

**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, 2023 and 2022

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

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements:	
Consolidated Statements of Financial Position as of December 31, 2023 and 2022	3
Consolidated Statement of Activities for the year ended December 31, 2023	4
Consolidated Statement of Activities for the year ended December 31, 2022	5
Consolidated Statement of Functional Expenses for the year ended December 31, 2023	6
Consolidated Statement of Functional Expenses for the year ended December 31, 2022	7
Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022	8
Notes to Consolidated Financial Statements for the years ended December 31, 2023 and 2022	9

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, 2023 and 2022, 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, 2023 and 2022, 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.

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 14, 2024

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

Consolidated Statements of Financial Position as of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents <i>(Notes 3 and 5)</i>	\$ 2,287,159	\$ 2,371,823
Prepaid expenses and other assets	112,560	85,632
Contributions receivable, net <i>(Note 4)</i>	482,134	176,244
Cash restricted for endowment <i>(Notes 3 and 5)</i>		220,649
Contributions receivable for capital improvements, net <i>(Note 2)</i>	321,658	674,709
Investments <i>(Note 5)</i>	8,194,766	6,208,216
Property, net <i>(Note 6)</i>	<u>9,857,453</u>	<u>10,110,893</u>
TOTAL ASSETS	<u>\$ 21,255,730</u>	<u>\$ 19,848,166</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 69,076	\$ 53,714
Total liabilities	<u>69,076</u>	<u>53,714</u>
Net assets <i>(Note 8)</i> :		
Without donor restrictions <i>(Note 2)</i>	16,532,530	16,082,183
With donor restrictions <i>(Note 7)</i>	<u>4,654,124</u>	<u>3,712,269</u>
Total net assets	<u>21,186,654</u>	<u>19,794,452</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,255,730</u>	<u>\$ 19,848,166</u>

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, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
OPERATING REVENUE:			
Contributions:			
Cash and other financial assets	\$ 1,935,193	\$ 1,236,458	\$ 3,171,651
Nonfinancial assets (Note 9)	1,106,888		1,106,888
Special events:			
Cash and other financial assets	678,783		678,783
Nonfinancial assets (Note 9)	61,925		61,925
Direct donor benefit costs	(152,287)		(152,287)
Operating investment return	66,839		66,839
Endowment return distributed for operations (Note 8)	127,143	108,484	235,627
Other income	<u>3,137</u>		<u>3,137</u>
Total operating revenue	3,827,621	1,344,942	5,172,563
Net assets released from restrictions:			
Program expenditures	<u>854,987</u>	<u>(854,987)</u>	
Total	<u>4,682,608</u>	<u>489,955</u>	<u>5,172,563</u>
OPERATING EXPENSES:			
Program services:			
Basic Needs	2,777,170		2,777,170
Workforce Development	803,600		803,600
Youth Services	<u>621,688</u>		<u>621,688</u>
Total program services	4,202,458		4,202,458
Supporting services:			
Management and general	349,848		349,848
Fundraising	<u>418,971</u>		<u>418,971</u>
Total operating expenses	<u>4,971,277</u>		<u>4,971,277</u>
OPERATING CHANGES IN NET ASSETS	(288,669)	489,955	201,286
OTHER CHANGES IN NET ASSETS:			
Contributions to Endowment (Note 8)	210,053	9,350	219,403
Endowment investment return	656,106	551,034	1,207,140
Endowment return distributed for operations (Note 8)	<u>(127,143)</u>	<u>(108,484)</u>	<u>(235,627)</u>
CHANGES IN NET ASSETS	450,347	941,855	1,392,202
Net assets, beginning of year	<u>16,082,183</u>	<u>3,712,269</u>	<u>19,794,452</u>
Net assets, end of year	<u>\$ 16,532,530</u>	<u>\$ 4,654,124</u>	<u>\$ 21,186,654</u>

