

CHRISTIAN COMMUNITY ACTION, INC.

Financial Statements

December 31, 2020 and 2019

CHRISTIAN COMMUNITY ACTION, INC.
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Simione Macca & Larrow^{LLP}



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Christian Community Action, Inc.
New Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of Christian Community Action, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 audits. We conducted our audits 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.

INDEPENDENT AUDITORS' REPORT
(Continued)

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, Inc. as of December 31, 2020 and 2019, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2021 on our consideration of Christian Community Action, Inc.'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, Inc.'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, Inc.'s internal control over financial reporting and compliance.

Simone Macca & Larrow LLP

Hamden, Connecticut
August 17, 2021

CHRISTIAN COMMUNITY ACTION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 130,236	\$ 193,795
Grants receivable	114,523	6,369
Contributions receivable	74,201	58,059
Investments	46,139	42,513
Prepaid expenses and other current assets	<u>8,654</u>	<u>12,080</u>
Total Current Assets	<u>373,753</u>	<u>312,816</u>
PROPERTY AND EQUIPMENT		
Land	150,384	150,384
Buildings and improvements	2,336,173	1,946,027
Furniture and fixtures	54,739	92,634
Equipment	51,302	48,873
Vehicles	<u>49,800</u>	<u>49,800</u>
	2,642,398	2,287,718
Less accumulated depreciation	<u>663,606</u>	<u>1,303,346</u>
Net Property and Equipment	<u>1,978,792</u>	<u>984,372</u>
 Total Assets	 <u>\$ 2,352,545</u>	 <u>\$ 1,297,188</u>

See notes to financial statements.

LIABILITIES AND NET ASSETS	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Current maturities of mortgage note	\$ 10,686	\$ 10,021
Line of credit	24,590	-
Accounts payable and accrued expenses	168,205	52,576
Deferred revenue	8,215	15,615
Security deposits and tenant savings	<u>1,565</u>	<u>1,900</u>
Total Current Liabilities	213,261	80,112
MORTGAGE NOTE PAYABLE	<u>319,172</u>	<u>329,857</u>
Total Liabilities	<u>532,433</u>	<u>409,969</u>
NET ASSETS		
Without donor restriction	1,716,122	690,317
With donor restriction	<u>103,990</u>	<u>196,902</u>
Total Net Assets	<u>1,820,112</u>	<u>887,219</u>
Total Liabilities and Net Assets	<u>\$ 2,352,545</u>	<u>\$ 1,297,188</u>

CHRISTIAN COMMUNITY ACTION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2020 and 2019

	2020		2019	
	Without Donor Restriction	With Donor Restriction	Without Donor Restriction	With Donor Restriction
REVENUES AND SUPPORT				
Grants	\$ 1,176,481	\$ -	\$ 535,647	\$ -
Contributions and other revenue	1,421,305	69,231	674,632	81,409
Rental income	45,479	-	46,625	-
Donated food	28,772	-	61,881	-
Investment gain	5,202	-	5,144	-
Net assets released from restrictions:				
Satisfaction of program restrictions	162,143	(162,143)	103,756	(103,756)
Total Revenues and Support	2,839,382	(92,912)	1,427,685	(22,347)
EXPENSES				
Program services	1,154,473	-	1,072,399	-
Management and general	539,621	-	310,442	-
Fundraising	119,483	-	72,306	-
Total Expenses	1,813,577	-	1,455,147	-
Change in net assets	1,025,805	(92,912)	(27,462)	(22,347)
NET ASSETS, Beginning	690,317	196,902	717,779	219,249
NET ASSETS, Ending	\$ 1,716,122	\$ 103,990	\$ 690,317	\$ 196,902
				\$ 887,219

See notes to financial statements.

