Christian Relief Services Charities

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

Consolidated Financial Statements and Supplemental Information

For the Year Ended June 30, 2015

and Report Thereon

Reports Required in Accordance with Office of Management and Budget Circular A-133

For the Year Ended June 30, 2015

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

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For the Year Ended June 30, 2015

INDEPENDENT AUDITOR'S REPORT

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

Report on the 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, 2015, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Christian Relief Services Kansas Affordable Housing Corporation, CRS Triangle Housing Corporation, CRS Fountain Place Housing Corporation, and CRS Cambridge Court Housing Corporation, which statements reflect total assets of $21,365,358 as of June 30, 2015, and total revenue of $7,724,570 for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Christian Relief Services Kansas Affordable Housing Corporation, CRS Triangle Housing Corporation, CRS Fountain Place Housing Corporation, and CRS Cambridge Court Housing Corporation, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's 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

Opinion

In our opinion, based on our audit and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2015, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual entities, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is also 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Raffa, P.C.

Raffa, P.C.
Washington, DC
November 11, 2015

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2015

ASSETS	
Cash and cash equivalents	$ 4,623,685
Grants and contributions receivable, net	462,256
Other receivables	648,863
Prepaid expenses and other assets	283,589
Contributed relief materials inventory	521,033
Notes receivable	10,785,839
Interest receivable	606,067
Financing costs	693,086
Restricted investments for tenant security deposits	464,142
Restricted deposits and funded reserves	1,593,035
Investments	47,648,614
Investments in operating entities	2,782,106
Cash surrender value of life insurance policies	1,456,097
Trust accounts	752,429
Property and equipment, net	46,652,526
TOTAL ASSETS	$ 119,973,367
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	$ 2,049,601
Accrued interest	512,772
Deferred revenue	43,142
Lines of credit payable	7,163,748
Mortgages payable	18,539,147
Notes payable	22,490,662
Capital lease obligation	2,233,004
Advance payments for rent	53,338
Deposits and funds held for others	446,058
TOTAL LIABILITIES	53,531,472
Net Assets	
Unrestricted	38,545,915
Temporarily restricted	11,348,503
Permanently restricted	16,547,477
TOTAL NET ASSETS	66,441,895
TOTAL LIABILITIES AND NET ASSETS	$ 119,973,367

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, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Housing rental and related income	$ 13,514,377	$ -	$ -	$ 13,514,377
Noncash contributions	15,472,639	-	-	15,472,639
Cash contributions	4,959,039	212,703	-	5,171,742
Other income	1,107,873	-	-	1,107,873
Grants from government agencies	966,919	-	-	966,919
Royalties	-	505,439	-	505,439
Wills and bequests	130,438	1,342,146	-	1,472,584
Workplace campaign contributions	-	361,227	-	361,227
Interest and dividend income	792,492	872,034	-	1,664,526
Fee income	73,479	-	-	73,479
Net realized and unrealized losses	(228,660)	(483,998)	-	(712,658)
Net assets released from restrictions:				
Satisfaction of time restrictions	441,244	(441,244)	-	-
Satisfaction of purpose restrictions	3,706,159	(3,706,159)	-	-
TOTAL REVENUE AND SUPPORT	40,935,999	(1,337,852)	-	39,598,147
EXPENSES				
Program Services:				
Domestic programs	919,313	-	-	919,313
American Indian programs	5,054,973	-	-	5,054,973
International programs	12,926,440	-	-	12,926,440
Housing programs	14,230,671	-	-	14,230,671
Total Program Services	33,131,397	-	-	33,131,397
Supporting Services:				
Management and general	2,277,867	-	-	2,277,867
Fundraising	3,502,307	-	-	3,502,307
Total Supporting Services	5,780,174	-	-	5,780,174
TOTAL EXPENSES	38,911,571	-	-	38,911,571
CHANGE IN NET ASSETS	2,024,428	(1,337,852)	-	686,576
NET ASSETS, BEGINNING OF YEAR	36,521,487	12,686,355	16,547,477	65,755,319
NET ASSETS, END OF YEAR	$ 38,545,915	$ 11,348,503	$ 16,547,477	$ 66,441,895

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, 2015

	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	$ 609,503	$ 3,059,679	$ 12,592,667	$ -	$ 16,261,849	$ -	$ -	$ -	$ 16,261,849
Wages and benefits	18,865	314,491	76,316	2,361,444	2,771,116	869,452	447,926	1,317,378	4,088,494
Depreciation and amortization	-	12,652	-	2,676,353	2,689,005	18,534	-	18,534	2,707,539
Contract services	10,725	349,952	10,252	1,645,830	2,016,759	204,029	106,536	310,565	2,327,324
Printing and production	25,164	98,638	25,080	-	148,882	637	1,850,022	1,850,659	1,999,541
Utilities	2,778	6,107	2,843	1,903,483	1,915,211	33,813	7,045	40,858	1,956,069
Interest expense	-	-	-	1,801,228	1,801,228	16,458	-	16,458	1,817,686
Procurement fees	187,602	727,179	68,326	-	983,107	-	-	-	983,107
Repairs and maintenance	264	8,407	264	855,135	864,070	80,389	2,873	83,262	947,332
Postage	5,397	47,320	9,236	3,509	65,462	11,235	806,584	817,819	883,281
Rent	21,852	23,015	21,852	545,041	611,760	38,744	22,061	60,805	672,565
Operating expenses – housing	-	-	-	621,168	621,168	-	-	-	621,168
Office supplies, dues and subscriptions	3,707	123,507	3,306	90,055	220,575	183,144	132,047	315,191	535,766
Bank charges	2,082	-	53	13,633	15,768	432,475	-	432,475	448,243
General insurance	3,503	16,214	3,503	361,981	385,201	33,732	2,393	36,125	421,326
Real estate taxes	408	1,397	408	310,666	312,879	32,072	102	32,174	345,053
Professional and consulting	-	5,072	-	156,638	161,710	163,658	-	163,658	325,368
Payroll taxes	1,553	25,175	6,359	161,388	194,475	56,336	30,776	87,112	281,587
Meetings and travel	212	138,506	4,999	55,140	198,857	29,855	1,025	30,880	229,737
Miscellaneous	650	12,984	34	192,178	205,846	21,353	227	21,580	227,426
Shipping	24,052	79,705	99,357	435	203,549	3,888	523	4,411	207,960
Bond administrative fees	-	-	-	41,484	41,484	-	-	-	41,484
Homeowner association fees	-	-	-	194,972	194,972	5,325	-	5,325	200,297
Advertising	-	523	74	175,009	175,606	25	570	595	176,201
Telephone	996	4,450	1,511	63,901	70,858	42,713	5,049	47,762	118,620
List rental	-	-	-	-	-	-	86,548	86,548	86,548
TOTAL EXPENSES	$ 919,313	$ 5,054,973	$ 12,926,440	$ 14,230,671	$ 33,131,397	$ 2,277,867	$ 3,502,307	$ 5,780,174	$ 38,911,571

