CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

Consolidated Financial Statements and Supplementary Information

For the Year Ended June 30, 2019

and
Report Thereon

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

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For the Year Ended June 30, 2019

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Christian Relief Services Charities, Inc.
and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Christian Relief Services Charities, Inc. (CRSC) and Affiliates (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Continued

MARCUMGROUP
MEMBER

Marcum LLP ▪ 1899 L Street, NW ▪ Suite 850 ▪ Washington, DC 20036 ▪ **Phone** 202.227.4000 ▪ **Fax** 202.227.4001 ▪ **www.marcumllp.com**

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Christian Relief Services Charities, Inc. and Affiliates as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules (supplementary information) is presented for the purpose of additional analysis, and is not a required part of the consolidated 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 consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Marcum LLP

Washington, DC
December 3, 2019

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS	
Cash and cash equivalents	$ 4,222,607
Grants and contributions receivable, net	198,482
Other receivables	1,630,673
Prepaid expenses and other assets	396,276
Inventory	355,813
Investments	93,100,208
Investments in operating entities	7,353,864
Cash surrender value of life insurance policies	1,756,465
Restricted investments for tenant security deposits	587,545
Restricted deposits and funded reserves	1,736,944
Trust accounts	3,306
Notes receivable	3,777,513
Property and equipment, net	91,765,324
TOTAL ASSETS	$ 206,885,020
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	$ 1,242,316
Accrued interest	355,928
Deferred revenue	98,454
Lines of credit payable	18,421,129
Notes and mortgages payable, net of unamortized debt issuance costs	63,185,682
Advance payments for rent	71,741
Interest rate swap contract	14,145
Deposits and funds held for others	478,616
TOTAL LIABILITIES	83,868,011
Net Assets	
Without donor restrictions	91,389,718
With donor restrictions	31,627,291
TOTAL NET ASSETS	123,017,009
TOTAL LIABILITIES AND NET ASSETS	$ 206,885,020

The accompanying notes are an integral part of these consolidated financial statements.

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Housing rental and related income	$ 17,805,225	$ -	$ 17,805,225
Noncash contributions	14,316,175	-	14,316,175
Cash contributions	5,397,258	651,440	6,048,698
Other income	1,266,332	-	1,266,332
Grants from government agencies	368,223	-	368,223
Royalties	-	2,517,168	2,517,168
Wills and bequests	41,083	259,866	300,949
Workplace campaign contributions	-	169,060	169,060
Investment income, net	3,722,061	1,339,647	5,061,708
Net assets released from restrictions:			
Satisfaction of time restrictions	192,486	(192,486)	-
Satisfaction of purpose restrictions	2,829,918	(2,829,918)	-
TOTAL REVENUE AND SUPPORT	45,938,761	1,914,777	47,853,538
EXPENSES			
Program Services:			
Domestic programs	1,098,871	-	1,098,871
American Indian programs	5,361,791	-	5,361,791
International programs	13,114,460	-	13,114,460
Housing programs	17,153,773	-	17,153,773
Total Program Services	36,728,895	-	36,728,895
Supporting Services:			
Management and general	1,705,293	-	1,705,293
Fundraising	5,250,264	-	5,250,264
Total Supporting Services	6,955,557	-	6,955,557
TOTAL EXPENSES	43,684,452	-	43,684,452
CHANGE IN NET ASSETS	2,254,309	1,914,777	4,169,086
NET ASSETS, BEGINNING OF YEAR	89,135,409	29,712,514	118,847,923
NET ASSETS, END OF YEAR	$ 91,389,718	$ 31,627,291	$ 123,017,009

The accompanying notes are an integral part of these consolidated financial statements.

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services					Supporting Services			
	Domestic Programs	American Indian Programs	International Programs	Housing Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
In-kind expenditures	$ 522,642	$ 2,191,392	$12,493,316	$ -	$ 15,207,350	$ -	$ -	$ -	$ 15,207,350
Wages and benefits	74,630	432,042	74,401	2,216,427	2,797,500	1,009,881	421,644	1,431,525	4,229,025
Depreciation and amortization	-	24,405	-	4,077,967	4,102,372	11,790	-	11,790	4,114,162
Printing and production	1,035	66,033	1,028	496	68,592	1,082	3,069,479	3,070,561	3,139,153
Contract services	2,750	199,643	-	2,541,248	2,743,641	50,505	164,704	215,209	2,958,850
Interest	-	-	-	2,910,498	2,910,498	35,195	-	35,195	2,945,693
Grants	302,510	1,194,205	359,348	36,648	1,892,711	-	-	-	1,892,711
Utilities	2,427	7,174	2,427	1,564,850	1,576,878	20,042	4,374	24,416	1,601,294
Postage	157	26,428	83	4,806	31,474	5,655	1,177,908	1,183,563	1,215,037
Real estate taxes	579	1,909	579	1,054,719	1,057,786	7,561	-	7,561	1,065,347
Procurement fees	122,314	808,460	67,000	-	997,774	-	-	-	997,774
Repairs and maintenance	887	24,812	96	767,235	793,030	16,956	1,112	18,068	811,098
General insurance	3,138	12,493	3,138	476,502	495,271	38,591	2,281	40,872	536,143
Office supplies, dues and subscriptions	10,928	60,774	7,022	102,428	181,152	80,933	201,471	282,404	463,556
Homeowner association fees	-	-	-	314,583	314,583	-	-	-	314,583
Miscellaneous	7,121	17,622	-	251,083	275,826	16,121	3,540	19,661	295,487
Payroll taxes	5,105	31,539	5,131	149,505	191,280	57,190	28,732	85,922	277,202
Meetings and travel	4,189	123,997	4,140	103,673	235,999	27,625	9,600	37,225	273,224
Professional and consulting	-	3,592	-	118,614	122,206	144,867	-	144,867	267,073
Provision for doubtful accounts	-	-	16,056	169,172	185,228	23,783	-	23,783	209,011
Shipping	14,931	107,394	57,031	1,325	180,681	2,207	3,009	5,216	185,897
Advertising	-	377	-	160,702	161,079	-	-	-	161,079
Telephone	169	4,125	574	50,823	55,691	87,943	1,157	89,100	144,791
Rent	22,613	22,613	22,613	-	67,839	35,007	38,019	73,026	140,865
List rental	-	-	-	-	-	-	122,056	122,056	122,056
Labor, materials and supplies	-	-	-	68,521	68,521	-	-	-	68,521
Bank charges	746	762	477	11,948	13,933	32,359	1,178	33,537	47,470
TOTAL EXPENSES	$ 1,098,871	$ 5,361,791	$ 13,114,460	$ 17,153,773	$ 36,728,895	$ 1,705,293	$ 5,250,264	$ 6,955,557	$ 43,684,452

The accompanying notes are an integral part of these consolidated financial statements.

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 4,169,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	4,114,162
Provision for doubtful accounts	28,082
Noncash contributions	(14,316,175)
In-kind expenditures	15,207,350
Unrealized gains on investments	(2,922,391)
Realized losses on investments	98,654
Unrealized loss on interest rate swap contract	206,757
Changes in assets and liabilities:	
Grants and contributions receivable	(49,169)
Other receivables	(524,236)
Prepaid expenses and other assets	66,714
Inventory	(725,859)
Cash surrender value of life insurance policies	(69,195)
Restricted investments for tenant security deposits	(46,421)
Restricted deposits and funded reserves	(10,673)
Accounts payable and accrued expenses	152,293
Accrued interest	146,248
Deferred revenue	61,370
Advance payments for rent	(17,243)
Deposits and funds held for others	71,019
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,640,373
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(37,251,477)
Proceeds from sales of investments	35,636,146
Purchase of investments in operating entities	(5,381,255)
Distributions from investments in operating entities	533,237
Withdrawals from trust accounts	132,731
Purchase of properties and fixed assets	(13,532,380)
NET CASH USED IN INVESTING ACTIVITIES	(19,862,998)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from mortgages and notes payable	5,724,508
Principal payments on mortgages and notes payable	(2,582,490)
Proceeds from borrowings under lines of credit agreement	9,610,995
Payments made on borrowings under lines of credit agreement	(4,047,408)
NET CASH PROVIDED BY FINANCING ACTIVITIES	8,705,605
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,517,020)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,739,627
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,222,607
SUPPLEMENTAL INFORMATION	
Cash paid for interest	$ 2,956,992

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

Christian Relief Services Charities, Inc. (CRSC) was incorporated in April 1985 under the Virginia Nonstock Corporation Act to assist in the alleviation of human suffering, misery, pain and disability in the world by advancing and improving the welfare of all persons while preserving native heritages, customs and beliefs, which includes the acquisition of low-income housing and developing, renovating and managing housing for persons of limited means, the disabled and the elderly.

