



CHRISTIAN RELIEF SERVICES, INC.

Financial Statements

For the Year Ended June 30, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)



**and
Report Thereon**



CHRISTIAN RELIEF SERVICES, INC.

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For the Year Ended June 30, 2015

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Christian Relief Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Christian Relief Services, Inc. (the Organization), an affiliate of Christian Relief Services Charities, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015, 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.

Continued

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Raffa, P.C.

Raffa, P.C.

Washington, DC
October 29, 2015

CHRISTIAN RELIEF SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2015
(With Summarized Financial Information as of June 30, 2014)

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 285,767	\$ 395,346
Grants and contributions receivable, net	27,351	48,948
Accounts receivable	13,369	52,750
Due from affiliates	167,269	427,243
Contributed relief materials inventory	495,687	416,064
Prepaid expenses	47,898	20,988
Deposits	335	-
Property and equipment, net	49,390	60,981
TOTAL ASSETS	\$ 1,087,066	\$ 1,422,320
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 123,527	\$ 189,851
Line of credit payable	400,000	400,000
Funds held for others	91	4,339
Security deposits	15,251	14,327
Deferred revenue	2,111	12,712
TOTAL LIABILITIES	540,980	621,229
Net Assets		
Unrestricted	518,711	775,666
Temporarily restricted	27,375	25,425
TOTAL NET ASSETS	546,086	801,091
TOTAL LIABILITIES AND NET ASSETS	\$ 1,087,066	\$ 1,422,320

The accompanying notes are an integral part of these financial statements.

CHRISTIAN RELIEF SERVICES, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Noncash contributions	\$ 13,991,751	\$ -	\$ 13,991,751	\$ 12,727,569
Cash contributions	4,617,705	533	4,618,238	4,586,049
Cash contributions from affiliates	-	2,458,890	2,458,890	1,367,503
Donated housing	525,540	-	525,540	1,128,636
Housing rental and related income	205,219	-	205,219	327,489
Wills and bequests	-	1,342,146	1,342,146	873,708
Government grants	100,000	-	100,000	110,193
Workplace campaign	-	30,812	30,812	30,252
Interest income	829	-	829	11,386
Other income	-	-	-	289
Net assets released from restrictions:				
Satisfaction of time restrictions	28,812	(28,812)	-	-
Satisfaction of purpose restrictions	3,801,619	(3,801,619)	-	-
	23,271,475	1,950	23,273,425	21,163,074
TOTAL SUPPORT AND REVENUE				
EXPENSES				
Program Services:				
Domestic programs	2,238,731	-	2,238,731	927,259
American Indian programs	2,915,271	-	2,915,271	1,930,770
International programs	13,340,481	-	13,340,481	11,993,819
Housing programs	1,393,882	-	1,393,882	2,633,790
	19,888,365	-	19,888,365	17,485,638
Total Program Services				
Supporting Services:				
Management and general	254,044	-	254,044	132,179
Fundraising	3,386,021	-	3,386,021	3,425,217
	3,640,065	-	3,640,065	3,557,396
Total Supporting Services				
TOTAL EXPENSES	23,528,430	-	23,528,430	21,043,034
CHANGE IN NET ASSETS	(256,955)	1,950	(255,005)	120,040
NET ASSETS, BEGINNING OF YEAR	775,666	25,425	801,091	681,051
NET ASSETS, END OF YEAR	\$ 518,711	\$ 27,375	\$ 546,086	\$ 801,091

The accompanying notes are an integral part of these financial statements.