CHRISTIAN COMMUNITY ACTION, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 932,893	\$ (49,809)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	82,027	72,838
Unrealized gain on investments	(3,770)	(4,397)
Realized gain on sale of investments	(1,233)	(339)
Contributions restricted to purchases of property and equipment	(1,236,969)	-
Noncash contribution of property and equipment	(25,680)	
Loss on disposal of assets	237,258	-
Changes in assets and liabilities:		
Grants receivable	(108,154)	5,649
Contribution receivable	(16,142)	48,535
Prepaid expenses and other current assets	3,426	(5,756)
Accounts payable and accrued expenses	115,629	(1,904)
Deferred revenue	(7,400)	13,244
Security deposits and tenant savings	(335)	280
	(28,450)	78,341
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,288,025)	(4,823)
Purchases of investments	(177)	(341)
Proceeds from sale of investments	1,554	1,553
	(1,286,648)	(3,611)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted to purchases of property and equipment	1,236,969	-
Net borrowings on revolving line of credit	24,590	-
Repayments of mortgage note payable	(10,020)	(9,501)
	1,251,539	(9,501)
Net increase (decrease) in cash and cash equivalents	(63,559)	65,229
CASH AND CASH EQUIVALENTS, Beginning	193,795	128,566
CASH AND CASH EQUIVALENTS, Ending	\$ 130,236	\$ 193,795

See notes to financial statements.

CHRISTIAN COMMUNITY ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services				Supporting Services		
	Hillside Family Shelter	CORE	Advocacy and Education	ARJSE	Management and General	Fundraising	Total
Salaries	\$ 245,105	\$ 103,618	\$ 67,360	\$ 114,869	\$ 91,535	\$ 96,133	\$ 718,620
Fringe benefits and payroll taxes	60,542	14,098	9,743	19,823	18,699	9,212	132,117
Total salaries and related	305,647	117,716	77,103	134,692	110,234	105,345	850,737
Loss on disposal of assets	48,008	-	-	-	189,250	-	237,258
Utilities	38,586	1,545	526	29,481	46,428	741	117,307
Office supplies and expense	63,652	17,712	1,182	2,165	25,567	577	110,855
Depreciation	22,495	2,358	1,011	13,073	43,090	-	82,027
Insurance	16,699	5,711	2,478	7,014	32,699	2,444	67,045
Bookkeeping	15,384	5,540	2,685	6,248	28,330	3,714	61,901
Contracted services	27,624	1,491	295	7,628	18,394	704	56,136
Telephone	11,385	1,593	8,637	6,966	11,018	829	40,428
Repairs and maintenance	17,497	2,653	2,653	5,705	9,776	789	39,073
Consultants	6,425	18,355	440	60	210	4,000	29,490
Emergency assistance	310	27,076	-	-	-	-	27,386
Interest expense	-	-	-	19,876	890	-	20,766
Miscellaneous	4,342	1,282	1,364	298	7,748	-	15,034
Professional fees	-	-	-	-	13,000	-	13,000
Travel	1,270	2,877	1,400	506	2,143	120	8,316
Conferences and meetings	237	2,591	1,191	428	274	-	4,721
Education and training	132	-	-	1,236	-	-	1,368
Data processing expense	200	200	150	100	390	100	1,140
Postage	120	185	132	80	180	120	817
Donated food	580,013	208,885	101,247	235,556	539,621	119,483	1,784,805
	-	28,772	-	-	-	-	28,772
Total Expenses	\$ 580,013	\$ 237,657	\$ 101,247	\$ 235,556	\$ 539,621	\$ 119,483	\$ 1,813,577

See notes to financial statements.

