

CHRISTIAN COMMUNITY ACTION
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Christian Community Action
Lewisville, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Christian Community Action (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Christian Community Action and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Christian Community Action ability to continue as a going concern within 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 GAAS and *Government 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 GAAS and *Government 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 Christian Community Action's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Community Action'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.

Supplementary Information – SEFA

Our audit was conducted for the purpose of forming 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Supplementary Information – Statements by Fund

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The statement of financial position by fund and the statement of activities by fund are 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 GAAS. In our opinion, the statement of financial position by fund and the statement of activities by fund is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023, 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.



CliftonLarsonAllen LLP

Fort Worth, Texas
November 14, 2023

**CHRISTIAN COMMUNITY ACTION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 671,888	\$ 1,266,860
Certificates of Deposit	250,000	-
Investments	10,575,315	9,865,032
Grants Receivable	55,764	243,639
Accounts Receivable	42,374	57,234
Accrued Interest Receivable	19,527	15,042
Inventories	350,186	440,770
Prepaid Expenses	20,161	73,557
Total Current Assets	11,985,215	11,962,134
NONCURRENT ASSETS		
Property and Equipment, Net	2,861,807	2,838,381
Total Noncurrent Assets	2,861,807	2,838,381
Total Assets	\$ 14,847,022	\$ 14,800,515
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 66,572	\$ 55,267
Payroll and Related Liabilities	116,160	89,892
Deferred Revenue	78,292	62,475
Custodian Client Payables	1,081	1,081
Total Liabilities	262,105	208,715
NET ASSETS		
Total Without Donor Restrictions	14,331,039	14,526,797
Total With Donor Restrictions	253,878	65,003
Total Net Assets	14,584,917	14,591,800
Total Liabilities and Net Assets	\$ 14,847,022	\$ 14,800,515

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 1,119,061	\$ 240,774	\$ 1,359,835
Special Event Revenue, Net of Direct Costs of \$260,848	376,151	-	376,151
Contributions of Nonfinancial Assets	4,336,160	-	4,336,160
Grants, Foundations, and Other	1,233,623	684,111	1,917,734
Investment Income, Net of Fees	726,157	-	726,157
Thrift Resale Relationship Revenue	795,246	-	795,246
Net Assets Released from Restrictions	736,010	(736,010)	-
Total Revenue and Support	<u>9,322,408</u>	<u>188,875</u>	<u>9,511,283</u>
EXPENSES			
Program Services	8,193,385	-	8,193,385
Fundraising	984,436	-	984,436
Management and General	340,345	-	340,345
Total Expenses	<u>9,518,166</u>	<u>-</u>	<u>9,518,166</u>
CHANGE IN NET ASSETS	(195,758)	188,875	(6,883)
Net Assets - Beginning of Year	<u>14,526,797</u>	<u>65,003</u>	<u>14,591,800</u>
NET ASSETS - END OF YEAR	<u>\$ 14,331,039</u>	<u>\$ 253,878</u>	<u>\$ 14,584,917</u>

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 1,006,879	\$ 227,220	\$ 1,234,099
Special Event Revenue, Net of Direct Costs of \$22,954	96,141	-	96,141
Contributions of Nonfinancial Assets	4,329,108	-	4,329,108
Grants, Foundations, and Other	1,251,710	247,707	1,499,417
Investment loss, Net of Fees	(1,029,456)	-	(1,029,456)
Interest Income	3,158	-	3,158
Thrift Resale Relationship Revenue	817,311	-	817,311
Net Assets Released from Restrictions	516,208	(516,208)	-
Total Revenue and Support	<u>6,991,059</u>	<u>(41,281)</u>	<u>6,949,778</u>
EXPENSES			
Program Services	7,575,517	-	7,575,517
Fundraising	775,256	-	775,256
Management and General	270,882	-	270,882
Total Expenses	<u>8,621,655</u>	<u>-</u>	<u>8,621,655</u>
CHANGE IN NET ASSETS	(1,630,596)	(41,281)	(1,671,877)
Net Assets - Beginning of Year	<u>16,157,393</u>	<u>106,284</u>	<u>16,263,677</u>
NET ASSETS - END OF YEAR	<u>\$ 14,526,797</u>	<u>\$ 65,003</u>	<u>\$ 14,591,800</u>

