

CHRISTIAN COMMUNITY ACTION

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORT**

YEARS ENDED JUNE 30, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Christian Community Action
Lewisville, Texas

We have audited the accompanying financial statements of Christian Community Action (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 auditors' 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 Christian Community Action as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 16 to the financial statements, management elected to change accounting principles as it relates to valuing of in-kind contributions. This change in principle was applied to the in-kinds recorded during the year ended June 30, 2020. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of Christian Community Action's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Christian Community Action's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Christian Community Action's internal control over financial reporting and compliance.


Report on Supplementary Information

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Financial Position by Fund and the Statement of Activities by Fund schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Fort Worth, Texas
December 15, 2021

**CHRISTIAN COMMUNITY ACTION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,488,977	\$ 1,056,917
Investments	10,593,947	8,669,404
Grants Receivable	57,602	-
Accounts Receivable	46,996	70,645
Estate Receivable - See Note 21	850,000	-
Accrued Interest Receivable	14,846	16,552
Note Receivable	187,500	375,000
Inventories	311,152	292,899
Prepaid Expenses	22,483	27,007
Total Current Assets	13,573,503	10,508,424
NONCURRENT ASSETS		
Note Receivable - Noncurrent Portion	-	187,500
Property and Equipment, Net	2,962,522	3,000,754
Total Noncurrent Assets	2,962,522	3,188,254
Total Assets	\$ 16,536,025	\$ 13,696,678
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 71,143	\$ 137,515
Payroll and Related Liabilities	72,868	46,869
Deferred Revenue	127,256	5,000
Custodian Client Payables	1,081	1,081
Notes Payable	-	196,000
Total Liabilities	272,348	386,465
NET ASSETS		
Total Without Donor Restrictions	16,157,393	13,220,581
Total With Donor Restrictions	106,284	89,632
Total Net Assets	16,263,677	13,310,213
Total Liabilities and Net Assets	\$ 16,536,025	\$ 13,696,678

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 1,826,060	\$ 332,766	\$ 2,158,826
Donated Goods and Services	5,398,597	-	5,398,597
Grants, Foundations, and Other	1,641,844	392,212	2,034,056
Investment Income	1,923,288	-	1,923,288
Interest Income	28,765	-	28,765
Thrift Resale Relationship Revenue	840,902	-	840,902
Grant Revenue from CARES Act - See Note 8	196,000	-	196,000
Net Assets Released from Restrictions	708,326	(708,326)	-
Total Revenue and Support	<u>12,563,782</u>	<u>16,652</u>	<u>12,580,434</u>
EXPENSES			
Program Services	8,664,512	-	8,664,512
Fundraising	676,511	-	676,511
Management and General	285,947	-	285,947
Total Expenses	<u>9,626,970</u>	<u>-</u>	<u>9,626,970</u>
CHANGE IN NET ASSETS	2,936,812	16,652	2,953,464
Net Assets - Beginning of Year	<u>13,220,581</u>	<u>89,632</u>	<u>13,310,213</u>
NET ASSETS - END OF YEAR	<u>\$ 16,157,393</u>	<u>\$ 106,284</u>	<u>\$ 16,263,677</u>

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	(As Restated) Total
REVENUE AND SUPPORT			
Contributions	\$ 920,316	\$ 198,282	\$ 1,118,598
Special Event Revenue, Net of Direct Costs of \$7,175	39,070	-	39,070
Donated Goods and Services	4,859,680	-	4,859,680
Grants, Foundations, and Other	188,469	504,120	692,589
Investment Income	154,204	-	154,204
Interest Income	58,875	-	58,875
Thrift Resale Relationship Revenue	766,733	-	766,733
Net Assets Released from Restrictions	661,496	(661,496)	-
Total Revenue and Support	<u>7,648,843</u>	<u>40,906</u>	<u>7,689,749</u>
EXPENSES			
Program Services	6,733,026	-	6,733,026
Fundraising	489,358	-	489,358
Management and General	201,081	-	201,081
Total Expenses	<u>7,423,465</u>	<u>-</u>	<u>7,423,465</u>
CHANGE IN NET ASSETS	225,378	40,906	266,284
Net Assets - Beginning of Year	<u>12,995,203</u>	<u>48,726</u>	<u>13,043,929</u>
NET ASSETS - END OF YEAR	<u>\$ 13,220,581</u>	<u>\$ 89,632</u>	<u>\$ 13,310,213</u>

