



**CHRISTIAN FAMILY SERVICES, INC.**

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FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

For the Years Ended  
December 31, 2020 and 2019



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**CHRISTIAN FAMILY SERVICES, INC.**  
**TABLE OF CONTENTS**

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	<u>Page(s)</u>
<b>INDEPENDENT AUDITOR'S REPORT.....</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position.....	3-4
Statements of Activities.....	5-6
Statements of Functional Expenses.....	7-8
Statements of Cash Flows.....	9-10
Notes to Financial Statements.....	11-22
<b>INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION.....</b>	<b>23</b>
<b>SUPPLEMENTARY INFORMATION</b>	
Schedules of Revenues and Support.....	24-27

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Christian Family Services, Inc.

We have audited the accompanying financial statements of Christian Family Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor's 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 Family Services, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter Regarding a Change in Accounting Principle

As discussed in Note 2 to the financial statements, Christian Family Services, Inc. adopted new accounting guidance, Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers Made* as of January 1, 2020. The adoption of this ASU did not result in a change to the accounting for Christian Family Services, Inc.'s revenue. Our opinion is not modified with respect to this matter.

*Sikich LLP*

St. Louis, Missouri  
July 12, 2021

## **FINANCIAL STATEMENTS**

**CHRISTIAN FAMILY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2020 and 2019

<b>ASSETS</b>		
	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 303,406	\$ 135,896
Investments	20,244	85,463
Accounts receivable, net	26,805	26,541
Pledges receivable, net	11,655	22,839
Prepaid expenses	6,820	7,165
Total Current Assets	368,930	277,904
<b>INVESTMENTS</b>	524,360	406,620
<b>PROPERTY AND EQUIPMENT</b>		
Building and improvements	267,884	267,884
Land	75,000	75,000
Equipment	27,895	27,895
Total Property and Equipment	370,779	370,779
Less: accumulated depreciation	126,900	117,753
Net Property and Equipment	243,879	253,026
<b>TOTAL ASSETS</b>	<b>\$ 1,137,169</b>	<b>\$ 937,550</b>

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

**CHRISTIAN FAMILY SERVICES, INC.**  
STATEMENTS OF FINANCIAL POSITION (Continued)  
December 31, 2020 and 2019

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**LIABILITIES AND NET ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,186	\$ 2,770
Refundable grant advance	19,592	14,599
Accrued payroll and sick pay	<u>40,191</u>	<u>41,949</u>
Total Liabilities, All Current	<u>60,969</u>	<u>59,318</u>
<b>NET ASSETS</b>		
Without donor restriction	964,646	776,058
With donor restriction	<u>111,554</u>	<u>102,174</u>
Total Net Assets	<u>1,076,200</u>	<u>878,232</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 1,137,169</u></u>	 <u><u>\$ 937,550</u></u>

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

**CHRISTIAN FAMILY SERVICES, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the Year Ended December 31, 2020

	<b>2020</b>		
	<b>WITHOUT DONOR RESTRICTION</b>	<b>WITH DONOR RESTRICTION</b>	<b>TOTAL</b>
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 454,194	\$ 30,116	\$ 484,310
Service fees	253,365	-	253,365
Program grant income	-	163,607	163,607
Special events	75,125	-	75,125
Less: costs of direct benefits to donors	(9,005)	-	(9,005)
Investment return, net	9,590	820	10,410
Net assets released from restrictions	185,163	(185,163)	-
 Total Revenues and Support	 <u>968,432</u>	 <u>9,380</u>	 <u>977,812</u>
<b>EXPENSES</b>			
Program Services:			
Adoption	95,486	-	95,486
Foster Care	110,957	-	110,957
Maternity	98,708	-	98,708
Family Life	390,287	-	390,287
 Total Program Services	 <u>695,438</u>	 <u>-</u>	 <u>695,438</u>
General and administrative	47,405	-	47,405
Fundraising	37,001	-	37,001
 Total Expenses	 <u>779,844</u>	 <u>-</u>	 <u>779,844</u>
 <b>CHANGE IN NET ASSETS</b>	 188,588	 9,380	 197,968
 NET ASSETS - BEGINNING OF YEAR	 <u>776,058</u>	 <u>102,174</u>	 <u>878,232</u>
 <b>NET ASSETS - END OF YEAR</b>	 <u>\$ 964,646</u>	 <u>\$ 111,554</u>	 <u>\$ 1,076,200</u>