CHRISTIAN COMMUNITY ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services			Supporting Services			
	Hillside Family Shelter	CORE	Advocacy and Education	ARISE	Management and General	Fundraising	Total
Salaries	\$ 243,228	\$ 98,946	\$ 66,377	\$ 118,548	\$ 527,099	\$ 56,498	\$ 665,129
Fringe benefits and payroll taxes	46,654	11,950	21,810	20,400	100,814	4,856	120,947
Total salaries and related	289,882	110,896	88,187	138,948	627,913	61,354	786,076
Utilities	54,805	1,633	546	13,569	70,553	724	114,516
Depreciation	14,116	1,493	699	15,379	31,687	-	72,838
Insurance	17,363	5,552	2,458	7,070	32,443	1,495	63,679
Bookkeeping	13,391	5,938	3,404	6,979	29,712	3,693	61,556
Contracted services	24,230	1,985	318	8,224	34,757	933	56,902
Repairs and maintenance	20,820	1,534	2,082	11,088	35,524	565	46,973
Telephone	9,945	1,221	8,097	6,016	25,279	733	36,560
Emergency assistance	290	33,001	-	-	33,291	-	33,291
Consultants	3,226	19,675	900	-	23,801	325	24,126
Interest expense	-	-	-	20,396	20,396	-	24,059
Office supplies and expense	2,248	10,594	2,091	2,006	16,939	1,367	22,833
Professional fees	-	-	-	-	-	-	13,000
Travel	2,040	3,624	2,616	2,112	10,392	408	12,369
Miscellaneous	1,466	1,529	601	641	4,237	200	9,393
Conferences and meetings	1,088	2,329	3,238	1,604	8,259	30	8,537
Education and training	-	-	-	2,987	2,987	-	2,987
Newsletter	296	494	296	197	1,283	296	1,974
Postage	120	180	138	80	518	120	831
Data processing expense	125	265	94	63	547	63	766
Donated food	455,451	201,943	115,765	237,359	1,010,518	72,306	1,393,266
	-	61,881	-	-	61,881	-	61,881
Total Expenses	\$ 455,451	\$ 263,824	\$ 115,765	\$ 237,359	\$ 1,072,399	\$ 72,306	\$ 1,455,147

See notes to financial statements.

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - Christian Community Action, Inc. (the "Organization") is a tax-exempt, non-stock corporation providing direct and indirect assistance to homeless families in the Greater New Haven, Connecticut area. Assistance is available through various programs as described below:

Hillside Family Shelter provides temporary housing (average stay of 100 days), food and counseling to homeless families. The Organization also provides families with motel assistance.

CORE (also referred to as the Neighborhood Assistance Program) meets the immediate needs of families, seniors, and people with disabilities who live in the Hill neighborhood section of New Haven by maintaining a food pantry to provide emergency food, diversion services, fuel assistance, information and referral, diapers, and Thanksgiving baskets. CORE also assists with eviction and utility shut off problems for these individuals.

Advocacy and Education Program addresses issues concerning welfare, health care, jobs, and housing. Additionally, supplemental monies are provided for education and training programs.

ARISE stands for Accessing Resources for Independence, Skill-building, and Employment. The ARISE Center provides support services to families who are at risk of being homeless, such as employment search assistance, family counseling and empowerment, daycare, case management, referrals, and health and wellness workshops.

These services are funded primarily by contributions and grants from individuals, foundations, public agencies, and religious organizations.

Basis of Presentation - In accordance with Accounting Standards Codification ("ASC") Topic 958-205 *Not for Profit Entities, Presentation of Financial Statements*, the Organization reports information regarding their financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the Board of Directors.

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - (Continued)

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the fund be maintained in perpetuity.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers short-term, highly liquid investments with maturities of three months or less from the date of original acquisition to be cash equivalents.

Investments - Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the Statements of Financial Position, and changes in fair value are reported as investment income in the statements of activities and changes in net assets.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the Statements of Activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Property and Equipment - It is the Organization's policy to capitalize property and equipment over \$1,000. Property and equipment is carried at cost, or if donated, at the approximate fair value at the date of donation. Expenditures for repairs and maintenance are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Grants - In accordance with ASU ("Accounting Standards Update") 2018-08, grants from government agencies are accounted for as conditional contributions. Conditional contributions are recorded when the condition has been satisfied. Grant funds received prior to satisfaction of the condition are reported as deferred revenue. Conditions satisfied in advance of grant funds being received are reported as a receivable.