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Family Services	Direct Family Assistance	Distributed Goods and Services	Total Program Services	Fundraising	Management and General	Total Supporting Expenses	Total
DIRECT FAMILY ASSISTANCE								
Client Housing	\$ -	\$ 1,379,631	\$ -	\$ 1,379,631	\$ -	\$ -	\$ -	\$ 1,379,631
Client Utilities	-	120,332	-	120,332	-	-	-	120,332
Food Purchase	-	124,801	-	124,801	-	-	-	124,801
Other Direct Family Assistance	-	206,954	-	206,954	-	-	-	206,954
Total Direct Family Assistance	-	1,831,718	-	1,831,718	-	-	-	1,831,718
OPERATING EXPENSES								
Salaries and Wages	848,483	-	-	848,483	407,986	98,187	506,173	1,354,656
Payroll Taxes and Benefits	225,316	-	-	225,316	93,500	20,248	113,748	339,064
Depreciation	110,278	-	-	110,278	12,041	31,885	43,926	154,204
Professional Services	448	-	-	448	48,437	25,609	74,046	74,494
Information Technology	20,144	-	-	20,144	8,528	53,730	62,258	82,402
Insurance	54,548	-	-	54,548	6,698	6,663	13,361	67,909
Facilities Expenses	82,684	-	-	82,684	7,912	25,167	33,079	115,763
Office Expenses	100,544	-	-	100,544	42,231	22,830	65,061	165,605
Marketing and Advertising	6,989	-	-	6,989	49,178	1,628	50,806	57,795
Total Operating Expenses	1,449,434	-	-	1,449,434	676,511	285,947	962,458	2,411,892
DISTRIBUTED GOODS AND SERVICES								
Food	-	-	4,266,875	4,266,875	-	-	-	4,266,875
Share Our Surplus	-	-	879,858	879,858	-	-	-	879,858
Toys	-	-	129,792	129,792	-	-	-	129,792
Clothing School Supplies & Backpacks	-	-	42,200	42,200	-	-	-	42,200
Volunteer Time	-	-	9,458	9,458	-	-	-	9,458
Other Distributed Goods and Services	-	-	55,177	55,177	-	-	-	55,177
Total Distributed Goods and Services	-	-	5,383,360	5,383,360	-	-	-	5,383,360
Total Functional Expenses	\$ 1,449,434	\$ 1,831,718	\$ 5,383,360	\$ 8,664,512	\$ 676,511	\$ 285,947	\$ 962,458	\$ 9,626,970

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Family Services	Direct Family Assistance	Distributed Goods and Services	Total Program Services	Fundraising	Management and General	Total Supporting Expenses	(As Restated) Total
DIRECT FAMILY ASSISTANCE								
Client Housing	\$ -	\$ 488,358	\$ -	\$ 488,358	\$ -	\$ -	\$ -	\$ 488,358
Client Utilities	-	93,591	-	93,591	-	-	-	93,591
Food Purchase	-	126,335	-	126,335	-	-	-	126,335
Other Direct Family Assistance	-	107,376	-	107,376	-	-	-	107,376
Total Direct Family Assistance	-	815,660	-	815,660	-	-	-	815,660
OPERATING EXPENSES								
Salaries and Wages	630,198	-	-	630,198	225,943	72,337	298,280	928,478
Payroll Taxes and Benefits	165,809	-	-	165,809	47,509	11,792	59,301	225,110
Depreciation	108,066	-	-	108,066	11,960	27,400	39,360	147,426
Professional Services	35,825	-	-	35,825	80,480	37,677	118,157	153,982
Information Technology	28,291	-	-	28,291	12,651	31,802	44,453	72,744
Insurance	52,659	-	-	52,659	6,400	6,400	12,800	65,459
Facilities Expenses	94,899	-	-	94,899	8,862	8,862	17,724	112,623
Office Expenses	61,830	-	-	61,830	42,267	3,928	46,195	108,025
Marketing and Advertising	3,546	-	-	3,546	53,286	883	54,169	57,715
Total Operating Expenses	1,181,123	-	-	1,181,123	489,358	201,081	690,439	1,871,562
DISTRIBUTED GOODS AND SERVICES								
Food	-	-	3,878,314	3,878,314	-	-	-	3,878,314
Share Our Surplus	-	-	691,489	691,489	-	-	-	691,489
Toys	-	-	111,708	111,708	-	-	-	111,708
Clothing School Supplies & Backpacks	-	-	36,421	36,421	-	-	-	36,421
Volunteer Time	-	-	18,311	18,311	-	-	-	18,311
Other Distributed Goods and Services	-	-	-	-	-	-	-	-
Total Distributed Goods and Services	-	-	4,736,243	4,736,243	-	-	-	4,736,243
Total Functional Expenses	<u>\$ 1,181,123</u>	<u>\$ 815,660</u>	<u>\$ 4,736,243</u>	<u>\$ 6,733,026</u>	<u>\$ 489,358</u>	<u>\$ 201,081</u>	<u>\$ 690,439</u>	<u>\$ 7,423,465</u>