The following 501(c)(3) affiliates are included on CRSC's roster and are nonstock corporations:

Christian Relief Services, Inc. (CRSI)

Americans Helping Americans, Inc. (AHA)

American Indian Youth Running Strong, Inc. (RS)

Bread and Water for Africa, Inc. (BWA)

Mountain Lakes Housing Foundation, Inc. (Mountain Lakes)

Christian Relief Services Kansas Affordable Housing Corporation (CRS Kansas)

CRSC Residential, Inc. (CRSC Residential)

CRS Triangle Housing Corporation (CRS Triangle)

CRS Scottsdale Housing Corporation (CRS Scottsdale)

CRS Fountain Place Housing Corporation (CRS Fountain Place)

CRS Cambridge Court Housing Corporation (CRS Cambridge)

Christian Relief Services of Virginia, Inc. (CRS Virginia)

CRS Housing Preservation, Inc. (Housing Preservation)

CRS Peoria Housing Corporation (CRS Peoria)

CRS Somerset Place Housing Corporation (CRS Somerset)

CRS Palms Housing Corporation (CRS Palms)

CRS Countryside Housing Corporation (CRS Countryside)

CRS Ironwood Housing Corporation (CRS Ironwood)

CRS McClellan Housing Corporation (CRS McClellan)

CRS Petersburg Housing Corporation (CRS Petersburg)

CRS Skyline Housing Corporation (CRS Skyline)

CRS Garden Pines Housing Corporation (CRS Garden Pines)

Christian Relief Services/21st Century Campaign, Inc. (CRS/21) is a nonstock corporation and shares a common board, but is not included on CRSC's group roster.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

All entities, except for CRSI, AHA, RS, BWA and CRS/21, were formed to provide low-income housing for persons of limited financial means, qualified housing for disabled persons and other types of qualified housing for elderly persons.

CRSI provides funding, technical support services and in-kind goods to communities striving to break the stranglehold of poverty in order to achieve sustainable solutions. Many communities within the United States, and throughout the world, suffer from a lack of basic infrastructure services – clean water, medicine, education and housing. CRSI works closely with partner charities, including affiliates, individuals and nongovernment organizations embedded in targeted communities, to determine effective ways of sharing resources and creating long-term solutions for the alleviation of human suffering, misery, pain and disability in the world by advancing and improving the welfare of all persons while preserving native heritages, customs and beliefs.

AHA was organized to assist in the alleviation of human suffering, misery, pain and disability by helping fellow Americans with basic necessities, such as shelter, home repair, food, clothing and medical assistance, throughout the United States.

RS was organized to help American Indian people meet their immediate survival needs – food, water and shelter – while implementing and supporting programs designed to create opportunities for self-sufficiency and self-esteem, particularly for native youth.

BWA was organized to promote positive change in Africa by supporting and strengthening grassroots initiatives for self-sufficiency, health and education, as well as assisting in the development of alternative energy sources, agricultural techniques, conservation programs, educational and medical programs, and water resources.

CRS/21 was organized to operate exclusively as a charitable organization whose sole purpose is to support the welfare of CRSC and affiliates.

All activities of the Organization are funded primarily from housing rental income and related service fees and cash and noncash contributions.

Basis of Accounting and Presentation

The accompanying consolidated financial statements of CRSC and its affiliates (collectively referred to as the Organization) have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Principles of Consolidation

The consolidated financial statements of the Organization include the accounts of CRSC, CRSI, AHA, RS, BWA, CRS Virginia, CRS/21, CRSC Residential, Housing Preservation, Mountain Lakes, CRS Kansas, CRS Triangle, CRS Scottsdale, CRS Cambridge, CRS Fountain Place, CRS Peoria, CRS Somerset, CRS Palms, CRS McClellan, CRS Countryside, CRS Ironwood, CRS Petersburg, CRS Skyline and CRS Garden Pines. The entities have been consolidated due to the presence of common control and economic interest, as required under GAAP. Intercompany balances and transactions have been eliminated in consolidation. The balances and activities of CRS Virginia include those of its wholly-owned subsidiary, Huntington Gardens, LLC (Huntington Gardens), in the accompanying consolidating schedules. Mountain Lakes and CRS Cambridge sold their properties in January and June 2018, respectively, and these entities ceased operations and only had minimal activities during the year ended June 30, 2019 to close the accounts.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, money market accounts and all highly liquid investments with initial maturities of three months or less.

Contributed Relief Materials and Volunteer Services

Contributed relief materials received by the Organization consist of food, clothing, hygiene products, shoes, school supplies, bedding, medicine, medical equipment and medical supplies and are recorded as revenue and inventory at the estimated fair value at the time of receipt. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Upon donation to a donee organization, the materials are expensed at the estimated fair value at their time of donation to the Organization and are released from inventory.

Contributed relief materials inventory is stated at net realizable value, as determined by the first-in, first-out method. As of June 30, 2019, the donated inventory was predominantly related to clothes and shoes, hygiene products and medical supplies.

The Organization's programs are also furthered by a substantial number of nonprofessional volunteers who have donated their services to the Organization. The value of these services is not reflected in the accompanying consolidated financial statements because they do not meet the criteria for recognition under GAAP.

Investments

Investments are recorded in the accompanying consolidated statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income, including net realized and unrealized gains (losses), is reflected in the consolidated statement of activities as an increase (decrease) in net assets without donor restrictions, unless the investment income use is restricted by explicit donor stipulation for a specific purpose or law. Interest and dividend income is recorded on the accrual basis.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument. Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices in an active market that the Organization has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The Organization's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2019 are described in Note 10 of these consolidated financial statements.

Investments in Operating Entities

The Organization has investments in operating entities that do not have readily determinable fair values and are recorded at cost, adjusted for observable price changes and any subsequent impairment. Dividends distributed from accumulated earnings of the investee are recorded as revenue in the period received. Dividends in excess of accumulated earnings are considered a return of investment and recorded as a reduction of the cost of the investment.

Investments in Limited Partnerships

The Organization has a limited partner interest in certain limited partnerships. The investments are accounted for under the cost method. Under the cost method, investments are recorded at the acquisition cost. Distributions or royalties received are recorded as income at the time of receipt. The investments in these limited partnerships are recorded at zero, since there was no monetary consideration given at the time they were donated to the Organization. The limited partnerships are not consolidated, because the Organization holds a limited partner interest.

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost, except for donated property, which is recorded at the estimated fair value upon receipt. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets, which are as follows:

Buildings	40 years
Leasehold improvements	7 to 40 years
Property and equipment	3 to 10 years

Buildings and leasehold improvements are amortized over the lease period or useful lives of the buildings or improvements, whichever is shorter, using the straight-line method. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and amortization, and any gain or loss is reflected in revenue or expense in the accompanying consolidated statement of activities. Major additions with a cost in excess of $1,000 are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When the recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset’s carrying value over its estimated fair value. No impairment loss has been recognized during the year ended June 30, 2019.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the note or mortgage payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related debt.

Classification of Net Assets

The Organization’s net assets are reported as follows:

- Net assets without donor restrictions represent funds that are available for support of the Organization’s operations. Included in net assets without donor restrictions are funds that have been designated by the Board of Directors to serve as a quasi-endowment.
- Net assets with donor restrictions represent amounts that are subject to donor-imposed restrictions to be used for various programs or within a specific time period. These donor restrictions can be temporary in nature in that they will be met by the Organization’s activities or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor stipulated that the funds must be maintained in perpetuity.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Organization reports gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Gifts and grants of cash and other assets are recognized as revenue at their net realizable value when an unconditional promise to give is received by the Organization. The Organization reports gifts and grants of cash and other assets as increases in net assets without donor restrictions support and available for general operations, unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets as to purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions. Workplace campaign contributions with payments due in future years are reported as increases in net assets with donor restrictions in the accompanying consolidated statement of activities.

Revenue recognized for contributions that have been committed to the Organization but have not been received is reflected as grants and contributions receivable in the accompanying consolidated statement of financial position. Grants and contributions receivable are reported net of an allowance for doubtful accounts. The allowance is based on historical collection experience and a review of the current status of the grants and contributions receivable. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

Wills and bequests are recognized at the time an unassailable right to the gift has been established, the proceeds are measurable and the Organization accepts the gift. Proceeds that have not been received as of year-end are included in grants and contributions receivable in the accompanying consolidated statement of financial position.

Royalty income is reported when earned as an increase in temporarily restricted net assets due to a donor-imposed restriction.

Housing rental income is recognized as the rents become due. Rental payments received in advance are deferred until earned and shown as advance payments for rent in the accompanying consolidated statement of financial position. All contracts between the Organization and the tenants of its properties are considered operating leases.

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. Costs directly related to program and/or supporting services are charged to these functional areas. Salaries and benefits that benefit more than one function have been allocated among the programs and supporting services based on estimates determined by management to be equitable. Occupancy and depreciation expenses are allocated by the square footage used by each program or supporting function.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return for nonprofit organizations. The Organization has adjusted the presentation of these statements accordingly.

Additionally, on August 28, 2018, FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The update addresses the inconsistencies in applications of certain fair value measurements by removing certain disclosures, modifying existing disclosures and adding certain disclosures for public entities in an effort to improve the effectiveness of the disclosures and promote consistent use. The Organization has elected to early implement the ASU and the Organization has adjusted the presentation of these statements accordingly.