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



**CHRISTIAN FAMILY SERVICES, INC.**  
**STATEMENTS OF ACTIVITIES (Continued)**  
For the Year Ended December 31, 2019

	<b>2019</b>		
	<b>WITHOUT DONOR RESTRICTION</b>	<b>WITH DONOR RESTRICTION</b>	<b>TOTAL</b>
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 341,514	\$ 26,756	\$ 368,270
Service fees	256,542	-	256,542
Program grant income	-	56,837	56,837
Special events	123,744	-	123,744
Less: costs of direct benefits to donors	(31,337)	-	(31,337)
Investment return, net	50,147	5,310	55,457
Net assets released from restrictions	100,157	(100,157)	-
<b>Total Revenues and Support</b>	<b>840,767</b>	<b>(11,254)</b>	<b>829,513</b>
<b>EXPENSES</b>			
Program Services:			
Adoption	125,485	-	125,485
Foster Care	154,510	-	154,510
Maternity	103,250	-	103,250
Family Life	329,583	-	329,583
<b>Total Program Services</b>	<b>712,828</b>	<b>-</b>	<b>712,828</b>
General and administrative	54,439	-	54,439
Fundraising	37,037	-	37,037
<b>Total Expenses</b>	<b>804,304</b>	<b>-</b>	<b>804,304</b>
<b>CHANGE IN NET ASSETS</b>	<b>36,463</b>	<b>(11,254)</b>	<b>25,209</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>739,595</b>	<b>113,428</b>	<b>853,023</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 776,058</b>	<b>\$ 102,174</b>	<b>\$ 878,232</b>

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

**CHRISTIAN FAMILY SERVICES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2020

	PROGRAM SERVICES				GENERAL & ADMIN	FUNDRAISING	TOTAL
	ADOPTION	FOSTER CARE	MATERNITY	FAMILY LIFE			
Salaries and wages	\$ 69,935	\$ 65,703	\$ 68,892	\$ 286,076	\$ 15,644	\$ 26,616	\$ 532,866
Retirement plan contributions	1,597	1,499	1,572	6,528	357	607	12,160
Other employee benefits	8,709	8,182	8,579	35,623	1,947	3,314	66,354
Payroll taxes	5,103	4,795	5,027	20,876	1,142	1,942	38,885
Professional fees	30	-	-	-	14,812	-	14,842
Office expenses	3,304	3,104	3,255	13,517	739	1,258	25,177
Occupancy	3,558	4,031	2,608	9,959	2,371	1,186	23,713
Insurance	574	575	575	1,725	2,773	1,387	7,609
Depreciation	1,372	1,555	1,006	3,842	915	457	9,147
Outreach	616	579	607	2,519	138	234	4,693
Bad debt expense	-	-	-	2,356	-	-	2,356
Advertising	-	-	-	-	6,567	-	6,567
Training	103	250	841	39	-	-	1,233
Travel	548	2,574	2,956	600	-	-	6,678
Room and board fees	-	8,985	-	-	-	-	8,985
Childcare services	-	7,345	-	-	-	-	7,345
Clothing and medical supplies	-	976	-	-	-	-	976
Birth mother fees	-	-	2,451	-	-	-	2,451
Miscellaneous	37	804	339	6,627	-	-	7,807
Total expenses included in expenses section on statement of activities	<u>\$ 95,486</u>	<u>\$ 110,957</u>	<u>\$ 98,708</u>	<u>\$ 390,287</u>	<u>\$ 47,405</u>	<u>\$ 37,001</u>	<u>\$ 779,844</u>
Costs of direct benefits to donors - dinner and entertainment							<u>9,005</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>							<u><u>\$ 788,849</u></u>

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

**CHRISTIAN FAMILY SERVICES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES (Continued)**  
For the Year Ended December 31, 2019