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	(As Restated) 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,953,464	\$ 266,284
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	154,204	147,426
Net Realized and Unrealized (Gain) Loss on Investments	(1,335,565)	308,402
Inventories	(18,253)	(119,182)
Forgiveness of PPP Loan Debt	(196,000)	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	(57,602)	53,140
Accounts Receivable	23,649	106,874
Estate Receivable	(850,000)	-
Accrued Interest Receivable	1,706	1,192
Prepaid Expenses	4,524	(10,959)
Accounts Payable and Accrued Expenses	(66,372)	(83,786)
Accrued Liabilities	148,255	(5,604)
Net Cash Provided by Operating Activities	762,010	663,787
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(115,972)	(29,554)
Proceeds from Sale of Investments	4,526,917	2,686,858
Purchases of Investments	(5,115,895)	(3,366,595)
Principal for Loan Issued for Sale of Fixed Assets	375,000	375,000
Net Cash Used by Investing Activities	(329,950)	(334,291)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of PPP Loan	-	196,000
Net Cash Provided by Financing Activities	-	196,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	432,060	525,496
Cash and Cash Equivalents - Beginning of Year	1,056,917	531,421
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,488,977	\$ 1,056,917
SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES		
Donated Goods Received	\$ 5,386,914	\$ 4,838,735
Donated Goods Distributed	\$ 5,368,661	\$ 4,719,553

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 ORGANIZATION AND OPERATIONS

The Christian Community Action (the Organization) was formed in 1973 in Lewisville, Texas. The Organization is a faith-based nonprofit agency dedicated to providing help to lower income families by providing them with a wide range of programs and services that address their needs. Current programs include housing, financial assistance, food distribution, life-skills training, ESL classes, socialization services for elderly independent low income people, and job placement. The Organization receives cash donations from individuals, local churches, special events, and grants from private corporations, foundations, and federal, state, and local governments and funding through an agreement for the collection of donated items in the Organization's service area.

During November 2017, the Organization entered into an asset purchase agreement (the Agreement) with Recycle 2 Support (R2S) for the sale of assets and inventory related to resale operations owned and operated by the Organization. R2S operates Thrift Giant resale stores. As a result of receiving donated items for the benefit of the Organization, R2S will provide continued funding to the Organization. Prior to the sale, the Organization used proceeds from the resale operations for funding of programs and services. See Note 4 for further information related to the sale of resale operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers any short-term investment convertible to cash within three months or less with little or no change in the principal amount to be a cash equivalent.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets reflected on the statement of activities.

U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The three levels of fair value hierarchy are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 – Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to the Organization's needs.

As of June 30, 2021 and 2020, the Organization was able to utilize Level 1 and 2 inputs for all significant investments.

Grants and Accounts Receivable

Grants and accounts receivable are stated at net realizable value. The Organization considers grants and accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. The Organization utilizes the allowance method for recognition of bad debts. The Organization has not incurred any bad debt expense for the years ended June 30, 2021 and 2020.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Note Receivable

Note receivable is carried at unpaid principal balances, less any allowance for loan losses. The allowance for loan losses is increased by charges to the change in net assets and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Organization's past loan loss experience, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Organization's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Inventories

The Organization holds inventory which consists of housewares, clothing, food, etc. These items are obtained primarily from donations but also from purchases at discounted prices. The Organization values all food received at the fair market value per pound received as determined by local food banks.

Property and Equipment

Property and equipment are stated at cost, or estimated fair value if donated at the date the equipment is donated, less accumulated depreciation and amortization. The Organization capitalizes such assets with a cost exceeding \$1,000 and useful life of one year or more. Maintenance, repairs, and replacement, which do not improve or extend the lives of the respective assets, are expensed when incurred. When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in income. Interest incurred to finance assets under construction is capitalized as construction cost until the assets are placed in service.