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 (<i>Note 9</i>)	1,586,600		1,586,600
Special events:			
Cash and other financial assets	555,955		555,955
Nonfinancial assets (<i>Note 9</i>)	81,848		81,848
Direct donor benefit costs	(147,591)		(147,591)
Operating investment return	151,471	97,667	249,138
Other income	<u>3,287</u>	<u></u>	<u>3,287</u>
Total operating revenue	3,847,068	857,061	4,704,129
Net assets released from restrictions:			
Program expenditures	881,785	(881,785)	
Capital additions	<u>907,329</u>	<u>(907,329)</u>	<u></u>
Total	<u>5,636,182</u>	<u>(932,053)</u>	<u>4,704,129</u>
OPERATING EXPENSES:			
Program services:			
Basic Needs	3,248,192		3,248,192
Workforce Development	703,455		703,455
Youth Services	<u>581,396</u>		<u>581,396</u>
Total program services	4,533,043		4,533,043
Supporting services:			
Management and general	296,985		296,985
Fundraising	<u>340,608</u>		<u>340,608</u>
Total operating expenses	<u>5,170,636</u>		<u>5,170,636</u>
OPERATING CHANGES IN NET ASSETS	465,546	(932,053)	(466,507)
OTHER CHANGES IN NET ASSETS:			
Contributions to Endowment (<i>Note 8</i>)	638,996	25,100	664,096
Endowment investment return	<u>(829,264)</u>	<u>(614,438)</u>	<u>(1,443,702)</u>
CHANGES IN NET ASSETS	275,278	(1,521,391)	(1,246,113)
Net assets, beginning of year	<u>15,806,905</u>	<u>5,233,660</u>	<u>21,040,565</u>
Net assets, end of year	<u>\$ 16,082,183</u>	<u>\$ 3,712,269</u>	<u>\$ 19,794,452</u>

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, 2023

	<u>BASIC NEEDS</u>	<u>WORKFORCE DEVELOPMENT</u>	<u>YOUTH SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Direct assistance	\$ 1,783,901	\$ 9,381	\$ 413,048			\$ 2,206,330
Salaries and related costs	523,488	517,122	137,984	\$ 253,042	\$ 323,586	1,755,222
Depreciation	139,396	76,032	15,204	10,136	12,672	253,440
Computer supplies and maintenance	71,825	39,869	13,266	12,460	11,814	149,234
Repairs and maintenance	63,452	35,577	8,024	5,161	5,205	117,419
Professional and contract services	55,235	14,796	5,238	30,627	1,965	107,861
Fees and licenses	28,815	37,956	5,072	27,392	3,736	102,971
Insurance	44,697	24,380	4,875	3,959	4,063	81,974
Printing and postage	4,870	4,031	5,356	2,274	49,153	65,684
Occupancy	24,206	13,144	2,727	1,760	2,201	44,038
Supplies	14,996	19,797	5,526	657	2,326	43,302
Telephone	18,350	9,640	3,629	950	1,230	33,799
Transportation	2,069	914	206	3	85	3,277
Other	<u>1,870</u>	<u>961</u>	<u>1,533</u>	<u>1,427</u>	<u>935</u>	<u>6,726</u>
Total operating expenses	<u>\$ 2,777,170</u>	<u>\$ 803,600</u>	<u>\$ 621,688</u>	<u>\$ 349,848</u>	<u>\$ 418,971</u>	4,971,277
Direct donor benefit costs						<u>152,287</u>
Total						<u>\$ 5,123,564</u>

Notes:

Program services as a percent of total operating expenses	84.5%
Management and general as a percent of total operating expenses	7.1%
Fundraising as a percent of total operating expenses	8.4%