CHRISTIAN RELIEF SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015
(With Summarized Financial Information for the Year Ended June 30, 2014)

	Program Services				Supporting Services		2015 Total	2014 Total	
	Domestic Programs	American Indian Programs	International Programs	Housing Programs	Total Program Services	Management and General			Fundraising
Donated relief materials and services	\$ 609,219	\$ 644,565	\$ 12,592,667	\$ -	\$ 13,846,451	\$ -	\$ -	\$ 13,846,451	\$ 12,896,617
Cash grants - affiliates	1,331,966	1,607,617	481,500	303,141	3,724,224	-	-	3,724,224	1,405,797
Printing and production	23,600	84,558	23,183	-	131,341	561	1,848,948	1,980,850	2,132,013
Postage	5,330	41,906	8,953	69	56,258	3,195	805,953	865,406	784,795
Wages and fringe benefits	18,865	27,042	18,095	229,753	293,755	27,409	356,795	677,959	820,840
Rent	21,852	21,852	21,852	535,244	600,800	1,834	22,061	624,695	1,201,499
Procurement fees	187,602	358,641	68,326	-	614,569	-	-	614,569	659,321
Contract services	1,802	61,303	1,543	17,691	82,339	16,301	106,536	205,176	173,155
Shipping	23,770	50,612	98,738	-	173,120	1,553	523	175,196	125,463
Office supplies, dues and subscriptions	1,958	6,834	159	7,256	16,207	24,744	114,934	155,885	112,965
List rental	-	-	-	-	-	-	86,548	86,548	53,757
Uncollectible tenant rental income	-	-	-	-	-	67,347	-	67,347	8,301
Homeowner association fees	-	-	-	66,310	66,310	-	-	66,310	129,562
Utilities	2,843	2,843	2,843	36,899	45,428	498	7,045	52,971	105,484
Repairs and maintenance	243	243	243	45,150	45,879	311	2,873	49,063	77,093
Operating expenses - Terry Lynn	-	-	-	45,411	45,411	-	-	45,411	53,446
Payroll taxes	1,553	2,856	1,520	10,563	16,492	2,175	24,989	43,656	31,086
Professional and consulting	-	-	-	141	141	37,573	-	37,714	40,328
Cash grants	1,000	-	12,994	23,318	37,312	-	-	37,312	73,213
General insurance	2,888	2,890	2,888	17,938	26,604	5,661	2,393	34,658	27,836
Interest expense	-	-	-	-	-	28,478	-	28,478	18,651
Bank charges	2,081	-	-	12,019	14,100	14,096	-	28,196	25,918
Meetings and travel	105	105	3,499	14,457	18,166	7,232	1,025	26,423	24,577
Telephone	996	996	996	12,596	15,584	661	5,049	21,294	10,624
Miscellaneous	650	-	-	2,330	2,980	14,197	227	17,404	2,536
Depreciation and amortization	-	-	-	11,373	11,373	218	-	11,591	11,339
Operating expenses - housing	-	-	-	2,223	2,223	-	-	2,223	20,071
Real estate taxes	408	408	408	-	1,224	-	102	1,326	4,076
Advertising	-	-	74	-	74	-	20	94	9,702
Equipment rental	-	-	-	-	-	-	-	-	2,969
TOTAL EXPENSES	\$ 2,238,731	\$ 2,915,271	\$ 13,340,481	\$ 1,393,882	\$ 19,888,365	\$ 254,044	\$ 3,386,021	\$ 23,528,430	\$ 21,043,034

The accompanying notes are an integral part of these financial statements.

CHRISTIAN RELIEF SERVICES, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2015

(With Summarized Financial Information for the Year Ended June 30, 2014)

Increase (Decrease) in Cash and Cash Equivalents

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (255,005)	\$ 120,040
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	11,591	11,339
Provision for doubtful accounts	(3,286)	(2,631)
Realized gains on investments	-	(9,530)
Changes in assets and liabilities:		
Grants and contributions receivable	24,883	6,880
Accounts receivable	39,381	(18,677)
Due from affiliates	259,974	(398,520)
Contributed relief materials inventory	(79,623)	175,714
Prepaid expenses	(26,910)	28,799
Deposits	(335)	-
Accounts payable and accrued expenses	(66,324)	(25,771)
Due to affiliates	-	(18,116)
Funds held for others	(4,248)	(3,317)
Security deposits	924	10,277
Deferred revenue	(10,601)	3,322
	<u>(109,579)</u>	<u>(120,191)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(8,477)
Proceeds from sales of investments	-	401,918
	<u>-</u>	<u>393,441</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	400,000
Payment of line of credit	-	(500,000)
	<u>-</u>	<u>(100,000)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(109,579)	173,250
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>395,346</u>	<u>222,096</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 285,767</u>	<u>\$ 395,346</u>
SUPPLEMENTAL DISCLOSURES		
Actual cash paid for interest	<u>\$ 28,478</u>	<u>\$ 18,651</u>

The accompanying notes are an integral part of these financial statements.