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, 2015
Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 686,576
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	2,707,539
Unrealized losses	1,482,835
Realized gains	(770,177)
Changes in assets and liabilities:	
Grants and contributions receivable	117,931
Other receivables	(190,487)
Prepaid expenses and other assets	955,256
Contributed relief materials	(84,527)
Interest receivable	(47,314)
Financing costs	(249,083)
Restricted cash for tenant security deposits	(26,286)
Restricted deposits and funded reserves	(640,984)
Cash surrender value of life insurance policies	(87,514)
Accounts payable and accrued expenses	1,026,159
Accrued interest	(57,987)
Deferred revenue	(114,173)
Advance payments for rent	(77,245)
Deposits and funds held for others	15,220
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,645,739
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(10,354,452)
Sale of investments	11,089,450
Net withdrawals from trust accounts	1,836,962
Collections on notes receivable	152,000
Purchase of investments in operating entities	(619,093)
Purchase of property and fixed assets	(3,212,627)
NET CASH USED IN INVESTING ACTIVITIES	(1,107,760)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on mortgages payable	(1,064,839)
Principal payments on capital lease obligation	(125,517)
Proceeds from borrowings under lines of credit agreement	(421,529)
Principal payments on notes payable	(772,486)
NET CASH USED IN FINANCING ACTIVITIES	(2,384,371)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,153,608
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,470,077
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,623,685
SUPPLEMENTAL INFORMATION	
Cash payments for interest	$ 1,770,372

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 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)

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.

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

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

Organization (continued)

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.

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

Principles of Consolidation

The consolidated financial statements of the Organization include the accounts of CRSC, CRSI, AHA, RS, BWA, Mountain Lakes, CRS Kansas, CRSC Residential, CRS Triangle, CRS Scottsdale, CRS Fountain Place, CRS Cambridge, CRS Virginia, CRS Housing Preservation, CRS Peoria, CRS Somerset, and CRS/21. The entities have been consolidated due to the presence of common control and economic interest, as required under GAAP. All significant intercompany balances and transactions have been eliminated in consolidation.

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.

Continued

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

Contributed Relief Materials and Donated Services

Contributed relief materials received by the Organization consist of food, clothing, hygiene products, shoes, school supplies, bedding, medical equipment, and medical supplies and are recorded as revenue and contributed relief materials 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.

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.

Contributed Relief Materials Inventory

Contributed relief materials inventory is stated at the lower of cost or market using the first-in, first-out (FIFO) method. As of June 30, 2015, the donated inventory was predominantly related to medical supplies and books.

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.

Fair Value Measurements

In accordance with the accounting standards for fair value measurements 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.

Continued

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

Fair Value Measurements (continued)

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.

As of June 30, 2015, the Organization's assets and liabilities that are measured at fair value on a recurring basis are described in Note 12 of these consolidated financial statements.

Investments in Limited Partnerships

CRSC has a 0.01% 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 price paid. Distributions 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 CRSC. The limited partnerships are not consolidated, because the Organization holds a limited partner interest.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are stated 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 long-lived assets to determine if the carrying value exceeds the undiscounted cash flows expected to be derived from the asset. If the carrying value exceeds the cash flows, then the recorded amount of the assets will be reduced to their fair value. There was no impairment loss recognized for the year ended June 30, 2015.

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

Financing Costs and Amortization

Debt financing costs are being amortized using the straight-line method, which approximates the amortization that would be calculated using the effective interest method, over the terms of the respective loans. Discounts and premiums are amortized over the lives of the underlying obligations using the straight-line method, which approximates the amortization that would be calculated using the effective interest method.

Deferred Interest Income

Deferred interest income represents up-front interest income received in lieu of future interest earnings on the debt service fund. The amount is recognized ratably over the lives of the bonds using the straight-line method and is included in deferred revenue in the accompanying consolidated statement of financial position.

Net Assets

The net assets of the Organization are classified as follows:

- Unrestricted net assets represent funds that are available for support of the Organization's operations. Also included in unrestricted net assets are funds that have been designated by the Board of Directors to serve as an endowment.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.
- Permanently restricted net assets represent amounts that include donor-imposed restrictions that stipulate that the resources be maintained in perpetuity and that only the investment earnings on such amounts be used in the manner specified by the donor.

Revenue Recognition

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 unrestricted support and available for general operations, unless specifically restricted by the donor.

The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets for purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restriction. Workplace campaign contributions with payments due in future years are reported as temporarily restricted revenue in the accompanying consolidated statement of activities.

Continued

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

Revenue Recognition (continued)

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.

Service fee income is recognized as contractual payments become due from clients who reside in the Organization's transitional and supportive housing programs and is included in housing rental and related income in the accompanying consolidated statement of activities.

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.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities and functional expenses. Costs directly related to program and/or supporting services are charged to these functional areas. Expenses related to more than one function are allocated among the programs and supporting services benefited based on salaries expense, employee headcount and allocable space used for each program or supporting service.

2. Grants and Contributions Receivable

Grants and contributions receivable represent unconditional promises to give and are recorded at their net realizable value. All receivables are expected to be received within one year. The Organization has recorded an allowance for doubtful accounts of $92,772 at June 30, 2015.

Continued

3. Notes and Interest 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%. Accrued interest and principal are due in full at various dates, ranging from January 2046 through March 2048.

Housing Preservation was assigned two notes receivable totaling $3,412,219, including accrued interest. The notes bear interest at a rate of 1%. Accrued interest and principal payments are due August 2031.

CRSC has a note receivable for $152,000 from V.I.P. Housing Partners I, L.P. (VIP), a partnership in which an affiliate owns a 1% general partner interest. The note accrues interest at 7.31% per annum on the outstanding balance. As of June 30, 2015, accrued interest was $454,200 and is included in interest receivable in the accompanying consolidated statement of financial position. The note required fixed payments every year, beginning in 1996 through 2010. The principal note has been paid in full during the year ended June 30, 2015. The due date for the accrued interest has been extended indefinitely. The accrued interest related to the note is secured by a third deed of trust on the rental property located in Quantico, Virginia, and an assignment of rents.

Under the terms of a sixth deed of trust note, CRSC earned a development fee in the original amount of $62,854 from VIP. The receivable bears interest at 6.31% per annum, with principal and interest payable by VIP from its cash flows, as defined in VIP's partnership agreement. As of June 30, 2015, no payments have been received. The note has been pledged as security for CRSC's performance under a grant received from the Virginia Housing Partnership Revolving Fund. Accrued interest due under this note is $151,867 as of June 30, 2015, and is included in interest receivable in the accompanying consolidated statement of financial position. Of the total notes and interest receivable of $11,391,906 described above, $189,326 is due within one year.