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	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	\$ -	\$ 1,280,503	\$ -	\$ 1,280,503	\$ -	\$ -	\$ -	\$ 1,280,503
Client Utilities	-	167,724	-	167,724	-	-	-	167,724
Food Purchase	-	252,681	-	252,681	-	-	-	252,681
Other Direct Family Assistance	-	142,300	-	142,300	-	-	-	142,300
Total Direct Family Assistance	-	1,843,208	-	1,843,208	-	-	-	1,843,208
OPERATING EXPENSES								
Salaries and Wages	1,179,699	-	-	1,179,699	596,071	142,833	738,904	1,918,603
Payroll Taxes and Benefits	344,228	-	-	344,228	155,391	8,477	163,868	508,096
Depreciation	113,518	-	-	113,518	11,842	18,762	30,604	144,122
Professional Services	-	-	-	-	69,729	41,019	110,748	110,748
Information Technology	35,360	-	-	35,360	19,625	58,697	78,322	113,682
Insurance	61,294	-	-	61,294	7,480	7,498	14,978	76,272
Facilities Expenses	104,280	-	-	104,280	14,092	25,709	39,801	144,081
Office Expenses	113,380	-	-	113,380	317,869	34,175	352,044	465,424
Marketing and Advertising	11,261	-	-	11,261	53,185	3,175	56,360	67,621
Total Operating Expenses	1,963,020	-	-	1,963,020	1,245,284	340,345	1,585,629	3,548,649
DISTRIBUTED GOODS AND SERVICES								
Food	-	-	2,885,974	2,885,974	-	-	-	2,885,974
Share Our Surplus	-	-	1,225,648	1,225,648	-	-	-	1,225,648
Toys	-	-	194,184	194,184	-	-	-	194,184
Clothing School Supplies and Backpacks	-	-	45,625	45,625	-	-	-	45,625
Volunteer Time	-	-	33,618	33,618	-	-	-	33,618
Other Distributed Goods and Services	-	-	2,108	2,108	-	-	-	2,108
Total Distributed Goods and Services	-	-	4,387,157	4,387,157	-	-	-	4,387,157
Less: Special Event Expenses Reported Net of Special Event Income on Statement of Activities	-	-	-	-	(260,848)	-	(260,848)	(260,848)
Total Functional Expenses	\$ 1,963,020	\$ 1,843,208	\$ 4,387,157	\$ 8,193,385	\$ 984,436	\$ 340,345	\$ 1,324,781	\$ 9,518,166

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	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	\$ -	\$ 1,279,716	\$ -	\$ 1,279,716	\$ -	\$ -	\$ -	\$ 1,279,716
Client Utilities	-	150,406	-	150,406	-	-	-	150,406
Food Purchase	-	106,732	-	106,732	-	-	-	106,732
Other Direct Family Assistance	-	60,986	-	60,986	-	-	-	60,986
Total Direct Family Assistance	-	1,597,840	-	1,597,840	-	-	-	1,597,840
OPERATING EXPENSES								
Salaries and Wages	995,545	-	-	995,545	481,359	106,122	587,481	1,583,026
Payroll Taxes and Benefits	261,406	-	-	261,406	122,771	19,434	142,205	403,611
Depreciation	110,561	-	-	110,561	11,641	18,598	30,239	140,800
Professional Services	-	-	-	-	30,030	24,544	54,574	54,574
Information Technology	33,250	-	-	33,250	9,676	47,978	57,654	90,904
Insurance	63,971	-	-	63,971	7,963	7,939	15,902	79,873
Facilities Expenses	97,214	-	-	97,214	11,923	30,899	42,822	140,036
Office Expenses	108,521	-	-	108,521	69,918	13,431	83,349	191,870
Marketing and Advertising	5,978	-	-	5,978	52,929	1,937	54,866	60,844
Total Operating Expenses	1,676,446	-	-	1,676,446	798,210	270,882	1,069,092	2,745,538
DISTRIBUTED GOODS AND SERVICES								
Food	-	-	2,846,962	2,846,962	-	-	-	2,846,962
Share Our Surplus	-	-	1,248,412	1,248,412	-	-	-	1,248,412
Toys	-	29,641	54,846	84,487	-	-	-	84,487
Clothing School Supplies and Backpacks	-	40,582	25,260	65,842	-	-	-	65,842
Volunteer Time	-	-	10,696	10,696	-	-	-	10,696
Other Distributed Goods and Services	-	-	44,832	44,832	-	-	-	44,832
Total Distributed Goods and Services	-	70,223	4,231,008	4,301,231	-	-	-	4,301,231
Less: Special Event Expenses Reported Net of Special Event Income on Statement of Activities	-	-	-	-	(22,954)	-	(22,954)	(22,954)
Total Functional Expenses	\$ 1,676,446	\$ 1,668,063	\$ 4,231,008	\$ 7,575,517	\$ 775,256	\$ 270,882	\$ 1,046,138	\$ 8,621,655

