

2017

FINANCIAL STATEMENT

“Now on the fourth day was the silver and the gold and the vessels weighed in the house of our God . . . by number and by weight of every one: and all the weight was written at that time.” —Ezra 8:33a, 34

FINANCIAL ACCOUNTABILITY

To be stewards of what belongs to God is a privilege and a great responsibility. As we think about the money and other items you donated in 2017, we are humbled to be entrusted with these gifts. We commit ourselves to openness and accountability as we use sound Biblical standards to administer your gifts.

A few of the steps taken to ensure accountability are:

Open books

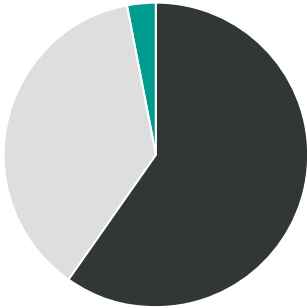
Our Financial Statement is prepared in accordance with Generally Accepted Accounting Principles and we willingly share it with anyone interested. The Financial Statement is included in this Annual Report which is mailed to our active mailing list. It is also available upon request or can be downloaded from our website. The public is welcome to call with any questions they may have about the financial statement and/or how our finances are handled.

Audited financial statement

An independent auditor is hired by our Board of Directors. Our independent audit was done by the accounting firm Payne, White & Schmutz, CPA, PA. The audit is done according to Auditing Standards generally accepted in the United States of America.

REVENUE AND SUPPORT

- 59.83% DONATED ITEMS (GIFTS-IN-KIND)
- 37.34% CASH CONTRIBUTIONS
- 2.83% OTHER



2017 FINANCIAL STATEMENT

CAM's audited financial statements are on the following pages. All contributions to CAM are used 100 percent as specified. In 2017, general administration and fundraising expenses were 2.65 percent of the total income (total income includes cash contributions and wholesale value of donated items). Following is an explanation of how CAM allocates expenses:

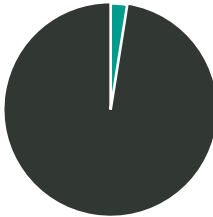
Allocation of expenses

- a. Costs allocated to programs include all related costs, such as product, preparation, shipping, distribution, and program administration costs.*
- b. General administration (non-aid) and fundraising expenses come from undesignated funds or those designated for "Where Needed Most."
- c. When the expenses of a program exceed the contributions specified for that program, the balance comes from "Where Needed Most."

**Program administration costs include field staff and related USA staff expenses.*

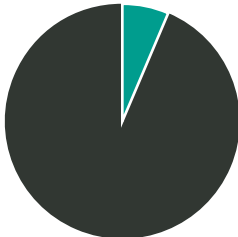
ADMINISTRATIVE EXPENSES AS A PERCENT OF INCOME (INCOME WITH CASH CONTRIBUTIONS AND GIFTS-IN-KIND)

2.65% GENERAL ADMINISTRATION AND FUNDRAISING EXPENSES



ADMINISTRATIVE EXPENSES AS A PERCENT OF INCOME (INCOME WITH CASH CONTRIBUTIONS ONLY)

6.90% GENERAL ADMINISTRATION AND FUNDRAISING EXPENSES



Independent Auditor's Report

The Board of Directors
Christian Aid Ministries
Berlin, Ohio

We have audited the accompanying consolidated financial statements of Christian Aid Ministries, which comprise the consolidated statement of financial position as of December 31, 2017, 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 Consolidated 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Christian Aid Ministries as of December 31, 2017, and 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.

Report on Summarized Comparative Information

We have previously audited Christian Aid Ministries' December 31, 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Payne, White & Schmutz, CPA, PA

Payne, White & Schmutz, CPA, PA

March 21, 2018

CHRISTIAN AID MINISTRIES, CONSOLIDATED STATEMENT OF FINANCIAL POSITION · December 31, 2017, with Comparative Information as of December 31, 2016