4. Investments

As of June 30, 2015, the fair value of the Organization's investments is summarized as follows:

Equity securities	$ 17,851,880
Fixed-income securities	8,489,894
Exchange-traded funds	9,378,425
Mutual funds	11,323,850
Preferred stock	513,517
Money market funds	91,048
Total Investments	$ 47,648,614

4. Investments (continued)

A summary of investment income is as follows for the year ended June 30, 2015:

Interest and dividends	$ 1,664,526
Realized gains	770,177
Unrealized losses	(1,482,835)
Total	$ 951,868

Included in interest and dividend income is $21,593 of interest and dividends earned on the Organization's trust accounts described in Note 6 and the Organization's operating accounts.

5. Property and Equipment

The Organization held the following property and equipment as of June 30, 2015:

Buildings and improvements	$ 57,501,416
Land and improvements	7,476,131
Office equipment, furniture and fixtures	3,545,908
Leasehold improvements	89,484
Vehicles	159,031
Total Property and Equipment	68,771,970
Less: Accumulated Depreciation and Amortization	(22,119,444)
Property and Equipment, Net	$ 46,652,526

Depreciation and amortization expense was $2,707,539 for the year ended June 30, 2015.

6. Trust Accounts

Trust accounts are invested primarily in money market funds backed by U.S. Treasury obligations and guaranteed investment contract. The investment contract covers a maximum investment of $268,000 and earns interest at 5.94%. The guaranteed investment contract will terminate on December 1, 2025. The trust accounts are under the control of third-party trustees, and withdrawals are restricted based on the terms of the trust indenture agreement between the bond issuer and the trustees. All trust investments are carried at cost, which approximates fair value at June 30, 2015. Total interest earned on all trust funds was $20,150 for the year ended June 30, 2015, all of which was earned on the guaranteed investment contract. The trust investments are not insured by the Federal Deposit Insurance Corporation (FDIC) or by any other federal government agency.

6. Trust Accounts (continued)

As of June 30, 2015, the trust accounts consisted of the following:

	CRS Kansas	CRS Scottsdale	Total
Maturity fund	$ 159,451	$ -	$ 159,451
Debt service	148,092	-	148,092
Tax and insurance escrow	57,978	-	57,978
Replacement reserve fund	16,573	-	16,573
Debt service reserve fund	268,000	-	268,000
Revenue fund	10,025	-	10,025
Fee escrow/account	28,128	3,306	31,434
Trust retained earnings	60,876	-	60,876
Totals	$ 749,123	$ 3,306	$ 752,429

7. Mortgages Payable

Mortgages payable consist of the following as of June 30, 2015:

<u>CRS Virginia</u>	
BB&T, due in monthly installments of $36,578, including interest at 4.50% per annum, payable through February 2033. The notes are secured by deeds of trust on five homes located in Fairfax, Vienna, and Falls Church, Virginia. The homes provide housing for low income families, military and special need population.	$ 4,085,846
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.	1,226,555
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 are in effect for the affordability period of up to 15 years, expiring in 2013 through 2015, after which time, assuming there are no defaults on the loan terms, the amount converts to a grant. Subsequent to year-end, the loan was extended through the end of 2016. The homes	

7. Mortgages Payable (continued)

CRS Virginia (continued)

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 by the Organization at that time.	$	748,820
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 are in effect for the affordability period of up to 15 years, expiring in 2013 through 2015, after which time, assuming there are no defaults on the loan terms, the amount converts to a grant. Subsequent to year-end, the loan was extended through the end of 2016. 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 by the Organization at that time.		261,691
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 69.6% of the Organization's equity in the property, as defined, to the extent that the equity share exceeds amounts otherwise due by 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 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		

Continued

7. Mortgages Payable (continued)

CRS Virginia (continued)

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 by 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 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 by the Organization at that time.		89,004

CRS Cambridge

In January 2011, the Organization entered into two mortgages with HUD. The mortgages are insured by the Federal Housing Administration. The first mortgage is $3,004,880 and bears interest at 4.50% per annum. The Organization is required to make monthly payments of principal and interest equal to $16,468. The second mortgage is $3,279,853 and bears interest at 3.88% per annum. Payments on the second mortgage are made from restricted surplus cash, defined in the second deed of trust note as 75% of surplus cash, as calculated in accordance with the HUD regulatory agreement. Both mortgages mature on October 1, 2036.

In accordance with the debt agreement, at any time on or after February 1, 2031, the holder of the debt shall have the option to accelerate payment of the unpaid principal, together with all other indebtedness under the second mortgage, within two months’ prior written notice being given by the holder. The holder may also provide the Organization the opportunity to propose a restructuring of the mortgage at this time.

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.

7. Mortgages Payable (continued)

<u>CRS Cambridge (continued)</u>

The liability of the Organization under these two mortgage notes is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender and by an assignment of rents.	$ 5,986,809
<u>CRS Fountain Place</u>	
On October 30, 2012, the Organization 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 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 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 the 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. In addition, the Organization was required to establish a reserve for non-critical repairs to be used for specified items.	
The liability of the Organization 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.	5,958,028
Total	$ 18,539,147

Total interest expense related to these mortgages was $789,914 for the year ended June 30, 2015.

Aggregate annual maturities of mortgages payable over the next five years, and thereafter, are as follows:

For the Year Ending June 30,	
2016	$ 425,953
2017	443,019
2018	460,743
2019	864,058
2020	597,057
Thereafter	15,748,317
Total	$ 18,539,147

Continued

8. Notes Payable

Notes payable consisted of the following as of June 30, 2015:

<u>CRS Triangle</u>	
The purchase of the rental property was financed by the proceeds, net of discount, from three Multifamily Housing Revenue serial bonds issued by the Industrial Development Authority of Prince William County, Virginia (Issuer). On December 26, 2012, the Organization refinanced this debt with a new lender.	
The original principal amount of the new note was $8,000,000. Interest is charged at a variable rate based on the 30-day LIBOR rate plus 2.25% per annum (2.44% at June 30, 2015). The loan is payable in 59 monthly installments of $51,884 with a balloon payment due in December 2017 for the remaining balance. The agreement also contains certain financial covenants that the Organization must comply with. All outstanding principal and interest are due on the maturity date, including a balloon payment of approximately $5,680,000. Total interest incurred on the note during the year ended June 30, 2015, was $ 173,681.	
The liability of the Organization under the note is limited to the underlying value of the real estate collateral. The note is also collateralized by an assignment of rents.	$ 6,854,817
<u>CRS Scottsdale</u>	
CRS Scottsdale entered into a note payable agreement with the National Bank of Arizona on October 1, 2014.	
The original principal amount of the note was $12,691,750. Interest is charged at a variable rate based on the 30-day LIBOR rate plus 2.50% per annum (2.68% at June 30, 2015). The loan is payable in 36 monthly installments of $38,804 with a balloon payment due in September 25, 2017, for approximately $12,233,560. Total interest incurred on the note was $500,767, during the year ended June 30, 2015. The note is collateralized by the building, land and improvements.	12,602,658