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Contributions are defined as voluntary, nonreciprocal transfers. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Revenues - The Organization recognizes contributions when cash, securities, unconditional promises to give, notifications of beneficial interests, or other assets are received. Conditional promises to give (that is, those with measurable performance or other barriers and a right of return) are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements 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 deferred revenue in the statement of financial position. The Organization received cost-reimbursable grants of \$334,838 and \$343,641 that have not yet been recognized as of December 31, 2020 and 2019, respectively, because qualifying expenditures have not yet been incurred, with deferred revenue of \$8,215 and \$15,615 reported in the statements of financial position at December 31, 2020 and 2019.

Income Taxes - The not-for-profit organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, the Organization is exempt from State and Federal income taxes. The Internal Revenue Service has determined that the Organization is other than a private foundation.

ASC Topic 740 *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109* provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon adoption of ASC Topic 740 and in subsequent periods. Management is not aware of any uncertain tax positions taken by the Organization as of that date. Tax years ended December 31, 2017 through December 31, 2020 remain subject to examination by major tax jurisdictions.

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Materials - The Organization recognizes donated services if they create or enhance non-financial assets or require specialized skills that would typically be purchased. General volunteer services do not meet these criteria for recognition in the financial statements. However, a substantial number of volunteers have donated significant amounts of time to the Organization's programs. Donated materials are recorded at fair value at the date of gift.

Fair Value Measurements - The Organization follows the guidance in ASC Topic 820 *Fair Value Measurements and Disclosures*, which defines fair value, establishes guidelines for measuring fair value, and expands disclosure regarding fair value measurements. The adoption of ASC Topic 820 did not have a material effect on the Organization's financial condition or operating results.

Functional Expenses - The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Fringe benefits and payroll taxes	Time and effort
Loss on disposal of assets	Utility of assets
Utilities	Utility of service
Office supplies and expense	Utility of purchase
Depreciation	Utility of assets
Insurance	Liability and coverage
Bookkeeping	Time and effort
Contracted services	Utility of service
Telephone	Utility of service
Repairs and maintenance	Utility of assets
Consultants	Time and effort
Interest expense	Utility of funds
Miscellaneous	Utility of purchase
Travel	Time and effort
Conferences and meetings	Time and effort
Data processing expense	Utility of service
Postage	Utility of service

Disclosure of Subsequent Events - ASC Topic 855 *Subsequent Events* requires disclosure of the date through which subsequent events have been evaluated, and whether that date is the date that the financial statements were issued or available to be issued. Management has evaluated subsequent events through August 17, 2021, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the statement of financial position date, except as noted in Note 9, which would require additional adjustment to, or disclosure in, the accompanying financial statements.

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This standard supersedes the revenue recognition requirements in ASC 605 Revenue Recognition and most industry-specific guidance. The standard requires an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to receive in exchange for goods or services. During 2016, the FASB issued additional interpretive guidance relating to the standard which covered the topics of principal versus agent considerations and identifying performance obligations and licensing. The new revenue guidance under Topic 606 was adopted on January 1, 2020 using the modified retrospective transition method. No adjustment was made to the Organization’s financial statements as of and for the year ended December 31, 2019 for the application of the new revenue standard.

Under the new revenue recognition rules adopted in 2020, conditional contributions continue to be recognized in revenues as conditions are met as described in Note 1 and are not materially impacted by the adoption of the new revenue recognition standard.

NOTE 3 - CREDIT RISK

At certain times, the Organization has amounts on deposit with financial institutions in excess of the FDIC insured limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2020, the aggregate cash balances at the financial institutions used by the Organization did not exceed the federally insured limit. The Organization holds a cash balance at an institution which is not insured by the FDIC in the amount of \$1,064 as of December 31, 2020.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of marketable securities. Investments are managed and reviewed to prevent risks caused by concentration.