	2017	2016		2017	2016
Assets:			Liabilities:		
Cash and Cash Equivalents	\$11,397,150	\$10,024,857	Accounts Payable	\$1,222,914	\$1,159,449
Pledges Receivable	2,642,920	4,213,642	Accrued Expenses	342,662	353,587
Inventory:			Planned Giving Program Obligations	595,799	729,189
GIK Items	23,986,055	21,391,649	Notes Payable	101,000	101,000
Purchased Items	3,117,500	3,161,061	Total Liabilities	<u>2,262,375</u>	<u>2,343,225</u>
Investments in Certificates of Deposit	12,373,231	7,358,448	Net Assets:		
Investments Related to			Unrestricted:		
Planned Giving Program	766,162	1,020,255	Designated for Annuity Reserve	88,806	351,686
Notes Receivable	115,106	117,376	Available for Operations	52,824,963	48,058,950
Other Assets	494,282	402,131	Total Unrestricted Net Assets	<u>52,913,769</u>	<u>48,410,636</u>
Future Interest in Real Estate	243,000	243,000	Temporarily Restricted	14,496,989	11,088,991
Property and Equipment - USA	13,288,889	12,622,309	Total Net Assets	<u>67,410,758</u>	<u>59,499,627</u>
Property and Equipment - Foreign	11,439,245	10,899,970	Total Liabilities and Net Assets	<u>\$69,673,133</u>	<u>\$61,842,852</u>
Accumulated Depreciation	(10,190,407)	(9,611,846)			
Total Assets	<u>\$69,673,133 T</u>	<u>\$61,842,852</u>			

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and Support:				
Contributions	\$8,588,554	\$41,327,574	\$49,916,128	\$41,919,150
Donated Items (Gifts-in-Kind)	79,993,403	-	79,993,403	76,971,836
Contributed Services	2,418,452	-	2,418,452	1,506,710
TGS Sales, net of Discounts and Cost of Goods Sold	1,052,446	-	1,052,446	952,412
Change in Value of Annuities and Trusts	158,570	69,749	228,319	19,859
Investment Income	89,831	-	89,831	141,300
Other Income	76,199	-	76,199	55,203
Foreign Exchange Gain/(Loss)	3,110	-	3,110	(706)
Gain on Sale of Assets	(80,632)	-	(80,632)	12,449
Total Revenue and Support	92,299,933	41,397,323	133,697,256	121,578,213
Reclassifications:				
Satisfaction of Program Restrictions	37,989,325	(37,989,325)	-	-
Total Reclassifications	37,989,325	(37,989,325)	-	-
Expenses for Aid Programs: (Amounts Include Cash and GIK Values):				
International Programs:				
Gifts-that-Grow/Medicines-for-Multitudes	66,098,020	-	66,098,020	57,775,340
Clothing Bundle Project (includes footwear, comforters and sewing centers)	11,004,340	-	11,004,340	10,279,779
International Crisis Projects:				
Middle East Crisis	3,656,912	-	3,656,912	3,840,658
Haiti Hurricane Project	2,098,809	-	2,098,809	677,227
Yemen Crisis	1,010,451	-	1,010,451	344,599
Other International Crisis Projects	643,782	-	643,782	2,371,668
Nepal Earthquake	437,147	-	437,147	527,756
Bibles-for-the-World	6,225,236	-	6,225,236	6,088,047
Sponsor-an-Orphan Program	3,407,855	-	3,407,855	3,168,436
Family Food Parcel Program (Romania, Moldova, Ukraine, Israel)	3,151,693	-	3,151,693	2,943,223
SALT Microfinance Solutions	1,865,587	-	1,865,587	2,700,829
Kits (School, Comforter, etc.)	1,690,929	-	1,690,929	1,304,910
Christian Family Magazine (Seed of Truth, Antorcha)	1,489,077	-	1,489,077	1,367,638
Support-A-Widow Program	1,242,349	-	1,242,349	1,097,508
Help-For-The-Elderly Program	1,025,574	-	1,025,574	987,496
International-Feed-A-Family Program	870,747	-	870,747	883,327
Family-Self-Support Program	685,465	-	685,465	778,721
Seed Project	649,326	-	649,326	619,002
Warm-A-Family Program	537,733	-	537,733	536,421
Save-A-Life Program	438,801	-	438,801	956,530
Biblical Discipleship Centers	435,382	-	435,382	282,022
Special Needs Fund	334,591	-	334,591	356,682
Christian Martyrs Fund	324,236	-	324,236	264,450
Other Aid	316,418	-	316,418	531,116
Hope-For-The-Handicapped Program	239,177	-	239,177	397,114
Israel-Middle East Ministries	208,533	-	208,533	193,161
Water-For-The-World Program	181,319	-	181,319	183,838
Support-an-Orphan Program (Romania, El Salvador)	134,391	-	134,391	139,297
Project Baby Moses	132,491	-	132,491	112,503
All Nations Bible Translation	105,000	-	105,000	95,906
Church Planting	98,071	-	98,071	257,132
International Sponsor-A-Student	52,643	-	52,643	53,000
Romania and Moldova:				
Jericho Road Ministries (Romania)	175,615	-	175,615	150,386
Milk-For-Many-Mouths	128,114	-	128,114	109,011
Haiti:				
Sponsor-A-Child School Program	2,073,281	-	2,073,281	1,952,136
Nicaragua:				
Family Food Parcel Program	730,419	-	730,419	682,282
USA Programs:				
Billboard Evangelism	3,976,943	-	3,976,943	3,388,017
Disaster Response Services/Rapid Response Services	3,318,759	-	3,318,759	2,123,779
Other Programs	75,387	-	75,387	72,431
Reaching Out to America Program	69,121	-	69,121	55,061
Conservative Anabaptist Service Program (CASP)	39,045	-	39,045	22,090
Total Expenses for Aid Programs	121,378,769	-	121,378,769	110,670,529
Excess (Deficit) of Revenue and Support Over Expenses for Aid Programs	8,910,489	3,407,998	12,318,487	10,907,684
Supporting and Other Activities (Non-aid):				
General and Administrative Expenses	2,129,786	-	2,129,786	2,002,773
Fund Raising Expenses	1,313,301	-	1,313,301	1,242,936
TGS Operating Expenses	964,269	-	964,269	846,055
Total Supporting Expenses	4,407,356	-	4,407,356	4,091,764
Change in Net Assets	4,503,133	3,407,998	7,911,131	6,815,920
Net Assets, Beginning of Year	48,410,636	11,088,991	59,499,627	52,683,707
Net Assets, End of Year	\$52,913,769	\$14,496,989	\$67,410,758	\$59,499,627