Continued

8. Notes Payable (continued)

<u>CRS Kansas</u>

CRS Kansas entered into a note payable 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, 2015, 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. Interest forgiven under this note for 2015 was $42,500.	$ 500,000
<u>CRS Somerset</u>	
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 February 2025 for the remaining balance. In conjunction with the new debt agreement, the Organization was required to establish certain reserves and escrow accounts. Total interest incurred on the notes during the year ended June 30, 2015, was $96,677.	2,533,187
Total	$ 22,490,662

Aggregate annual maturities of notes payable over the next five years, and thereafter, are as follows:

For the Year Ending June 30,	
2016	991,791
2017	1,006,670
2018	17,613,215
2019	55,508
2020	57,781
Thereafter	2,765,697
Total	$ 22,490,662

9. Lines of Credit

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. The agreement was modified on August 1, 2014, to extend the maturity date to July 27, 2015. Subsequent to year end, the line of credit was modified to extend the maturity date to July 27, 2016. Interest accrues on the unpaid principal at the variable rate of the bank's prime rate plus 0.5% per annum or 3.50%, whichever is higher. The Organization is also required to comply with certain financial covenants. As of June 30, 2015, the outstanding balance was $400,000 on this line of credit and the Organization was in compliance with the financial covenants. Interest paid on this line of credit was $28,196 for the year ended June 30, 2015, and the interest rate was 4.5% as of June 30, 2015.

On June 15, 2012, CRS/21 entered into a line of credit agreement with a financial institution in the amount of $7,500,000, which was modified to increase the limit to $9,000,000 on December 6, 2013. The line of credit is guaranteed by CRS/21's investments and matures on August 31, 2016. Interest payments are due monthly based on an interest rate of 1.25% over the 1-year London Interbank Offered Rate (LIBOR) which was 2.016% at June 30, 2015. Interest expense incurred on this line of credit was $78,168 for the year ended June 30, 2015. The outstanding amount on this line of credit is $5,628,126 as of June 30, 2015.

10. Improvement Loan

CRS Triangle entered into a promissory note with a commercial bank allowing for maximum borrowings of $2,000,000 for the purpose of rehabilitating its property. Interest is charged at the 30-day LIBOR rate plus 2.50%, which was 2.69% as of June 30, 2015. As of June 30, 2015, CRS Triangle owed $1,135,622 on the note and had drawn down $1,211,051 since the inception of the improvement loan. Outstanding balances on the note are collateralized by the underlying value of the real estate with assignment of tenant leases. The agreement also contains certain financial covenants. Accrued interest is payable monthly until December 25, 2014, at which point monthly installments of principal and interest begin. The loan is due on December 25, 2017, at which point a balloon payment of approximately $756,764 is due. This amount is included in lines of credit payable in the accompanying consolidated statement of financial position. Total interest expense on the note was $24,331 for the year ended June 30, 2015.

Future payments of the improvement loan over each of the next three years are as follows:

For the Year Ending June 30,	
2016	153,817
2017	158,001
2018	823,804
Total	$ 1,135,622

11. Obligation under Capital Lease

On December 1, 1995, the city of Wichita, Kansas, issued two multi-family housing revenue serial bonds. The proceeds, net of discount, were used by the city to acquire the project, Brentwood Apartments. On December 31, 1995, CRS Kansas entered into a lease agreement with the city of Wichita, Kansas, to lease the rental property and land. Under the lease agreement, payments are due on the fifteenth day of each month, beginning on January 15, 1996, through maturity on December 1, 2025. Payments are equal to one-sixth of the semi-annual interest and one-twelfth of the annual principal sufficient to retire the Series A and B bonds. The interest rates on the outstanding bonds range from 5.90% to 6.625%. Total interest incurred on the lease, including discount amortization of $1,483, was $135,760 during the year ended June 30, 2015.

The lease provides an option for CRS Kansas to purchase the project for an amount sufficient to pay at maturity or to redeem and pay in full the principal of all outstanding bonds and all interest due thereon to the date of maturity or redemption, plus $1,000. The option can be exercised at any time during the term of the lease and up to 120 days thereafter. In addition, in accordance with the lease agreement, the project is required to make monthly deposits to the trustee into a replacement reserve fund, tax and insurance escrow fund, and the revenue fund.

The liability of CRS Kansas for the obligation under the capital lease is limited to the underlying value of the real estate collateral, plus other amounts deposited with the lender. The obligation is also secured by an assignment of rents.

Future minimum lease payments under this capital lease are as follows:

For the Year Ending June 30,	
2016	259,573
2017	261,475
2018	257,971
2019	259,064
2020	259,571
Thereafter	1,810,293
Subtotal	3,107,947
Less: Discount	(7,996)
Amount Representing Interest	(866,947)
Total	$ 2,233,004

12. Fair Value Measurements

The following table summarizes the Organization's assets and liabilities measured at fair value on a recurring basis as of June 30, 2015, 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)
Investments:				
Equity Securities:				
Technology	$ 1,880,505	$ 1,880,505	$ -	$ -
Basic materials	1,292,963	1,292,963	-	-
Consumer goods	1,981,476	1,981,476	-	-
Services	6,534,927	6,534,927	-	-
Financial	1,591,761	1,591,761	-	-
Healthcare	1,365,942	1,365,942	-	-
Industrial goods	524,958	524,958	-	-
Utilities	436,103	436,103	-	-
Other	2,243,245	2,243,245	-	-
Fixed-income securities:				
Government bonds	3,971,509	3,971,509	-	-
Corporate bonds	4,049,248	-	4,049,248	-
Municipal bonds	469,137	-	469,137	-
Mutual funds:				
Equity funds				
Moderate allocation	24,851	24,851	-	-
Real estate funds	193,746	193,746	-	-
Fixed income funds				
Short-term bonds	1,960,510	1,960,510	-	-
High-yield bonds	1,014,061	1,014,061	-	-
Emerging markets bonds	498,128	498,128	-	-
Non-traditional bonds	947,242	947,242	-	-
Foreign equity funds				
Large blend	3,485,376	3,485,376	-	-
World allocation	1,720,325	1,720,325	-	-
Foreign fixed income funds				
World bonds	1,479,611	1,479,611	-	-