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

	<u>BASIC NEEDS</u>	<u>WORKFORCE DEVELOPMENT</u>	<u>YOUTH SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Direct assistance	\$ 2,393,050	\$ 25,895	\$ 396,648			\$ 2,815,593
Salaries and related costs	436,442	453,769	121,872	\$ 215,297	\$ 254,143	1,481,523
Depreciation	147,709	80,250	16,059	10,697	13,374	268,089
Repairs and maintenance	58,882	33,674	8,213	5,104	5,271	111,144
Professional and contract services	47,518	2,440	2,120	21,030		73,108
Fees and licenses	18,247	34,220	10,007	26,453	12,556	101,483
Insurance	44,793	24,383	4,887	3,955	4,072	82,090
Printing and postage	6,375	5,081	5,336	3,312	39,191	59,295
Occupancy	24,879	13,877	2,921	1,809	2,262	45,748
Supplies	45,058	20,869	9,109	6,818	7,860	89,714
Telephone	14,923	7,018	2,450	1,064	961	26,416
Transportation	7,594	706	501	30	139	8,970
Other	<u>2,722</u>	<u>1,273</u>	<u>1,273</u>	<u>1,416</u>	<u>779</u>	<u>7,463</u>
Total operating expenses	<u>\$ 3,248,192</u>	<u>\$ 703,455</u>	<u>\$ 581,396</u>	<u>\$ 296,985</u>	<u>\$ 340,608</u>	5,170,636
Direct donor benefit costs						<u>147,591</u>
Total						<u>\$ 5,318,227</u>

Notes:

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 Memorial Endowment

Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,392,202	\$ (1,246,113)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	253,440	268,089
Net realized and unrealized (gain) loss on investments	(1,087,518)	1,300,322
Contributions for capital improvements		(67,776)
Contributions restricted for endowment	(219,403)	(25,100)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(26,928)	110
Contributions receivable	(327,548)	208,642
Accounts payable and accrued expenses	<u>15,362</u>	<u>(3,991)</u>
Net cash provided (used) by operating activities	<u>(393)</u>	<u>434,183</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(684,323)	(1,701,281)
Proceeds from sales of investments	586,022	270,280
Net change in money market mutual funds held for investment	(800,731)	313,272
Purchases of property	<u></u>	<u>(126,780)</u>
Net cash used by investing activities	<u>(899,032)</u>	<u>(1,244,509)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions for capital improvements	374,709	577,662
Proceeds from contributions restricted for endowment	<u>219,403</u>	<u>25,100</u>
Net cash provided by financing activities	<u>594,112</u>	<u>602,762</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(305,313)	(207,564)
Cash and cash equivalents, beginning of year	<u>2,592,472</u>	<u>2,800,036</u>
Cash and cash equivalents, end of year	<u>\$ 2,287,159</u>	<u>\$ 2,592,472</u>
<i>Reconciliation of cash and cash equivalents as reported in the consolidated statements of financial position:</i>		
Cash and cash equivalents	\$ 2,287,159	\$ 2,371,823
Cash restricted for endowment	<u></u>	<u>220,649</u>
Total cash and cash equivalents	<u>\$ 2,287,159</u>	<u>\$ 2,592,472</u>

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements for the years ended December 31, 2023 and 2022

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:

Basic Needs

- *Emergency Services* operates at 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.

Workforce Development

- *JobNet* helps job seekers through skill-building workshops, computer training, job leads, resume development, career coaching, 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.
- *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.
- *Home Caregiver Training Program* equips people for a career assisting older adults and other populations with activities of daily living. The 45+ 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.

Youth Services

- *Back To School* provides underserved students (pre-K through Grade 12) with comprehensive school supplies, a backpack, and a voucher or gift card for new school attire to prepare them to achieve academic success.
- *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 play, literacy, and hunger.
- *Louise J. Moran Vision Care Program* partners with local schools and the Houston Eye Institute at the University of Houston to provide vision-screening services and prescription eyeglasses to pre-K through Grade 8 students in need.

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.

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:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 2,287,159	\$ 2,592,472
Contributions receivable, net	803,792	850,953
Investments	<u>8,194,766</u>	<u>6,208,216</u>
Total financial assets	11,285,717	9,651,641
Less:		
Contributions receivable restricted for capital improvements	(300,000)	(674,709)
Endowment investments and restricted cash	(8,194,766)	(6,428,865)
Other donor-restricted assets subject to satisfaction of restriction	(383,136)	(850)
Other board-designated funds	(432,140)	(479,411)
Add:		
Capital improvements expected for upcoming year	398,136	305,000
Endowment appropriation approved for upcoming year	254,398	228,827
Board-designated financial assets approved for use in upcoming year	<u>50,000</u>	<u>64,000</u>
Total financial assets available for general expenditure	<u>\$ 2,678,209</u>	<u>\$ 2,665,633</u>