2. Investments

As of June 30, 2019, the fair value of the Organization's investments was as follows:

Equity securities	$ 36,094,866
Mutual funds	26,530,778
Fixed-income securities	20,183,914
Exchange-traded funds	9,965,027
Money market funds	325,623
Total Investments	$ 93,100,208

Continued

2. Investments (continued)

A summary of investment income is as follows for the year ended June 30, 2019:

Interest and dividends	$ 2,237,971
Unrealized gains	2,922,391
Realized losses	(98,654)
Net Investment Income	$ 5,061,708

Included in interest and dividend income is $20,930 of interest and dividends earned on the Organization's trust accounts.

3. Investments in Operating Entities

CRSC Residential has 23.17% member interest in Beltway HOU Manager LLC (BHM). The LLC was formed solely to act as a member and manager of Beltway HOU Investors, LLC (BHI), a Delaware limited liability company. BHI was organized to acquire 100% of the issued and outstanding common shares of LSREF3 Bravo REIT (Harris), LLC, a Delaware limited liability company which owns six multifamily family communities in Harris County, Texas and operates the properties. No summarized financial data is provided as the amounts are insignificant.	$ 4,000,000
CRSC Residential has 68% Class A and 85.65% Class B member interest in MM-Briar Court LLC. The LLC was formed solely to act a member of Briar Court Apartments LLC (BCA), a Texas limited liability company. MM-Briar Court LLC owns 20.1% of BCA which was organized to own and operate the property. No summarized financial data is provided as the amounts are insignificant.	895,000
CRSC Residential has 54% Class A and a 88% Class B member interest in MM – Spring Creek LLC. The LLC was formed solely to act as a member of Spring Creek PLA Manager, LLC (SCM), a Texas limited liability company. SCM was organized to serve as manager of and own a 10% ownership interest in Spring Creek PLA Investors, LLC (SCI), a Texas limited liability company. SCI owns and operates the property. No summarized financial data is provided as the amounts are insignificant.	575,000
CRSC Residential has 54% Class A and 72% Class B membership interests in MM Somerset and Stratton, LLC. The LLC was formed solely to act as a member of Assets SW Manager, LLC (ASM), a Texas LLC. ASM was organized to serve as manager of and own 10% interest in Assets SW Investors, LLC (ASI), a Texas LLC, which owns the Stratton apartments in Texas. No summarized financial data is provided as the amounts are insignificant.	398,833

Continued

3. Investments in Operating Entities (continued)

CRSC Residential has 54% Class A and a 85% Class B member interest in MM – Bellevue Heights LLC. The LLC was formed solely to act as a member of Bellevue Heights Manager, LLC (BHM), a Texas limited liability company. BHM was organized to serve as manager of and own 19.75% ownership interest in Bellevue Heights Investors, LLC (BHI) a Texas limited liability company. BHI owns and operates the property. No summarized financial data is provided as the amounts are insignificant.	$	346,950
CRSC Residential has 24% member interest in Sheridan TUL Manager, LLC. The LLC was formed solely to act as a member of Sheridan TUL Investors, LLC, a Delaware limited liability company. Sheridan TUL Investors, LLC was organized to own and operate the property. No summarized financial data is provided as the amounts are insignificant.		300,000
CRSC Residential has 54% Class A member interest in MM – Corners LLC. The LLC was formed solely to act as a member of Corners Dal Manager, LLC (CFM), a Texas limited liability company. CFM was organized to serve as the manager of and own 10% ownership interest in Corners Dal Investors, LLC a Texas limited liability company (CFI) which owns and operates the property. No summarized financial data is provided as the amounts are insignificant.		224,230
CRSC Residential has 54% Class A and 75% Class B member interest in MM – Valencia LLC. The LLC was formed solely to act as a member of Valencia FW Manager, LLC (VFM), a Texas limited liability company. VFM was organized to serve as manager of and own a 10% ownership interest in Valencia FW Investors, LLC (VFI), a Texas limited liability company, which owns and operates the property. No summarized financial data is provided as the amounts are insignificant.		207,759
CRSC Residential has 54% Class A and 70% Class B member interest in MM-Briarstone LLC. The LLC was formed solely to act as a member of Briarstone Rosenberg, LLC (BR), a Delaware limited liability company. MM-Briarstone LLC owns 11% of BR which was organized to own and operate the property. No summarized financial data is provided as the amounts are insignificant.		186,255
CRSC Residential has 0.6% member interest in Braesridge Apartments, LLC. The LLC was formed to directly or indirectly acquire or redevelop, reposition, own, operate, manage, lease, finance and sell or otherwise dispose of an apartment complex in Houston, Texas. During the year ended June 30, 2019, the LLC distributed $104,776, reducing the balance in the LLC. No summarized financial data is provided as the amounts are insignificant.		156,224

Continued

3. Investments in Operating Entities (continued)

CRSC Residential purchased 191 Class B units in Founders Hall LLC, which owned a building in Alexandria, Virginia. The LLC wholly-owned Founders Hall OpCo, LLC (OpCo), a Virginia limited liability company. OpCo was organized to serve as manager of and operate and sell the property. No summarized financial data is provided as the amounts are insignificant.	$ 63,613
Total Investments in Operating Entities	$ 7,353,864

4. Purchase Money Notes

CRSC owns 0.01% limited partnership interests in 11 partnerships focused on real estate. The purpose of the partnerships is to provide low-income housing, subject to regulation by U.S. Department of Housing and Urban Development (HUD). In connection with the acquisition of the limited partnership interests, CRSC acquired an interest in related deferred purchase money notes. The notes are payable from the future cash flows of the operating partnerships. Management is unable to determine the amount of any future cash flows of the purchase money notes with any degree of certainty and, therefore, the notes have been fully reserved.

Any future collections under the notes will be recorded as income. There was cash received in the amount of $35,265 on the notes during the year ended June 30, 2019.

5. Cash Surrender Value of Life Insurance Policies

On July 1, 2006, CRSI entered into a contract with an individual to act as a representative and spokesperson. In accordance with the contract terms, CRSC purchased two $500,000 key man life insurance policies on the spokesperson, whereby CRSC is the sole beneficiary for one of the policies. As of June 30, 2019, the cash surrender value of the policies totaled $756,972, and this amount is included in cash surrender value of life insurance policies in the accompanying consolidated statement of financial position.

CRSC also carries key man life insurance policies on certain executives, with a total face amount of $2,500,000. As of June 30, 2019, the cash surrender value of the policies totaled $999,493, and this amount is included in cash surrender value of life insurance policies in the accompanying consolidated statement of financial position.

6. Notes Receivable

Housing Preservation entered into three money purchase note agreements with four partnerships totaling $7,310,766, including accrued interest, in connection with the sale of four rental properties. Interest-only payments are due from cash flows, as defined, from the respective operating partnerships. The notes bear interest at rates ranging from 4.3% to 4.83%.

6. Notes Receivable (continued)

Accrued interest and principal are due in full at various dates, ranging from January 2046 through March 2048. In addition, Housing Preservation was assigned two notes receivable totaling $3,043,647, including accrued interest. The notes bear interest at a rate of 1%. Accrued interest and principal payments are due August 2031. In a prior year, management determined that these notes receivable were impaired and a valuation allowance of $6,576,900 was recognized. The impairment was determined by comparing the recorded value with the discounted expected future cash flows of the notes receivable. No additional impairment loss was recognized during the year ended June 30, 2019.

7. Property and Equipment

The Organization held the following property and equipment as of June 30, 2019:

Buildings and improvements	$ 93,624,421
Land and improvements	15,652,714
Office equipment, furniture and fixtures	7,283,915
Vehicles	315,843
Leasehold improvements	70,309
Total Property and Equipment	116,947,202
Less: Accumulated Depreciation and Amortization	(25,181,878)
Property and Equipment, Net	$ 91,765,324

Depreciation and amortization expense was $4,114,162 for the year ended June 30, 2019.

CRSC owns one apartment community, Terry Lynn, in Phoenix, Arizona, which consists of 10 units. The use of the property is partially governed by a land use restriction under an agreement with the Resolution Trust Corporation to provide housing units to low- and very-low-income residents. The number of units restricted for Terry Lynn is two units for persons earning less than 50% of the area median income and two units for persons making less than 65% of the AMI. The term of the agreement is 30 years, and the agreement expires on January 19, 2025.

8. Lines of Credit

CRS/21 has a line of credit agreement with a financial institution in the amount of $20,000,000. The line of credit is secured by CRS/21's investments and matures on December 31, 2019. Interest accrues on the unpaid principal at 1% over the one-month London Interbank Offered Rate (LIBOR), or 3.23% as of June 30, 2019. The outstanding amount on this line of credit was $18,421,129 as of June 30, 2019. Interest expense incurred on this line of credit was $534,888 for the year ended June 30, 2019.

Continued

8. Lines of Credit (continued)

CRSI has a line of credit agreement with a financial institution in the amount of $1,500,000. The line of credit is secured by personal property and guaranteed by CRSC. On July, 26, 2019, the agreement was modified to extend the maturity date to July 31, 2021. CRSI is also required to comply with certain financial covenants. As of June 30, 2019, there was no outstanding balance on this line of credit and CRSI was in compliance with the financial covenants. Interest accrues on the unpaid principal at the variable rate of the bank's prime rate plus 0.5% or 3.5% per annum, whichever is higher. Interest expense paid on this line of credit was $64,309 for the year ended June 30, 2019, and the interest rate was 4.91% as of June 30, 2019.