Continued

12. Fair Value Measurements (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)
Investments (continued):				
Exchange-traded funds:				
Large blend funds	$ 1,410,870	$ 1,410,870	$ -	$ -
Foreign large blend funds	1,086,337	1,086,337	-	-
Intermediate-term bonds	1,246,340	1,246,340	-	-
Short-term bond funds	92,291	92,291	-	-
Mid-cap blend funds	1,260,036	1,260,036	-	-
Diversified emerging markets	1,871,330	1,871,330	-	-
Small blend funds	124,767	124,767	-	-
Inflation-protected bond funds	261,637	261,637	-	-
Large value funds	440,467	440,467	-	-
High yield bond funds	412,122	412,122	-	-
Commodities funds	44,388	44,388	-	-
REIT funds	207,110	207,110	-	-
Foreign small/mid blend funds	251,779	251,779	-	-
Small value funds	498,745	498,745	-	-
Government bond funds	98,902	98,902	-	-
Corporate bonds fund	71,304	71,304	-	-
Preferred stock	513,517	513,517	-	-
Money market funds	91,048	91,048	-	-
Contributions receivable in a CRUT	75,096	-	-	75,096
Trust Accounts:				
Money market funds	484,429	484,429	-	-
Guaranteed investment contract	268,000	-	268,000	-
Cash surrender value of life insurance policies	1,456,097	-	1,456,097	-
Total	$ 49,932,236	$ 43,614,658	$ 6,242,482	$ 75,096

12. Fair Value Measurements (continued)

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

Equity securities, exchange-traded funds, preferred stock and mutual funds – Valued at quoted market price for identical assets in active markets.

Fixed-income securities – For investments in actively traded government bonds, 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.

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

Guaranteed investment contract – The guaranteed investment contract is valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations, considering their creditworthiness.

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.

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

A roll forward of the fair value measurements using unobservable inputs (Level 3) was as follows as of June 30, 2015:

Balance, July 1, 2014	$ 78,768
Change in value	(3,672)
Balance, June 30, 2015	$ 75,096

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) topic *Financial Instruments* requires the disclosure of the estimated fair value of financial instruments. Cash and cash equivalents reflect amounts that approximate fair value due to the short maturity of these instruments. Grants and contributions receivable and other receivables reflect fair value based on discounting the future cash flows of amounts expected to be collected by a market rate commensurate with the risks identified. Due to the large number of notes and mortgages payable and notes receivable, it is not practical for the Organization to estimate their fair value.

13. Net Assets

Board-Designated Unrestricted Net Assets

The Organization's Board of Directors has designated certain amounts to serve as a quasi endowment and the funds are to be invested and serve as a source of undesignated income to support the general work and mission of CRSC and its affiliates. As of June 30, 2015, board-designated unrestricted net assets, including the accumulated investment earnings, totaled $18,361,926.

Temporarily Restricted Net Assets

As of June 30, 2015, net assets are restricted for use in the following programs:

Endowment earnings restricted for use in American Indian programs	$ 10,350,391
International programs	530,618
Time restrictions for fiscal year 2016	385,922
Charitable remainder unitrust	75,096
Domestic programs	6,476
Total Temporarily Restricted Net Assets	$ 11,348,503

14. Endowment Funds

The Organization's endowment consists of a donor-restricted endowment fund established to support the Organization's American Indian Programs. In addition, a board-designated endowment fund or quasi endowment was created in 2012 from the proceeds from the sale of a housing property owned by an affiliate of CRSC. The purpose of the ELK Endowment Fund is to fund 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 unrestricted net assets 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) not to limit spending from the endowment fund to interest and dividends earned, but to allow 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 to not 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 temporarily restricted net assets of the endowment portfolio.

14. Endowment Funds (continued)

Interpretation of Relevant Law and Spending Policy (continued)

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.

Endowment Composition and Activity

As of June 30, 2015, the Organization's endowment had the following net asset composition:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ -	$ 10,350,391	$ 16,547,477	$ 26,897,868
Board-designated quasi-endowment	18,361,926	-	-	18,361,926
Total Endowment Funds	$ 18,361,926	$ 10,350,391	$ 16,547,477	$ 45,259,794

14. Endowment Funds (continued)

Changes in endowment net assets were as follows for the year ended June 30, 2015:

	Board-Designated Quasi-Endowment	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 18,596,968	$ 11,497,563	$ 16,547,477	$ 46,642,008
Investment return:				
Interest and dividends	618,986	872,034	-	1,491,020
Net appreciation (depreciation) (realized and unrealized)	(397,796)	(480,326)	-	(878,122)
Total Investment Returns	221,190	391,708	-	612,898
Royalties	-	505,439	-	505,439
Appropriations and investment fees	(456,232)	(2,044,319)	-	(2,500,551)
Endowment net assets, end of year	$ 18,361,926	$ 10,350,391	$ 16,547,477	$ 45,259,794

The portion of perpetual endowment funds that are subject to a purpose restriction under UPMIFA	$ 10,350,391
Total Endowment Funds Classified as Temporarily Restricted Net Assets	$ 10,350,391
The portion of perpetual endowment funds that are required to be retained permanently, either by explicit donor stipulation or by UPMIFA	$ 16,547,477
Total Endowment Funds Classified as Permanently Restricted Net Assets	$ 16,547,477

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, 2015.

14. Endowment Funds (continued)

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.

Strategies Employed for Achieving Objectives

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

15. Investments in Operating Entities

VIP Housing Partners I, L.P., is a Virginia limited partnership formed in 1992 to construct and operate two residential rental apartment buildings known as Harborview Apartments in Quantico, Virginia. The Harborview apartment buildings were completed and available for rental in January 1995. On August 26, 2013, Housing Equity Fund of Virginia II, L.P. withdrew as the Limited Partner and CRS Housing Preservation, Inc. became the New Limited Partner. As of December 31, 2013, the Partnership had two partners – Christian Relief Services of Virginia, Inc., owns a 1% general partner interest and CRS Housing Preservation, Inc. owns a 99% limited partner interest. Profits, losses, tax credits and cash disbursements are allocated among the partners based on their respective ownership interest. No summarized financial data is provided, as the amounts are immaterial.

CRSC Residential owns a 40% interest in MM – Beverly Palms LLC, which has a 5% interest in Beverly Palm, LLC. Beverly Palms, LLC was formed to directly or indirectly acquire or redevelop, reposition, own, operate, manage, lease, finance and sell or otherwise dispose of a 362 unit, Class B apartment complex in Houston, Texas. No summarized financial data is provided as the amounts are immaterial.

CRSC Residential has a 6% member interest in DOF IV REIT Holdings, 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. No summarized financial data is provided as the amounts are immaterial.

CRSC Residential owns a 15% interest in MM – Westchase, LLC. Beverly Palms, 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. No summarized financial data is provided as the amounts are immaterial.

Continued

15. Investments in Operating Entities (continued)

CRSC Residential has a 7.5% member interest in MM Highland Bluffs, 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 Dallas, Texas. No summarized financial data is provided as the amounts are immaterial.

CRSC Residential has a 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. No summarized financial data is provided as the amounts are immaterial.