NOTE 4 - INVESTMENTS

Effective January 2007, the Organization entered into an agreement with The Community Foundation for Greater New Haven to collect contributions and maintain amounts received in a pooled fund of securities on the Organization’s behalf. Terms of the agreement include a normal distribution of 5.5% of the market value on an annual basis. However, the Organization can withdraw funds as needed with thirty days advance notice. There were no contributions to the Foundation in 2020 and 2019. The Organization also maintains a mutual fund through Calvert Investments.

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INVESTMENTS (Continued)

The Organization follows the guidance contained in ASC Topic 820 *Fair Value Measurements and Disclosures*, which defines fair value, establishes guidelines for measuring fair value, and expands disclosure regarding fair value measurements. ASC 820 establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. ASC 820 establishes and prioritizes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation methodologies include, but are not limited to, discounted cash flow analysis, comparable asset analysis, third-party appraisals, third-party pricing services, and other applicable indices.

The Organization follows the guidance in Accounting Standards Update ("ASU") 2015-07 which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share as quoted on a private market that is not active.

The following table presents the Organization's investments measured at fair value on a recurring basis at December 31, 2020:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual fund	\$ 9,548	\$ 9,548	\$ -	\$ -
Total assets in the fair value hierarchy	9,548	<u>\$ 9,548</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value	<u>36,591</u>			
Investments at fair value as of December 31, 2020	<u>\$ 46,139</u>			

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INVESTMENTS (Continued)

The following table presents the Organization's investments measured at fair value on a recurring basis at December 31, 2019:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual fund	\$ 9,486	\$ 9,486	\$ -	\$ -
Total assets in the fair value hierarchy	9,486	<u>\$ 9,486</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value	<u>33,027</u>			
 Investments at fair value as of December 31, 2019	 <u>\$ 42,513</u>			

The investment strategy on the investments measured at net asset value is a total return approach, which does not distinguish between an asset's yield and appreciation, but rather on the total expected return of the assets over the long term. The investment at the Community Foundation for Greater New Haven, which was \$36,591 and \$33,027 at December 31, 2020 and 2019, respectively, follows an asset allocation of 50% equities, 32.5% alternative investments, and 17.5% bonds. There are no unfunded commitments at December 31, 2020 and 2019 and funds may be redeemed in total with 60 days advance notice.

NOTE 5 - DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
CT Department of Housing	\$ 6,967	\$ 2,761
Empower New Haven	1,248	1,388
Emergency Food and Shelter Program	<u>-</u>	<u>11,466</u>
 Total Deferred Revenue	 <u>\$ 8,215</u>	 <u>\$ 15,615</u>

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - REVOLVING LINE OF CREDIT

The Organization has a revolving line of credit agreement with Key Bank payable on demand. The line provides for borrowings up to \$100,000 and is secured by substantially all assets of the Organization. The outstanding balance on the line was \$24,590 at December 31, 2020. There was no amount outstanding at December 31, 2019. Interest on borrowings is due monthly and is calculated at 1% over the bank's prime rate (4.25% at December 31, 2020).

NOTE 7 - AVAILABILITY AND LIQUIDITY

Financial Assets at year end:	
Cash and cash equivalents	\$ 130,236
Grants receivable	114,523
Contributions receivable	74,201
Investments	<u>46,139</u>
Total financial assets	<u>365,099</u>
Less amounts not available to be used within one year:	
Net assets with donor restriction	103,990
Less net assets with a purpose restriction to be met in less than one year	(103,990)
Board designated net assets	<u>36,591</u>
	<u>36,591</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 328,508</u></u>

The Organization plans to have sufficient financial assets to meet obligations as they come due. In addition to the financial assets available, the Organization also has access to a line of credit of \$100,000, of which \$75,410 is available as of December 31, 2020. In order to protect against unforeseen events creating liquidity issues in the course of business, the Organization holds a business interruption insurance policy. This policy covers lost earnings from significant events interrupting business operations in order to fund ongoing costs such as utilities, maintenance, etc.