9. Notes and Mortgages Payable

Notes and mortgages payable consisted of the following as of June 30, 2019:

<u>CRS Virginia</u>

Branch Banking and Trust Company (BB&T), due in monthly installments of $36,578, including interest ranging between 4.50% – 6.00% per annum, payable through February 2033. The notes are secured by deeds of trust on 16 homes located in Virginia. The homes provide housing for low-income families, the military and special needs population.	$ 3,223,396
Virginia Housing Development Authority (VHDA), due in monthly installments of $6,179, including interest at 3.75% per annum, payable through April 1, 2046. The note is secured by deeds of trust on three homes located in Fairfax, Vienna, and Falls Church, Virginia. The homes provide housing and support services for mentally handicapped homeless persons. Under agreements with the lenders, the Organization is required to make monthly deposits for insurance and taxes on all VHDA mortgages.	1,136,965
Virginia Department of Housing and Community Development (VDHCD) and Fairfax County Redevelopment and Housing Authority (FCRHA) loan made under the Home Investment Partnerships program. No monthly installments of principal or interest are due, subject to the Organization's compliance with loan terms. The note is secured by deeds of trust on 19 homes located in Alexandria, Springfield, Reston, Herndon, Falls Church, Annandale, Centreville, Fairfax and Burke, Virginia. The loan terms were in effect for the affordability period of up to 15 years, expiring in 2013 through 2015, after which time, assuming there were no defaults on the loan terms, the amount converts to a grant. During 2019, the loan was extended through the end of 2019. The homes provide transitional housing and support services for homeless individuals and families. If certain specified events occur, the Organization will be obligated to pay to FCRHA an "equity share" ranging from 32.37% to 45.09% of the Organization's equity in the property, as defined, to the extent that the equity share exceeds amounts otherwise due from the Organization at that time.	748,820

Continued

9. Notes and Mortgages Payable (continued)

CRS Virginia (continued)

FCRHA loans made under the Community Development Block Grant program (CDBG). No monthly installments of principal or interest are due, subject to the Organization's compliance with loan terms. The notes are secured by deeds of trust on 19 homes located in Alexandria, Springfield, Reston, Herndon, Falls Church, Annandale, Centreville, Fairfax and Burke, Virginia. The loan terms were in effect for the affordability period of up to 15 years, expiring in 2013 through 2015, after which time, assuming there were no defaults on the loan terms, the amount converts to a grant. During 2019, the loan was extended through the end of 2019. The homes provide transitional housing and support services for homeless individuals and families. If certain specified events occur, the Organization will be obligated to pay to FCRHA an "equity share" ranging from 6.81% to 18.62% of the Organization's equity in the property, as defined, to the extent that the equity share exceeds amounts otherwise due from the Organization at that time.	$	261,691
FCRHA loans made under the CDBG. No monthly installments of principal or interest are due, subject to CRS Virginia's compliance with loan terms. The notes are secured by deeds of trust on a home located in Annandale, Virginia. The home provides affordable rental housing for at least three low and/or moderate income individuals with serious mental illness and co-occurring substance abuse disorders with incomes at or below 30% of the area median income. If certain specified events occur, the Organization will be obligated to pay to FCRHA an "equity share" of 77% of the Organization's equity in the property, as defined, to the extent that the equity share exceeds amounts otherwise due from the Organization at that time.		244,000
FCRHA loans made under the CDBG. No monthly installments of principal or interest are due, subject to the Organization's compliance with loan terms. The notes are secured by deeds of trust on a home located in Annandale, Virginia. The loan terms are in effect for the affordability period of up to 30 years, expiring in 2040, after which time, assuming there are no defaults on the loan terms, the amount converts to a grant. The homes provide transitional housing and support services for homeless individuals and families. If certain specified events occur, the Organization will be obligated to pay to FCRHA an "equity share" of 49.5% of the Organization's equity in the property, as defined, to the extent that the equity share exceeds amounts otherwise due from the Organization at that time.		92,493
FCRHA loans made under the CDBG. No monthly installments of principal or interest are due, subject to the Organization's compliance with loan terms. The notes are secured by deeds of trust on a home located in Chantilly, Virginia. The loan terms are in effect for the affordability period		

9. Notes and Mortgages Payable (continued)

CRS Virginia (continued)

of up to 30 years, expiring in 2040, after which time, assuming there are no defaults on the loan terms, the amount converts to a grant. The homes provide transitional housing and support services for homeless individuals and families. If certain specified events occur, the Organization will be obligated to pay to FCRHA an "equity share" of 69.6% of the Organization's equity in the property, as defined, to the extent that the equity share exceeds amounts otherwise due from the Organization at that time.	$	89,901
FCRHA loans made under the CDBG. No monthly installments of principal or interest are due, subject to the Organization's compliance with loan terms. The notes are secured by deeds of trust on a home located in Chantilly, Virginia. The loan terms are in effect for the affordability period of up to 30 years, expiring in 2040, after which time, assuming there are no defaults on the loan terms, the amount converts to a grant. The homes provide transitional housing and support services for homeless individuals and families. If certain specified events occur, the Organization will be obligated to pay to FCRHA an "equity share" of 50.4% of the Organization's equity in the property, as defined, to the extent that the equity share exceeds amounts otherwise due from CRS Virginia at that time.		89,004
Huntington Gardens is a single member limited liability company (LLC) whose sole member is CRS Virginia. Huntington Gardens entered into an agreement to finance its mortgage with HUD under Section 223(f) of the National Housing Act on September 1, 2016. The principal amount of the loan was for $12,850,000, is insured by the Federal Housing Administration (FHA) and is collateralized by a deed of trust on the rental property. The note bears interest at the rate of 3.08% per annum. Principal and interest are payable in monthly installments of $50,029 beginning November 1, 2016 through maturity on October 1, 2051. Under agreements with the mortgage lender and FHA, Huntington Gardens is required to make monthly escrow deposits for taxes, insurance and replacement of project assets, and is subject to restrictions as to operating policies, rental charges, operating expenditures and cash distributions. In addition, Huntington Gardens is required to establish a reserve for noncritical repairs in the amount of $130,012. This reserve is held by the mortgage lender, and all disbursements require the written approval of HUD. As of June 30, 2019, the balance in the noncritical reserve was $204,572. The liability of Huntington Gardens under the mortgage note is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender. The mortgage is also collateralized by an assignment of rents.		12,282,224

Continued

9. Notes and Mortgages Payable (continued)

CRS Virginia (continued)

Huntington Gardens is also obligated under a promissory note agreement dated September 27, 2016, due to FCRHA for the principal sum of $5,650,000. The loan bears interest at 2% per annum on the outstanding principal. The loan matures on October 1, 2051, at which time principal and accrued interest are due. Although the principal and interest on the loan are deferred, the loan is a cash flow loan, which means that, should there be surplus cash, as defined, it will be applied first to accrued interest and then to the principal. The annual loan payments made from available surplus cash will be paid from only 50% of surplus cash.	$ 5,650,000

CRS Triangle

On December 26, 2012, CRS Triangle entered into a note with BB&T. The note had a principal of $8,000,000 and was secured by a deed of trust and an assignment of leases, rents and profits. The note called for interest at an adjustable rate equal to the 30-day LIBOR plus 2.25% per annum. Principal and interest were payable by CRS Triangle in monthly installments of approximately $51,884 through maturity on December 25, 2017. This loan was paid off on December 17, 2015 with the proceeds of the refinancing described below.

On December 17, 2015, CRS Triangle entered into a loan modification agreement with the lender to amend and restate its mortgage loan and its improvement loan in their entirety. The note has a principal balance of $11,000,000 and is secured by a deed of trust and an assignment of leases and rents and profits. The note calls for interest at an adjustable rate equal to the one-month LIBOR (2.09% at June 30, 2018) plus 2.25% per annum. Principal is payable in monthly installments beginning at approximately $21,300 through maturity on December 17, 2020. The monthly principal payments increase annually by approximately $900 per month. Interest is paid monthly based on the variable rate at the time. All outstanding principal and interest are due on the maturity date, including a balloon payment of $9,631,908. CRS Triangle must comply with certain financial covenants. The liability of CRS Triangle under the note is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

In connection with the mortgage, CRS Triangle entered into an interest swap agreement, effective December 17, 2015, to reduce the impact of changes in interest rates. CRS Triangle has an amortizing interest rate swap agreement with an original notional value of $11,000,000 and a termination date of December 17, 2020. The swap pays interest at a fixed rate of 4.09% per annum. The agreement changes CRS Triangle's interest rate exposure to an effective rate of 4.18%. CRS Triangle is exposed to credit loss in the event of nonperformance by the counterparty. However, CRS Triangle does not anticipate non-performance by the counterparty.	10,046,039

Continued

9. Notes and Mortgages Payable (continued)

CRS Fountain Place

On October 1, 2012, CRS Fountain Place refinanced its mortgage with HUD under Section 223(a)(7) of the National Housing Act. The principal amount of the new loan was for $6,239,400, is insured by FHA and is collateralized by a deed of trust on the rental property. The note bears interest at the rate of 2.80% per annum. Principal and interest are payable by the Organization in monthly installments of $23,321 through maturity on November 1, 2047.

