

Christian Military Fellowship

Financial Statements

For the Year Ended September 30, 2021

(With Comparative Totals for the Year Ended September 30, 2020)



Certified Public Accountants

Christian Military Fellowship

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Christian Military Fellowship

We have audited the accompanying financial statements of Christian Military Fellowship, which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Military Fellowship as of September 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Certified Public Accountants

Independent Auditor's Report

Report on Summarized Comparative Information

The financial statements of Christian Military Fellowship as of and for the year ended September 30, 2020 were audited by other auditors whose report dated February 3, 2021, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Olson, Reyes & Sauerwein, LLC
Centennial, Colorado
July 29, 2022

Christian Military Fellowship

Statements of Financial Position

September 30, 2021

(With Comparative Totals as of September 30, 2020)

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 65,511	\$ 44,823
Contributions receivable	1,895	7,000
Prepaid expenses and other	20,463	27,592
Investments	62,153	50,988
Total Current Assets	150,022	130,403
Property and Equipment		
Land	37,000	37,000
Building	211,894	211,894
Furniture and equipment	82,963	82,963
	331,857	331,857
Less accumulated depreciation	(191,038)	(179,136)
Property and Equipment, net	140,819	152,721
Total Assets	\$ 290,841	\$ 283,124
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 7,857	\$ 7,118
Accrued expenses	6,950	10,864
Total Current Liabilities	14,807	17,982
Paycheck protection program loan	-	27,500
Total Liabilities	14,807	45,482
Net Assets		
Without donor restrictions	274,139	230,642
With donor restrictions	1,895	7,000
Total Net Assets	276,034	237,642
TOTAL LIABILITIES AND NET ASSETS	\$ 290,841	\$ 283,124

See Notes to Financial Statements

Christian Military Fellowship

Statements of Activities

For the Year Ended September 30, 2021

(With Comparative Totals as of September 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021	2020
Support and Revenues				
Contributions	\$ 258,717	\$ 156,024	\$ 414,741	\$ 345,406
Interest and dividends	388	-	388	323
Unrealized gains on investments	10,776	-	10,776	12,611
Net assets released from restrictions	161,129	(161,129)	-	-
Total Support and Revenue	431,010	(5,105)	425,905	358,340
Expenses				
Program Services:				
Ministries	359,452	-	359,452	339,373
Total Program Services	359,452	-	359,452	339,373
Support Services:				
General and administrative	24,347	-	24,347	19,871
Fundraising	3,714	-	3,714	4,423
Total Support Services	28,061	-	28,061	24,294
Total Expenses	387,513	-	387,513	363,667
Change in Net Assets	43,497	(5,105)	38,392	(5,327)
Net Assets - Beginning of Year	230,642	7,000	237,642	242,969
NET ASSETS - END OF YEAR	\$ 274,139	\$ 1,895	\$ 276,034	\$ 237,642

See Notes to Financial Statements

Christian Military Fellowship

Statements of Functional Expenses

For the Year Ended September 30, 2021

(With Comparative Totals for the Year Ended September 30, 2020)

	Program Services	Management and General	Fundraising	Total 2021	Total 2020
Salaries and wages	\$ 211,738	\$ 8,229	\$ 2,447	\$ 222,414	\$ 228,787
Payroll taxes	15,692	610	181	16,483	14,202
Total Personnel Expenses	227,430	8,839	2,628	238,897	242,989
General ministries	36,208	-	-	36,208	25,983
Bank and finance charges	-	6,349	-	6,349	5,333
Insurance	11,033	429	127	11,589	8,716
Equipment rental and maintenance	15,272	594	176	16,042	12,655
Depreciation	11,330	440	131	11,901	12,440
Postage and shipping	15,163	155	155	15,473	12,150
Supplies	10,062	391	116	10,569	11,317
Other expenses	5,624	219	65	5,908	8,698
Professional services	-	5,870	-	5,870	6,750
Telephone and utilities	19,343	751	223	20,317	16,636
Printing and publications	7,987	310	93	8,390	3,777
Total Expenses by Function	359,452	24,347	3,714	387,513	367,444

Christian Military Fellowship

Statements of Cash Flows

For the Year Ended September 30, 2021

(With Comparative Totals for the Year Ended September 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 38,392	\$ (5,327)
Adjustment to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Depreciation	11,901	12,440
Unrealized gains on investments	(10,776)	(12,611)
(Gain) on forgiveness of Paycheck Protection Program loan	(27,500)	-
Change in Operating Assets and Liabilities		
(Increase) Decrease in:		
Receivable - combined federal campaign	5,105	14,000
Prepaid expenses and other	7,129	536
Increase (Decrease) in:		
Accounts payable	739	(9,303)
Accrued expenses	(3,914)	(7,931)
Net Cash Flows from Operating Activities	21,076	(8,196)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of investments	(388)	(196)
Net Cash Flows from Investing Activities	(388)	(196)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program note payable	-	27,500
Net Increase in Cash	20,688	19,108
Cash - beginning of year	44,823	25,715
Cash - End of Year	\$ 65,511	\$ 44,823

See Notes to Financial Statements

Christian Military Fellowship

Notes to the Financial Statements

Note 1 - Significant Accounting Policies

Nature of Organization

Christian Military Fellowship (the "Organization") is a not-for profit corporation supporting United States Military Personnel and their families worldwide with: prayer, bible studies, local fellowships, conferences, training, link-ups, free literature, correspondence, hospitality and Christian book services.

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization, 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 restrictions. The governing Board has designated from net assets without donor restrictions, funds to be held in 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 explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from the estimates.

Christian Military Fellowship

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Functional Expense Allocation

The statement of functional expenses report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include, salaries, payroll taxes, depreciation, insurance, telephone and utilities and supplies, which are allocated on the basis of estimated time and effort.