	2017				2016	
	Ministry Expenses	General and Administrative	Fund Raising	TGS Operating Expenses	Total	Total
Grants and Assistance	\$ 97,929,198	\$ -	\$ -	\$ -	\$ 97,929,198	\$ 91,334,294
Wages	5,834,266	1,046,756	458,713	387,267	7,727,002	7,006,559
Direct Project Costs	6,128,925	-	-	-	6,128,925	4,705,962
Travel	2,386,969	45,449	54,986	5,457	2,492,861	2,058,911
Supplies	1,397,418	120,908	407,247	13,304	1,938,877	1,745,394
Contributed Services	2,346,137	4,645	17,515	-	2,368,297	1,405,532
Shipping	1,339,948	-	-	-	1,339,948	1,190,678
Depreciation	1,113,397	166,887	-	40,067	1,320,351	1,205,706
Payroll Taxes	831,049	84,059	35,694	36,213	987,015	671,188
Postage and Freight	196,264	66,298	238,318	60,127	561,007	543,953
Occupancy	381,830	64,531	446	18,316	465,123	460,507
Customs Fees	403,613	-	-	43,954	447,567	429,826
Other Services	328,713	13,510	75,025	212,297	629,545	626,535
Information Technology	75,972	97,237	5,217	3,873	182,299	319,913
Telephone	159,832	65,176	1,449	396	226,853	213,961
Professional Fees	90,106	219,509	667	12,532	322,814	202,152
Miscellaneous	64,596	76,921	3,184	3,752	148,453	122,110
Employee Benefits	125,825	8,479	-	-	134,304	67,105
Insurance	23,045	1,913	-	4,231	29,189	67,154
Equipment Maintenance	63,679	24,065	231	-	87,975	60,666
Meeting Expenses	57,481	7,138	1,130	-	65,749	58,180
Bank and Merchant Fees	41,414	9,465	-	18,704	69,583	71,603
Other Taxes	43,880	4,324	47	21,746	69,997	74,483
Equipment Rental	9,924	2,305	1,004	-	13,233	19,598
Other Fees	365	211	6,602	66,721	73,899	81,612
Advertising	4,923	-	5,826	15,312	26,061	18,711
Total Expenses	\$121,378,769	\$2,129,786	\$1,313,301	\$964,269	\$125,786,125	\$114,762,293

CHRISTIAN AID MINISTRIES, CONSOLIDATED Statement of Cash Flows · For the Year Ended December 31, 2017, with Comparative Information for the Year Ended December 31, 2016