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (6,883)	\$ (1,671,877)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	144,122	140,800
Net Realized and Unrealized (Gain) Loss on Investments	(452,396)	1,429,179
Inventories	90,584	(129,618)
Changes in Operating Assets and Liabilities:		
Grants Receivable	187,875	(186,037)
Accounts Receivable	14,860	(10,238)
Estate Receivable	-	850,000
Accrued Interest Receivable	(4,485)	(196)
Prepaid Expenses	53,396	(51,074)
Accounts Payable and Accrued Expenses	11,305	(15,876)
Payroll and Related Liabilities	26,268	(47,757)
Deferred Revenue	15,817	-
Net Cash Provided by Operating Activities	80,463	307,306
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(167,548)	(16,659)
Proceeds from Sale of Investments	2,682,582	2,317,027
Purchases of Investments	(2,940,469)	(3,017,291)
Principal for Loan Issued for Sale of Fixed Assets	-	187,500
Purchases of Certificates of Deposit	(250,000)	-
Net Cash Used by Investing Activities	(675,435)	(529,423)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(594,972)	(222,117)
Cash and Cash Equivalents - Beginning of Year	1,266,860	1,488,977
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 671,888	\$ 1,266,860
SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES		
Donated Goods Received	\$ 4,300,316	\$ 4,314,186
Donated Goods Distributed	\$ 4,390,900	\$ 4,184,568

See accompanying Notes to Financial Statements.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 ORGANIZATION AND OPERATIONS

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. The organization also receives proceeds from the Thrift Giant resale operations of Donate 2 Impact (formerly R2S) through an agreement for the collection of donated items in the CCA service area.

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, 2023 AND 2022**

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. Christian Community Action also holds a certificate of deposit.

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, 2023 and 2022, the Organization was able to utilize Level 1 and Level 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, 2023 and 2022.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The fair value of donated goods such as toys and supplies are estimated by using retail prices of identical or similar products.

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 except computers purchased for individual employee use will be expensed regardless of cost. 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

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 that are 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, 2023 and 2022 totaled \$-0- and \$48,773, respectively. 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.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions of Nonfinancial Assets – 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 for services that don't meet the qualification listed above, 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 was awarded cost-reimbursable grants of \$141,414 that have not been recognized at June 30, 2023 because qualifying expenditures have not yet been incurred.

Leases – Revenue from lease payments is recognized under the accrual method. Lease payments are included in income as rents become due. Lease payments received in advance are deferred until earned. At the commencement of an operating lease, no revenue is recognized; subsequently, lease payments received are recognized in revenue on the straight-line basis.

The Organization has elected to apply the practical expedient to combine lease and nonlease components identified in lease contracts. Revenue from lease payments includes consideration received for common area maintenance services provided by the Company.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Thrift Resale Revenue – Pursuant to the Agreement with R2S, Inc DBA Donate 2 Impact/Thrift Giant, the Organization will receive funding for goods donated by individuals to Donate 2 Impact's resale stores. Per the Agreement, the Organization will receive funding from Donate 2 Impact 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 Donate 2 Impact receives and reports the donated goods from individuals for all nonfurniture items. Donation revenue for furniture items is recognized during the month that Donate 2 Impact sells and reports the donated furniture. When the donation revenue is recorded, the Organization will record a receivable from Donate 2 Impact. 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, 2023 and 2022.

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. Accordingly, certain costs have been allocated among various programs, management and general, and fundraising.

Advertising

The Organization expenses advertising costs as they are incurred. Total advertising costs charged to general and administrative expenses were approximately \$29,782 and \$12,877 for the years ended June 30, 2023 and 2022, respectively.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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 February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

As of June 30, 2023, the Organization does not have any lease agreements over one year in duration.