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 the

following board-designated funds, which may be drawn upon in the event of an unanticipated financial need from events outside the typical business cycle:

	<u>2023</u>	<u>2022</u>
Board-designated endowment	\$ 4,222,896	\$ 3,483,880
Board-designated for special projects	<u>432,140</u>	<u>479,411</u>
Total	<u>\$ 4,655,036</u>	<u>\$ 3,963,291</u>

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:

	<u>2023</u>	<u>2022</u>
Bank deposits	\$ 573,312	\$ 1,365,389
TPF Money Market Mutual Fund	<u>1,713,847</u>	<u>1,227,083</u>
Total cash and cash equivalents	<u>\$ 2,287,159</u>	<u>\$ 2,592,472</u>

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:

	<u>2023</u>	<u>2022</u>
Capital contributions receivable	\$ 321,658	\$ 676,808
Operating contributions receivable	<u>482,134</u>	<u>176,244</u>
Total contributions receivable	803,792	853,052
Discount to net present value at 0.17% to 2.46%	<u> </u>	<u>(2,099)</u>
Contributions receivable, net	<u>\$ 803,792</u>	<u>\$ 850,953</u>

Contributions receivable at December 31, 2023 are expected to be collected as follows:

2024	\$ 518,792
2025	95,000
2026	95,000
2027	<u>95,000</u>
Total contributions receivable	<u>\$ 803,792</u>

At December 31, 2023, contributions receivable from two donors totaled approximately 84% of total contributions receivable. At December 31, 2022, contributions receivable from four donors totaled approximately 70% of total contributions receivable. During 2022, contributions from one donor comprised 13% of total contributions.

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. All of CCSC's investments are measured at fair value using Level 2 inputs, which are not quoted prices in active markets for identical assets or liabilities but are either directly observable or can be derived from or corroborated by observable market data at the reporting date.

Assets measured at fair value at December 31 using level 2 inputs are as follows:

	<u>2023</u>	<u>2022</u>
Investments:		
TPF Large-Cap Equity Fund	\$ 3,134,915	\$ 2,266,442
TPF Fixed-Income Fund	1,736,121	1,280,614
TPF Money Market Mutual Fund	897,335	96,605
TPF International Equity Fund	719,680	654,226
TPF Emerging Markets Equity Fund	638,844	641,612
TPF Small-Cap Equity Fund	617,588	486,474
TPF Real Estate Pooled Fund		332,465
TPF Real Assets Pooled Fund	276,590	305,595
TPF Balanced Pool Fund	<u>173,693</u>	<u>144,183</u>
Total investments measured at fair value	8,194,766	6,208,216
Cash equivalents:		
TPF Money Market Mutual Fund	<u>1,713,847</u>	<u>1,227,083</u>
Total assets measured at fair value	<u>\$ 9,908,613</u>	<u>\$ 7,435,299</u>

Investments and cash equivalents consist of CCSC's share of pooled investment portfolios managed by the Texas Presbyterian Foundation (TPF). TPF was established in 1925 and is a public charity qualified under Section 501(c)(3) of the Code. TPF is governed by a Board of Trustees comprised of twenty-four persons, whose election is subject to approval of the Synod of the Sun, Presbyterian Church (U.S.A.) or its agencies.

TPF Pooled Funds are organized as common, or collective, funds that are administered according to investment policies with the objective of meeting the investment objectives of each fund within reasonable risk levels and obtaining a high total return on assets consistent with safety of principal. Specific investment objectives and strategies are subject to change from time to time. TPF Pooled Funds include only assets of charitable trusts, general endowment funds and other specified types of assets authorized by law to be jointly invested by a charity. Funds are exempt from registration requirements of the federal securities laws pursuant to the exemption for collective investment funds and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995. Assets of TPF's common funds are held by third-party custodians.

TPF provides an accounting of its transactions with respect to each account invested in its common funds on a periodic basis, no less often than annually. Withdrawals are allowed on the last business day of each month with three-days' written notice at the calculated net asset value.