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2015

1. Organization and Summary of Significant Accounting Policies

Organization

Christian Relief Services, Inc. (the Organization) was incorporated in February 1998, under the Virginia Nonstock Corporation Act, to provide funding, technical support services and donated relief materials to communities striving to break the stranglehold of poverty in order to achieve sustainable solutions. Many communities within the U.S., and throughout the world, suffer from a lack of basic infrastructure services – clean water, medicine, education, and housing. On July 1, 1998, the Organization began operations as a 501(c)(3) organization approved by the Internal Revenue Service (IRS) under the group exemption authority of Christian Relief Services Charities, Inc. (CRSC). The Organization works closely with partner charities, including, to a great extent, with its affiliates and parent, individuals and nongovernmental organizations embedded in targeted communities, to determine effective ways of sharing resources and creating long-term solutions to the alleviation of human suffering, misery, pain and disability in the world by advancing and improving the welfare of all persons while preserving native heritages, customs and beliefs, which includes the acquisition of low-income housing and developing, renovating and managing housing for persons of limited means, the disabled and the elderly. The Organization receives most of its support from cash contributions from the public, contributed relief materials and relief materials purchased at a discount.

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, money market accounts and all highly liquid investments with initial maturities of three months or less.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost, or, if donated to the Organization, are recorded at the estimated fair value at the time of donation. Depreciation and amortization on furniture, office equipment, computer software and vehicles is provided using the straight-line method over the estimated useful lives, ranging from three to seven years. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and amortization, and any gain or loss is reflected in revenue or expenses in the accompanying statement of activities. Major additions with a cost in excess of \$1,000 are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets

The net assets of the Organization are classified as follows:

- Unrestricted net assets represent funds that are available for support of the Organization's operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.

Revenue Recognition

Gifts and grants of cash and other assets are recognized as revenue at their net realizable value when an unconditional promise to give is received by the Organization. The Organization reports gifts and grants of cash and other assets as unrestricted support and available for general operations, unless specifically restricted by the donor.

The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets for purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. Workplace campaign contributions with payments due in future years are reported as temporarily restricted revenue in the accompanying statement of activities.

Revenue recognized for contributions that have been committed to the Organization but have not been received is reflected as grants and contributions receivable in the accompanying statement of financial position. Grants and contributions receivable are reported net of an allowance for doubtful accounts. The allowance is based on historical collection experience and a review of the status of grants and contributions receivable. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

Housing rental income is recognized as rentals become due. All contracts between the Organization and the tenants of the Organization's properties are considered operating leases. Service fee income is recognized as the contractual payments become due from clients who reside in the Organization's transitional and supportive housing programs and is included in housing rental and related income in the accompanying statement of activities. Amounts that have not been collected as of year-end are included in accounts receivable in the accompanying statement of financial position.

Wills and bequests are recognized at the time an unassailable right to the gift has been established, the proceeds are measurable and the Organization accepts the gift. Amounts that have not been collected as of year-end are included in grants and contributions receivable in the accompanying statement of activities.

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1. Organization and Summary of Significant Accounting Policies (continued)

Contributed Relief Materials, Donated Services and Housing and Inventory

Contributed relief materials received by the Organization consist of food, clothing, hygiene products, shoes, school supplies, bedding, medicine, medical equipment, and medical supplies and are recorded as revenue and contributed relief materials inventory at the estimated fair value at the time of receipt. Upon donation to CRSC or one of its affiliates, the materials are expensed at their estimated fair value at the time of donation to CRSC or one of its affiliates and they are released from inventory. As of June 30, 2015, the donated inventory was predominately related to medical supplies and books. Inventory is reported on the first-in, first-out method of accounting (FIFO).

Donated housing is recorded at its comparable market value during the time of use.