	2017	2016		2017	2016
Cash Flows from Operating Activities:			Cash Flows from Investing Activities:		
Change in Net Assets	\$7,911,131	\$6,815,920	Purchase of Property and Equipment	(2,030,261)	(4,353,954)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:			Proceeds from Sale of Capital Assets	160,395	149,723
Depreciation	1,320,351	1,165,887	Note Receivable Proceeds Disbursed	(1,389)	-
Donated Property and Services Capitalized	(159,153)	(179,689)	Payments Received on Notes Receivable	3,658	4,681
(Gain)/Loss on Sale of Assets	80,632	(12,449)	(Increase)/Decrease in Planned Giving Programs Assets	388,741	56,503
Realized (Gain)/Loss on Investments	(67,671)	(9,494)	Net (Purchases)/Maturities of Certificates of Deposit	(5,059,925)	555,350
Unrealized (Gain)/Loss on Investments	(21,089)	(81,170)	Net Cash Provided (Used) by Investing Activities	(6,538,781)	(3,587,697)
Change in Value of Life Estate	27,571	(10,607)	Cash Flows from Financing Activities:		
Adjustment of Planned Giving Obligations	(96,252)	44,099	Proceeds from Planned Giving Program Contracts	-	13,739
(Increase)/Decrease in Pledges Receivable	1,570,722	(3,157,276)	Payments of Planned Giving Program Obligations	(64,709)	(71,560)
(Increase)/Decrease in Inventory	(2,550,845)	(3,523,277)	Net Cash Provided (Used) by Financing Activities	(64,709)	(57,821)
(Increase)/Decrease in Other Assets	(92,151)	714,666	Net Increase (Decrease) in Cash and Cash Equivalents	1,372,293	(1,318,031)
Increase/(Decrease) in Accounts Payable	63,462	445,097	Cash and Cash Equivalents, Beginning of Year	10,024,857	11,342,888
Increase/(Decrease) in Accrued Expenses	(10,925)	115,780	Cash and Cash Equivalents, End of Year	\$11,397,150	\$10,024,857
Net Cash Provided (Used) by Operating Activities	7,975,783	2,327,487			

CHRISTIAN AID MINISTRIES, Notes to Consolidated Financial Statements · For the Year Ended December 31, 2017, with Comparative Information for the Year Ended December 31, 2016

Note 1 - Summary of Significant Accounting Policies:
General

Christian Aid Ministries (CAM) is incorporated as a nonprofit organization under the laws of Ohio. Its purpose is to provide a reliable and efficient channel through which the church can minister to physical and spiritual needs around the world.

Basis of Accounting and Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America (GAAP) pertaining to Financial Statements of Nonprofit Organizations. Under Financial Statements of Nonprofit Organizations, CAM is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Principles of Consolidation

The consolidated financial statements include the accounts of CAM and its wholly owned for-profit subsidiary, TGS International, Inc. (TGS) is a United States based company that sells various products including inspirational books, food commodities, other relief supplies, and provides freight-forwarding services. It also operates a travel service. Intercompany transactions and account balances have been eliminated.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and savings accounts and include investments in highly liquid debt instruments with an original maturity of three months or less at the time of purchase. It is CAM's policy not to treat cash deposits and money market funds held in its investment accounts as cash and cash equivalents.

Pledges Receivable

Unconditional promises to give donated goods (Gifts-in-Kind) that are expected to be received within one year are reported at fair value and according to CAM's valuation policy for medicines. At December 31, 2017 and 2016, CAM recognized \$2,642,920 and \$4,213,642, respectively.

Inventory

Inventories consist of food, medicines, other supplies, and Christian literature. Inventory is stated at the lower of cost or net realizable value for items purchased and at the lower of fair value as of the date of donation or net realizable value for items donated. Gifts-in-Kind medicines are valued at the lower of the Red Book wholesale acquisition cost (WAC) if listed, or 70% of the Red Book average wholesale price (AWP) if WAC is not available, or 70% of reliable online retail pricing if neither WAC nor AWP are available, or net realizable value. Gifts-in-Kind inventory totaled \$23,986,055 at the end of 2017 and \$21,391,649 at the end of 2016. CAM's Gifts-in-Kind inventory was distributed as follows in 2017 and 2016: \$3,063,929 (2017) and \$6,371,171 (2016) were located at U.S. warehouses; \$9,476,849 (2017) and \$8,430,763 (2016) were in-transit to foreign sites; and \$11,445,277 (2017) and \$6,589,715 (2016) were located at CAM's foreign operational sites.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value. All equity investments relate to planned giving programs and gifts of securities from the time of receipt until sold. It is CAM's policy to promptly liquidate donated securities. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the change in net assets.

Realized gains or losses on investments are determined by comparison of specific cost of acquisition to proceeds at the time of sale. Unrealized gains or losses are calculated by comparing cost to market values at the consolidated statement of financial position date.