16. Interest in Limited Partnerships

CRSC owns 0.01% limited partnership interests in 11 partnerships. The purpose of the partnerships is to provide low-income housing, subject to regulation by 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 partnerships 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 $77,850 on the notes during the year ended June 30, 2015.

17. Commitments and Contingencies

Key Man Life Insurance Policies

CRSC carries key man life insurance policies on certain executives, with a total face amount of $2,500,000. As of June 30, 2015, the cash surrender values of the policies are $835,797, and this amount is included in cash surrender value of life insurance policies in the accompanying consolidated statement of financial position.

Celebrity Spokesperson Contract

On July 1, 2006, CRSI entered into a contract with an individual to act as a representative and spokesperson. The contract provides monthly payments of $5,000 through June 30, 2013, after which the contract is on a month to month basis pending a new long-term agreement. In addition, the spokesperson is also entitled to reimbursement of expenses in connection with additional appearances, which should not exceed four appearances in any given year. CRSI can terminate the contract by giving the individual one year’s written notice, during which time CRSI will continue to make the payments under the contract. 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, 2015, the cash surrender values of the policies is $620,300, and this amount is included in cash surrender value of life insurance policies in the accompanying consolidated statement of financial position.

Continued

17. Commitments and Contingencies (continued)

Land Use Restriction Agreement

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 (RTC) 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 (AMI) and two units for persons making less than 65% of the AMI. The term of the agreement is 30 years and expires on January 19, 2025.

18. 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 FDIC insured limit of $250,000 per depositor per institution. As of June 30, 2015, the Organization had cash and cash equivalents at several financial institutions, which exceeded the maximum limit insured by the FDIC in total by approximately $1,126,000. 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.

19. 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.

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, 2015, retirement expense related to the plan was $86,177 and is included in wages and fringe benefits in the accompanying consolidated statement of functional expenses.

Continued

20. 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). CRS/21 is exempt under Section 509(a)(3) of the Internal Revenue Code. 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, 2015, 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 Accounting Standards Codification (ASC) Topic *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 uncertain tax positions for the year ended June 30, 2015, 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, 2015, the statute of limitations for tax years ended June 30, 2011 and after remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

Real Estate Tax Exemptions

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

21. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 11, 2015, the date the consolidated financial statements were available to be issued. Other than the subsequent event disclosed in Notes 7 and 9, there were no other subsequent events identified that require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2015

	CRSC	CRSI	AHA	RS	BWA	CRS Virginia	CRS/21	CRSC Residential	CRS Housing Preservation	Mountain Lakes
ASSETS										
Cash and cash equivalents	$ 440,998	$ 285,767	$ 86,589	$ 125,487	$ 427,137	$ 430,290	$ 807,922	$ 395,212	$ 188,523	$ 2,681
Grants and contributions receivable, net	-	27,351	58,859	127,097	173,853	-	75,096	-	-	-
Other receivables	145,208	13,369	-	-	38,244	41,695	20,968	327,470	-	7,251
Prepaid expenses and other assets	71,569	48,233	-	4,314	-	2,071	-	12,832	-	9,344
Contributed relief materials	-	495,687	-	25,346	-	-	-	-	-	-
Due from affiliates	694,729	167,269	-	-	-	-	4,799,306	1,861,733	167,851	-
Notes receivable	62,854	-	-	-	-	-	-	-	10,722,985	-
Advances to affiliate	-	-	-	-	-	-	-	3,990,824	-	-
Interest receivable	606,067	-	-	-	-	-	-	226,294	-	-
Financing costs	-	-	-	-	-	19,232	-	-	-	-
Restricted investments for tenant security deposits	-	-	-	-	-	-	-	-	-	12,596
Restricted deposits and funded reserves	-	-	-	-	-	-	-	-	-	-
Investments	94,700	-	-	1,294,166	438,271	-	45,261,292	560,185	-	-
Investments in operating entities	-	-	-	-	-	34,260	-	2,747,846	-	-
Cash surrender value of life insurance policies	1,456,097	-	-	-	-	-	-	-	-	-
Trust accounts	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	822,900	49,390	-	65,171	-	12,413,756	-	317,979	-	509,641
TOTAL ASSETS	$ 4,395,122	$ 1,087,066	$ 145,448	$ 1,641,581	$ 1,077,505	$ 12,941,304	$ 50,964,584	$ 10,440,375	$ 11,079,359	$ 541,513
LIABILITIES AND NET ASSETS										
Liabilities										
Accounts payable and accrued expenses	$ 113,124	$ 123,527	$ 130	$ 94,586	$ 4,442	$ 1,061,857	$ -	$ 110,022	$ -	$ 26,277
Accrued interest	-	-	-	-	-	-	-	19,612	-	-
Deferred revenue	-	2,111	-	12,253	-	-	-	-	-	-
Lines of credit payable	-	400,000	-	-	-	-	5,628,126	-	-	-
Mortgages payable	-	-	-	-	-	6,594,310	-	-	-	-
Notes payable	-	-	-	-	-	-	-	-	-	-
Capital lease obligation	-	-	-	-	-	-	-	-	-	-
Advance payments for rent	-	-	-	-	-	-	-	-	-	365
Deposits and funds held for others	-	15,342	-	-	-	-	-	-	-	7,368
Advances from affiliates	-	-	-	-	-	-	-	1,385,445	-	-
Due to affiliates	-	-	2,903	102,896	20,061	2,301,748	1,568	777,458	-	10,876
TOTAL LIABILITIES	113,124	540,980	3,033	209,735	24,503	9,957,915	5,629,694	2,292,537	-	44,886
Net Assets										
Unrestricted	4,281,998	518,711	83,556	1,299,535	348,531	2,983,389	18,361,926	8,147,838	11,079,359	496,627
Temporarily restricted	-	27,375	58,859	132,311	704,471	-	10,425,487	-	-	-
Permanently restricted	-	-	-	-	-	-	16,547,477	-	-	-
TOTAL NET ASSETS	4,281,998	546,086	142,415	1,431,846	1,053,002	2,983,389	45,334,890	8,147,838	11,079,359	496,627
TOTAL LIABILITIES AND NET ASSETS	$ 4,395,122	$ 1,087,066	$ 145,448	$ 1,641,581	$ 1,077,505	$ 12,941,304	$ 50,964,584	$ 10,440,375	$ 11,079,359	$ 541,513