Subsequent Events

Management evaluated subsequent events through November 14, 2023, which is the date the financial statements were available to be issued.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 LIQUIDITY AND AVAILABILITY

The board of directors applies the following practices to manage liquid assets and ensure ability to satisfy operating expenses planned for years ended June 30, 2023 and 2022:

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.
 - a. As of June 30, 2023, cash plus fixed income investment assets amount to \$3,980,584 which significantly exceeds the reserve policy requirement.
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%.

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:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 671,888	\$ 1,266,860
Certificates of Deposit	250,000	-
Investments	10,575,315	9,865,032
Grants Receivable	55,764	243,639
Accounts Receivable	42,374	57,234
Total Liquid Assets	<u>11,595,341</u>	<u>11,432,765</u>
Purpose Restricted	(253,878)	(65,003)
Board Designated - Operating Reserve	<u>(1,765,983)</u>	<u>(1,806,215)</u>
Financial Assets Available	<u>\$ 9,575,480</u>	<u>\$ 9,561,547</u>

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	2023	2022
Land	\$ 326,619	\$ 326,619
Buildings and Improvements	5,257,169	5,227,583
Furniture and Equipment	601,379	465,692
Software	164,547	162,272
Vehicles	53,289	53,289
Subtotal	6,403,003	6,235,455
Less: Accumulated Depreciation	(3,541,196)	(3,397,074)
Total Property and Equipment	\$ 2,861,807	\$ 2,838,381

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 totaled \$144,122 and \$140,800, respectively.

NOTE 5 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.

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:

	2023		
	Fair Value	Cost	Cumulative Unrealized Appreciation (Depreciation)
Money Market Accounts	\$ 653,567	\$ 653,567	\$ -
Equities	4,416,909	4,165,869	251,040
Mutual Funds	2,177,821	1,593,317	584,504
Fixed Income Securities	3,327,018	3,709,810	(382,792)
Total Investments	\$ 10,575,315	\$ 10,122,563	\$ 452,752

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 LONG-TERM INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

	2022		Cumulative Unrealized Appreciation (Depreciation)
	Fair Value	Cost	
Money Market Accounts	\$ 466,883	\$ 466,883	\$ -
Equities	4,128,511	4,149,661	(21,150)
Mutual Funds	1,923,616	1,593,316	330,300
Fixed Income Securities	3,346,022	3,902,304	(556,282)
Total Investments	<u>\$ 9,865,032</u>	<u>\$ 10,112,164</u>	<u>\$ (247,132)</u>

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

	2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Money Market				
Accounts	\$ 653,567	\$ -	\$ -	\$ 653,567
Equities	4,416,909	-	-	4,416,909
Mutual Funds	2,177,821	-	-	2,177,821
Fixed Income Securities	-	3,327,018	-	3,327,018
Total	<u>\$ 7,248,297</u>	<u>\$ 3,327,018</u>	<u>\$ -</u>	<u>\$ 10,575,315</u>

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

	2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Money Market				
Accounts	\$ 466,883	\$ -	\$ -	\$ 466,883
Equities	4,128,511	-	-	4,128,511
Mutual Funds	1,923,616	-	-	1,923,616
Fixed Income Securities	-	3,346,022	-	3,346,022
Total	<u>\$ 6,519,010</u>	<u>\$ 3,346,022</u>	<u>\$ -</u>	<u>\$ 9,865,032</u>

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Net Assets Without Donor Restrictions:		
Undesignated	\$ 12,565,056	\$ 12,720,582
Board Designated - Operating Reserve	1,765,983	1,806,215
Total Net Assets Without Donor Restrictions	14,331,039	14,526,797
Subject to Expenditure for Specific Purpose:		
Family Assistance and Pantry	192,910	54,003
Seasonal Programs	60,968	11,000
Total Net Assets Subject to Expenditure for Specific Purpose	253,878	65,003
Total Net Assets	\$ 14,584,917	\$ 14,591,800

NOTE 7 COMMITMENTS

The Organization has noncancelable service agreements for technology and consulting services. The following is the total noncancelable service agreement as of June 30:

Year Ending June 30,	Amount
2024	\$ 94,991
2025	11,384
2026	8,184
2027	2,046
Total	\$ 116,605

NOTE 8 REVENUE RECOGNITION

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of good or services during the year ending December 31:

	2023	2022
Revenue Recognized at a Point in Time:		
Thrift Resale Relationship Revenue - Thrift Store Sales	\$ 642,970	\$ 669,555
Total Revenue Recognized at a Point in Time	\$ 642,970	\$ 669,555

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 CONTRACT ASSETS

The Organization's contract assets consist of:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts Receivable:			
Thrift Resale Relationship Revenue -			
Thrift Store Sales	\$ 41,870	\$ 44,701	\$ 45,655
Total Accounts Receivable	<u>\$ 41,870</u>	<u>\$ 44,701</u>	<u>\$ 45,655</u>

NOTE 10 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, 2023 and 2022, the Organization contributed to this retirement plan \$39,674 and \$39,927, respectively.

