

CHRISTIAN RECORD SERVICES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



**DANA F. COLE
& COMPANY** LLP
CERTIFIED PUBLIC ACCOUNTANTS

CHRISTIAN RECORD SERVICES, INC.
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**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Christian Record Services, Inc.
Lincoln, Nebraska

We have audited the accompanying financial statements of Christian Record Services, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Record Services, Inc., as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Christian Record Services, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dana F Cole + Company, LLP

Lincoln, Nebraska
July 2, 2021

CHRISTIAN RECORD SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019

	Operating Fund	Special Purpose Fund	Plant Fund	Annuities & Trusts Fund	2020 Total	2019 Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	984,144				984,144	646,331
Short term investments	2,202,263				2,202,263	2,175,481
Receivables, net	128,942				128,942	35,353
Supplies inventory, at cost	91,835				91,835	106,910
Prepaid expense	25,451				25,451	13,761
Total current assets	<u>3,432,635</u>				<u>3,432,635</u>	<u>2,977,836</u>
OTHER ASSETS						
Investments		883,941		311,668	1,195,609	1,165,296
Beneficial interest in trust assets				3,642,246	3,642,246	3,497,313
Plant assets, net	6,300		71,185		77,485	117,948
Total other assets	<u>6,300</u>	<u>883,941</u>	<u>71,185</u>	<u>3,953,914</u>	<u>4,915,340</u>	<u>4,780,557</u>
TOTAL ASSETS	<u><u>3,438,935</u></u>	<u><u>883,941</u></u>	<u><u>71,185</u></u>	<u><u>3,953,914</u></u>	<u><u>8,347,975</u></u>	<u><u>7,758,393</u></u>

See accompanying notes to financial statements.

CHRISTIAN RECORD SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019

	Operating Fund	Special Purpose Fund	Plant Fund	Annuities & Trusts Fund	2020 Total	2019 Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	64,414				64,414	37,580
Expenses accrued	128,400				128,400	103,344
Total current liabilities	<u>192,814</u>				<u>192,814</u>	<u>140,924</u>
OTHER LIABILITIES						
Present value of annuities payable				235,162	235,162	261,087
TOTAL LIABILITIES	<u>192,814</u>			<u>235,162</u>	<u>427,976</u>	<u>402,011</u>
NET ASSETS						
Without donor restrictions	2,549,572	336,620	71,185	87,661	3,045,038	2,733,374
With donor restrictions						
Restricted by purpose or time	376,199	454,392		130,897	961,488	844,381
Restricted in perpetuity	320,350	92,929		3,500,194	3,913,473	3,778,627
Total net assets	<u>3,246,121</u>	<u>883,941</u>	<u>71,185</u>	<u>3,718,752</u>	<u>7,919,999</u>	<u>7,356,382</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>3,438,935</u></u>	<u><u>883,941</u></u>	<u><u>71,185</u></u>	<u><u>3,953,914</u></u>	<u><u>8,347,975</u></u>	<u><u>7,758,393</u></u>

CHRISTIAN RECORD SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	Operating Fund	Special Purpose Fund	Plant Fund	Annuities & Trusts Fund	2020 Total	2019 Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS						
Revenues and support						
Contributions	1,401,536				1,401,536	1,008,717
Offerings from associated churches	347,429				347,429	320,557
Legacies and bequests	195,242				195,242	267,196
Investment income	26,787	34,846		15,843	77,476	126,537
Other income	28,010				28,010	127,489
	<u>1,999,004</u>	<u>34,846</u>		<u>15,843</u>	<u>2,049,693</u>	<u>1,850,496</u>
Net assets released from restriction	159,401				159,401	241,751
Total revenues and support	<u>2,158,405</u>	<u>34,846</u>		<u>15,843</u>	<u>2,209,094</u>	<u>2,092,247</u>
Expenses						
Program services	1,302,033		24,785		1,326,818	1,427,680
Supporting activities						
Development and fundraising	268,128		8,417	36,650	313,195	408,093
Executive administration	243,856		13,561		257,417	269,061
Total expenses	<u>1,814,017</u>		<u>46,763</u>	<u>36,650</u>	<u>1,897,430</u>	<u>2,104,834</u>
Change in net assets without donor restrictions	<u>344,388</u>	<u>34,846</u>	<u>(46,763)</u>	<u>(20,807)</u>	<u>311,664</u>	<u>(12,587)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS						
Restricted by purpose or time						
Contributions	225,252				225,252	126,126
Legacies and bequests				36,013	36,013	40,610
Investment income		15,243			15,243	7,379
	<u>225,252</u>	<u>15,243</u>		<u>36,013</u>	<u>276,508</u>	<u>174,115</u>
Net assets released from restriction	<u>(159,401)</u>				<u>(159,401)</u>	<u>(241,751)</u>
Change in net assets restricted by purpose or time	<u>65,851</u>	<u>15,243</u>		<u>36,013</u>	<u>117,107</u>	<u>(67,636)</u>