Under agreements with the mortgage lender and FHA, the Organization is required to make monthly escrow deposits for taxes, insurance and replacement of project assets, and is subject to restrictions as to operating policies, rental charges, operating expenditures and cash distributions.

The liability of CRS Fountain Place under this mortgage note is limited to the underlying value of the real estate collateral, plus other amounts deposited with the lender. The mortgage is also secured by an assignment of rents.	$ 5,480,200
CRS Petersburg	
On November 29, 2017, CRS Petersburg financed its mortgage with a loan from Grandbridge Real Estate Capital LLC. The note has a principal balance of $5,550,000, and is due in monthly installments of $27,989, including interest at 4.46% per annum, payable through December 2032. The note is secured by a deed of trust on the property located in Petersburg, Virginia. The homes financed under this mortgage provide housing for low-income families, the military and special needs population.	5,418,132
CRS McClellan	
On December 23, 2016, CRS McClellan financed its mortgage with a loan from New York Community Bank in the amount of $3,835,000. The note is due in monthly installments of $17,490, including interest at 3.625% per annum, payable through January 2027. The note is secured by a deed of trust on the property located in Arizona. The homes financed under this mortgage provide housing for low-income families, the military and special needs population.	3,656,322
CRS Peoria	
CRS Peoria entered into a note payable agreement with New York Community Bank in December 2015. The original principal balance of the note is $3,300,000. Interest is charged at a fixed rate of 4.125% per annum. The loan is payable in monthly installments of $15,993, with a balloon payment due in November 2027 for the remaining balance.	3,084,928

9. Notes and Mortgages Payable (continued)

CRS Ironwood

On April 26, 2017, CRS Ironwood financed its mortgage with a loan from New York Community Bank in the amount of $2,800,000. The note is due in monthly installments of $13,980, including interest at 4.375% per annum, payable through June 2047. The note is secured by deed of trust on the property located in Arizona. The homes provide housing for low-income families, the military and special needs population.	$ 2,705,582

CRS Palms

CRS Palms entered into a note payable agreement with Weststar Pacific Mortgage on February 26, 2016. The original principal balance of the note is $1,120,000. Interest is charged at a fixed rate of 5% per annum. The loan is payable in 26 monthly installments of $4,667, with a balloon payment due in February 2019 for the remaining balance. During the year ended June 30, 2019 the remaining balance was paid down using funds from a new mortgage agreement.

On February 21, 2019, CRS Palms refinanced its mortgage with a loan from New York Community Bank in the amount of $2,550,000. The note is due in monthly installments of $13,302, including interest at 4.75% per annum, payable through March 1, 2029. The note is secured by a deed of trust on the property located in Arizona. The homes provide housing for low-income families, the military and special needs population.	2,540,337

CRS Somerset

CRS Somerset entered into a note payable agreement with New York Community Bank on December 30, 2013. The original principal balance of the note is $2,600,000. Interest is charged at a fixed rate of 3.875% per annum. The loan is payable in 120 monthly installments of $12,226, with a balloon payment due in January 2024 for the remaining balance. In conjunction with the new debt agreement, the Organization was required to establish certain reserves and escrow accounts.	2,333,427

CRS Skyline

On December 17, 2018, CRS Skyline financed its mortgage with a loan from New York Community Bank in the amount of $1,700,000. Interest accrues on the unpaid principal balance at 2.5% over the one month London Interbank Offered Rate (LIBOR). The note is due in 59 monthly installments of $9,942, with a balloon payment for the remaining balance due on December 17, 2023. The note is secured by a deed of trust on the property located in Arizona. The homes financed under this mortgage provide housing for low-income families, the military and special needs population.	1,683,653

Continued

9. Notes and Mortgages Payable (continued)

CRS Garden Pines	
On April 2, 2019, CRS Garden Pines financed its mortgage with a loan from New York Community Bank in the amount of $1,430,000. Interest accrues on the unpaid principal balance at 2.5% over the one month London Interbank Offered Rate (LIBOR). The note is due in 59 monthly installments of $8,418, with a balloon payment for the remaining balance due on April 2, 2024. The note is secured by a deed of trust on the property located in Arizona. The homes financed under this mortgage provide housing for low-income families, the military and special needs population.	$ 1,425,866
CRS Countryside	
On February 28, 2017, CRS Countryside financed its mortgage with a loan from BB&T in the amount of $1,170,000. The note bears interest at the adjusted LIBOR rate per annum which was 4.35% as of June 30, 2019. Principal and interest are payable by the Organization in monthly installments of $5,587 through maturity on February 28, 2024. The lease is secured by assignment of leases and rents. The homes under this mortgage provide housing for low-income families, the military and special needs population.	1,122,208
CRS Kansas	
CRS Kansas entered into a note payable agreement with the prior owner of its rental property on December 14, 1995. The principal balance of $500,000 is due and payable in annual interest and principal payments based on 75% of annual surplus cash, as allowed under the trust indenture and lease agreement. In the event there is no surplus cash to cover the annual accrued interest, the interest is forgiven. Such interest is calculated based on 8.5% of the outstanding principal balance. As of June 30, 2019, there was no surplus cash to make payments and no interest was accrued. The note matures on November 30, 2025, when any outstanding principal and unpaid accrued interest are due.	500,000
Total Notes and Mortgages Payable	63,815,188
Less: Unamortized Debt Issuance Costs	(629,506)
Mortgages Payable, Net	$ 63,185,682

Total interest expense, including the amortization of the debt issuance costs, incurred related to these mortgages was $2,615,806 for the year ended June 30, 2019.

Continued

9. Notes and Mortgages Payable (continued)

Aggregate annual maturities of notes and mortgages payable are as follows:

For the Year Ending June 30,	
2020	$ 1,577,717
2021	10,900,031
2022	1,195,490
2023	1,240,410
2024	7,248,556
Thereafter	41,652,984
Total	$ 63,815,188

10. Fair Value Measurement

The following table summarizes the Organization's assets and liabilities measured at fair value on a recurring basis as of June 30, 2019, aggregated by the fair value hierarchy level with which those measurements were made:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Equity securities:				
Technology	$ 8,846,518	$ 8,846,518	$ -	$ -
Consumer goods	6,859,014	6,859,014	-	-
Financial	5,056,891	5,056,891	-	-
Healthcare	4,878,056	4,878,056	-	-
Industrial goods	4,690,610	4,690,610	-	-
Other	3,561,565	3,561,565	-	-
Utilities	1,514,190	1,514,190	-	-
Basic materials	688,022	688,022	-	-
Mutual funds:				
Fixed-income funds:				
Intermediate government bonds	6,836,860	6,836,860	-	-
Intermediate term bonds	2,270,649	2,270,649	-	-
High-yield bonds	2,104,304	2,104,304	-	-
Short-term bonds	1,192,976	1,192,976	-	-
Emerging markets bonds	610,804	610,804	-	-

Continued

10. Fair Value Measurement (continued)

(continued)	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets (continued):				
Investments (continued):				
Mutual funds (continued):				
Equity funds				
Large growth	$ 3,589,198	$ 3,589,198	$ -	$ -
Large blend	2,658,718	2,658,718	-	-
Small value	871,725	871,725	-	-
Moderate allocation	27,158	27,158	-	-
Foreign equity funds				
Large blend	3,134,526	3,134,526	-	-
Diversified emerging markets	1,186,240	1,186,240	-	-
Small/mid value	1,172,830	1,172,830	-	-
Foreign fixed-income funds				
World bonds	874,790	874,790	-	-
Fixed-income securities:				
Corporate bonds	9,300,721	-	9,300,721	-
Government bonds	5,710,861	5,710,861	-	-
Municipal bonds	2,830,499	-	2,830,499	-
Collateralized mortgage obligations	2,186,325	-	2,186,325	-
Foreign bonds	155,508	-	155,508	-
Exchange-traded funds:				
Large blend funds	3,146,013	3,146,013	-	-
Small blend	1,183,632	1,183,632	-	-
Mid-cap growth	1,044,871	1,044,871	-	-
Mid-cap value	1,027,780	1,027,780	-	-
Real estate investment trusts	690,411	690,411	-	-
Intermediate-term bond funds	606,301	606,301	-	-
Large growth	372,282	372,282	-	-
Mid-cap blend	347,920	347,920	-	-
Large value	331,059	331,059	-	-
Foreign large blend	236,371	236,371	-	-
High-yield bond funds	184,909	184,909	-	-
Diversified emerging markets	168,843	168,843	-	-

Continued

10. Fair Value Measurement (continued)

(continued)	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets (continued):				
Investments (continued):				
Exchange-traded funds (continued):				
Emerging market bond funds	$ 154,043	$ 154,043	$ -	$ -
Intermediate-term government bonds	107,297	107,297	-	-
Corporate bonds	86,502	86,502	-	-
Global real estate funds	82,836	82,836	-	-
Commodities	60,568	60,568	-	-
World bonds	57,868	57,868	-	-
Short-term bonds	46,311	46,311	-	-
Ultrashort bonds	29,210	29,210	-	-
Money market funds	325,623	325,623	-	-
Contributions receivable in a charitable remainder unitrust (CRUT)	102,966	-	-	102,966
Cash surrender value of life insurance policies	1,756,465	-	1,756,465	-
Trust accounts:				
Money market funds	3,306	3,306	-	-
Total Assets	$ 94,962,945	$ 78,630,461	$ 16,229,518	$ 102,966
Liabilities:				
Interest rate swap contract	$ (14,145)	$ -	$ (14,145)	$ -

The Organization uses the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Equity securities, mutual funds and exchange-traded funds – These are valued at quoted market price for identical assets in active markets.