Depreciation and amortization is provided for over the estimated useful lives of the assets using the straight-line method as follows:

Buildings and Improvements	25 to 40 Years
Furniture and Equipment	3 to 5 Years
Software	5 to 10 Years
Vehicles	5 Years

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions – Contributions are recognized when received or a donor makes a pledge to give to the Organization that is, in substance, unconditional. Unconditional promises to give expected to be collected within one year, are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are to be received and adjusted for the credit risk of the donor based on management assessment. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Conditional promises to give as of June 30, 2021 and 2020 totaled \$-0-. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions (primarily restrictions as to purpose and/or time) are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated Goods and Services – Donated goods are recognized as revenue at their estimated fair value during the period received. Donated services are recognized as revenue at their estimated fair value, if both of the following criteria are met: the services require special skills and the services are provided by individuals possessing those skills; and the services would typically need to be purchased, if not donated. Although the Organization may utilize the services of outside volunteers, the fair value of these services have not been recognized in the accompanying financial statements since they do not meet the criteria for recognition under U.S. GAAP.

Grants – Grants are recognized at fair value, as revenue, when received or unconditionally promised and collection is deemed to be reasonably certain. The Organization reports grants as net assets with donor restrictions if such gifts are received with donor stipulations that limit the use of the donated assets, unless there are written agreement which supersede those stipulations. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cost-reimbursable Grants – A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$547,341 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred.

Building Rental Income – Pursuant to the Agreement with R2S, the Organization leases a building to R2S to operate a resale thrift store. Revenue is recognized over the term of the rental agreement as it is earned.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Thrift Resale Relationship Revenue – Pursuant to the Agreement with R2S, the Organization will receive funding for goods donated by individuals to R2S's resale stores. Per the Agreement, the Organization will receive funding from R2S for each pound of nonfurniture items donated and a percentage of the revenue for furniture sales in the Organization's operating area. Donation revenue is recognized during the month that R2S receives and reports the donated goods from individuals for all nonfurniture items. Donation revenue for furniture items is recognized during the month that R2S sells and reports the donated furniture. When the donation revenue is recorded, the Organization will record a receivable from R2S. Cash is received in the month subsequent to the recording of revenue.

Concentration of Credit Risk

Financial instruments which are potentially subject to risk consist primarily of cash and investments. Financial instruments potentially subjecting the Organization to concentrations of credit risk consist primarily of operating cash and investment balances at financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) insurance thresholds, cash held in money market accounts in excess of the amounts insured by the U.S. treasury insurance for money market funds, and various debt and equity instruments in excess of Securities Investor Protection Corporation (SIPC) insurance limits. The Organization has not experienced any credit losses in such accounts in the past.

Income Taxes

The Organization is a nonprofit entity exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); therefore, no provision for federal income taxes has been included in the financial statements. Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was no net income from unrelated business for the years ended June 30, 2021 and 2020.

The Organization files as a tax-exempt organization. Its tax returns are subject to review and examination by federal and state authorities. Tax returns are open for audit by these authorities for three years from the due date of the return of the date actually filed.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Costs directly associated with the programs and services have been allocated accordingly except for the allocation of functional expenses.

Advertising

The Organization expenses advertising costs as they are incurred. Total advertising costs charged to general and administrative expenses were approximately \$7,833 and \$15,593 for the years ended June 30, 2021 and 2020, respectively.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Guidance

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization's financial statements reflect the application of ASC 606 guidance beginning in fiscal year 2021. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

Change in Accounting Principle

During the 2021 audit of the Organizations financial statements, management elected to change accounting principles as it related to valuing its pantry in-kinds. See Note 16 for further details.

Subsequent Events

Management evaluated subsequent events through December 15, 2021, which is the date the financial statements were available to be issued.

NOTE 3 LIQUIDITY AND AVAILABILITY

The applies the following practices to manage liquid assets and ensure ability to satisfy operating expenses planned for years ended June 30, 2021 and 2020:

1. The board of directors approves the annual operating plan, including expected revenues, program costs, and operating expenses.
2. The board of directors designates net assets based on historical fluctuations and risk of revenue collection. The amount of reserve approximates six months of operating expenses.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

3. The board of directors approved an investment policy. Investment funds are managed by a licensed investment advisor. The policy specifies asset allocation guidelines with an acceptable range of 31% to 61% of investments in low-risk asset categories and a target of 46%.
- a. As of June 30, 2021 allocations approximated 35% low risk which amounts to approximately \$3.7 million. This significantly exceeds the reserve policy requirement of \$1,350,000
- b. As of June 30, 2020 allocations approximated 35% low risk which amounts to \$3.0 million. This significantly exceeded the reserve policy requirement of \$1.3 million.