Other Assets

Other assets include items such as accounts and interest receivable, prepaid expenses, advances, microfinance program loans, construction deposits, and other miscellaneous assets.

Notes Receivable

Notes receivable are carried at the unpaid principal balance. All of CAM's notes are interest free and are made to an affiliated organization or to foreign nationals who are connected with CAM's program activities. Management periodically evaluates the collectability of its outstanding notes. When management concludes that a note's repayment is unlikely, the note is charged off.

Property and Equipment

Property and equipment are carried at cost for items purchased and at fair value at the time of donation for donated items. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in income. Depreciation is based on the following policies:

<u>Description</u>	<u>Useful Life</u>	<u>Method</u>
Buildings and Improvements - USA	10-50 years	Straight line
Equipment - USA	5-15 years	Straight line
Vehicles - USA	5-7 years	Straight line
Buildings and Improvements - Foreign	10-40 years	Straight line
Vehicles and Equipment - Foreign	3-15 years	Straight line

Equipment is capitalized when its cost or donated value equals or exceeds \$5,000 per unit item. Licensed vehicles are capitalized regardless of cost.

Fair Value Measurements

Fair value is defined under GAAP as an exit price, representing 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. CAM uses market information or assumptions that participants would use in pricing the asset or liability. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market information exists, therefore requiring an entity to develop its own assumptions.

Planned Giving Program

CAM has established a charitable gift annuity plan whereby donors may contribute assets in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as unrestricted contribution income at the date of the gift unless the gift portion is restricted. Upon the death of the annuitant (or last joint annuitant) income distributions cease.

Planned Giving Program (continued)

As trustee, CAM administers irrevocable trusts, such as charitable remainder unitrusts and charitable remainder annuity trusts. These trusts provide for payment of distributions to the grantor or other designated beneficiaries. When the income beneficiaries' interests are terminated (upon their death or at the end of a term of years), the trusts provide for the distribution of assets to designated charitable organizations or remaindermen. The portion of the trusts attributable to the legally vested remainder interest of CAM is recorded in the consolidated statement of activities as temporarily restricted contributions in the year received. Some trusts may contain provisions allowing the donors to designate remaindermen other than CAM as beneficiaries. Trust liabilities include the present value of the income interest payable to the trust income beneficiaries and any remainder interest not legally vested in CAM.

CAM records planned gift assets at their fair value. Liabilities are recorded at the present value of projected payments, using a 6% or other applicable discount rate, mortality tables, and other actuarial assumptions. Annuity and trust liabilities are revalued annually. Changes in value of annuities and trusts are recorded in the consolidated statement of activities.

Net Assets

The consolidated financial statements report amounts separately by class of net assets:

- Unrestricted net assets are those available at the discretion of the board for use in CAM's ministries, and those resources invested in land, buildings and equipment.
- Temporarily restricted net assets are those restricted by donors for specific operating purposes or for use in a future reporting period.
- Permanently restricted net assets are those restricted by donors in perpetuity as endowments or irrevocable trusts.

Unrestricted and Restricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support or revenue is recognized as it is received or as it is earned. CAM has no permanently restricted net assets.

Future Interest in Real Estate

The future interest in real estate is recorded at fair value on the date of contribution. The donor and donor's spouse are responsible for utilities, property taxes, liability insurance, and maintenance costs to keep the property in good condition. CAM is responsible for property insurance.

Donated Items (Gifts-in-Kind)

Support arising from donated items has been recognized in the accompanying consolidated financial statements. The value of the donated items is based on fair value at the time the items are received. Gifts-in-Kind medicines are valued at the Red Book wholesale acquisition cost (WAC) if listed, or 70% of the Red Book average wholesale price (AWP) if WAC is not available, or 70% of reliable online retail pricing if neither WAC nor AWP are available.

Contributed Services

A substantial number of volunteers have provided various skilled services that enable CAM to carry out its program activities. Services are determined based on hours of service donated at the average fair value of comparable services and are reported both as revenue and expense in the period performed. If contributed services are part of a capital project, the value of those services is capitalized. The value of contributed services recorded by CAM totaled \$2,418,452 in 2017 and \$1,506,710 in 2016. \$48,296 (2017) and \$101,177 (2016) were attributed to capital projects. Non-skilled volunteer labor is not included except for capital asset projects.