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - MORTGAGE NOTE PAYABLE

During 2018, the Organization acquired a building primarily financed through a mortgage in the amount of \$350,000 from a local bank to be repaid in monthly payments of \$2,491 including interest at 5.83%. The mortgage matures in November 2038. The outstanding mortgage balance at December 31, 2020 and 2019 was \$329,858 and \$339,878, respectively.

Scheduled principal repayments on the mortgage note payable at December 31, 2020 are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2021	\$ 10,686
2022	11,336
2023	12,024
2024	12,705
2025	13,526
Thereafter	<u>269,581</u>
 Total Mortgage Note Payable	 <u>\$ 329,858</u>

NOTE 9 - PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Organization received loan proceeds from Key Bank in the aggregate amount of \$54,250 pursuant to the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for Small Business Administration (“SBA”) loans to qualifying businesses. The loans and accrued interest are forgivable after an eight or twenty-four week period as long as the borrower uses the loan proceeds for eligible purposes and maintains its payroll levels. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of all payments until the date the SBA remits the borrower’s loan forgiveness amount to the lender (or until ten months after the covered period if the borrower does not apply for forgiveness). The Organization believes that its use of the loan proceeds will meet the conditions for forgiveness by the SBA.

In accordance with ASU 2018-08, the Organization is treating the PPP loan as a conditional contribution. Therefore, the full amount of \$54,250 has been recognized as a contribution based on expending the amount on payroll through December 31, 2020. Subsequent to the year ended December 31, 2020, the Organization has received forgiveness of the full amount, including interest accrued, from the SBA.

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - EMPLOYEE RETIREMENT PLAN

The Organization maintains a non-contributory Simplified Employee Pension Plan covering substantially all employees. The Plan provides for contributions equal to a percentage of employees' salaries. There were no contributions for 2020 or 2019.

NOTE 11 - NET ASSETS

Net assets with donor restrictions are available at December 31, 2020 and 2019 for the following purposes:

	<u>2020</u>	<u>2019</u>
ARISE	\$ 45,525	\$ 107,868
Stepping Stone- Windows	-	42,159
Voice of the People	-	14,759
Other Purposes	<u>58,465</u>	<u>32,116</u>
Total Net Assets with Donor Restrictions	<u>\$ 103,990</u>	<u>\$ 196,902</u>

Net assets without donor restrictions for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 1,679,531	\$ 657,290
Board designated	<u>36,591</u>	<u>33,027</u>
Total Net Assets without Donor Restrictions	<u>\$ 1,716,122</u>	<u>\$ 690,317</u>

The Board of Directors has designated \$36,591 and \$33,027 of its net assets without donor restrictions, as of December 31, 2020 and 2019, respectively, for investment with the Community Foundation for Greater New Haven, Inc. This investment will be used to fund operations in the event of significant, unanticipated reductions in net assets of the Organization.

NOTE 12 - LEASE COMMITMENTS

During 2018, the Organization entered into an operating lease agreement for office equipment with a monthly rental of \$769 through May 2021. Total rent expense for equipment under this agreement was \$10,984 in 2020 and \$10,896 in 2019.

Future minimum lease payments at December 31, 2020 consist solely of the 2021 required payments totaling \$3,845.

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - SUPPLEMENTARY CASH FLOW INFORMATION

The Organization uses the indirect method when presenting its cash flow from operating activities in the Statements of Cash Flows. Therefore, the Organization is required to disclose the following supplementary information:

	<u>2020</u>	<u>2019</u>
Interest paid	<u>\$ 20,766</u>	<u>\$ 24,059</u>

NOTE 14 - IN-KIND DONATIONS

The value of donated food meeting the recognition criteria of ASC Topic 958-205 *Not for Profit Entities, Presentation of Financial Statements* is included in the financial statements as both revenue and expense.