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

	2021	2020
Cash and Cash Equivalents	\$ 1,488,977	\$ 1,056,917
Investments	10,593,947	8,669,404
Grants Receivable	57,602	-
Accounts Receivable	46,996	70,645
Estate Receivable	850,000	-
Note Receivable - Current Portion	187,500	375,000
Total Liquid Assets	13,225,022	10,171,966
Purpose Restricted	(106,284)	(89,632)
Board Designated - Operating Reserve	(1,350,000)	(1,273,500)
Financial Assets Available	\$ 11,768,738	\$ 8,808,834

NOTE 4 NOTE RECEIVABLE

As discussed in Note 1, during November of 2017, the Organization entered into the Agreement with R2S for the sale of assets and inventories related to the resale operations owned and operated by the Organization. As a condition of the Agreement, R2S executed a note payable to the Organization for \$1,500,000. The note bears interest at a rate of eight percent (8.0%) per annum, payable in monthly principal payments of \$31,250 beginning on January 1, 2018, and maturing on December 1, 2021. The note is guaranteed by Matt Kloeber in his individual capacity and by Boisk, Inc., secured by a lien on all tangible and personal property used in the business as conducted by R2S or any Affiliate. As of June 30, 2021, the outstanding balance of the note was \$187,500. The Organization determined that no estimated credit loss would be required as the note is secured by the assets transferred as part of the Agreement.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 NOTE RECEIVABLE (CONTINUED)

The remaining annual principal payments due under the note as of June 30, 2021, are as follows:

Years Ending June 30,	Amount
2022	\$ 187,500
Total	\$ 187,500

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Land	\$ 326,619	\$ 326,619
Buildings and Improvements	5,227,583	5,198,750
Furniture and Equipment	449,758	365,873
Software	161,547	158,292
Vehicles	53,289	53,289
Subtotal	6,218,796	6,102,823
Less: Accumulated Depreciation	(3,256,274)	(3,102,069)
Total Property and Equipment	\$ 2,962,522	\$ 3,000,754

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 totaled \$154,205 and \$147,426, respectively.

NOTE 6 LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS

FASB ASC No. 820-10, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consists of other investments and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, the Organization measures fair value using Level 1 and Level 2 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are not used by the Organization.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6 LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statement of activities. Long-term investments consist of the following at June 30, 2021:

	2021		
	Fair Value	Cost	Cumulative Unrealized Appreciation (Depreciation)
Money Market Accounts	\$ 377,389	\$ 377,389	\$ -
Equities	4,572,250	3,795,362	776,888
Mutual Funds	2,181,181	1,482,712	698,469
Fixed Income Securities	3,463,127	4,185,635	(722,508)
Total Investments	\$ 10,593,947	\$ 9,841,098	\$ 752,849

Long-term investments consist of the following at June 30, 2020:

	2020		
	Fair Value	Cost	Cumulative Unrealized Appreciation (Depreciation)
Money Market Accounts	\$ 261,435	\$ 261,435	\$ -
Equities	3,606,515	3,719,744	(113,229)
Mutual Funds	1,877,782	1,615,359	262,423
Fixed Income Securities	2,923,672	3,072,698	(149,026)
Total Investments	\$ 8,669,404	\$ 8,669,236	\$ 168

Investments measured at fair market value on a recurring basis were classified as follows as of June 30, 2021:

	2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Money Market				
Accounts	\$ 377,389	\$ -	\$ -	\$ 377,389
Equities	4,572,250	-	-	4,572,250
Mutual Funds	-	2,181,181	-	2,181,181
Fixed Income Securities	-	3,463,127	-	3,463,127
Total	\$ 4,949,639	\$ 5,644,308	\$ -	\$ 10,593,947

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6 LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investments measured at fair market value on a recurring basis were classified as follows as of June 30, 2020:

	2020			Total
	Level 1	Level 2	Level 3	
Investments:				
Cash and Money Market				
Accounts	\$ 261,435	\$ -	\$ -	\$ 261,435
Equities	3,606,515	-	-	3,606,515
Mutual Funds	1,877,782	-	-	1,877,782
Fixed Income Securities	-	2,923,672	-	2,923,672
Total	<u>\$ 5,745,732</u>	<u>\$ 2,923,672</u>	<u>\$ -</u>	<u>\$ 8,669,404</u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2021	2020
Net Assets Without Donor Restrictions:		
Undesignated	\$ 14,807,393	\$ 11,947,081
Board Designated - Operating Reserve	1,350,000	1,273,500
Total Net Assets Without Donor Restrictions:	<u>16,157,393</u>	<u>13,220,581</u>
Subject to Expenditure for Specific Purpose:		
Family Assistance and Pantry	\$ 106,284	\$ 42,740
Seasonal Programs	-	46,892
Total Net Assets Subject to Expenditure for Specific Purpose	<u>106,284</u>	<u>89,632</u>
Total Net Assets	<u>\$ 16,263,677</u>	<u>\$ 13,310,213</u>