Allocation of Expenses

CAM uses the following policy in allocating its expenses:

- Costs allocated to programs include all related costs, such as product, preparation, shipping, distribution, and program administration costs.
- General administration (non-aid) and fund raising expenses come from undesignated funds or those designated for "Where Needed Most."
- When the expenses of a program exceed the contributions specified for that program, the balance comes from "Where Needed Most."

Income Taxes

CAM is tax-exempt under Section 501(c) (3) of the Internal Revenue Code. TGS is not tax exempt. Current income tax expense for TGS totaled \$19,504 and \$18,506 for 2017 and 2016, respectively.

CAM has adopted accounting principles related to accounting for uncertainty in income taxes. CAM's policy is to record a liability for any tax position taken that is beneficial to CAM, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Penalties and interest related to underpayment of income taxes are not recorded as income taxes but as penalties and interest expense. Management has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2017 and 2016. Years ending on or after December 31, 2014, remain subject to examination by federal and state authorities.

Comparative Data

The consolidated financial statements include certain summarized prior year comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with CAM's financial statements for the year ended December 31, 2016, from which the summarized information is derived.

Reclassifications

Certain reclassifications have been made to the 2016 amounts to conform to the 2017 financial statement presentation.

Foreign Currency Translation and Transactions

The functional currency of CAM is the U.S. dollar. The financial statements and transactions of CAM's foreign operations are generally maintained in the relevant local currency. Where local currencies are used, assets and liabilities are remeasured at the consolidated statement of financial position date at the exchange rate in effect at year-end. Income transactions that occur in foreign currencies are translated using the exchange rate on the date of the transaction. Expense transactions that occur in foreign currencies are translated using the exchange rate on the date that USD funds are exchanged to foreign denominations in order to pay expenses. This exchange rate is deemed to approximate the exchange rate on the date of the transactions. Gains and losses from foreign currency translation are included in the current year change in net assets.

Subsequent Events Evaluation

Management has evaluated subsequent events through March 21, 2018, which is the date the financial statements were available to be issued.

New Accounting Standard Not Yet Adopted

Recently, the Financial Accounting Standards Board (FASB) issued a new reporting standard that is applicable to all non-profit organizations. It becomes effective in 2018. This new reporting standard will reduce the classification of net assets from the current three classes to two classes. Next year, CAM will report its net assets as either net assets with donor restrictions or as net assets without donor restrictions. The standard requires increased disclosures regarding an organization's qualitative and quantitative information regarding how it manages its cash liquidity. The standard will also require an organization to describe the methods it uses to allocate costs among program and support functions. There are other provisions in the new reporting standard, but those provisions are expected to have little impact on CAM's financial statements.

Note 2 – Cash Management Program:

CAM has established a cash management program with a local bank. Deposits are transferred to and from a sweep account daily. The sweep account involves repurchase agreements. The repurchase agreements are backed by government securities and are held by another financial institution. The bank reserves the right to substitute the collateral prior to the repurchase date upon notice to CAM. Deposits in its sweep accounts totaled \$2,630,000 in 2017 and \$2,430,000 in 2016. Deposits not covered by depository insurance totaled \$1,128,126 at the end of 2017 and \$710,151 at the end of 2016. Management believes that any credit risk related to these deposits is minimal.

Note 3 – Notes Receivable:

CAM's notes receivable are as follows:

	2017	2016
Notes receivable: Interest free notes to two individuals in foreign countries with monthly payments of \$29. The notes mature in December 2019.	\$ 1,330	\$ -
Notes receivable: Interest free note to individual in Romania with monthly payments of \$150. The note is due on demand, and is uncollateralized.	6,176	6,176
Notes receivable: Interest free note to individual in Romania with monthly payments of \$350. The note matures December 2018, and is collateralized.	7,600	11,200
Notes receivable: Interest free note to an affiliated organization. The note is due on demand.	100,000	100,000
Total	\$115,106	\$117,376

Note 4 – Investments:

Investments consist of the following:

	2017	2016
Available for Ministry Purposes:		
Certificates of Deposit	\$ 12,373,231	\$ 7,358,448
Planned Giving Program:		
Charitable Gift Annuities:		
Money Market Funds	16,366	31,720
Bond Funds	66,618	167,233
Equity Funds	110,131	286,943
Total Charitable Gift Annuities	193,115	485,896
Trusts:		
Money Market Funds	350,081	29,143
Bond Funds	82,859	151,411
Equity Funds	140,107	353,805
Total Trusts	573,047	534,359
Total Planned Giving Program	766,162	1,020,255
Total Investments	\$ 13,139,393	\$ 8,378,703

