Christian Community Service Center, Inc.
and
Christian Community Service Center
Memorial Endowment

Consolidated Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2022 and 2021

Christian Community Service Center, Inc. and
Christian Community Service Center Memorial Endowment

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Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Christian Community Service Center, Inc. and
Christian Community Service Center Memorial Endowment:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Christian Community Service Center, Inc. (the Center) and Christian Community Service Center Memorial Endowment (the Endowment), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Center and the Endowment as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Center and the Endowment 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.

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 the Center's and the Endowment's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Center's and the Endowment'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 the Center's and the Endowment'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.

Blazek & Vetterling

May 16, 2023

Christian Community Service Center, Inc. and
Christian Community Service Center Memorial Endowment

Consolidated Statements of Financial Position as of December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents *(Notes 3 and 5)*	$ 2,371,823	$ 2,309,502
Prepaid expenses and other assets	85,632	85,742
Contributions receivable, net *(Note 4)*	176,244	384,886
Cash restricted for endowment *(Notes 3 and 5)*	220,649	16,750
Cash restricted for capital improvements *(Notes 3 and 5)*		473,784
Contributions receivable for capital improvements, net *(Note 2)*	674,709	1,184,595
Investments *(Note 5)*	6,208,216	6,390,809
Property, net *(Note 6)*	10,110,893	10,305,817
TOTAL ASSETS	$ 19,848,166	$ 21,151,885
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 53,714	$ 57,705
Construction payable		53,615
Total liabilities	53,714	111,320
Net assets *(Note 9)*:		
Without donor restrictions *(Note 7)*	16,082,183	15,806,905
With donor restrictions *(Note 8)*	3,712,269	5,233,660
Total net assets	19,794,452	21,040,565
TOTAL LIABILITIES AND NET ASSETS	$ 19,848,166	$ 21,151,885

See accompanying notes to consolidated financial statements.

Christian Community Service Center, Inc. and Christian Community Service Center Memorial Endowment

Consolidated Statement of Activities for the year ended December 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
OPERATING REVENUE:			
Contributions:			
Cash and other financial assets	$ 1,615,498	$ 759,394	$ 2,374,892
Nonfinancial assets *(Note 10)*	1,586,600		1,586,600
Special events:			
Cash and other financial assets	555,955		555,955
Nonfinancial assets *(Note 10)*	81,848		81,848
Direct donor benefit costs	(147,591)		(147,591)
Operating investment return	151,471	97,667	249,138
Other income	3,287		3,287
Total operating revenue	3,847,068	857,061	4,704,129
Net assets released from restrictions:			
Program expenditures	881,785	(881,785)	
Capital additions	907,329	(907,329)	
Total	5,636,182	(932,053)	4,704,129
OPERATING EXPENSES:			
Program services:			
Emergency Services	3,248,192		3,248,192
JobNet	368,681		368,681
Back To School	348,411		348,411
Martha's Way	204,029		204,029
Jingle Bell Express	131,780		131,780
Home Caregiver Training	130,745		130,745
Louise J. Moran Vision Care	101,205		101,205
Total program services	4,533,043		4,533,043
Supporting services:			
Management and general	296,985		296,985
Fundraising	340,608		340,608
Total operating expenses	5,170,636		5,170,636
CHANGES IN NET ASSETS FROM OPERATIONS	465,546	(932,053)	(466,507)
OTHER CHANGES IN NET ASSETS:			
Contributions to Endowment *(Note 9)*	638,996	25,100	664,096
Endowment investment return	(829,264)	(614,438)	(1,443,702)
CHANGES IN NET ASSETS	275,278	(1,521,391)	(1,246,113)
Net assets, beginning of year	15,806,905	5,233,660	21,040,565
Net assets, end of year	$ 16,082,183	$ 3,712,269	$ 19,794,452

See accompanying notes to consolidated financial statements.