Fixed-income securities – For investments in actively traded government bonds and U.S government agency-backed debt securities, fair value is determined by a computerized pricing service for which daily prices are available. Investments in actively traded government bonds are categorized as Level 1 investments. For corporate and municipal bonds that are not as actively traded, estimated fair value is determined by utilizing a yield-based matrix system. These corporate and municipal bonds are categorized as Level 2 investments.

10. Fair Value Measurement (continued)

Money market funds – Money market funds are valued at the net asset value of shares held, as reported in the active market in which the individual security or fund is traded.

Contribution receivable in a CRUT – The CRUT is revalued annually by calculating the present value based on the current appraised value of the investments, the donor's life expectancy and a discount rate of 6.5%.

Cash surrender value of life insurance policies – Cash surrender value of the life insurance policies is based upon the reserve value, which is the face amount of the contracts discounted at a specific rate of interest according to the insured's life expectancy.

Interest rate swap contract – This is valued using an industry-recognized model that discounts the cash flows at each coupon adjustment date.

11. Net Assets

Net Assets Without Donor Restrictions

The Organization's net assets without donor restrictions are composed of the following:

Board-designated quasi-endowment	$ 59,919,959
Undesignated	31,469,759
Total Net Assets Without Donor Restrictions	$ 91,389,718

The board of directors designated amounts to serve as a quasi-endowment, and the funds are to be invested and serve as a source of undesignated income to fund the expenses and support the general work and mission of CRSC and its affiliates.

Net Assets With Donor Restrictions

As of June 30, 2019, net assets with donor restrictions were restricted for the following purposes or period:

Subject to the Organization's spending policy and appropriation:	
Endowment funds restricted in perpetuity	$ 16,547,477
Accumulated earnings on endowment funds expendable for the American Indian Program	14,492,008
Subject to purpose restriction – international programs	336,178
Subject to occurrence of specified events or passage of time	251,628
Total Net Assets With Donor Restrictions	$ 31,627,291

12. Endowment Funds

The Organization's endowment consists of a donor-restricted endowment fund established to support the Organization's American Indian programs and its affiliates that operate these programs. In addition, a board-designated endowment fund or quasi-endowment (the ELK

12. Endowment Funds (continued)

Endowment Fund) was created from the proceeds from the sales of housing properties owned by affiliates of CRSC. The purpose of the ELK Endowment Fund is to fund the expenses and support of the general work and mission of CRSC and its affiliates. As required by GAAP, net assets associated with donor-restricted funds are classified and reported based on the existence or absence of donor-imposed restrictions. As a result, the ELK Endowment Fund is included in net assets without donor restrictions as the restrictions were imposed by the Board of Directors and not an outside donor.

Interpretation of Relevant Law and Spending Policy

The Organization has interpreted the Uniform Prudent Management of Institution Funds Act (UPMIFA) as not limiting spending from the endowment fund to interest and dividends earned, but allowing the Organization to elect to spend a portion of the overall value of the fund after considering the factors listed below and keeping in mind the permanent duration of the fund. To date, the Organization has not made such an election. Instead, the Organization has taken a very prudent and conservative approach and pursued a spending policy not to annually release more than the interest and dividend and royalty income above the original value of the gifts donated to start the permanent endowment and the original value of subsequent gifts to the permanent endowment. The resulting realized and unrealized gains and losses are included in the net assets with purpose or time restrictions of the endowment portfolio. Section 55-268.14(A) of Virginia's UPMIFA eliminates the concept of historic dollar value and instead provides that an institution may adopt a spending policy that will preserve the purchasing power of "principal" while distributing as "income" a reasonable amount in light of investment performance and general economic conditions.

The statute lists a number of factors to be considered in adopting a spending policy:

- General economic conditions.
- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

Continued

12. Endowment Funds (continued)

Endowment Composition and Activity

The Organization's endowment net asset composition by fund type was as follows as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Original value of donor-restricted endowment fund	$ -	$ 16,547,477	$ 16,547,477
Accumulated earnings on donor-restricted endowment fund	-	14,492,008	14,492,008
Board-designated endowment funds	59,919,959	-	59,919,959
Total Endowment Net Assets	$ 59,919,959	$ 31,039,485	$ 90,959,444

Endowment net assets and changes in endowment net assets consisted of the following as of and for the years ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2018	$ 59,875,243	$ 29,090,592	$ 88,965,835
Contributions/royalties	1,999	2,517,168	2,519,167
Net investment gains	3,528,953	1,331,725	4,860,678
Appropriation of endowment assets for expenditure	(3,486,236)	(1,900,000)	(5,386,236)
Endowment Net Assets, June 30, 2019	$ 59,919,959	$ 31,039,485	$ 90,959,444

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2019.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for its investments that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The primary objective of the endowment fund is to preserve and protect the assets by providing a balance between capital appreciation, preservation of capital and current income. This is a long-term goal designed to maximize returns without undue risk.

Continued

12. Endowment Funds (continued)

Strategies Employed for Achieving Objectives

The endowment fund has a target range of 60% equity securities and 40% fixed-income securities. A positive return is expected over time, although there may be periods with a negative return.

13. Risks and Contingencies

Financial Risk

The Organization invests in a professionally managed portfolio that contains equity securities, mutual funds, exchange-traded funds, fixed-income securities and money market funds. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near term could significantly affect investment balances and the amounts reported in the consolidated financial statements.

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balance may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. As of June 30, 2019, the Organization had cash and cash equivalents at several financial institutions, which exceeded the maximum limit insured by the FDIC in total by approximately $718,000. The Organization monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents. The Organization also maintains its trust accounts in one financial institution. The trust investments are not insured by the FDIC or by any other federal government agency.

Compliance Audits

The Organization received a number of grants that are subject to review, audit and adjustment of various local, state and federal governmental agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to these governmental agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the governmental agencies cannot be determined at this time although the Organization expects such amounts, if any, to be insignificant.

Litigation

In the ordinary course of business, the Organization is involved in lawsuits, claims and assessments. In the opinion of management, no loss contingencies are required to be recorded in the accompanying consolidated financial statements.

Continued

14. Availability of Resources and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures at June 30, 2019, were as follows:

Cash and cash equivalents	$ 4,222,607
Grants and contributions receivable, net	198,482
Other receivables	1,630,673
Investments	93,100,208
Total Financial Assets Available as of June 30, 2019	99,151,970
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Board-designated for future program services and investments	(55,319,959)
Restrictions by donors in perpetuity and accumulated earnings subject to appropriation	(31,039,485)
Restrictions by donors for specific purposes	(336,178)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 12,456,348

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and equity securities, or to support organizational initiatives. As part of the annual budget process, management and the Board approve amounts to be drawn from investments and budgeted for use by the affiliates based on anticipated needs and projects approved for the year. The Organization has only considered the amounts that have been budgeted to be drawn from investments as financial assets available to meet general expenditures within one year. However, additional investment income could be allocated to operations by the Board during the year if necessary. In addition, to help manage unanticipated liquidity needs, the Organization has two committed lines of credit totaling $21,500,000, of which approximately $3,078,871 was unused and available to draw upon as of June 30, 2019. The Organization's used line of credit is secured by the Organization's investments.

15. Pension Plan

Employees of the Organization are eligible to participate in a 401(k) plan sponsored by CRSC after 60 days of service. Under the terms of the defined contribution plan, eligible employees may elect to contribute up to the federal tax limitation.

Continued

15. Pension Plan (continued)

The plan has the following employee deferral and matching provisions:

Elective Deferral	Employer Matching
1%	150% of employee contribution
1% – 3%	100% of employee contribution
3% – 6%	50% of employee contribution

Employees are immediately vested in employer contributions. During the year ended June 30, 2019, retirement expense related to the plan was $113,960, which is included in wages and benefits in the accompanying consolidated statement of functional expenses.