NOTE 8 GRANT REVENUE FROM THE CARES ACT

On April 23, 2020, the Organization received proceeds in the amount of \$196,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain conditions, as outlined in the loan agreement and the CARES Act. The Organization was notified on January 12, 2021 that the PPP loan was forgiven by the SBA. The Organization recognized the entire \$196,000 as revenue in the year ending June 30, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 9 COMMITMENTS

The Organization leases machinery and equipment under noncancelable operating lease agreements. The following are total noncancelable lease agreements as of June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 33,499
2023	12,795
2024	4,803
2025	739
Total	<u>\$ 51,836</u>

NOTE 10 NOTES RECEIVABLE AND DISCONTINUED OPERATIONS

As discussed in Note 1, during November of 2017, the Organization executed the Agreement with R2S for the sale of assets and inventories related to the resale operations owned and operated by the Organization. As a condition of the Agreement, R2S agreed to pay the Organization \$10,350,000. The Organization received cash in the amount of \$8,850,000 and issued a seller note for \$1,500,000 (see Note 4).

In addition to \$10,350,000, the Agreement outlined future payments of proceeds related to the collection of donated items in the Organization's service area, as defined in the Agreement. The Organization recognizes revenues through this part of the Agreement as donated items are received by R2S.

The decision of the Organization to discontinue operations of the resale and donation centers by entering into the Agreement with R2S enables the Organization to maintain reliable and sustainable liquidity and revenues to support its program services. The Organization is precluded from reentering resale operations, per the Agreement.

NOTE 11 REVENUE RECOGNITION

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of good or services:

	<u>2021</u>	<u>2020</u>
Revenue Recognized at a Point in Time:		
Thrift Resale Relationship Revenue - Thrift Store Sales	\$ 687,104	\$ 642,710
Total Revenue Recognized at a Point in Time	<u>\$ 687,104</u>	<u>\$ 642,710</u>

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 12 CONTRACT ASSETS

The Organization's contract assets consist of:

	<u>2021</u>	<u>2020</u>
Accounts Receivable:		
Thrift Resale Relationship Revenue - Thrift Store Sales	\$ 45,655	\$ 59,193
Total Accounts Receivable	<u>\$ 45,655</u>	<u>\$ 59,193</u>

NOTE 13 RETIREMENT PLAN

The Organization has adopted a retirement arrangement under Section 403(b) of the Internal Revenue Code of 1986, as amended. Under the plan, participating employees may contribute a portion of their compensation, pretax or after-tax, limited by an annual deferral limit prescribed by the Internal Revenue Code. The Organization contributes 3.0% of eligible employees' wages plus matches the employee contributions, up to 2.0% of wages. The Organization's contributions are subject to a vesting schedule which entitles the employee to a percentage of the contributions depending on the years of service. For the years ended June 30, 2021 and 2020, the Organization contributed to this retirement plan \$22,931 and \$8,963, respectively.

NOTE 14 RELATED PARTY TRANSACTIONS

Total contributions made to the Organization from the board of directors and other related parties amounted to \$21,639 and \$22,290 for the years ended June 30, 2021 and 2020, respectively. All contributions were in the form of cash donations by the related parties.

NOTE 15 IN-KIND CONTRIBUTIONS OF GOODS AND PROFESSIONAL SERVICES

The Organization received the following contributions of goods and professional services for the years ended June 30:

	<u>2021</u>	(As Restated) <u>2020</u>
Family Assistance	\$ -	\$ 2,687
Pantry	5,135,875	4,533,562
Back to School	42,200	115,549
Christmas Toys	130,963	112,479
Kids Eat Free	22,699	43,390
Senior Monday	55,177	31,068
Training	-	2,200
Special Events	-	895
Services	11,683	17,850
Total	<u>\$ 5,398,597</u>	<u>\$ 4,859,680</u>

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 16 CHANGE IN ACCOUNTING PRINCIPLE

During the process of closing the 2021 annual financial statements, management elected to change accounting principles as it related to methodology for valuing its pantry in-kinds. Management has determined that the new accounting principle provides more useful information to the users of the financials, and better reflects the activities of the Organization as changes have occurred over time. This change includes a more uniform process of valuing all food received at the fair market value per pound received as determined by local food banks. This change in accounting principle was applied to the 2020 financial statements increasing in-kinds by \$2,017,658 for the year ended June 30, 2020. The following table shows the retrospective change to the 2020 pantry in-kinds:

	Restated for 2020	As Previously Reported
Pantry In-Kind Revenue	\$ 4,533,562	\$ 2,515,904
Pantry In-Kind Expense	4,569,803	2,552,145

NOTE 17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the statements of financial position are without donor restrictions and with donor restrictions as follows at June 30:

	2021	2020
Without Donor Restrictions	\$ 1,382,693	\$ 967,285
With Donor Restrictions	106,284	89,632
Total Cash and Cash Equivalents	<u>\$ 1,488,977</u>	<u>\$ 1,056,917</u>

NOTE 18 CONCENTRATIONS OF CONTRIBUTIONS

Two donors contributed approximately 69% and 49% of total grants, foundations, and other of \$2,034,056 and \$692,589 for the years ended June 30, 2021 and 2020, respectively.

One donor contributed approximately 39% of total contributions of \$2,158,826 for the year ended June 30, 2021.

NOTE 19 LEASES

The Organization leases office space to tenants under noncancellable operating leases. The following is a schedule by year of future minimum rentals under the leases at June 30, 2021:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 137,160
2023	57,150
Total	<u>\$ 194,310</u>

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 20 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. These expenses are allocated to functional categories by first allocating costs which are for a specific function or activity directly to that program activity category. Indirect costs are charged to their natural category of expense and then are allocated based on a reasonable basis. The Organization applied a best estimate of time and effort to allocate payroll and related cost amongst functional categories. Other indirect costs were allocated in alignment with the time and effort rates of allocation determined for the payroll and related costs.

NOTE 21 ESTATE RECEIVABLE

The Organization was notified during the year ended June 30, 2021 that they were the beneficiary of a significant estate. As of June 30, 2021, the estate had been through probate, CCA and the estate trustee estimated the value that the Organization would receive as the beneficiary. The Organization has therefore included an estimate of the amounts to be received from the estate of \$850,000 as an estate receivable in the Statement of Financial Position.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Christian Community Action
Lewisville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Christian Community Action, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Christian Community Action's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Christian Community Action's internal control. Accordingly, we do not express an opinion on the effectiveness of Christian Community Action's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

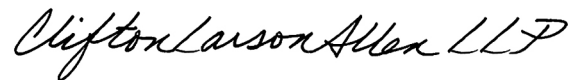
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Christian Community Action's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Worth, Texas
December 15, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Christian Community Action
Lewisville, Texas

Report on Compliance for the Major Federal Program

We have audited Christian Community Action's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Christian Community Action's major federal programs for the year ended June 30, 2021. Christian Community Action's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Christian Community Action's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Christian Community Action's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Christian Community Action's compliance.

Opinion on the Major Federal Program

In our opinion, Christian Community Action complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

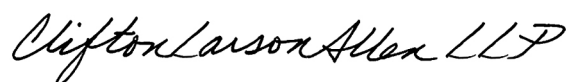
Report on Internal Control Over Compliance

Management of Christian Community Action is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Christian Community Action’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Christian Community Action’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Worth, Texas
December 15, 2021

**CHRISTIAN COMMUNITY ACTION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors’ report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 or the State of Texas Single Audit Circular? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

Section II – Findings Relating to the Financial Statement Audit Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards* and 2 CFR Section 200.516

Our audit did not disclose any matters required to be reported in accordance with the above standards.

Section III – Findings and Questioned Costs - Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Prior Year Findings

There were no findings in the prior year that were required to be reported.

**CHRISTIAN COMMUNITY ACTION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

	Federal CFDA Number	Pass-Through Identifying Entity Number	Expenditures
U.S. Department of Treasury			
Pass-through Programs from:			
United Way of Denton County			
COVID-19 United Way Reimbursable Grant - Coronavirus Relief Fund	21.019	N/A	\$ 745,686
COVID-19 United Way Cares Secondary Grant - Coronavirus Relief Fund	21.019	00002272	56,883
COVID-19 United Way Cares - Coronavirus Relief Fund	21.019	00003218	64,857
COVID-19 United Way Cares - Coronavirus Relief Fund	21.019	19877809	20,460
COVID-19 United Way Cares - Coronavirus Relief Fund	21.019	19983215	60,177
COVID-19 United Way Cares - Coronavirus Relief Fund	21.019	20631796	12,090
COVID-19 United Way Cares - Coronavirus Relief Fund	21.019	22217076	54,902
Total U.S. Department of Treasury			<u>1,015,055</u>
U.S. Department of Housing and Urban Development			
COVID-19 Community Block Development Grant	14.218	0283-20-RES	16,959
Emergency Shelter Grant Program	14.231	E20-DC-48-0001	175,596
COVID-19 Emergency Shelter Grant Program	14.231	43206070082	182,274
Continuum of Care Program	14.267	TX0578L6T071900	52,750
Total U.S. Department of Housing and Urban Development			<u>427,579</u>
U.S. Department of Homeland Security			
Pass-through Programs from:			
Federal Emergency Management Agency			
Emergency Food and Shelter National Board Program	97.024	37-7826-00	40,666
Cares Emergency Food and Shelter National Board Program	97.024	CARES-7826-00	43,093
Total U.S. Department of Homeland Security			<u>83,759</u>
Total Federal Expenditures			<u>\$ 1,526,393</u>

