Supporting activities		Total
					Management and General	Fundraising	
Personnel	\$ 98,584	\$ 190,047	\$ 163,453	\$ 452,084	\$ 58,946	\$ 125,979	\$ 637,009
Supplies	263,668	75,221	50,801	389,690	1,797	613	392,100
Occupancy	2,352	69,680	56,920	128,952	14,448	58	143,458
Office	3,755	10,838	12,557	27,150	18,148	1,366	46,664
Depreciation	6,290	28,596	165,015	199,901	6,113	-	206,014
Consultants	-	-	-	-	4,777	-	4,777
Insurance	2,193	731	731	3,655	56,482	731	60,868
Travel and vehicle	1,793	7,993	6,187	15,973	3,001	1,058	20,032
Volunteer and board	1,616	77	141	1,834	511	16	2,361
Professional fees	4,929	1,643	1,768	8,340	20,302	1,643	30,285
Marketing and public relations	90,492	14,802	17,927	123,221	28,361	53,579	205,161
Conference and education	65	899	442	1,406	1,142	251	2,799
Interest	-	-	-	-	5,207	-	5,207
Total expenses	\$ 475,737	\$ 400,527	\$ 475,942	\$ 1,352,206	\$ 219,235	\$ 185,294	\$ 1,756,735

See accompanying notes.

CHRISTIAN AID CENTER
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 (Audited) and 2023 (Reviewed)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,349,088	\$ 734,266
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	196,011	206,014
Change in value of beneficial interest in assets held by BMCF	(26,460)	(28,260)
Net realized and unrealized (gains) losses on investments	(8,247)	(63,926)
Contributions restricted for long-term capital campaign investment	(3,922,416)	(672,080)
Donated vehicles	(9,060)	-
Decrease (increase) in assets		
Unconditional promises to give	(283,199)	(38,056)
Prepaid expenses	-	8,299
Increase (decrease) in liabilities		
Accounts payable	(8,556)	77,378
Payroll taxes payable	1,393	(11,677)
Accrued interest	(5,207)	5,207
	<u>283,347</u>	<u>217,165</u>
Net cash flows from operating activities	283,347	217,165
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,592,762)	(141,571)
Purchase of investments and reinvested income	(2,439,129)	(358,941)
Sales of investments	1,460,709	13,598
Distributions from beneficial interest in assets held by BMCF	8,702	8,885
	<u>(4,562,480)</u>	<u>(478,029)</u>
Net cash flows from investing activities	(4,562,480)	(478,029)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in men's shelter	3,922,416	672,080
Principal payments on notes payable	(259,065)	-
	<u>3,663,351</u>	<u>672,080</u>
Net cash flows from investing activities	3,663,351	672,080
Net change in cash and restricted cash	(615,782)	411,216
Cash and restricted cash at beginning of year	<u>991,639</u>	<u>580,423</u>
Cash and restricted cash at end of year	<u>\$ 375,857</u>	<u>\$ 991,639</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash investing and financing transactions		
Property and equipment acquired with accounts payable	619,664	-
Donated vehicles	9,060	-

See accompanying notes.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 (Audited) and 2023 (Reviewed)

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. Primary sources of funding for CAC include grants and contributions of cash and other financial assets, as well as contributions of nonfinancial assets distributed in its program activities.

Unconditional 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 statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

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.

Property and Equipment

Property and equipment acquisitions in excess of \$5,000 are capitalized and are recorded at cost or, if donated, at the approximate fair value at the date of donation. Costs of repairs and maintenance of minor items are charged to expense as incurred. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets which range between 3 and 40 years.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 (Audited) and 2023 (Reviewed)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contributions of Cash and Other Financial Assets

Unconditional grants and contributions of cash and other financial assets received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional grants and contributions are not recognized in the financial statements until the conditions are met or explicitly waived by the grantor or donor. Contributions that are restricted by the donor which were initially conditional grants and contributions are reported as increases in net assets without donor restriction if the condition and restriction are met in the same reporting period.

Contributed Nonfinancial Assets

Donated materials and services are recognized as contributed nonfinancial assets in the statement of activities. Donated materials are recorded as contributions at the estimated fair value at the date of donation. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers also 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 recognition criteria were not met.

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, insurance, and depreciation.

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 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.

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 (Audited) and 2023 (Reviewed)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Fundraising—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).