During 2020, individuals, businesses, and houses of worship made donations of food, consisting of groceries and turkeys, to the Organization with an estimated value of \$28,772. The Organization then provided this food to individuals and families in need. The \$28,772 has been recognized in the financial statements as both revenue and expense. During 2019, donated food with an estimated value of \$61,881 was recognized in the financial statements as both revenue and expense.

During 2020, the Organization received a contribution of painting services as part of the shelter renovations. These services, in the amount of \$25,680, were recognized in the financial statements as revenue and capitalized as improvements.

Additionally, the Organization receives donations of clothing, household goods, and furniture from individuals. The Organization makes these items available to persons in need on a first come-first served basis. No value has been reflected in the financial statements for these donations.

NOTE 15 - CONTINGENCY

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. The national economy has felt the effects of this global Coronavirus pandemic, including the temporary curtailment or limitation of on-site activity by certain types of businesses. The duration and extent of those effects on the Organization cannot be accurately determined by Management.

Based on world events it is reasonably possible that the Organization's financial position could be adversely affected. Management continues to monitor world, national and local events as they relate to future business opportunities and labor availability.

Simione Macca & Larrow^{LLP}



CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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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*

To the Board of Directors
Christian Community Action, Inc.
New Haven, Connecticut

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, Inc. (the "Organization") (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 17, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 may exist that have not been identified.

**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***
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sunione Macca & Larrow LLP

Hamden, Connecticut
August 17, 2021

Simione Macca & Larrow^{LLP}



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

To the Board of Directors
Christian Community Action, Inc.
New Haven, Connecticut

Report on Compliance for Each Major State Program

We have audited Christian Community Action, Inc.'s ("the Organization") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on the Organization's major state program for the year ended December 31, 2020. The Organization's major state program is 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 the requirements of laws, regulations, contracts and grants applicable to its state program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major state program 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 State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 the major state program. However, our audit does not provide a legal determination of the Organization's compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

(Continued)

Opinion on Major State Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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 the Organization'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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 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 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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

(Continued)

**Report on Schedule of Expenditures of State Financial Assistance Required by the State
Single Audit Act**

We have audited the financial statements of the Organization as of and for the year ended December 31, 2020, and have issued our report thereon dated August 17, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Suzanne Macca & Larrow LLP

Hamden, Connecticut
August 17, 2021

CHRISTIAN COMMUNITY ACTION, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended December 31, 2020

State Grantor/Pass-Through Grantor Program Title	State Grant Program CORE-CT Number	Expenditures
DEPARTMENT OF HOUSING		
Flexible Housing Grant	12065-DOH46915-40240	\$ 576,969
Emergency Shelter Grant	11000-DOH46920-16149	445,947
JUDICIAL BRANCH		
Youth Violence Prevention Initiative	11000-JUD96114-12555	<u>100,000</u>
Total State Financial Assistance		<u><u>\$ 1,122,916</u></u>

See notes to schedule of expenditures of state financial assistance.

CHRISTIAN COMMUNITY ACTION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2020

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of Christian Community Action, Inc. under programs of the State of Connecticut for the year ended December 31, 2020. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs have funded the Organization's Hillside Family Shelter and ARISE programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Christian Community Action, Inc. conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

CHRISTIAN COMMUNITY ACTION, INC.
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2020

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' opinion issued:
 Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified yes none reported

Noncompliance material to financial statements noted? yes no

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified yes none reported

Type of auditor's opinion issued on compliance for major programs:
 Unmodified

Any audit findings disclosed that are required to be reported
 in accordance with Section 4-236-24 of the Regulations to the
 State Single Audit Act? yes no

- The following schedule reflects the major state program included in the audit:

<u>State Grantor/Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Housing Flexible Housing Grant	12065-DOH46915-40240	\$ 576,969

Dollar threshold used to distinguish between type A and type B programs \$ 200,000

CHRISTIAN COMMUNITY ACTION, INC.
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2020

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated August 17, 2021, 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no material weaknesses.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported relating to State Financial Assistance Program.