Christian Community Service Center, Inc. and
Christian Community Service Center Memorial Endowment

Consolidated Statement of Activities for the year ended December 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
OPERATING REVENUE:			
Contributions:			
Cash and other financial assets	$ 1,218,028	$ 2,136,837	$ 3,354,865
Nonfinancial assets *(Note 10)*	980,874		980,874
Special events:			
Cash and other financial assets	555,683	7,840	563,523
Nonfinancial assets *(Note 10)*	82,544		82,544
Direct donor benefit costs	(108,664)		(108,664)
Operating investment return	108,477	30,861	139,338
Other income	3,400		3,400
Total operating revenue	2,840,342	2,175,538	5,015,880
Net assets released from restrictions:			
Program expenditures	1,330,162	(1,330,162)	
Total	4,170,504	845,376	5,015,880
OPERATING EXPENSES:			
Program services:			
Emergency Services	2,632,730		2,632,730
JobNet	312,353		312,353
Back To School	296,883		296,883
Martha's Way	214,544		214,544
Jingle Bell Express	71,070		71,070
Home Caregiver Training	105,030		105,030
Louise J. Moran Vision Care	68,294		68,294
Total program services	3,700,904		3,700,904
Supporting services:			
Management and general	316,941		316,941
Fundraising	286,985		286,985
Total operating expenses	4,304,830		4,304,830
CHANGES IN NET ASSETS FROM OPERATIONS	(134,326)	845,376	711,050
OTHER CHANGES IN NET ASSETS:			
Contributions to Endowment *(Note 9)*		20,900	20,900
Endowment investment return	298,353	81,745	380,098
CHANGES IN NET ASSETS	164,027	948,021	1,112,048
Net assets, beginning of year	15,642,878	4,285,639	19,928,517
Net assets, end of year	$ 15,806,905	$ 5,233,660	$ 21,040,565

See accompanying notes to consolidated financial statements.

Christian Community Service Center, Inc. and
Christian Community Service Center Memorial Endowment

Consolidated Statement of Functional Expenses for the year ended December 31, 2022

OPERATING EXPENSES	EMERGENCY SERVICES	JOBNET	BACK TO SCHOOL	MARTHA'S WAY	JINGLE BELL EXPRESS	HOME CAREGIVER TRAINING	LOUISE J. MORAN VISION CARE	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Direct assistance	$ 2,393,050	$ 6,158	$ 284,732	$ 15,626	$ 69,127	$ 4,111	$ 42,789			$ 2,815,593
Salaries and related costs	436,442	199,307	40,624	157,669	40,624	96,793	40,624	$ 215,297	$ 254,143	1,481,523
Depreciation	147,709	69,544	5,353	5,353	5,353	5,353	5,353	10,697	13,374	268,089
Repairs and maintenance	58,882	27,785	2,860	3,771	2,860	2,118	2,493	5,104	5,271	111,144
Fees and licenses	18,247	14,286	3,315	10,054	3,315	9,880	3,377	26,453	12,556	101,483
Supplies	45,058	10,848	4,187	5,198	3,399	4,823	1,523	6,818	7,860	89,714
Insurance	44,793	21,175	1,629	1,629	1,629	1,579	1,629	3,955	4,072	82,090
Professional and contract services	47,518		880		1,240	2,440		21,030		73,108
Printing and postage	6,375	2,309	2,214	1,617	1,571	1,155	1,551	3,312	39,191	59,295
Occupancy	24,879	11,965	1,008	905	1,008	1,007	905	1,809	2,262	45,748
Telephone	14,923	4,825	898	1,069	1,064	1,124	488	1,064	961	26,416
Transportation	7,594		100	706	49		352	30	139	8,970
Other	2,722	479	611	432	541	362	121	1,416	779	7,463
Total operating expenses	$ 3,248,192	$ 368,681	$ 348,411	$ 204,029	$ 131,780	$ 130,745	$ 101,205	$ 296,985	$ 340,608	5,170,636
Direct donor benefit costs										147,591
Total										$ 5,318,227

Note:

Program services as a percent of total operating expenses	87%
Management and general as a percent of total operating expenses	6%
Fundraising as a percent of total operating expenses	7%

See accompanying notes to consolidated financial statements.