CHRISTIAN RECORD SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	Operating Fund	Special Purpose Fund	Plant Fund	Annuities & Trusts Fund	2020 Total	2019 Total
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS (Continued)						
Restricted in perpetuity						
Contributions						245,350
Change in beneficial interest in trust assets				134,846	134,846	301,570
				134,846	134,846	546,920
Change in net assets restricted in perpetuity				134,846	134,846	546,920
Change in net assets	410,239	50,089	(46,763)	150,052	563,617	466,697
① NET ASSETS, beginning of year	2,790,155	880,609	117,948	3,567,670	7,356,382	6,889,685
Transfers between funds	45,727	(46,757)		1,030		
NET ASSETS, end of year	<u>3,246,121</u>	<u>883,941</u>	<u>71,185</u>	<u>3,718,752</u>	<u>7,919,999</u>	<u>7,356,382</u>

See accompanying notes to financial statements.

CHRISTIAN RECORD SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services				Supporting Activities			2020 Total	2019 Total	
	Outreach Ministries	Phone Faith	Library/ Studio	Public Information and Education	Total Program Services	Development and Fundraising	Executive Administration			Total Supporting Activities
Salaries	328,989	395	99,309	85,125	513,818	103,307	100,969	204,276	718,094	659,561
Employee benefits	152,444	265	47,741	35,724	236,174	47,873	50,082	97,955	334,129	321,972
Payroll taxes	27,903	30	8,531	7,411	43,875	8,998	8,518	17,516	61,391	59,238
Total salaries and related expense	<u>509,336</u>	<u>690</u>	<u>155,581</u>	<u>128,260</u>	<u>793,867</u>	<u>160,178</u>	<u>159,569</u>	<u>319,747</u>	<u>1,113,614</u>	<u>1,040,771</u>
Contracted services	10,934		750	13,870	25,554	1,227	28,931	30,158	55,712	78,684
Supplies	14,531		3,216	1,375	19,122	1,620	1,766	3,386	22,508	29,242
Telephone	3,563		757	862	5,182	494	885	1,379	6,561	4,424
Postage and shipping	2,441	94	32	42,429	44,996	13,429	407	13,836	58,832	79,325
Insurance	5,377		5,377	5,377	16,131	5,377	5,377	10,754	26,885	10,685
Occupancy and depreciation	50,192		20,247	20,658	91,097	29,813	46,446	76,259	167,356	192,142
Equipment rental and maintenance	2,155		539	392	3,086	504	663	1,167	4,253	7,520
Small equipment and software	3,274		8,324	1,314	12,912	34	1,198	1,232	14,144	14,197
Outside printing and computer	9,259		21,665	103,161	134,085	36,280	2,120	38,400	172,485	223,804
Transportation and auto insurance	21,171		5,661	6,424	33,256	7,713	7,029	14,742	47,998	69,119
Committees and meetings				(2,528)	(2,528)		(892)	(892)	(3,420)	9,782
Subscriptions	102,158		537	165	102,860				102,860	114,543
Specific assistance to individuals	6,190				6,190	30,973		30,973	37,163	96,812
Licenses and permits				752	752	5,039		5,039	5,791	7,189
Miscellaneous	5,245	12	21,407	13,592	40,256	20,514	3,918	24,432	64,688	126,595
	<u>745,826</u>	<u>796</u>	<u>244,093</u>	<u>336,103</u>	<u>1,326,818</u>	<u>313,195</u>	<u>257,417</u>	<u>570,612</u>	<u>1,897,430</u>	<u>2,104,834</u>

See accompanying notes to financial statements.