TPF Pooled Funds are valued at net asset values provided by fund management and supported by audited financial statements of the TPF. 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:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,030,130	\$ 1,030,130
Buildings and improvements	9,406,256	9,406,256
Equipment	247,402	247,402
Vehicles	<u>39,910</u>	<u>39,910</u>
Total property, at cost	10,723,698	10,723,698
Accumulated depreciation	<u>(866,245)</u>	<u>(612,805)</u>
Property, net	<u>\$ 9,857,453</u>	<u>\$ 10,110,893</u>

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Vision Care	\$ 380,000	\$ 62,500
Capital improvements	300,000	674,709
Back To School	3,136	25,000
Emergency Services		5,000
Other		<u>850</u>
Total subject to expenditure for specified purpose	<u>683,136</u>	<u>768,059</u>
Subject to spending policy and appropriation:		
General Endowment	3,793,406	2,786,239
Freeman Fund – provides warm items for clients in need	145,344	128,987
Emily Fund – supports Emergency Services	<u>32,238</u>	<u>28,984</u>
Total endowments	<u>3,970,988</u>	<u>2,944,210</u>
Total net assets with donor restrictions	<u>\$ 4,654,124</u>	<u>\$ 3,712,269</u>

NOTE 8 – 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:

	BOARD- DESIGNATED ENDOWMENT	WITH DONOR RESTRICTIONS ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
Endowment net assets, December 31, 2021	<u>\$ 3,674,148</u>	<u>\$ 744,491</u>	<u>\$ 1,988,324</u>	<u>\$ 6,406,963</u>
Contributions	638,996		25,100	664,096
Transfers			800,733	800,733
Net investment return	(697,558)	(516,771)		(1,214,329)
Distributions	<u>(131,706)</u>	<u>(97,667)</u>		<u>(229,373)</u>
Endowment net assets, December 31, 2022	<u>3,483,880</u>	<u>130,053</u>	<u>2,814,157</u>	<u>6,428,090</u>
Contributions	210,053		9,350	219,403
Transfers			574,878	574,878
Net investment return	656,106	551,034		1,207,140
Distributions	<u>(127,143)</u>	<u>(108,484)</u>		<u>(235,627)</u>
Endowment net assets, December 31, 2023	<u>\$ 4,222,896</u>	<u>\$ 572,603</u>	<u>\$ 3,398,385</u>	<u>\$ 8,193,884</u>

Endowment net asset composition as of December 31, 2023:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity		\$ 3,398,385	\$ 3,398,385
Accumulated net investment return		572,603	572,603
Board-designated endowment funds	<u>\$ 4,222,896</u>	<u> </u>	<u>4,222,896</u>
Endowment net assets	<u>\$ 4,222,896</u>	<u>\$ 3,970,988</u>	<u>\$ 8,193,884</u>

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	<u>\$ 3,483,880</u>	<u> </u>	<u>3,483,880</u>
Endowment net assets	<u>\$ 3,483,880</u>	<u>\$ 2,944,210</u>	<u>\$ 6,428,090</u>

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.

NOTE 9 – 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 30,000 hours and 27,000 hours, respectively, in 2023 and 2022.

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

<u>CONTRIBUTED NONFINANCIAL ASSETS</u>	<u>MONETIZED OR UTILIZED IN PROGRAMS/ACTIVITIES</u>	<u>VALUATION TECHNIQUES AND INPUTS</u>	<u>2023</u>	<u>2022</u>
Food commodities	Program	Houston Food Bank donations based on price per pound from Feeding America. Food drive donations based on average local food prices.	\$ 951,522	\$1,513,919
Clothing	Program	Average local thrift store prices.	120,516	42,381
Auction items	Sold at fundraising event	Amount paid by purchasers at auction.	61,925	81,848
HEB gift cards	Program	Face value of gift card.	<u>34,850</u>	<u>30,300</u>
Total			<u>\$1,168,813</u>	<u>\$1,668,448</u>

NOTE 10 – 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 \$51,000 and \$41,000 to the plan in 2023 and 2022, respectively.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 14, 2024, 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.