Christian Community Service Center, Inc. and
Christian Community Service Center Memorial Endowment

Consolidated Statement of Functional Expenses for the year ended December 31, 2021

OPERATING EXPENSES	EMERGENCY SERVICES	JOBNET	BACK TO SCHOOL	MARTHA'S WAY	JINGLE BELL EXPRESS	HOME CAREGIVER TRAINING	LOUISE J. MORAN VISION CARE	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Direct assistance	$ 1,878,182	$ 4,558	$ 238,726	$ 9,625	$ 15,324	$ 2,612	$ 17,583			$ 2,166,610
Salaries and related costs	367,741	166,174	37,210	170,411	37,210	87,974	37,210	$ 239,366	$ 200,791	1,344,087
Depreciation	131,500	61,032	4,696	4,696	4,696	4,696	4,696	9,388	11,736	237,136
Repairs and maintenance	50,056	17,145	1,910	2,971	1,760	1,232	1,556	2,573	3,278	82,481
Fees and licenses	6,017	3,392	427	911	417	893	398	20,644	10,529	43,628
Supplies	54,937	20,749	5,155	7,383	5,110	1,927	1,751	14,092	9,465	120,569
Insurance	38,940	18,408	1,416	1,416	1,416	1,340	1,416	3,806	3,350	71,508
Professional and contract services	54,903		1,600	12,648	720	1,547		19,725		91,143
Printing and postage	6,565	2,344	2,714	2,255	1,878	1,185	1,857	2,885	43,558	65,241
Occupancy	26,006	12,215	946	946	946	1,140	946	1,901	2,364	47,410
Telephone	12,873	5,592	1,599	551	1,308	410	606	1,480	1,025	25,444
Transportation	2,577	11	109	546	33	18	192	373	325	4,184
Other	2,433	733	375	185	252	56	83	708	564	5,389
Total operating expenses	$ 2,632,730	$ 312,353	$ 296,883	$ 214,544	$ 71,070	$ 105,030	$ 68,294	$ 316,941	$ 286,985	4,304,830
Direct donor benefit costs										108,664
Total										$ 4,413,494

Note:

Program services as a percent of total operating expenses	86%
Management and general as a percent of total operating expenses	7%
Fundraising as a percent of total operating expenses	7%

See accompanying notes to consolidated financial statements.

Christian Community Service Center, Inc. and
Christian Community Service Center Memorial Endowment

Consolidated Statements of Cash Flows for the years ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$(1,246,113)	$ 1,112,048
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	268,089	237,136
Net realized and unrealized (gain) loss on investments	1,300,322	(465,565)
Contributions for capital improvements	(67,776)	(1,062,334)
Contributions restricted for endowment	(25,100)	(20,900)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	110	(31,000)
Contributions receivable	208,642	8,086
Accounts payable and accrued expenses	(3,991)	12,530
Net cash provided (used) by operating activities	434,183	(237,587)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,701,281)	(3,180,755)
Proceeds from sales of investments	270,280	1,195,051
Net change in money market mutual funds held for investment	313,272	(311,938)
Purchases of property	(126,780)	(1,636,024)
Net cash used by investing activities	(1,244,509)	(3,933,666)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions for capital improvements	577,662	2,012,890
Proceeds from contributions restricted for endowment	25,100	20,900
Net cash provided by financing activities	602,762	2,033,790
NET CHANGE IN CASH AND CASH EQUIVALENTS	(207,564)	(2,137,463)
Cash and cash equivalents, beginning of year	2,800,036	4,937,499
Cash and cash equivalents, end of year	$ 2,592,472	$ 2,800,036

Reconciliation of cash and cash equivalents as reported in the consolidated statements of financial position:

	2022	2021
Cash and cash equivalents	$ 2,371,823	$ 2,309,502
Cash restricted for endowment	220,649	16,750
Cash restricted for capital improvements		473,784
Total cash and cash equivalents	$ 2,592,472	$ 2,800,036

Supplemental disclosure of cash flow information:

Contributions of marketable securities		$84,848

See accompanying notes to consolidated financial statements.