CHRISTIAN RECORD SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>563,617</u>	<u>466,697</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	46,763	51,343
Unrealized market (gain) loss	(15,233)	2,233
Contributions to be maintained perpetually		(245,350)
Change in beneficial interest in trust assets	(134,846)	(301,570)
Actuarial gain on annuity obligations	(25,925)	(17,951)
(Increase) decrease in assets:		
Receivables	(93,589)	19,758
Inventories	15,075	10,373
Prepaid expenses	(11,690)	(7,305)
Increase (decrease) in liabilities:		
Accounts payable	26,834	5,081
Expenses accrued	<u>25,056</u>	<u>(20,203)</u>
Total adjustments	<u>(167,555)</u>	<u>(503,591)</u>
Net cash provided by (used in) operating activities	<u>396,062</u>	<u>(36,894)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the maturities of investments		1,742,057
Purchases of investments	(51,949)	(1,923,188)
Purchases of plant assets	<u>(6,300)</u>	<u>(3,550)</u>
Net cash used in investing activities	<u>(58,249)</u>	<u>(184,681)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions to be maintained perpetually	<u> </u>	<u>245,350</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	337,813	23,775
CASH AND CASH EQUIVALENTS, beginning of year	<u>646,331</u>	<u>622,556</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>984,144</u></u>	<u><u>646,331</u></u>

See accompanying notes to financial statements.

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Christian Record Services, Inc., is a not-for-profit corporation that is organized to provide aid and assistance to persons who are legally blind. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation, but is an organization described in Section 509(a)(2) of the Code.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Net Asset Classification

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

Contributions

The Organization utilizes FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. This standard requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

Contributed Materials and Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its operations. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organization uses the allowance method to account for uncollectible accounts receivable.

Inventories

Inventories, which consist mainly of paper and other production materials and publications for giveaway, are valued at the lower of cost (first-in, first-out method) or net realizable value.

Investments

The Organization has adopted FASB ASC 958-320, *Not-for-Profit Entities, Investments - Debt and Equity Securities*. FASB ASC 958-320 establishes standards of reporting at fair value certain investments, debt and equity securities, held by not-for-profit organizations.

Therefore, investments in equity securities that have a readily determinable fair value and all investments in debt securities are stated at fair value, with gains and losses included in the statements of activities. Fair value is determined by quoted market values.

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split-Interest Agreements

The Organization acts as trustee of and/or has a beneficial interest in various kinds of trusts and annuities for which they act as trustee or administrator. For those agreements that are unconditional and irrevocable, the respective donated assets are recorded by the Organization at fair value at the date of gift or acceptance of agreement.

For those agreements, liabilities are recorded for the present value of the amount due to income beneficiaries and other remainder beneficiaries. Standard actuarial tables and conservative interest rates ranging from 3.8% to 8.5% are used to compute liabilities due to annuitants. For those irrevocable agreements that are unconditional, the Organization's remainder interest is classified as unrestricted or temporarily restricted depending on the terms of each agreement.

The Organization has beneficial interest in six donor-established irrevocable perpetual trusts whose assets are held by third party financial institutions. The Organization receives periodic distributions representing their percentage interests in the income from the trusts' assets. While these beneficial interests are assets of the Organization, they do not represent expendable cash available for discretionary use of the Organization.

Plant Assets

Property and equipment are stated at cost, if purchased, or fair value, if donated. Major expenditures for property over \$1,000 and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives, which range from 2 to 40 years.

Compensated Absences

Employees' vacation benefits are recognized in the period earned.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material to the financial statements.

Advertising

Advertising expenses of the Organization are expensed as incurred.

Joint Cost Allocation

In 2020 and 2019, the Organization conducted joint activities that included requests for contributions, as well as program, management, and general components. These activities included direct mail campaigns and newsletters. The costs of conducting these activities included a total of \$649,298 and \$844,857, respectively, of joint costs which are not specifically attributable to a particular component of the activities. In conformity with Statement of Position 98-2 these joint costs were allocated as follows:

	2020	2019
Program Services: Public Information & Education	336,103	436,764
Supporting Activities: Fund Raising	<u>313,195</u>	<u>408,093</u>
	<u>649,298</u>	<u>844,857</u>

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis in the statement of functional expenses.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Reclassification

In certain instances, figures for the prior year have been reclassified to place them on a basis comparable with the current year.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization has deposits in financial institutions subject to the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2020 and 2019, the amount of deposits in excess of the insurance provided by FDIC were \$1,607,688 and \$1,393,966, respectively.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of trade receivables with a variety of customers. The Organization generally does not require collateral from its customers. Such credit risk is considered by management to be limited due to the Organization's broad customer base and its customers' financial resources.