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 January 26, 2026, the date that the financial statements were available for issue.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2 – INVESTMENTS

Investments at December 31, 2024 and 2023 are comprised of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,340,611	\$ 378,236
Fixed income funds	507,986	518,201
Mutual funds	<u>329,859</u>	<u>295,352</u>
Total investments	<u>\$ 2,178,456</u>	<u>\$ 1,191,789</u>

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 (Audited) and 2023 (Reviewed)

NOTE 2 – INVESTMENTS (continued)

Fair values of mutual funds are based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Organization are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Organization are considered to be actively traded, which are Level 1 fair value measurements. Fair values of fixed income funds are determined using a market approach on yields currently available on comparable securities of issuers with similar credit ratings, which are Level 2 fair value measurements.

Investments are exposed to various risks including, but not limited to, interest rate and market and credit risks. Due to the level of risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term.

NOTE 3 – CONCENTRATIONS

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, 2024 and 2023 totaled approximately \$73,000 and \$510,000.

Major Donor

For the year ended December 31, 2024, CAC received approximately 40% of its support and revenue from one major donor.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2024 and 2023 consisted of the following:

	2024	2023
Land	\$ 427,107	\$ 427,107
Buildings and improvements	5,472,284	5,472,284
Furniture and equipment	484,442	438,907
Vehicles	61,137	69,634
Construction in progress	4,755,737	588,846
Property and equipment	11,200,707	6,996,778
Less: accumulated depreciation	(1,456,541)	(1,278,087)
Property and equipment, net	\$ 9,744,166	\$ 5,718,691

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 (Audited) and 2023 (Reviewed)

NOTE 5 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets were as follows:

	2024	2023
Food	\$ 207,511	\$ 195,809
Clothing and supplies	209,111	136,909
Vehicles	9,060	-
Total contributed nonfinancial assets	\$ 425,682	\$ 332,718

CAC recognized contributed nonfinancial assets within support and revenue in the statement of activities. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. CAC does not sell contributed nonfinancial assets and only distributes as part of its programs. In valuing the clothing and supplies, CAC estimated the fair market value on the basis of estimates of retail values that would be received for purchasing similar products in the United States by using online shopping sites and comparable data. Contributed food is valued per pound based on food bank valuations. Contributed vehicles are valued using comparable data in the region for similar vehicles at used car dealerships and online sales values. Vehicles are used in CAC's programs until they are distributed to graduates of CAC's programs. All contributed nonfinancial assets are distributed to individuals and families as part of CAC's program service operations.

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 trustees 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 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

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 (Audited) and 2023 (Reviewed)

NOTE 6 – ENDOWMENT (continued)

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, 2024 and 2023, is as follows:

	Without Donor Restriction	With Donor Restriction	2024 Total
Donor-restricted endowment funds	\$ -	\$ 186,205	\$ 186,205
Board designated endowment funds	45,591	-	45,591
Total endowment funds	\$ 45,591	\$ 186,205	\$ 231,796
	Without Donor Restriction	With Donor Restriction	2023 Total
Donor-restricted endowment funds	\$ -	\$ 186,205	\$ 186,205
Board designated endowment funds	27,833	-	27,833
Total endowment funds	\$ 27,833	\$ 186,205	\$ 214,038

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 (Audited) and 2023 (Reviewed)

NOTE 6 – ENDOWMENT (continued)

Changes in endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>
Beginning balance	\$ 27,833	\$ 186,205	\$ 214,038
Amounts appropriated for expenditure	(8,702)	-	(8,702)
Investment return, net	26,460	-	26,460
	<u>45,591</u>	<u>186,205</u>	<u>231,796</u>
Ending balance	<u>\$ 45,591</u>	<u>\$ 186,205</u>	<u>\$ 231,796</u>
	<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
	<u>27,833</u>	<u>186,205</u>	<u>214,038</u>
Ending balance	<u>\$ 27,833</u>	<u>\$ 186,205</u>	<u>\$ 214,038</u>

In addition to the endowment funds held at BMCF, various donors have setup component funds which are to be held and managed by BMCF. The funds were not established by CAC and since the original donors have variance power, they are not included in CAC's financial statements. CAC is listed as one of the beneficiaries of these funds and receives yearly distributions from the funds at the donor and BMCF's discretion. Total distributions for the year ended December 31, 2024 were \$23,788 and the fair value of assets held in the 6 component funds totaled \$1,821,968.