Investment income consists of the following:

	2017	2016
Interest and Dividends	\$ 135,719	\$ 108,858
Realized Gains/(Losses)	(745)	(141)
Unrealized Gains/(Losses)	(45,143)	32,583
Total Investment Income	\$ 89,831	\$ 141,300

Note 5 - Planned Giving Program:

The assets and liabilities of the planned giving program are as follows:

	2017	2016
Assets:		
Charitable Gift Annuities	\$ 193,115	\$ 485,896
Trusts	573,047	534,359
Future Interest in Real Estate	243,000	243,000
Total	\$ 1,009,162	\$ 1,263,255
Liabilities:		
Charitable Gift Annuities	\$ 102,650	\$ 232,550
Trusts	222,124	297,469
Life Estate Liability	136,598	109,027
Other Remaindermen	134,427	90,143
Total	\$ 595,799	\$ 729,189

CAM received no contribution revenue in 2017 from charitable gift annuities and \$16,261 of contribution revenue in 2016. The change in value of annuities and trusts presented on the consolidated statement of activities consists of:

	2017	2016
Interest and Dividends	\$ 10,268	\$ 18,165
Realized Gains/(Losses)	68,416	9,635
Unrealized Gains/(Losses)	66,233	48,588
Actuarial Adjustments	160,959	27,461
Administrative Fees	(12,848)	(12,431)
Payments to Income Beneficiaries	(64,709)	(71,559)
Total	\$ 228,319	\$ 19,859

Note 6 – Fair Value Measurements:

Prices for investments such as stocks which are readily available in the active markets in which those securities are traded, and open-ended mutual funds that produce a daily net asset value that is validated with a sufficient level of observable activity, are categorized as Level 1. The net asset value of open-ended mutual funds represents the exit value of the security at the measurement date. As money market mutual funds are normally priced at the amortized cost of the securities held in the fund, and not at market value, these securities are categorized as Level 2. Certificates of deposit which are publicly traded are categorized as Level 2, as these are valued based on other observable inputs rather than quoted prices on an active market. Level 3 items are based on assumptions developed by management. There were no changes during 2017 and 2016 to CAM's valuation techniques to measure asset and liability fair values on a recurring basis. The following tables sets forth by level within the fair value hierarchy CAM's assets accounted for at fair value on a recurring basis as of December 31, 2017 and 2016. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. CAM's assessment of the

significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

CAM measured the following at fair value on a recurring basis:

Description	Total 12/31/2017	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money Market Funds	\$ 366,447	\$ -	\$ 366,447	\$ -
Certificates of Deposit	11,182,178	-	11,182,178	-
Bond Funds	149,477	149,477	-	-
Equity Funds	250,238	250,238	-	-
Total	\$ 11,948,340	\$ 399,715	\$ 11,548,625	\$ -

Description	Total 12/31/2016	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money Market Funds	\$ 60,863	\$ -	\$ 60,863	\$ -
Certificates of Deposit	5,835,449	-	5,835,449	-
Bond Funds	318,644	318,644	-	-
Equity Funds	640,748	640,748	-	-
Total	\$ 6,855,704	\$ 959,392	\$ 5,896,312	\$ -

Cash and cash equivalents, money market deposit accounts, and certificates of deposit carried at cost are not defined within the levels as prescribed in ASC 820, *Fair Value Measurements and Disclosures*. At December 31, \$12,588,203 (2017) and \$11,547,856 (2016) of cash and cash equivalents, money market account deposits, and certificates of deposit carried at cost are not included in the above tables.

The determination of fair value above incorporates various factors. These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of CAM's nonperformance risk on its liabilities.

Note 7 - Property and Equipment:

Property and equipment consist of the following:

Description	2017	2016
United States:		
Land	\$ 915,850	\$ 915,850
Buildings and Improvements	7,513,206	5,485,845
Vehicles and Equipment	4,207,202	3,705,515
Assets not Placed in Service	635,358	515,403
Construction in Progress	17,273	1,999,696
Total United States	13,288,889	12,622,309
Foreign:		
Land	434,031	356,979
Buildings and Improvements	6,206,463	5,817,891
Vehicles and Equipment	4,646,335	4,454,936
Assets not Placed in Service	21,185	177,302
Construction in Progress	131,231	92,862
Total Foreign	11,439,245	10,899,970
Total Property and Equipment	24,728,134	23,522,279
Less Accumulated Depreciation	(10,190,407)	(9,611,846)
Property and Equipment, net	\$ 14,537,727	\$ 13,910,433

Note 8 - Notes Payable:

CAM's notes payable are as follows:

	2017	2016
Notes payable to individual. All notes are due on demand and are interest free. The notes are not collateralized.	\$ 101,000	\$ 101,000

Since the above notes are due on demand, CAM is liable for their repayment upon notification by the lender.