Cash and Cash Equivalents

Cash and cash equivalents includes short-term investments and highly liquid investments in money market instruments with an original maturity three months or less from the acquisition date.

Concentration of Credit Risk

CMF maintains several bank accounts at one institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2021 and 2020, CMF's cash deposits were below the FDIC insurance limit.

CMF receives virtually all its revenues from public support. A significant reduction in the level of such support, if this were to occur, may have an adverse effect on CMF's programs and activities.

Contributions Receivable

Contributions and grants receivable are recognized as revenue in the period awarded and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Contributions and grants receivable are recognized at the net realizable value if expected to be collected within one year, and at fair value if expected to be collected in greater than one year. At September 30, 2021 and 2020, contributions and grants receivable have been determined to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Conditional contributions and grants receivable are recognized when the conditions on which they depend are substantially met.

Investments

CMF reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values with unrealized gains and losses included in the statements of activities net of investment fees, if any.

Christian Military Fellowship

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is stated at cost or fair market value at the date of contribution, if donated. Maintenance items of a routine nature are expensed as incurred, whereas those which improve or extend the lives of existing assets are capitalized. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Depreciation is provided on the straight line method over the estimated useful lives of the assets which range from 7 to 39 years.

GAAP requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment, which is determined based upon the estimated fair value of the asset, is recorded when estimated undiscounted cash flows expected to be generated by the asset are insufficient to recover its net carrying value. Management has determined that no impairment of its long lived assets is deemed necessary at September 30, 2021 and 2020.

Income Taxes

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Revenue Recognition

Contributions

Contributions are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Christian Military Fellowship

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

Revenue Recognition (continued)

Unconditional or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when awarded.

In-Kind Contributions

Donated services are recognized as contributions in accordance with GAAP for Not-for-Profit Organizations if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provided assistance with specific programs and fundraising events throughout the year that were not recognized as contributions in the financial statements because the recognition criteria were not met.

Donated goods are recorded at their estimated fair market value at the time of donation.

Prior-Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. The prior-year presentation does not include sufficient detail to constitute presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the financial statements for the year ended September 30, 2020, from which the summarized information was derived.

Subsequent Events

In preparing its financial statements, the Organization has evaluated subsequent events through July 29, 2022, which is date the financial statements were available to be issued. Management of the Organization has not identified any material subsequent events that require reporting or disclosure.

Christian Military Fellowship

Notes to the Financial Statements

Note 1 - Significant Accounting Policies (continued)

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards board (FASB) issued Accounting Standards Update (ASU) No 2016-02, *Leases* (Topic 842), which requires lessees to recognize on the balance sheet a right-of-use asset and a lease liability for most lease arrangements with a term greater than one year. The new standard also requires new disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from the leases. ASU 2016-02 is effective for nonpublic companies for fiscal years beginning after December 15, 2021. Early adoption is permitted. The amendments in this update should be applied using a modified retrospective approach. The Organization is currently evaluating the impact of the provisions of this ASU.

Note 2 - Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of September 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 65,511	\$ 44,823
Receivables	1,895	7,000
Investments	62,153	50,988
	<u>\$ 129,559</u>	<u>\$ 102,811</u>

The Organization does not have a formal liquidity policy. The Organization invests its financial assets in a manner consistent with the concept of prudent money management, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Christian Military Fellowship

Notes to the Financial Statements

Note 3 - Investments

Investments in marketable securities are recorded at fair value and consist of the following at September 30, 2021 and 2020:

<i>As of September 30,</i>	2021	2020
Domestic equity security	\$ 43,863	\$ 35,969
Mutual funds	14,413	11,475
Money market funds	3,877	3,544
TOTAL INVESTMENTS	\$ 62,153	\$ 50,988

The marketable securities held by the Organization are actively traded and are considered Level 1 investments for purposes of the fair value hierarchy.

Investment Income

Investment income consisted of the following at September 30, 2021 and 2020:

	2021	2020
Interest and dividends	\$ 389	\$ 323
Unrealized gains on investments	10,776	12,611
	\$ 11,165	\$ 12,934

Note 4 - Retirement Plan

Simple IRA

The Organization sponsors a simplified employee pension plan (SEP) to aid eligible employees in providing for a portion of their future security. An employee is eligible to participate in the plan when he or she has (1) attained age twenty-one and (2) had service with CMF during any part of any three of the preceding five years. No employer contributions were made for the years ended September 30, 2021 and 2020.

Note 5 - Paycheck Protection Program Loan

As of September 30, 2020, the Organization had an outstanding loan of \$27,500 from the Small Business Administration's (SBA) Paycheck Protection Program (PPP), as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The loan was forgiven during the year ended September 30, 2021, and the Organization recorded a contribution for the forgiveness in the amount of \$27,500.

Christian Military Fellowship

Notes to the Financial Statements

Note 6 - Net Assets

Net Assets with Donor Restrictions consist of the following:

	2021	2020
Receivable - combined federal campaign	\$ 1,895	\$ 7,000

Net assets totaling \$156,024 and 190,408, were released from net assets with donor restrictions for the year ended September 30, 2021, and 2020, respectively, as a result of CMF incurring expenditures satisfying the related restricted purpose.

Note 7 - Obligations Under Operating Leases

CMF leases office equipment under operating leases expiring through December 2026. Total lease expense was approximately \$15,168 and \$5,940 for the years ended September 30, 2021 and 2020, respectively. Approximate future minimum lease payments are as follows:

	September 30th
2022	\$ 15,168
2023	15,168
2024	8,898
2025	7,908
2026	1,977
	\$ 49,119