NOTE 11 CONTRIBUTIONS OF NONFINANCIAL ASSETS

Donated goods including items such as food, toys, and school supplies totaled \$4,300,316 and \$4,314,186 for the years ended June 30, 2023 and 2022, respectively. All donated goods are used by the organization, not monetized, and did not have donor-imposed restrictions associated with them. The Organization estimates the fair value of donated goods such as toys and supplies using estimated retail prices of identical or similar products. Food contributions for pantry are typically based on an industry standard per pound, which is provided by area foodbanks.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 11 CONTRIBUTIONS OF NONFINANCIAL ASSETS (CONTINUED)

In addition, donated services including counseling, ESL training, computer training, and pest services of \$35,844 and \$14,922 have been reflected in the financial statements for the years ended June 30, 2023 and 2022, respectively. The value of these services was determined by using an established or actual, if available, hourly wage. The Organization received the following contributions of goods and professional services for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Goods:		
Pantry	\$ 4,031,766	\$ 4,134,218
Back to School	31,129	25,250
Christmas Toys	188,914	91,526
Kids Eat Free	11,285	18,240
Senior Monday	29,707	44,832
Special Events	7,515	120
Total Goods	<u>4,300,316</u>	<u>4,314,186</u>
Services:	35,844	14,922
Total Contributed Nonfinancial Assets	<u>\$ 4,336,160</u>	<u>\$ 4,329,108</u>

NOTE 12 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:

	<u>2023</u>	<u>2022</u>
Without Donor Restrictions	\$ 418,010	\$ 1,201,857
With Donor Restrictions	253,878	65,003
Total Cash and Cash Equivalents	<u>\$ 671,888</u>	<u>\$ 1,266,860</u>

NOTE 13 CONCENTRATIONS OF CONTRIBUTIONS

Three donors contributed approximately 53% of total grants, foundations, and other of \$1,917,734 for the year ended June 30, 2023.

Three donors contributed approximately 59% of total grants, foundations, and other of \$1,499,417 for the year ended June 30, 2022.

**CHRISTIAN COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 14 LEASES

Leasing operations consist principally of an operating lease of real estate expiring in 2028 in which the Organization is the lessor. The following is a schedule by year of future minimum rentals under the leases at June 30, 2023:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 141,535
2025	144,366
2026	147,253
2027	150,198
2028	63,098
Total	<u>\$ 646,450</u>

	<u>2023</u>	<u>2022</u>
Components of Leased Property:		
Building and Improvements	\$ 1,633,724	\$ 1,633,724
Less: Accumulated Depreciation	(950,184)	(927,112)
Total Leased Property	<u>\$ 683,540</u>	<u>\$ 706,612</u>

Revenue from lease payments recognized the income statement is totaled \$152,276 and \$147,756 for the years ended June 30, 2023 and 2022, respectively.

NOTE 15 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 16 RELATED PARTY TRANSACTIONS

The Organization received \$36,701 and \$15,690 in contributions from board members, employees, and other related party organizations in the years ended June 30, 2023 and 2022, respectively.



**INDEPENDENT AUDITORS' 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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2023.

Report on 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.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 or significant deficiencies may exist that were not identified.

Report on 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
November 14, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Christian Community Action
Lewisville, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Christian Community Action's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, Christian Community Action complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Christian Community Action and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Christian Community Action's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Christian Community Action's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Christian Community Action's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Christian Community Action's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Christian Community Action's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Christian Community Action's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Christian Community Action's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

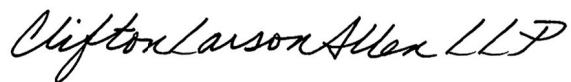
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 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 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.