Note 9 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes as of December 31:

Purpose	2017	2016
Disaster Response Services/Rapid Response Services	\$ 4,120,768	\$ 737,893
International Crisis Projects	4,077,828	5,007,900
SALT Microfinance Solutions	1,878,117	2,182,655
Clothing Bundle Project	872,317	171,626
Warm-A-Family	483,321	443,566
Seed Project	369,983	-
CAM-West Building Fund	309,037	240,038
Help-For-The-Elderly	277,141	-
Project Baby Moses	232,847	263,247
Sponsor-An-Orphan	228,800	454,293
Christian Martyrs Fund	201,044	271,689
Haiti-Sponsor-A-Child	164,137	68,803
Adopt-A-Family	159,467	302,874
Family-Self-Support	131,462	34,910
Gifts & Projects Catalog	121,382	91,961
Water-For-The-World	117,840	-
All-Nations Bible Translators	104,779	107,719
Strong Tower Orphanage	77,526	63,832
Other Romanian Programs	43,146	25,235
USA Food Box	38,992	39,116
International Sponsor-A-Student	36,570	4,422
Adopt-A-Family Nicaragua	34,679	-
Milk-for-Many-Mouths	28,841	28,303
Kits	17,737	445
Native Missions Endeavor	16,025	18,095
Grow-A-Tree	15,956	1,639
Conservative Anabaptist Service Program	13,670	44,882
Soap for Relief	679	-
House for a Poor Family	-	82,189
Hope-For-The-Handicapped	-	64,616
Special Needs Fund	-	26,787
International-Feed-A-Family Program	-	22,240
Support-A-Widow	-	7,296
Program Restrictions	14,174,091	10,808,271
Time Restrictions - Remainder Trusts and Life Estates	322,898	280,720
Total Temporarily Restricted Net Assets	\$ 14,496,989	\$ 11,088,991

Note 10 - Related Party Transactions:

In November 2005, Christian Aid Ministries entered into a joint ministries agreement with Christian Aid Ministries of Waterloo (CAMW), a Canadian nonprofit organization. The agreement sets forth terms by which both organizations can pool their resources to accomplish specified program objectives. These programs are conducted through the operations of CAM. The Canadian organization also operates a clothing center, with the shipments going to CAM's overseas operations. CAM received contributions of \$1,500,365 in 2017 and \$1,568,238 in 2016 from CAMW. In 2012, CAM loaned CAMW \$200,000 for a capital construction project. CAMW repaid \$100,000 of this amount in 2015. The remaining \$100,000 is due on demand.

Christian Aid Ministries and Christian Aid Ministries Foundation (CAMF) are related organizations. Both organizations have the same governing board of directors. CAMF contributed \$620,234 in 2017 and \$690,353 in 2016 to CAM.

Note 11 - Employee Benefit Plan:

CAM provides a Section 403(b) Plan. Each employee is eligible to participate on the first date of employment. CAM does not provide matching contributions.

Note 12 - Donor Concentrations:

CAM received \$45,951,408 of donated items from one donor in 2017 and \$38,131,241 of donated items from two donors in 2016. These donated amounts accounted for 34.37% and 31.36% of CAM's total revenue for 2017 and 2016, respectively.

Note 13 - Schedule of TGS Sales:

TGS's gross sales net of sales discounts and cost of goods sold were as follows:

	2017	2016
Sales Revenue	\$ 4,511,360	\$ 4,209,566
Less Sales Discounts	(879,752)	(893,376)
Less Cost of Goods Sold	(2,579,162)	(2,363,778)
TGS Sales, net	\$ 1,052,446	\$ 952,412

Note 14 - Billboard Leases:

One of CAM's programs involves billboard leasing. Lease terms are generally less than twelve months in length. Monthly lease payments ranged from \$200 to \$30,000 in 2017 and ranged from \$200 to \$19,000 in 2016. These leases entitle CAM to place a gospel message at a single location or at multiple locations. At December 31, CAM had 400 (2017) and 280 (2016) billboard leases. Lease payments approximated \$2,969,517 in 2017 and \$2,651,724 in 2016.