Christian Community Service Center, Inc. and
Christian Community Service Center Memorial Endowment

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Christian Community Service Center, Inc. (the Center) is an ecumenical, nonprofit corporation organized by member churches in the Houston area to provide food and services to people in need in the central and southwest Houston community. The Center provides services to the community through the following programs:

- *Emergency Services* operates two locations in central and southwest Houston. The program addresses the community's basic needs by providing food, financial assistance and referrals to people in crisis. This effort includes helping families avoid homelessness or substandard living conditions through rent and utility bill assistance, and providing some medical assistance for eyeglasses, dental services and prescription medications.
- *JobNet* helps job seekers through skill-building workshops, computer training, job leads, resume development, and access to office equipment. The program's individualized design increases clients' skills and confidence, especially those who face employment barriers including limited education, lack of computer skills and transportation challenges.
- *Back To School* provides students (pre-K to Grade 12) with comprehensive school supplies and vouchers or gift cards for new school attire to prepare them to achieve academic success. This year's effort continued with strategic partnerships involving a variety of schools, making a concentrated impact on campuses in underserved areas.
- *Martha's Way* is a 42-hour residential housekeeping training program designed to teach men and women to become entrepreneurs in the field of housekeeping. Job leads are shared with graduates, helping them to launch their businesses.
- *Jingle Bell Express* provides children from low-income families with new toys and books for their Christmas celebrations. Each of the families also receive a grocery gift card for this special time of year. This uniquely designed program addresses several client needs including literacy and hunger.
- *Professional Home Caregiver Training Program* equips people for a career assisting older adults and other populations with activities of daily living. The 50+ hour nonmedical training covers a variety of topics including technical skills, dementia education, relationship-building and more. The Center supports participants after graduation through job leads, continuing education and coaching.
- *Louise J. Moran Vision Care Program* partners with local schools and the Eye Institute at the University of Houston to provide vision-screening services and prescription eyeglasses to students in need in grades pre-K to Grade 8.

Christian Community Service Center Memorial Endowment (the Endowment) was created in 1998 to provide financial support for the programs of the Center. The majority of the Endowment's Board of Directors are appointed by the Board of Directors of the Center.

Basis of consolidation – These financial statements include the assets, liabilities, net assets, and activities of the Center and the Endowment (collectively CCSC). All balances and transactions between the consolidated entities have been eliminated.

Federal income tax status – The Center and the Endowment are exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code. The Center is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi). The Endowment is classified as a Type I supporting organization under §509(a)(3).

Cash equivalents include highly liquid financial instruments with original maturities of three months or less.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts due in more than one year are discounted, if material, to estimate the present value of future cash flows. An allowance for uncollectible contributions receivable is provided when it is believed balances may not be collectible in full. Contributions receivable are written off against the allowance when management determines a receivable will not be collected.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Property is reported at cost if purchased or at fair value at the date of gift if donated. CCSC capitalizes property in excess of $5,000. Depreciation is provided using the straight-line method over estimated useful lives of 3 to 40 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose.

Operating revenue and expenses – CCSC reports activities related to its Endowment, including bequest contributions that are transferred to the Endowment from the Center, as non-operating revenue and expenses. Endowment investment return approved by the Endowment Board of Directors for Center operations is reported as operating revenue. Revenue and expenses, except those related to the Endowment, are reported as operating.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before the organization is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met.

Donated materials, use of facilities and services are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Special events revenue represents amounts paid by donors, sponsors, and attendees of a fundraising event and includes elements of both contributions and exchange transactions. Special events revenue is recognized when an event occurs. Amounts received in advance are reported as deferred revenue until earned. Direct donor benefit costs represent the costs of goods and services provided in exchange for the amount paid by event attendees.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and occupancy costs are allocated based on square footage.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Adoption of accounting standard – Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, required contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and required disclosure about the measurement and use of types of contributed nonfinancial assets. The ASU was retroactively adopted as of January 1, 2021 and had no impact on net assets or the changes in net assets.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise of the following:

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 2,592,472	$ 2,800,036
Contributions receivable, net	850,953	1,569,481
Investments	6,208,216	6,390,809
Total financial assets	9,651,641	10,760,326
Less:		
Cash restricted for capital improvements		(473,784)
Contributions receivable restricted for capital improvements	(674,709)	(1,184,595)
Endowment investments and restricted cash	(6,428,865)	(6,407,559)
Other donor-restricted assets subject to satisfaction of restriction	(850)	(88,350)
Other board-designated funds	(479,411)	(610,307)
Add:		
Capital improvements expected for upcoming year	305,000	
Endowment appropriation approved for upcoming year	228,827	223,391
Board-designated financial assets approved for use in upcoming year	64,000	192,000
Total financial assets available for general expenditure	$ 2,665,633	$ 2,411,122