16. Taxes

Income Taxes

CRSC has received a group exemption determination from the Internal Revenue Service, under Section 501(c)(3), which affords the housing affiliates on CRSC's roster the same income tax-exempt status as CRSC. CRSI, AHA, RS and BWA are exempt under Section 501(c)(3) of the Internal Revenue Code (the IRC). CRS/21 is exempt under Section 509(a)(3) of the IRC. The Organization is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required as of June 30, 2019, as the Organization had no net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertainty in income taxes for the year ended June 30, 2019, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of June 30, 2019, there are no audits for any tax periods in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in interest or income tax expense. As of June 30, 2019, the Organization had no accruals for interest and/or penalties.

Real Estate Tax Exemptions

Houses owned by CRS Virginia for charitable purposes were exempt from real estate taxation in Fairfax County, Virginia.

17. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 3, 2019, the date the consolidated financial statements were available to be issued. Aside from the line of credit extension disclosed in Note 8, there were no subsequent events identified that require recognition or disclosure in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2019

	CRSC	CRSI	AHA	RS	BWA	Consolidated CRS Virginia	CRS/21
ASSETS							
Cash and cash equivalents	$ 114,572	$ 791,830	$ 58,845	$ 216,632	$ 93,806	$ 554,744	$ 817,639
Grants and contributions receivable, net	-	61,067	20,482	62,238	54,695	-	-
Other receivables	903,522	6,114	252,083	5,523	1,045	109,482	195,901
Prepaid expenses and other assets	39,184	13,558	-	5,347	-	92,168	-
Due from affiliates	472,002	1,118	-	-	-	-	19,335,944
Inventory	-	197,525	-	158,288	-	-	-
Investments	97,252	-	-	1,668,180	564,607	-	89,134,455
Investments in operating entities	-	-	-	-	-	-	-
Cash surrender value of life insurance policies	1,756,465	-	-	-	-	-	-
Restricted investments for tenant security deposits	-	-	-	-	-	50,388	-
Restricted deposits and funded reserves	-	-	-	-	-	383,072	-
Trust accounts	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Property and equipment, net	610,062	32,686	-	146,491	-	34,330,130	-
TOTAL ASSETS	$ 3,993,059	$ 1,103,898	$ 331,410	$ 2,262,699	$ 714,153	$ 35,519,984	$ 109,483,939
LIABILITIES AND NET ASSETS							
Liabilities							
Accounts payable and accrued expenses	$ 69,537	$ 198,273	$ 5,244	$ 62,138	$ 6,219	$ 114,137	$ 400
Accrued interest	-	-	-	-	-	326,308	-
Deferred revenue	-	-	-	17,393	-	-	-
Lines of credit payable	-	-	-	-	-	-	18,421,129
Notes and mortgages payable, net of unamortized debt issuance costs	-	-	-	-	-	23,544,145	-
Capital lease obligation	-	-	-	-	-	-	-
Advance payments for rent	-	-	-	-	-	10,265	-
Deposits and funds held for others	-	18,054	-	-	-	25,009	-
Due to affiliates	-	4,683	18,853	146,439	17,810	9,561,833	-
Interest rate swap contract	-	-	-	-	-	-	-
TOTAL LIABILITIES	69,537	221,010	24,097	225,970	24,029	33,581,697	18,421,529
Net Assets							
Without donor restrictions	3,923,522	871,427	287,045	1,974,491	299,251	1,938,287	59,919,959
With donor restrictions	-	11,461	20,268	62,238	390,873	-	31,142,451
TOTAL NET ASSETS (DEFICIT)	3,923,522	882,888	307,313	2,036,729	690,124	1,938,287	91,062,410
TOTAL LIABILITIES AND NET ASSETS	$ 3,993,059	$ 1,103,898	$ 331,410	$ 2,262,699	$ 714,153	$ 35,519,984	$ 109,483,939

	CRSC Residential	Housing Preservation	CRS Kansas	CRS Triangle	CRS Scottsdale	CRS Fountain Place	CRS Peoria	CRS Somerset	CRS Palms
ASSETS									
Cash and cash equivalents	$ 475,406	$ 11,850	$ 35,034	$ 89,061	$ 90,297	$ 256,886	$ 131,467	$ 70,118	$ 57,327
Grants and contributions receivable, net	-	-	-	-	-	-	-	-	-
Other receivables	42,205	-	12,462	22,941	1,866	1,369	6,327	10,260	9,722
Prepaid expenses and other assets	15,582	-	23,689	29,574	3,213	34,668	9,167	29,068	30,397
Due from affiliates	10,293,830	167,623	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Investments	1,635,714	-	-	-	-	-	-	-	-
Investments in operating entities	7,353,864	-	-	-	-	-	-	-	-
Cash surrender value of life insurance policies	-	-	-	-	-	-	-	-	-
Restricted investments for tenant security deposits	-	-	33,550	200,031	-	68,358	31,523	38,925	9,022
Restricted deposits and funded reserves	-	-	-	378,139	-	611,133	8,271	66,291	65,000
Trust accounts	-	-	-	-	3,306	-	-	-	-
Notes receivable	-	3,777,513	-	-	-	-	-	-	-
Property and equipment, net	4,886,401	-	2,487,586	10,818,303	104,357	2,846,392	2,591,628	3,840,916	3,221,358
TOTAL ASSETS	$ 24,703,002	$ 3,956,986	$ 2,592,321	$ 11,538,049	$ 203,039	$ 3,818,806	$ 2,778,383	$ 4,055,578	$ 3,392,826
LIABILITIES AND NET ASSETS									
Liabilities									
Accounts payable and accrued expenses	$ 48,752	$ -	$ 116,935	$ 130,863	$ 3,534	$ 62,599	$ 19,969	$ 40,875	$ 42,753
Accrued interest	-	-	-	16,833	-	12,787	-	-	-
Deferred revenue	-	-	-	81,061	-	-	-	-	-
Lines of credit payable	-	-	-	-	-	-	-	-	-
Notes and mortgages payable, net of unamortized debt issuance costs	-	-	500,000	10,004,370	-	5,411,031	3,015,813	2,321,797	2,490,085
Capital lease obligation	-	-	-	-	-	-	-	-	-
Advance payments for rent	-	-	7,204	8,108	1,978	8,823	8,380	1,600	6,433
Deposits and funds held for others	-	-	32,742	197,509	3,267	59,176	18,383	34,158	10,614
Due to affiliates	3,871,983	-	2,944,430	62,425	2,556	52,244	37,789	1,937,953	635,113
Interest rate swap contract	-	-	-	14,145	-	-	-	-	-
TOTAL LIABILITIES	3,920,735	-	3,601,311	10,515,314	11,335	5,606,660	3,100,334	4,336,383	3,184,998
Net Assets									
Without donor restrictions	20,782,267	3,956,986	(1,008,990)	1,022,735	191,704	(1,787,854)	(321,951)	(280,805)	207,828
With donor restrictions	-	-	-	-	-	-	-	-	-
TOTAL NET ASSETS (DEFICIT)	20,782,267	3,956,986	(1,008,990)	1,022,735	191,704	(1,787,854)	(321,951)	(280,805)	207,828
TOTAL LIABILITIES AND NET ASSETS	$ 24,703,002	$ 3,956,986	$ 2,592,321	$ 11,538,049	$ 203,039	$ 3,818,806	$ 2,778,383	$ 4,055,578	$ 3,392,826

	CRS McClellan	CRS Countryside	CRS Ironwood	CRS Petersburg	CRS Skyline	CRS Garden Pines	Total	Eliminations	Consolidated Total
ASSETS									
Cash and cash equivalents	$ 95,561	$ 61,693	$ 22,459	$ 35,348	$ 94,520	$ 47,512	$ 4,222,607	$ -	$ 4,222,607
Grants and contributions receivable, net	-	-	-	-	-	-	198,482	-	198,482
Other receivables	2,259	9,730	5,789	25,420	240	6,413	1,630,673	-	1,630,673
Prepaid expenses and other assets	33,266	2,814	9,573	207	11,578	13,223	396,276	-	396,276
Due from affiliates	-	-	-	-	-	-	30,270,517	(30,270,517)	-
Inventory	-	-	-	-	-	-	355,813	-	355,813
Investments	-	-	-	-	-	-	93,100,208	-	93,100,208
Investments in operating entities	-	-	-	-	-	-	7,353,864	-	7,353,864
Cash surrender value of life insurance policies	-	-	-	-	-	-	1,756,465	-	1,756,465
Restricted investments for tenant security deposits	27,866	10,022	27,524	34,126	26,728	29,482	587,545	-	587,545
Restricted deposits and funded reserves	13,573	-	57,852	153,613	-	-	1,736,944	-	1,736,944
Trust accounts	-	-	-	-	-	-	3,306	-	3,306
Notes receivable	-	-	-	-	-	-	3,777,513	-	3,777,513
Property and equipment, net	6,125,422	1,998,682	4,575,711	8,002,269	3,116,713	2,561,761	92,296,868	(531,544)	91,765,324
TOTAL ASSETS	$ 6,297,947	$ 2,082,941	$ 4,698,908	$ 8,250,983	$ 3,249,779	$ 2,658,391	$ 237,687,081	$ (30,802,061)	$ 206,885,020
LIABILITIES AND NET ASSETS									
Liabilities									
Accounts payable and accrued expenses	$ 54,201	$ 11,082	$ 18,176	$ 187,656	$ 26,285	$ 22,688	$ 1,242,316	$ -	$ 1,242,316
Accrued interest	-	-	-	-	-	-	355,928	-	355,928
Deferred revenue	-	-	-	-	-	-	98,454	-	98,454
Lines of credit payable	-	-	-	-	-	-	18,421,129	-	18,421,129
Notes and mortgages payable, net of							-		
unamortized debt issuance costs	3,656,322	1,122,208	2,705,582	5,338,482	1,661,251	1,414,596	63,185,682	-	63,185,682
Capital lease obligation	-	-	-	-	-	-	-	-	-
Advance payments for rent	479	1,616	2,317	5,689	6,485	2,364	71,741	-	71,741
Deposits and funds held for others	-	10,022	20,650	-	20,650	28,382	478,616	-	478,616
Due to affiliates	2,680,296	783,942	2,075,506	2,736,728	1,543,873	1,156,061	30,270,517	(30,270,517)	-
Interest rate swap contract	-	-	-	-	-	-	14,145	-	14,145
TOTAL LIABILITIES	6,391,298	1,928,870	4,822,231	8,268,555	3,258,544	2,624,091	114,138,528	(30,270,517)	83,868,011
Net Assets									
Without donor restrictions	(93,351)	154,071	(123,323)	(17,572)	(8,765)	34,300	91,921,262	(531,544)	91,389,718
With donor restrictions	-	-	-	-	-	-	31,627,291	-	31,627,291
TOTAL NET ASSETS (DEFICIT)	(93,351)	154,071	(123,323)	(17,572)	(8,765)	34,300	123,548,553	(531,544)	123,017,009
TOTAL LIABILITIES AND NET ASSETS	$ 6,297,947	$ 2,082,941	$ 4,698,908	$ 8,250,983	$ 3,249,779	$ 2,658,391	$ 237,687,081	$ (30,802,061)	$ 206,885,020