NOTE 7 – NET ASSETS

Net assets without donor restrictions consist of the following:

	<u>2024</u>	<u>2023</u>
Board designated		
Property and equipment	\$ 5,446,655	\$ 5,446,655
Board endowment	45,591	27,833
Board directed capital campaign	7,786	-
Board directed operating reserve	450,000	450,000
New initiatives reserve	1,728,456	841,789
King shelter operating reserve	5,000	5,000
Undesignated	<u>(937,156)</u>	<u>99,327</u>
Net assets without donor restrictions	<u>\$ 6,746,332</u>	<u>\$ 6,870,604</u>

CHRISTIAN AID CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 (Audited) and 2023 (Reviewed)

NOTE 7 – NET ASSETS (continued)

Net assets with donor restrictions consist of the following:

	2024	2023
Promises to give due in future period	\$ 477,253	\$ 194,054
Coats for kids	3,167	-
Men's Shelter	4,868,074	681,080
Endowment funds	186,205	186,205
Net assets with donor restrictions	\$ 5,534,699	\$ 1,061,339

NOTE 8 – RETIREMENT EXPENSE

CAC sponsors a defined contribution 403(b) plan covering all eligible employees who have met specified periods of service. CAC contributes a matching contribution up to 5% of eligible employees' salaries each plan year. Total retirement expense for the years ended December 31, 2024 and 2023 was \$17,317 and \$17,747, respectively.

NOTE 9 – NOTE PAYABLE

In March 2022, CAC purchased property for the future development of the men's shelter and entered into a loan agreement totaling \$259,065. The loan carries an interest rate of 1% and a term of 96 months. Monthly payments are deferred until maturity on March 31, 2030 at which point all principal and accrued interest must be paid. Accrued interest on the loan at December 31, 2024 and 2023 is \$- and \$5,207, respectively. The loan is collateralized by the land on which it was used to purchase at 216 W. Birch St.

NOTE 10 – COMMITMENTS

CAC has signed an agreement with an approved builder of the Housing Trust Fund for construction of the men's shelter which has a remaining balance of approximately \$5 million as of December 31, 2024. As of the date of the audit report, construction has been completed, and the value of the men's shelter is approximately \$9.5 million.

CHRISTIAN AID CENTER
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NOTE 11 – LIQUIDITY AND AVAILABILITY

The following table reflects CAC’s financial assets as of the date of the statement 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.

	2024	2023
Cash	\$ 323,837	\$ 873,756
Cash restricted for investment in men's shelter	52,020	117,883
Unconditional promises to give	477,253	194,054
Investments	2,178,456	1,191,789
Beneficial interest in assets held by BMCF	231,796	214,038
Financial assets at year-end	3,263,362	2,591,520
Less those unavailable for general expenditures within one year due to:		
Donor-restricted endowment funds	(186,205)	(186,205)
Donor-restricted for purpose	(4,871,241)	(681,080)
Board designations	(2,236,833)	(1,324,622)
Add back contributions restricted by the donor for the capital campaign already spent and included in construction in progress	4,871,241	588,846
Financial assets available to meet cash needs for general expenditures within one year	\$ 840,324	\$ 988,459

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 trustees approves that action. CAC seeks to keep 3-6 months of operating reserves designated. Amounts in excess of operative reserves are invested in short to moderate term investments in risk profiles that maintain the primary value of the original investment but provide for a modest return.

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NOTE 12 – CORRECTION OF AN ERROR

Certain error resulting in an overstatement and understatement of previously reported balances were discovered during the current year. The following table details the adjustments as of December 31, 2023:

	<u>Previous balances</u>	<u>Adjustments</u>	<u>Corrected balances</u>
Cash	\$ 991,639	\$ (117,883)	\$ 873,756
Cash restricted for investment in men's shelter	-	117,883	117,883
Property and equipment, net	5,295,489	423,202	5,718,691
Accounts payable	166,822	(64,137)	102,685
Payroll taxes payable	-	11,311	11,311
Accrued interest	-	5,207	5,207
Net assets without donor restrictions	6,593,837	276,767	6,870,604
Net assets with donor restrictions	867,285	194,054	1,061,339
Personnel	625,852	11,157	637,009
Marketing and public relations	269,297	(64,136)	205,161
Interest	-	5,207	5,207

NOTE 13 – CASH AND RESTRICTED CASH

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sums to the total of the same such amounts shown in the statement of cash flows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 323,837	\$ 873,756
Cash restricted for investment in men's shelter	52,020	117,883
Total cash and restricted cash	<u>\$ 375,857</u>	<u>\$ 991,639</u>