The Organization's programs are also furthered by a substantial number of nonprofessional volunteers who have contributed their services to the Organization. The value of these services is not reflected in the accompanying financial statements because the contributed services do not meet the necessary criteria for recognition under GAAP.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Costs directly related to program and/or supporting services are charged to that functional area. Expenses related to more than one function are allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grants and Contributions Receivable

Grants and contributions receivable represent unconditional promises to give and are recorded at their net realizable value. All receivables are due to be collected within one year. The Organization has recorded an allowance for doubtful accounts of \$6,287 as of June 30, 2015.

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

3. Property and Equipment

Property and equipment consisted of the following as of June 30, 2015:

Vehicles	\$	73,530
Leasehold improvements		48,723
Furniture, office equipment and software		<u>52,084</u>
Total Property and Equipment		174,337
Less: Accumulated Depreciation and Amortization		<u>(124,947)</u>
Property and Equipment, net	\$	<u>49,390</u>

Depreciation and amortization expense was \$11,591 for the year ended June 30, 2015.

4. Line of Credit

The Organization has a line of credit agreement with a financial institution in the amount of \$1,500,000. The line of credit is secured by personal property and guaranteed by CRSC. The agreement was modified on August 1, 2014, to extend the maturity date to July 27, 2015. Subsequent to year end, the line of credit was modified to extend the maturity date to July 27, 2016. Interest accrues on the unpaid principal at the variable rate of the bank's prime rate plus 0.5% per annum or 3.50%, whichever is higher. The Organization is also required to comply with certain financial covenants. As of June 30, 2015, the outstanding balance was \$400,000 on this line of credit and the Organization was in compliance with the financial covenants. Interest expense paid on this line of credit was \$28,196 for the year ended June 30, 2015, and the interest rate was 4.5% as of June 30, 2015.

5. Temporarily Restricted Net Assets

As of June 30, 2015, net assets are restricted for use in the following programs or for future periods:

Domestic programs	\$	24
Time restrictions		<u>27,351</u>
Total Temporarily Restricted Net Assets	\$	<u>27,375</u>

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

6. Contributed Relief Materials and Services

The Organization records all contributed relief materials and services at the estimated fair value at the date of donation. During the year ended June 30, 2015, donated relief materials and services were used for the following programs and are included in donated relief materials and services expense in the accompanying statement of functional expenses:

International programs	\$ 12,592,667
American Indian programs	644,565
Domestic programs	<u>609,219</u>
Total Contributed Relief Materials and Services	<u>\$ 13,846,451</u>

7. Transactions with Affiliates and Related Parties

Rent Expense

Effective July 1, 1999, the Organization entered into an agreement with Christian Relief Services of Virginia, Inc. (CRS Virginia), an affiliate of CRSC, for the use of housing units owned by CRS Virginia for the Organization's transitional housing program. The Organization is charged a monthly fee for use of the housing units. The term of the agreement is one year with 30 automatic one-year extensions, unless written notice is given within 30 days. Rental fees were \$535,244 for the year ended June 30, 2015, which are included in rent expense under the housing programs in the accompanying statement of functional expenses.

Contributions

The Organization is an affiliate of CRSC. The Organization and CRSC share a common Board. The Organization acts as the fundraising arm for CRSC and its affiliates. The Organization raises both cash and noncash contributions for CRSC and its affiliates, and the contributions are distributed to the entities based on program objectives and need. During the year ended June 30, 2015, the Organization made noncash contributions of contributed relief materials to the following affiliates:

Bread and Water for Africa, Inc.	\$ 12,592,667
American Indian Youth Running Strong, Inc.	644,565
Americans Helping Americans, Inc.	<u>609,219</u>
Total Contributed Relief Materials Expense to Affiliates	<u>\$ 13,846,451</u>

During the year ended June 30, 2015, the Organization made cash contributions to the following affiliates, which are included in the accompanying statement of functional expenses:

Christian Relief Services Charities, Inc.	\$ 1,485,107
Bread and Water for Africa, Inc.	481,500
American Indian Youth Running Strong, Inc.	1,607,617
Americans Helping Americans, Inc.	<u>150,000</u>
Total Cash Contributions to Affiliates	<u>\$ 3,724,224</u>