CHRISTIAN COMMUNITY ACTION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of Christian Community Action (the Organization) during the year ended June 30, 2021. The Organization's accounting policies and procedures are defined in Note 2 to the basic financial statements. All federal awards received directly from federal agencies, as well as awards passed through other government agencies, have been included in the accompanying schedule of expenditures of federal awards.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards has been prepared using the accrual method of accounting whereby grant revenues are recognized as expenditures are incurred. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 3 SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Christian Community Action provided no federal awards to subrecipients.

NOTE 4 NONCASH ASSISTANCE

The Organization did not receive any noncash assistance from federal or state awards for the year ended June 30, 2021.

NOTE 5 LOANS

At year-end, the Organization had no loans or loan guarantees outstanding with federal awarding agencies.

NOTE 6 INDIRECT COST RATES

The Organization has not elected to use the 10% de minimus indirect cost rate, and continues to use the rates negotiated individually with its grantors.

**CHRISTIAN COMMUNITY ACTION
STATEMENT OF FINANCIAL POSITION BY FUND
JUNE 30, 2021**

ASSETS	Operating	Investment	Total
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,488,977	\$ -	\$ 1,488,977
Investments	-	10,593,947	10,593,947
Grants Receivable	57,602	-	57,602
Accounts Receivable	46,996	-	46,996
Estate Receivable	-	850,000	850,000
Accrued Interest Receivable	14,846	-	14,846
Note Receivable	-	187,500	187,500
Inventories	311,152	-	311,152
Prepaid Expenses	22,483	-	22,483
Total Current Assets	1,942,056	11,631,447	13,573,503
NONCURRENT ASSETS			
Note Receivable - Noncurrent Portion	-	-	-
Property and Equipment, Net	2,962,522	-	2,962,522
Total Noncurrent Assets	2,962,522	-	2,962,522
Total Assets	\$ 4,904,578	\$ 11,631,447	\$ 16,536,025
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 71,143	\$ -	\$ 71,143
Payroll and Related Liabilities	72,868	-	72,868
Deferred Revenue	127,256	-	127,256
Custodian Client Payables	1,081	-	1,081
Notes Payable	-	-	-
Total Liabilities	272,348	-	272,348
NET ASSETS			
Total Without Donor Restrictions	4,525,946	11,631,447	16,157,393
Total With Donor Restrictions	106,284	-	106,284
Total Net Assets	4,632,230	11,631,447	16,263,677
Total Liabilities and Net Assets	\$ 4,904,578	\$ 11,631,447	\$ 16,536,025

**CHRISTIAN COMMUNITY ACTION
STATEMENT OF ACTIVITIES BY FUND
YEAR ENDED JUNE 30, 2021**

	<u>Operations</u>	<u>Investment</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 1,308,826	\$ 850,000	\$ 2,158,826
Donated Goods and Services	5,398,597	-	5,398,597
Grants, Foundations, and Other	2,034,056	-	2,034,056
Investment Income, Net of Fees	-	1,923,288	1,923,288
Interest Income	28,765	-	28,765
Thrift Resale Relationship Revenue	839,647	1,255	840,902
Grant Revenue from CARES Act - See Note 8	196,000	-	196,000
Contributions - To/From Investment Fund	375,000	(375,000)	-
Total Revenue and Support	<u>10,180,891</u>	<u>2,399,543</u>	<u>12,580,434</u>
EXPENSES			
Program Services	8,664,512	-	8,664,512
Fundraising	676,511	-	676,511
Management and General	285,947	-	285,947
Total Expenses	<u>9,626,970</u>	<u>-</u>	<u>9,626,970</u>
CHANGE IN NET ASSETS	553,921	2,399,543	2,953,464
Net Assets - Beginning of Year	<u>4,078,309</u>	<u>9,231,904</u>	<u>13,310,213</u>
NET ASSETS - END OF YEAR	<u>\$ 4,632,230</u>	<u>\$ 11,631,447</u>	<u>\$ 16,263,677</u>

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