NOTE 3. INVESTMENTS

The Organization has adopted FASB ASC 820-10, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB ASC 820-10, 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. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the fiscal years ended December 31, 2020 and 2019, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Cash and Cash Equivalents

The fair value of cash and cash equivalents is the market value of checking, savings, or money market accounts reported as a fiscal year end by financial institutions.

Marketable Equity Securities

The fair value of marketable equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Pooled investment funds

Pooled investment funds are reported as their net asset value, as reported by the custodian of the funds.

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

Fair Value on a Recurring Basis

The table below presents the balances of assets measured at December 31, 2020 and 2019, at fair value on a recurring basis.

	Total	Level 1	Level 2	Level 3
Cash equivalents	2,202,263	2,202,263		
Equity mutual funds	22,262	22,262		
Pooled investment funds	<u>1,173,347</u>		<u>1,173,347</u>	
Totals	<u>3,397,872</u>	<u>2,224,525</u>	<u>1,173,347</u>	

The carrying amounts, market value, unrealized gains, and unrealized losses of the Level 1 investments at December 31, 2020 and 2019, are as follows:

	2020		
	Total Cost	Unrealized Gains (Losses)	Estimated Fair Value
Cash equivalents	2,202,263		2,202,263
Equity mutual funds	<u>20,031</u>	<u>2,231</u>	<u>22,262</u>
Totals	<u>2,222,294</u>	<u>2,231</u>	<u>2,224,525</u>
	2019		
	Total Cost	Unrealized Gains (Losses)	Estimated Fair Value
Cash equivalents	2,175,481		2,175,481
Equity mutual funds	<u>18,390</u>	<u>949</u>	<u>19,339</u>
Totals	<u>2,193,871</u>	<u>949</u>	<u>2,194,820</u>

Management evaluates securities for other than temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial conditions and near-term prospects of the issuer, and (3) the intent and ability of the Organizations to retain their investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold securities for the foreseeable future, no declines are deemed to be other than temporary.

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (Continued)

Total investment return for the years ended December 31, 2020 and 2019, consists of the following:

	2020	2019
Investment income - unrestricted	36,222	55,071
Investment income - unrestricted - annuities and trusts	612	29,563
Net realized gains - unrestricted	25,409	44,136
Net unrealized gains - unrestricted		(7,211)
Net unrealized gains - unrestricted - annuities and trusts	15,233	4,978
Investment income - temporarily restricted	<u>15,243</u>	<u>7,379</u>
	<u>92,719</u>	<u>133,916</u>

NOTE 4. ACCOUNTS RECEIVABLE

Components of accounts receivable as of December 31, 2020 and 2019, are as follows:

	2020	2019
Affiliated organization receivable	128,227	31,919
Other receivable	<u>715</u>	<u>3,434</u>
	<u>128,942</u>	<u>35,353</u>

NOTE 5. PLANT ASSETS

The major classes of plant assets in service at December 31, 2020 and 2019, are as follows:

	2020	2019
Buildings	62,497	62,497
Equipment	<u>404,752</u>	<u>398,452</u>
	467,249	460,949
Less accumulated depreciation	<u>(389,764)</u>	<u>(343,001)</u>
Net plant assets	<u>77,485</u>	<u>117,948</u>

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6. RELATED PARTY TRANSACTIONS

The General Conference of Seventh-day Adventists (GC), the North American Division of Seventh-day Adventists (NAD), the Mid-America Union Conference of Seventh-day Adventists (MAUC), AdventSource (AS), and Union College (UC) are related parties with respect to the Organization in that the Organization receives appropriations from the GC and NAD to carry out its services for persons who are legally blind, and through shared membership in the respective governing committees of the GC, NAD, MAUC, AS, and UC. Significant transactions occur between the Organization and these organizations, including:

The Organization received contributions from Seventh-day Adventist Church offerings through the North American Division of \$347,429 and \$320,557 in 2020 and 2019, respectively. These contributions are recorded in the Operating Fund as Sectarian and are used for denominational publications.

Pension And Other Post-Retirement Benefits

The Organization participates in a non-contributory, defined benefit retirement plan known as the "Seventh-day Adventist Retirement Plan of the North American Division". This plan, which covers substantially all full-time employees of the Organization, is administered by the General Conference of Seventh-day Adventists in Silver Spring, Maryland, and is exempt from the Employee Retirement Income Security Act of 1974 as a multiple-employer plan of a church-related agency.