	CRS Kansas	CRS Triangle	CRS Scottsdale	CRS Cambridge	CRS Fountain Place	CRS Peoria	CRS Somerset	Total	Eliminations	Consolidated Total
ASSETS										
Cash and cash equivalents	$ 63,415	$ 188,737	$ 467,788	$ 275,628	$ 334,438	$ 43,329	$ 59,744	$ 4,623,685	$ -	$ 4,623,685
Grants and contributions receivable, net	-	-	-	-	-	-	-	462,256	-	462,256
Other receivables	3,752	10,079	4,155	10,156	18,376	44	8,096	648,863	-	648,863
Prepaid expenses and other assets	21,333	20,071	21,091	18,651	27,128	8,985	17,967	283,589	-	283,589
Contributed relief materials	-	-	-	-	-	-	-	521,033	-	521,033
Due from affiliates	-	-	-	-	-	-	-	7,690,888	(7,690,888)	-
Notes receivable	-	-	-	-	-	-	-	10,785,839	-	10,785,839
Advances to affiliate	-	-	-	-	-	-	-	3,990,824	(3,990,824)	-
Interest receivable	-	-	-	-	-	-	-	832,361	(226,294)	606,067
Financing costs	26,174	80,418	466,801	21,164	79,297	-	-	693,086	-	693,086
Restricted investments for tenant security deposits	37,299	265,301	61,591	33,792	53,563	-	-	464,142	-	464,142
Restricted deposits and funded reserves	-	668,425	-	412,133	493,907	-	18,570	1,593,035	-	1,593,035
Investments	-	-	-	-	-	-	-	47,648,614	-	47,648,614
Investments in operating entities	-	-	-	-	-	-	-	2,782,106	-	2,782,106
Cash surrender value of life insurance policies	-	-	-	-	-	-	-	1,456,097	-	1,456,097
Trust accounts	749,123	-	3,306	-	-	-	-	752,429	-	752,429
Property and equipment, net	2,254,240	9,679,155	10,140,038	3,045,624	2,473,979	2,881,081	4,089,820	48,742,774	(2,090,248)	46,652,526
TOTAL ASSETS	$ 3,155,336	$ 10,912,186	$ 11,164,770	$ 3,817,148	$ 3,480,688	$ 2,933,439	$ 4,194,197	$ 133,971,621	$ (13,998,254)	$ 119,973,367
LIABILITIES AND NET ASSETS										
Liabilities										
Accounts payable and accrued expenses	$ 82,729	$ 103,024	$ 144,470	$ 63,267	$ 75,918	$ 26,117	$ 20,111	$ 2,049,601	$ -	$ 2,049,601
Accrued interest	10,431	-	-	695,121	13,902	-	-	739,066	(226,294)	512,772
Deferred revenue	-	28,778	-	-	-	-	-	43,142	-	43,142
Lines of credit payable	-	1,135,622	-	-	-	-	-	7,163,748	-	7,163,748
Mortgages payable	-	-	-	5,986,809	5,958,028	-	-	18,539,147	-	18,539,147
Notes payable	500,000	6,854,817	12,602,658	-	-	-	2,533,187	22,490,662	-	22,490,662
Capital lease obligation	2,233,004	-	-	-	-	-	-	2,233,004	-	2,233,004
Advance payments for rent	3,607	11,451	3,518	13,491	11,194	1,174	8,538	53,338	-	53,338
Deposits and funds held for others	34,999	237,778	46,628	31,737	47,780	18,271	6,155	446,058	-	446,058
Advances from affiliates	1,179,325	-	-	1,026,054	260,000	50,000	90,000	3,990,824	(3,990,824)	-
Due to affiliates	225,009	60,431	28,925	10,815	26,208	2,530,448	1,591,542	7,690,888	(7,690,888)	-
TOTAL LIABILITIES	4,269,104	8,431,901	12,826,199	7,827,294	6,393,030	2,626,010	4,249,533	65,439,478	(11,908,006)	53,531,472
Net Assets										
Unrestricted	(1,113,768)	2,480,285	(1,661,429)	(4,010,146)	(2,912,342)	307,429	(55,336)	40,636,163	(2,090,248)	38,545,915
Temporarily restricted	-	-	-	-	-	-	-	11,348,503	-	11,348,503
Permanently restricted	-	-	-	-	-	-	-	16,547,477	-	16,547,477
TOTAL NET ASSETS	(1,113,768)	2,480,285	(1,661,429)	(4,010,146)	(2,912,342)	307,429	(55,336)	68,532,143	(2,090,248)	66,441,895
TOTAL LIABILITIES AND NET ASSETS	$ 3,155,336	$ 10,912,186	$ 11,164,770	$ 3,817,148	$ 3,480,688	$ 2,933,439	$ 4,194,197	$ 133,971,621	$ (13,998,254)	$ 119,973,367