Continued

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

7. Transactions with Affiliates and Related Parties (continued)

Contributions (continued)

During the year ended June 30, 2015, the Organization received cash contributions from the following affiliates, which are included in the accompanying statement of activities:

Christian Relief Services/21 st Century Campaign, Inc.	\$ 2,100,000
Christian Relief Services Charities, Inc.	<u>358,890</u>
Total Cash Contributions from Affiliates	<u>\$ 2,458,890</u>

As of June 30, 2015, the Organization has receivables due from the following affiliates, which are included in due from affiliates in the accompanying statement of financial position:

American Indian Youth Running Strong, Inc.	\$ 102,896
Christian Relief Services Charities, Inc.	41,409
Bread and Water for Africa, Inc.	20,061
Americans Helping Americans, Inc.	<u>2,903</u>
Total Due from Affiliates	<u>\$ 167,269</u>

8. Commitments and Contingencies

Celebrity Spokesperson Contract

On July 1, 2006, the Organization entered into a contract with an individual to act as a representative and spokesperson, which provides monthly payments of \$5,000 through June 30, 2013, after which the contract was extended on a month to month basis pending a new long-term agreement. In addition, the spokesperson is also entitled to reimbursement of expenses in connection with additional appearances, which should not exceed four appearances in any given year. The Organization can terminate the contract by giving the individual one year's written notice, during which time the Organization will continue to make the payments under the contract. In accordance with the contract terms, CRSC purchased two \$500,000 key-man life insurance policies on the spokesperson, whereby CRSC is the sole beneficiary for one of the policies. The Organization makes the premium payments on one policy up to an agreed-upon amount.

9. Homes for the Homeless

The Organization subleases houses to qualified tenants who pay no more than 30% of their income in rent. CRS Virginia, an affiliate, owns 30 group homes, which the Organization leases from CRS Virginia. The Organization manages the operations of the homes. During the year ended June 30, 2015, the Organization incurred \$827,107 of operating expenses for the houses and recognized \$374,904 as a contribution of donated housing from CRS Virginia. In addition, the Organization leases three homes from CRSC. These homes are utilized in a program operated by the Organization that provides housing to formerly homeless mentally handicapped individuals. During the year ended June 30, 2015, the Organization recognized \$79,236 as a contribution of donated housing from CRSC for these homes.

Continued

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

9. Homes for the Homeless (continued)

The Organization also leases an apartment complex from CRSC. The apartment complex is utilized in a program operated by the Organization that provides housing to low-income individuals. During the year ended June 30, 2015, the Organization recognized \$71,400 as contributions of donated housing from CRSC related to the apartment complex. During the year ended June 30, 2015, the Organization incurred \$45,411 of operating expenses for the apartment complex.

10. Pension Plan

Employees of the Organization are eligible to participate in a 401(k) plan sponsored by CRSC after 60 days of service. Under the terms of the defined contribution plan, eligible employees may elect to contribute up to the federal tax limitation. The plan has the following employee deferral and matching provisions:

<u>Elective Deferral</u>	<u>Employer Matching</u>
1%	150% of employee contribution
1% – 3%	100% of employee contribution
3% – 6%	50% of employee contribution

Employees are immediately vested in employer contributions. During the year ended June 30, 2015, retirement expense related to the plan was \$22,546 and is included in wages and fringe benefits in the accompanying statement of functional expenses.

11. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended June 30, 2015, as the Organization had no taxable net unrelated business income. The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

The Organization performed an evaluation of uncertain tax positions for the year ended June 30, 2015, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2015, the statute of limitations for tax years ended June 30, 2011, through June 30, 2014, remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

Continued

CHRISTIAN RELIEF SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

12. Prior Year Summarized Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

13. Reclassifications

Certain 2014 amounts have been reclassified to conform with the 2015 financial statement presentation.

14. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 29, 2015, the date the financial statements were available to be issued. Other than the subsequent event disclosed in Note 4, there were no subsequent events that require recognition or disclosure in the financial statements.