CCSC is supported by various donations from its 39 member churches, individuals, foundations, and corporations. As part of CCSC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. CCSC has an endowment, of which $3.5 million is board-designated and may be drawn upon in the event of unanticipated financial circumstances or an immediate liquidity need resulting from events outside the typical business cycle of converting financial assets to cash or settling financial liabilities. CCSC considers all expenditures related to its ongoing activities of Emergency Services, Back To School, Louise J. Moran Vision Care, Jingle Bell Express, JobNet, Martha's Way, and Home Caregiver Training, as well as services undertaken to support these activities, to be general expenditures.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2022	2021
Bank deposits	$ 1,365,389	$ 2,178,959
TPF Money Market Mutual Fund	1,227,083	621,077
Total cash and cash equivalents	$ 2,592,472	$ 2,800,036

Bank deposits exceed the federally insured limit per depositor per institution. CCSC places its cash with high credit quality financial institutions and evaluates the credit quality of the financial institutions on a periodic basis.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

	2022	2021
Capital contributions receivable	$ 676,808	$ 1,250,294
Operating contributions receivable	176,244	384,886
Total contributions receivable	853,052	1,635,180
Discount to net present value at 0.17% to 2.46%	(2,099)	(7,617)
Allowance for uncollectible contributions		(58,082)
Contributions receivable, net	$ 850,953	$ 1,569,481

Contributions receivable at December 31, 2022 are expected to be collected as follows:

2023	$ 534,596
2024	318,456
Total contributions receivable	$ 853,052

At December 31, 2022, contributions receivable from two donors totaled approximately 70% of total contributions receivable. At December 31, 2021, contributions receivable from four donors totaled approximately 84% of total contributions receivable. During 2022, contributions from one donor comprised 13% of total contributions. There were no donor contribution concentrations in 2021.

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2022 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Pooled investment funds:				
TPF Large-Cap Equity Fund (a)		$ 2,266,442		$ 2,266,442
TPF Fixed-Income Fund (b)		1,280,614		1,280,614
TPF International Equity Fund (c)		654,226		654,226
TPF Emerging Markets Equity Fund (d)		641,612		641,612
TPF Small-Cap Equity Fund (e)		486,474		486,474
TPF Real Estate Pooled Fund (f)		332,465		332,465
TPF Real Assets Pooled Fund (g)		305,595		305,595
TPF Balanced Pool Fund (h)		144,183		144,183
TPF Money Market Mutual Fund (i)		96,605		96,605
Total investments measured at fair value		6,208,216		6,208,216
Cash equivalent:				
TPF Money Market Mutual Fund		1,227,083		1,227,083
Total assets measured at fair value	$ 0	$ 7,435,299	$ 0	$ 7,435,299

Assets measured at fair value at December 31, 2021 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Pooled investment funds:				
TPF Large-Cap Equity Fund (a)		$ 2,379,288		$ 2,379,288
TPF Fixed-Income Fund (b)		1,194,361		1,194,361
TPF International Equity Fund (c)		593,259		593,259
TPF Emerging Markets Equity Fund (d)		508,417		508,417
TPF Small-Cap Equity Fund (e)		489,705		489,705
TPF Real Estate Pooled Fund (f)		322,475		322,475
TPF Real Assets Pooled Fund (g)		322,082		322,082
TPF Balanced Pool Fund (h)		171,345		171,345
TPF Money Market Mutual Fund (i)		409,877		409,877
Total investments measured at fair value		6,390,809		6,390,809
Cash equivalent:				
TPF Money Market Mutual Fund		621,077		621,077
Total assets measured at fair value	$ 0	$ 7,011,886	$ 0	$ 7,011,886

The pooled investment funds are not traded on a public exchange and are primarily invested in domestic and international equity and debt securities traded in public markets. The pooled investment funds are described as follows:

(a) This fund is a broadly diversified portfolio of mostly U. S. and some international stocks that seek to provide opportunities for long-term capital growth, while avoiding speculation and undue risk. Withdrawals may be made on the last business day of the month by written request with one-day notice.

(b) This fund is an actively managed, diversified bond portfolio with a total return strategy designed to serve as the fixed-income component for most permanent funds. Withdrawals may be made on the last business day of the month by written request with three days' notice.