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	CRSC	CRSI	AHA	RS	BWA	CRS Virginia	CRS/21	CRSC Residential	CRS Housing Preservation	Mountain Lakes	CRS Kansas	CRS Triangle	CRS Scottsdale	CRS Cambridge	CRS Fountain Place	CRS Peoria	CRS Somerset	Total	Eliminations	Consolidated Total
REVENUE AND SUPPORT																				
Housing rental and related income	$ 150,636	$ 205,219	$ -	$ -	$ -	$ 1,059,082	$ -	$ 10,784	$ -	$ 399,534	$ 1,103,637	$ 3,648,072	$ 2,860,701	$ 1,487,136	$ 1,281,726	$ 716,718	$ 591,132	$ 13,514,377	$ -	$ 13,514,377
Noncash contributions	-	13,991,751	-	1,105,984	-	374,904	-	-	-	-	-	-	-	-	-	-	-	15,472,639	-	15,472,639
Cash contributions	-	4,618,238	34,341	432,053	81,677	5,433	-	-	-	-	-	-	-	-	-	-	-	5,171,742	-	5,171,742
Other income	167,708	-	-	7,740	113	317,445	(3,672)	84,061	65,271	10,886	-	-	171,267	65,807	116,540	45,826	58,881	1,107,873	-	1,107,873
Grants from government agencies	267,351	100,000	-	19,327	-	580,241	-	-	-	-	-	-	-	-	-	-	-	966,919	-	966,919
Royalties	-	-	-	-	-	-	505,439	-	-	-	-	-	-	-	-	-	-	505,439	-	505,439
Wills and bequests	20,000	1,342,146	-	108,781	1,657	-	-	-	-	-	-	-	-	-	-	-	-	1,472,584	-	1,472,584
Workplace campaign contributions	-	30,812	63,648	122,142	144,625	-	-	-	-	-	-	-	-	-	-	-	-	361,227	-	361,227
Interest and dividend income	56,988	829	-	25,014	9,517	-	1,491,020	109,373	-	-	20,158	1,494	1,435	-	-	-	-	1,715,828	(51,302)	1,664,526
Fee income	-	-	-	-	-	-	-	638,941	-	-	-	-	-	-	-	-	-	638,941	(565,462)	73,479
Noncash contributions from affiliates	-	-	609,219	644,565	12,592,667	-	-	-	-	-	-	-	-	-	-	-	-	13,846,451	(13,846,451)	-
Cash contributions from affiliates	1,685,107	2,458,890	150,000	1,607,617	481,500	-	-	1,000,000	-	52,076	-	-	600	-	-	-	-	7,435,790	(7,435,790)	-
Donated housing	-	525,540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	525,540	(525,540)	-
Net realized and unrealized (losses) gains	(245)	-	-	(9,259)	(6,859)	-	(878,122)	181,827	-	-	-	-	-	-	-	-	-	(712,658)	-	(712,658)
TOTAL REVENUE AND SUPPORT	2,347,545	23,273,425	857,208	4,063,964	13,304,897	2,337,105	1,114,665	2,024,986	65,271	462,496	1,123,795	3,649,566	3,034,003	1,552,943	1,398,266	762,544	650,013	62,022,692	(22,424,545)	39,598,147
EXPENSES																				
Program services	614,782	19,888,365	789,990	3,857,344	13,241,688	2,192,853	2,100,000	719,321	612	500,434	1,049,895	3,869,046	2,500,454	1,561,775	1,159,640	616,400	753,950	55,416,549	(22,285,152)	33,131,397
Management and general	1,224,368	254,044	15,381	35,288	22,922	318,954	400,551	6,359	-	-	-	-	-	-	-	-	-	2,277,867	-	2,277,867
Fundraising	96,919	3,386,021	5,363	8,467	5,537	-	-	-	-	-	-	-	-	-	-	-	-	3,502,307	-	3,502,307
TOTAL EXPENSES	1,936,069	23,528,430	810,734	3,901,099	13,270,147	2,511,807	2,500,551	725,680	612	500,434	1,049,895	3,869,046	2,500,454	1,561,775	1,159,640	616,400	753,950	61,196,723	(22,285,152)	38,911,571
Forgiveness of debt	-	-	-	-	-	-	-	(2,091,743)	-	-	-	-	2,091,743	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	411,476	(255,005)	46,474	162,865	34,750	(174,702)	(1,385,886)	(792,437)	64,659	(37,938)	73,900	(219,480)	2,625,292	(8,832)	238,626	146,144	(103,937)	825,969	(139,393)	686,576
NET ASSETS, BEGINNING OF YEAR	3,870,522	801,091	95,941	1,268,981	1,018,252	3,158,091	46,720,776	8,940,275	11,014,700	534,565	(1,187,668)	2,699,765	(4,286,721)	(4,001,314)	(3,150,968)	161,285	48,601	67,706,174	(1,950,855)	65,755,319
NET ASSETS, END OF YEAR	$ 4,281,998	$ 546,086	$ 142,415	$ 1,431,846	$ 1,053,002	$ 2,983,389	$ 45,334,890	$ 8,147,838	$ 11,079,359	$ 496,627	$ (1,113,768)	$ 2,480,285	$ (1,661,429)	$ (4,010,146)	$ (2,912,342)	$ 307,429	$ (55,336)	$ 68,532,143	$ (2,090,248)	$ 66,441,895

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Christian Relief Services Charities, Inc. and Affiliates (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 11, 2015. Our report includes a reference to other auditors who audited the financial statements of Christian Relief Services Kansas Affordable Housing Corporation, CRS Triangle Housing Corporation, CRS Fountain Place Housing Corporation, and CRS Cambridge Court Housing Corporation, as described in our report on the Organization's consolidated financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Continued

Compliance and Other Matters

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

Purpose of This Report

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

Raffa, P.C.

Raffa, P.C.

Washington, DC
November 11, 2015

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Christian Relief Services Charities, Inc. and Affiliates' (collectively referred to as the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The Organization's basic consolidated financial statements include the operations of CRS Fountain Place Housing Corporation and CRS Cambridge Court Housing Corporation, which received $11,944,837 in federal awards, which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2015. Our audit, described below, did not include the operations of these entities because these entities engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Continued

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Raffa, P.C.

Raffa, P.C.

Washington, DC
November 11, 2015

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Supportive Housing Program (Permanent and Transitional)	14.235	$ 847,592
Pass-through from Fairfax County (pass-through grant number RQ10-138648-31U) Community Development Block/Entitlement Grants	14.218	100,000
Total U.S. Department of Housing and Urban Development		947,592
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 947,592

See accompanying notes to this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Christian Relief Services Charities, Inc. and Affiliates (collectively referred to as the Organization) and is presented on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred. Expenses are incurred using the cost accounting principles contained in U.S. Office of Management and Budget (OMB) Circular A-122, *Cost Principles for Non-Profit Organizations*. Under those cost principles, certain types of expenses are not allowable or are limited as to reimbursement.

The Organization's basic consolidated financial statements include the operations of Christian Relief Services Kansas Affordable Housing Corporation, CRS Triangle Housing Corporation, CRS Fountain Place Housing Corporation, and CRS Cambridge Court Housing Corporation, which received $11,944,837 in federal awards, which are not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2015. Our audit did not include the operations of these entities because these entities engaged other auditors to perform an audit in accordance with *Government Auditing Standards* and/or OMB Circular A-133.

2. U.S. Department of Housing and Urban Development Loan

For loans and loan guarantees received from a federal agency, Section 205(b) of OMB Circular A-133 indicates the guidance on determining federal awards expended in the Circular and considers the fact that the federal government is at risk for loans and loan guarantees until the debt is repaid. The first component of the amount to be considered in federal awards expended is new loans received during the fiscal year. If in a subsequent year the loan balance is still outstanding, and the grant agreement does not impose any continuing compliance requirements, the balance of the outstanding loan is not considered to be part of federal expenditures for the purpose of determining the need for a single audit.

3. Reconciliation of the Schedule of Expenditures of Federal Awards to the Consolidated Financial Statements

Grants from government agencies in the accompanying consolidated statement of activities reconcile to the schedule of expenditures of federal awards (SEFA) as follows:

Federal Awards	$ 947,592
Plus: Fixed fee federal award	19,327
Grants from Government Agencies in the Consolidated Statement of Activities	$ 966,919

Continued

4. Subrecipients

Included in the federal expenditures presented in the accompanying schedule of expenditures of federal awards are amounts provided to subrecipients, which related to the following grant:

Program Title	CFDA Number	Amount Provided to Subrecipients
Supportive Housing Program (Permanent and Transitional)	14.235	$ 654,560

CHRISTIAN RELIEF SERVICES CHARITIES, INC. AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

A. SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued: __X__ Unmodified ____ Qualified ____ Adverse ____ Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None Reported

Noncompliance material to consolidated financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None Reported

Type of auditor's report issued on compliance for major programs: __X__ Unmodified ____ Qualified ____ Adverse ____ Disclaimer

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? ____ Yes __X__ No

Identification of Major Program(s):

CFDA Number	Title
14.235	Supportive Housing Program (Permanent and Transitional)

Dollar threshold used to distinguish between Type A and Type B programs: $ 300,000

Auditee qualified as a low-risk auditee? __X__ Yes ____ No

Continued

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

B. FINDINGS – CONSOLIDATED FINANCIAL STATEMENT AUDIT

None required to be reported.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None required to be reported.