The Organization also participates in a non-contributory, defined benefit health care plan known as the "Health Care Assistance Plan for Participants in the Seventh-day Adventist Retirement Plan of the North American Division". This plan, which covers substantially all full-time employees of the Organization, is administered by the General Conference of Seventh-day Adventists in Silver Spring, Maryland, and is exempt from the Employee Retirement Income Security Act of 1974 as a multiple-employer plan of a church-related agency.

The Organization contributed \$75,180 and \$67,842 to these plans for the years ended December 31, 2020 and 2019, respectively.

These plans are defined by the Financial Accounting Standards Board as multi-employer plans. As such, it is not required, nor is it possible, to determine the actuarial present value of accumulated benefits or plan net assets for employees of the Organization apart from other plan participants. However, based on the latest actuarial valuation of the Seventh-day Adventist Retirement Plan of the North American Division, as of December 31, 1998, the actuarially computed value of accumulated plan benefits exceeded the estimated market value of plan assets for that plan. No actuarial valuation has been obtained for the Health Care Assistance Plan for Participants in the Seventh-day Adventist Retirement Plan of the North American Division.

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6. RELATED PARTY TRANSACTIONS (Continued)

Pension And Other Post-Retirement Benefits (Continued)

The North American Division Committee voted to freeze accrual of service credit in these plans effective December 31, 1999, except for employees who choose the career completion option, and to start a new defined contribution plan effective January 1, 2000. The Organization is scheduled to continue making contributions (at a reduced rate) to the frozen plans after December 31, 1999. Certain employees will continue to be eligible for future benefits under these plans.

Effective January 1, 2000, the Organization participates in a defined contribution retirement plan known as "The Adventist Retirement Plan". This plan, which covers substantially all full-time employees of the Organization, is administered by the General Conference of Seventh-day Adventists (GC) in Silver Spring, Maryland, and is exempt from the Employee Retirement Income Security Act of 1974 as a multiple-employer plan of a church-related agency. The Organization contributed \$54,463 and \$51,607 to the plan for the years ended December 31, 2020 and 2019, respectively, based on a stated matching percentage of certain employee voluntary contributions. Investment management of the accumulated employee contributions is provided under an agreement between the GC and the plan trustee and custodian.

NOTE 7. NET ASSETS

Net assets without donor restrictions represent resources available to support the Organization's operations at the discretion of the governing board.

Net assets with donor restrictions may only be utilized in accordance with the limitations established by the donors of such resources. Net assets with donor restrictions are available for the following as of December 31, 2020 and 2019:

	2020	2019
Oregon Blind Campers, Bibles for the Blind, and special projects	830,591	749,497
Trusts	<u>130,897</u>	<u>94,884</u>
	<u>961,488</u>	<u>844,381</u>
Net assets were released from restrictions as follows:		
Special project expenses	<u>159,401</u>	<u>241,751</u>

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7. NET ASSETS (Continued)

Net assets restricted in perpetuity represent resources that are subject to restrictions from donors requiring that the principal be held in perpetuity, be invested, and only the income from such investments be used for the purposes stipulated by the donor. Permanently restricted net assets are held for the income to be used for the following as of December 31, 2020 and 2019:

	2020	2019
Bibles for the blind	73,753	73,753
Scholarships for the blind	7,985	7,985
Reading materials for the blind	574,022	574,022
National camps for the blind	1,815,949	1,788,323
Bible services	<u>1,441,764</u>	<u>1,334,544</u>
	<u>3,913,473</u>	<u>3,778,627</u>

NOTE 8. LEASE COMMITMENTS

The Organization conducts its operations with offices leased under a 5-year noncancellable lease expiring on October 31, 2021. There is an option to renew the lease for two 3-year options.

At December 31, 2020, the minimum future payments required under the above are as follows:

2021	<u>72,350</u>
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NOTE 9. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available to meet cash needs for general expenditures within one year of the balance date are as follows:

	2020	2019
Cash and cash equivalents	984,144	646,331
Short-term investments	1,240,775	1,331,100
Receivables, net	<u>128,942</u>	<u>35,353</u>
	<u>2,353,861</u>	<u>2,012,784</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

CHRISTIAN RECORD SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10. RISKS AND UNCERTAINTIES

The extent of the impact of the ongoing COVID-19 pandemic on the Organization's operational and financial performance will depend on certain factors, including the duration and spread of the outbreak, the impact on Organization's grantors and donors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

NOTE 11. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 2, 2021, the date the financial statements were available to be issued.