(c) This fund is a broadly diversified portfolio of large, high quality non-U. S. companies that are either ordinary shares traded on securities exchanges around the world or American Depository Receipts traded on U. S. exchanges. Withdrawals may be made on the last business day of the month by written request with three days' notice.

(d) This fund is a broadly diversified portfolio of smaller companies in markets with greater political and economic instability, presenting more exposure to operational and liquidity risks than in developed countries, and with currency risks that are not easily hedged. Withdrawals may be made on the last business day of the month by written request with three days' notice.

(e) This fund is a blended-style portfolio of small U. S. companies allocated among managers with distinct growth, value and core strategies. Withdrawals may be made on the last business day of the month by written request with three days' notice.

(f) This fund is a diversified commingled portfolio of core institutional-quality, income-producing real properties designed to provide exposure to this additional asset class. Withdrawals may be made on the last business day of the month by written request with three days' notice.

(g) This fund is a diversified portfolio of liquid, inflation-sensitive assets/strategies that tend to be positively correlated with unanticipated inflation. Withdrawals may be made on the last business day of the month by written request with three days' notice.

(h) This fund is a fund of funds that holds interest in most of the TPF Funds (excluding TPF's Money Market Mutual Fund) in proportions allocated as determined by the TPF Board of Trustees' Investment Committee. Withdrawals may be made on the last business day of the month by written request with three days' notice.

(i) This fund is designed to achieve a competitive rate of current income with maximum safety and liquidity. There are no restrictions on withdrawals.

Pooled investment funds are valued at net asset values provided by fund management and by the annual audited financial statements of the Texas Presbyterian Foundation (TPF), an ecumenical nonprofit foundation that holds and manages the pooled investments. This valuation method may produce a fair value that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while CCSC believes its valuation method is appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 6 – PROPERTY

Property consists of the following:

	2022	2021
Land	$ 1,030,130	$ 1,030,130
Buildings and improvements	9,406,256	8,676,475
Equipment	247,402	247,402
Vehicles	39,910	39,910
Construction in progress		656,616
Total property, at cost	10,723,698	10,650,533
Accumulated depreciation	(612,805)	(344,716)
Property, net	$ 10,110,893	$ 10,305,817

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are comprised of the following:

	2022	2021
Property, net	$ 10,110,893	$ 10,305,817
Designated by Board of Directors for general endowment	3,483,880	3,674,148
Undesignated	2,007,999	1,136,633
Designated by Board of Directors for capital projects		113,368
Designated by Board of Directors for special projects	479,411	576,939
Total net assets without donor restrictions	$ 16,082,183	$ 15,806,905

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	2022	2021
Subject to expenditure for specified purpose:		
Capital	$ 674,709	$ 2,314,995
Vision Care	62,500	125,000
Back To School	25,000	60,000
Emergency Services	5,000	
Other	850	850
Total subject to expenditure for specified purpose	768,059	2,500,845
Subject to spending policy and appropriation:		
General Endowment	2,786,239	2,557,683
Freeman Fund	128,987	162,065
Emily Fund	28,984	13,067
Total endowments	2,944,210	2,732,815
Total net assets with donor restrictions	$ 3,712,269	$ 5,233,660

NOTE 9 – ENDOWMENT

The Endowment was established to assist the Center in meeting its operating needs and includes donor-restricted endowments and a board-designated endowment created by the Center. The Board of Directors of the Endowment has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Endowment classifies the original value of gifts donated to the perpetual endowment as *net assets with donor restrictions* not subject to appropriation or expenditure. The remaining portion of the donor-restricted endowment fund is classified as *net assets with donor restrictions* until those amounts are appropriated for expenditure by the Endowment in a manner consistent with the standards of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Endowment considers the following factors in making a determination to appropriate accumulated donor-restricted endowment funds:

- The duration and preservation of the funds
- The purposes of the Center and the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Center
- The investment policies of the Endowment

Changes in endowment net assets are as follows:

		WITH DONOR RESTRICTIONS		
	BOARD-DESIGNATED ENDOWMENT	ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
Endowment net assets, December 31, 2020	$ 3,375,795	$ 662,746	$ 267,424	$ 4,305,965
Contributions			20,900	20,900
Transfers			1,700,000	1,700,000
Net investment return	414,005	112,756		526,761
Distributions	(115,652)	(31,011)		(146,663)
Endowment net assets, December 31, 2021	3,674,148	744,491	1,988,324	6,406,963
Contributions	638,996		25,100	664,096
Transfers			800,733	800,733
Net investment return	(697,558)	(516,771)		(1,214,329)
Distributions	(131,706)	(97,667)		(229,373)
Endowment net assets, December 31, 2022	$ 3,483,880	$ 130,053	$ 2,814,157	$ 6,428,090

Endowment net asset composition as of December 31, 2022:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity		$ 2,814,157	$ 2,814,157
Accumulated net investment return		130,053	130,053
Board-designated endowment funds	$ 3,483,880		3,483,880
Endowment net assets	$ 3,483,880	$ 2,944,210	$ 6,428,090

Endowment net asset composition as of December 31, 2021:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity		$ 1,988,324	$ 1,988,324
Accumulated net investment return		744,491	744,491
Board-designated endowment funds	$ 3,674,148		3,674,148
Endowment net assets	$ 3,674,148	$ 2,732,815	$ 6,406,963

Investment Policies and Strategy

The purpose of the Endowment is to provide long-term financial support to the Center. Accordingly, the Endowment's strategic asset allocation is based on this long-term perspective. The Endowment Board of Directors recognizes the difficulty of achieving the Endowment's investment objectives in light of the uncertainties and complexities of investment markets. It also recognizes that some risk must be assumed to achieve long-term investment objectives. The target performance objective is that, over a complete market cycle, the overall annualized total return should outperform its relevant benchmarks. Performance objectives have been based upon the assumption that future rates of return will approximate historical rates of return experienced for various asset classes. The Endowment Board of Directors realizes that market performance varies and that a real rate of return may not be achievable during short-term periods.

Spending Policy

Annually, the Endowment distributes 4% of the average market value of the Endowment's funds under management for the preceding twelve quarters. The annual distribution is disbursed over four quarters. Excluded from funds under management are any restricted funds that do not qualify as distributable for the upcoming year. The Freeman Fund distributes income on a quarterly basis to provide warm clothing for the needy. In conjunction with the authorization of the annual distribution, the Endowment Board of Directors reviews this policy in light of current and expected market conditions and the rate of inflation. Other distributions may be made from time to time at the discretion of the Endowment Board of Directors. These policies are consistent with CCSC's objectives to preserve the corpus of the Endowment, grow the total value of the Endowment through investments and gifts, and financially support the mission and activities of the Center.

Loan to the Center

In January 2016, the Endowment loaned the Center $800,000 to fund the acquisition of land on which the Center constructed a new programmatic and administrative facility. The loan was paid entirely in January 2021. During 2021, the Endowment recognized, and the Center incurred, interest of approximately $7,000 on the loan. These amounts have been eliminated in consolidation.

NOTE 10 – CONTRIBUTED NONFINANCIAL ASSETS

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration and clerical support for which no amount has been recognized in the financial statements because the donated services did not meet the criteria for recognition under generally accepted accounting principles. The estimated hours contributed as volunteer services approximated 27,000 hours and 22,000 hours, respectively, in 2022 and 2021.

Contributed nonfinancial assets, none of which had donor restrictions, were recognized as follows:

CONTRIBUTED NONFINANCIAL ASSETS	MONETIZED OR UTILIZED IN PROGRAMS/ACTIVITIES	VALUATION TECHNIQUES AND INPUTS	2022	2021
Food commodities	Program	Houston Food Bank donations based on price per pound from Feeding America. Food drive donations based on average local food prices.	$1,513,919	$ 960,874
HEB gift cards	Program	Face value of gift card.	30,300	20,000
Clothing	Program	Average local thrift store prices.	42,381	
Auction items for special events	Fundraising	Actual amount paid by purchasers at auction.	81,848	82,544
Total			$1,668,448	$1,063,418

NOTE 11 – EMPLOYEE BENEFIT PLAN

The Center maintains a §403(b) defined contribution plan. After one year of service, the Center contributes 3% of each qualified employee's salary to the plan and also matches 50% of employee contributions up to 2% of compensation. Employees are immediately fully vested in the Center's contributions. The Center contributed approximately $41,000 and $42,000 to the plan in 2022 and 2021, respectively.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 16, 2023, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.