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2019

	CRSC	CRSI	AHA	RS	BWA	Consolidated CRS Virginia	CRS/21	CRSC Residential
REVENUE AND SUPPORT								
Housing rental and related income	$ 183,000	$ 177,025	$ -	$ -	$ -	$ 3,876,029	$ -	$ 153,930
Noncash contributions	-	13,327,556	-	988,619	-	-	-	-
Cash contributions	2,981	5,188,767	36,594	728,968	91,388	-	-	-
Other income	131,759	2,010	7,571	26,879	-	41,410	9,921	1,188,789
Grants from government agencies	73,803	259,266	-	35,154	-	-	-	-
Royalties	-	-	-	-	-	-	2,517,168	-
Wills and bequests	-	259,866	-	41,083	-	-	-	-
Workplace campaign contributions	-	15,267	22,820	66,900	64,073	-	-	-
Investment income, net	3,363	698	6,101	87,457	29,594	904	4,860,678	222,632
Noncash contributions from affiliates	-	24,008	522,641	1,016,377	11,764,916	-	-	-
Cash contributions from affiliates	1,500,000	4,311,493	510,000	1,500,000	200,000	-	-	818,907
Donated housing	-	728,400	-	-	-	-	-	-
TOTAL REVENUE AND SUPPORT	1,894,906	24,294,356	1,105,727	4,491,437	12,149,971	3,918,343	7,387,767	2,384,258
EXPENSES								
Program services	561,831	17,849,965	825,917	4,721,820	12,104,843	3,859,764	5,359,486	1,366,794
Management and general	1,386,502	138,843	14,849	57,313	25,274	128,274	26,750	13,716
Fundraising	3,562	5,234,716	4,690	39,787	6,170	-	-	-
TOTAL EXPENSES	1,951,895	23,223,524	845,456	4,818,920	12,136,287	3,988,038	5,386,236	1,380,510
CHANGE IN NET ASSETS	(56,989)	1,070,832	260,271	(327,483)	13,684	(69,695)	2,001,531	1,003,748
NET ASSETS (DEFICIT), BEGINNING OF YEAR	3,980,511	(187,944)	47,042	2,364,212	676,440	2,007,982	89,060,879	19,778,519
NET ASSETS (DEFICIT), END OF YEAR	$ 3,923,522	$ 882,888	$ 307,313	$ 2,036,729	$ 690,124	$ 1,938,287	$ 91,062,410	$ 20,782,267

	Housing Preservation	Mountain Lakes	CRS Kansas	CRS Triangle	CRS Scottsdale	CRS Cambridge	CRS Fountain Place	CRS Peoria	CRS Somerset
REVENUE AND SUPPORT									
Housing rental and related income	$ -	$ -	$ 1,169,803	$ 4,230,661	$ 141,022	$ -	$ 1,525,787	$ 887,345	$ 882,984
Noncash contributions	-	-	-	-	-	-	-	-	-
Cash contributions	-	-	-	-	-	-	-	-	-
Other income	4,790	-	37,254	52,679	5,223	-	145,155	30,402	125,356
Grants from government agencies	-	-	-	-	-	-	-	-	-
Royalties	-	-	-	-	-	-	-	-	-
Wills and bequests	-	-	-	-	-	-	-	-	-
Workplace campaign contributions	-	-	-	-	-	-	-	-	-
Investment income, net	-	-	9	620	30	-	303	6	-
Noncash contributions from affiliates	-	-	-	-	-	-	-	-	-
Cash contributions from affiliates	-	-	-	-	-	-	-	-	-
Donated housing	-	-	-	-	-	-	-	-	-
TOTAL REVENUE AND SUPPORT	4,790	-	1,207,066	4,283,960	146,275	-	1,671,245	917,753	1,008,340
EXPENSES									
Program services	100,388	19,667	1,140,568	3,875,762	227,559	141,283	1,398,634	1,120,681	1,047,608
Management and general	385	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	100,773	19,667	1,140,568	3,875,762	227,559	141,283	1,398,634	1,120,681	1,047,608
CHANGE IN NET ASSETS	(95,983)	(19,667)	66,498	408,198	(81,284)	(141,283)	272,611	(202,928)	(39,268)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	4,052,969	19,667	(1,075,488)	614,537	272,988	141,283	(2,060,465)	(119,023)	(241,537)
NET ASSETS (DEFICIT), END OF YEAR	$ 3,956,986	$ -	$ (1,008,990)	$ 1,022,735	$ 191,704	$ -	$ (1,787,854)	$ (321,951)	$ (280,805)

	CRS Palms	CRS McClellan	CRS Countryside	CRS Ironwood	CRS Petersburg	CRS Skyline	CRS Garden Pines	Total	Eliminations	Consolidated Total
REVENUE AND SUPPORT										
Housing rental and related income	$ 518,392	$ 1,020,857	$ 554,156	$ 688,272	$ 1,551,972	$ 275,892	$ 121,529	$ 17,958,656	$ (153,431)	$ 17,805,225
Noncash contributions	-	-	-	-	-	-	-	14,316,175	-	14,316,175
Cash contributions	-	-	-	-	-	-	-	6,048,698	-	6,048,698
Other income	27,281	60,769	-	50,001	-	6,059	3,903	1,957,211	(690,879)	1,266,332
Grants from government agencies	-	-	-	-	-	-	-	368,223	-	368,223
Royalties	-	-	-	-	-	-	-	2,517,168	-	2,517,168
Wills and bequests	-	-	-	-	-	-	-	300,949	-	300,949
Workplace campaign contributions	-	-	-	-	-	-	-	169,060	-	169,060
Investment income, net	-	4	-	3	-	-	-	5,212,402	(150,694)	5,061,708
Noncash contributions from affiliates	-	-	-	-	-	-	-	13,327,942	(13,327,942)	-
Cash contributions from affiliates	-	-	-	-	-	-	-	8,840,400	(8,840,400)	-
Donated housing	-	-	-	-	-	-	-	728,400	(728,400)	-
TOTAL REVENUE AND SUPPORT	545,673	1,081,630	554,156	738,276	1,551,972	281,951	125,432	71,745,284	(23,891,746)	47,853,538
EXPENSES										
Program services	518,775	1,056,814	631,802	767,384	1,438,321	290,716	91,132	60,517,514	(23,788,619)	36,728,895
Management and general	-	-	-	-	-	-	-	1,791,906	(86,613)	1,705,293
Fundraising	-	-	-	-	-	-	-	5,288,925	(38,661)	5,250,264
TOTAL EXPENSES	518,775	1,056,814	631,802	767,384	1,438,321	290,716	91,132	67,598,345	(23,913,893)	43,684,452
CHANGE IN NET ASSETS	26,898	24,816	(77,646)	(29,108)	113,651	(8,765)	34,300	4,146,939	22,147	4,169,086
NET ASSETS (DEFICIT), BEGINNING OF YEAR	180,930	(118,167)	231,717	(94,215)	(131,223)	-	-	119,401,614	(553,691)	118,847,923
NET ASSETS (DEFICIT), END OF YEAR	$ 207,828	$ (93,351)	$ 154,071	$ (123,323)	$ (17,572)	$ (8,765)	$ 34,300	$ 123,548,553	$ (531,544)	$ 123,017,009

See independent auditors' report.