Board of Directors
Christian Community Action

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
November 14, 2023

**CHRISTIAN COMMUNITY ACTION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

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? _____ yes X no

Identification of major programs:

Assistance Listing Number(s)

14.267

Name of Federal Program or Cluster

Continuum of Care

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X yes _____ no

**CHRISTIAN COMMUNITY ACTION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Audit 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).

**CHRISTIAN COMMUNITY ACTION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

	Federal Assistance Listing Number	Pass-Through Identifying Entity Number	Expenditures
U.S. Department of Housing and Urban Development			
Continuum of Care Program	14.267	N/A	\$ 183,150
Continuum of Care Program	14.267	N/A	306,836
Total 14.267			489,986
Pass-through Programs from:			
United Way of Denton County			
COVID-19 Emergency Shelter Grant Program	14.231	44206070041	91,654
Texas Department of Housing and Community Affairs			
Emergency Shelter Grant Program	14.231	42196070054	36,789
Emergency Shelter Grant Program	14.231	42216070024	81,665
Total 14.231			210,108
City of Lewisville			
COVID-19 Community Development Block Grant	14.218	0320-21-RES	10,773
Total U.S. Department of Housing and Urban Development			710,867
U.S. Department of Treasury			
Pass-through Programs from:			
United Way of Denton County			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	54.6813.10.67	93,736
Total U.S. Department of Treasury			93,736
U.S. Department of Homeland Security			
Pass-through Programs from:			
Federal Emergency Management Agency			
Emergency Food and Shelter National Board Program	97.024	782600-005	100,000
COVID-19 Emergency Food and Shelter National Board Program	97.024	782600-005	200,000
Total U.S. Department of Homeland Security			300,000
Total Federal Expenditures			\$ 1,104,603

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CHRISTIAN COMMUNITY ACTION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

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, 2023. 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, 2023.

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
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Operating	Investment	Total
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 671,888	\$ -	\$ 671,888
Certificates of Deposit	250,000	-	250,000
Investments	-	10,575,315	10,575,315
Grants Receivable	55,764	-	55,764
Accounts Receivable	42,374	-	42,374
Accrued Interest Receivable	19,527	-	19,527
Inventories	350,186	-	350,186
Prepaid Expenses	20,161	-	20,161
Total Current Assets	1,409,900	10,575,315	11,985,215
NONCURRENT ASSETS			
Property and Equipment, Net	2,861,807	-	2,861,807
Total Noncurrent Assets	2,861,807	-	2,861,807
Total Assets	\$ 4,271,707	\$ 10,575,315	\$ 14,847,022
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 66,572	\$ -	\$ 66,572
Payroll and Related Liabilities	116,160	-	116,160
Deferred Revenue	78,292	-	78,292
Custodian Client Payables	1,081	-	1,081
Total Liabilities	262,105	-	262,105
NET ASSETS			
Total Without Donor Restrictions	3,755,724	10,575,315	14,331,039
Total With Donor Restrictions	253,878	-	253,878
Total Net Assets	4,009,602	10,575,315	14,584,917
Total Liabilities and Net Assets	\$ 4,271,707	\$ 10,575,315	\$ 14,847,022

CHRISTIAN COMMUNITY ACTION
STATEMENT OF ACTIVITIES BY FUND
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Operating</u>	<u>Investment</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 1,359,835	\$ -	\$ 1,359,835
Special Event Revenue, Net of Direct Costs of \$260,848	376,151	-	376,151
Contributions of Nonfinancial Assets	4,336,160	-	4,336,160
Grants, Foundations, and Other	1,917,734	-	1,917,734
Investment Income, Net of Fees	-	726,157	726,157
Thrift Resale Relationship Revenue	795,246	-	795,246
Contributions - To/From Investment Fund	15,874	(15,874)	-
Total Revenue and Support	<u>8,801,000</u>	<u>710,283</u>	<u>9,511,283</u>
EXPENSES			
Program Services	8,193,385	-	8,193,385
Fundraising	984,436	-	984,436
Management and General	340,345	-	340,345
Total Expenses	<u>9,518,166</u>	<u>-</u>	<u>9,518,166</u>
CHANGE IN NET ASSETS	(717,166)	710,283	(6,883)
Net Assets - Beginning of Year	<u>4,726,768</u>	<u>9,865,032</u>	<u>14,591,800</u>
NET ASSETS - END OF YEAR	<u>\$ 4,009,602</u>	<u>\$ 10,575,315</u>	<u>\$ 14,584,917</u>