	PROGRAM SERVICES				GENERAL & ADMIN	FUNDRAISING	TOTAL
	ADOPTION	FOSTER CARE	MATERNITY	FAMILY LIFE			
Salaries and wages	\$ 87,887	\$ 86,510	\$ 63,528	\$ 235,984	\$ 15,019	\$ 26,315	\$ 515,243
Retirement plan contributions	2,188	2,155	1,583	5,879	374	656	12,835
Other employee benefits	10,669	10,502	7,712	28,646	1,823	3,194	62,546
Payroll taxes	6,333	6,235	4,579	17,008	1,082	1,897	37,134
Professional fees	3,515	-	-	-	14,057	-	17,572
Office expenses	4,203	4,137	3,038	11,285	718	1,258	24,639
Occupancy	3,590	4,068	2,633	10,051	2,393	1,197	23,932
Insurance	590	589	589	1,765	2,853	1,427	7,813
Depreciation	1,488	1,686	1,091	4,166	992	496	9,919
Outreach	1,994	1,962	1,441	5,351	341	597	11,686
Bad debt expense	-	-	-	3,530	-	-	3,530
Advertising	-	-	-	-	14,787	-	14,787
Training	19	440	710	-	-	-	1,169
Travel	2,809	5,529	8,011	3,873	-	-	20,222
Room and board fees	-	14,910	-	-	-	-	14,910
Childcare services	-	10,833	-	-	-	-	10,833
Clothing and medical supplies	-	2,552	-	-	-	-	2,552
Birth mother fees	-	-	7,269	-	-	-	7,269
Miscellaneous	200	2,402	1,066	2,045	-	-	5,713
Total expenses included in expenses section on statement of activities	<u>\$ 125,485</u>	<u>\$ 154,510</u>	<u>\$ 103,250</u>	<u>\$ 329,583</u>	<u>\$ 54,439</u>	<u>\$ 37,037</u>	<u>\$ 804,304</u>
Costs of direct benefits to donors - dinner and entertainment							<u>31,337</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>							<u><u>\$ 835,641</u></u>

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

**CHRISTIAN FAMILY SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and outside agencies	\$ 255,738	\$ 206,939
Cash paid to suppliers and employees	(783,357)	(829,799)
Contributions received	695,500	512,975
Investment income received	7,792	16,198
	<u>175,673</u>	<u>(93,687)</u>
Net Cash Provided by (Used in) Operating Activities		
	<u>175,673</u>	<u>(93,687)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(14,020)
Proceeds from sale of investments	505,189	79,167
Purchase of investments	(513,352)	(194,774)
	<u>(8,163)</u>	<u>(129,627)</u>
Net Cash Used in Investing Activities		
	<u>(8,163)</u>	<u>(129,627)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	167,510	(223,314)
<b>CASH AND CASH EQUIVALENTS</b>		
- BEGINNING OF YEAR	<u>135,896</u>	<u>359,210</u>
<b>CASH AND CASH EQUIVALENTS</b>		
- END OF YEAR	<u>\$ 303,406</u>	<u>\$ 135,896</u>

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

**CHRISTIAN FAMILY SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS (Continued)**  
For the Years Ended December 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 197,968	\$ 25,209
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Contribution of investments	(38,726)	(29,802)
Depreciation	9,147	9,919
Bad debt expense	2,356	3,530
Net realized and unrealized gain on investments	(5,632)	(43,514)
Increase in accounts receivable	(2,620)	(14,456)
(Increase) decrease in pledges receivable	11,184	(6,074)
(Increase) decrease in prepaid expenses	345	(2,848)
Decrease in accounts payable	(1,584)	(1,093)
Increase (decrease) in refundable grant advance	4,993	(35,147)
Increase (decrease) in accrued payroll and sick pay	(1,758)	589
Total Adjustments	(22,295)	(118,896)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 175,673</b>	<b>\$ (93,687)</b>

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

**CHRISTIAN FAMILY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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**1. ORGANIZATION AND NATURE OF ACTIVITIES**

Christian Family Services, Inc. (the Organization) is a church-related organization committed to providing social services through foster care and adoption placement, as well as counseling services for individuals and families. The Board of Directors is appointed by the Trustees who are Elders of the McKnight Crossings Church of Christ, a Missouri not-for-profit corporation. The Organization was formed in 1973 as a Missouri not-for-profit corporation. The following programs are included in the accompanying financial statements:

Adoption - to prepare adoptive families in all aspects of the adoption journey including family assessments and home studies.

Foster Care - to administer a voluntary program that cares for children in the homes of state licensed Christian foster families until the child's parents are capable of having the child returned to their home.

Maternity - to assist those experiencing an unplanned pregnancy and determining the best options through parenting or creating an adoption plan for their child.

Family Life - to counsel individuals and families experiencing problems with their marriages or parenting their children.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Organization's financial statements are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Accordingly, it utilizes the accrual method of accounting whereby revenues are recorded when earned and expenses are recorded when incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

- Net Assets without Donor Restriction - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Net Assets with Donor Restriction - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Contributions and Program Grant Income

Contributions are recorded as increases in net assets without donor restriction, or net assets with donor restriction, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

The Organization is the recipient of cost-reimbursement grants, which are conditioned upon the incurrence of allowable qualifying expenses. Program grant income is recorded when the Organization has incurred expenses in compliance with specific grant agreement provisions. Amounts collected in advance of incurred expenses are reflected as a refundable grant advance.

Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. There were no conditional promises to give as of December 31, 2020 and 2019.

Revenue Recognition

Revenue is recognized upon transfer of control of services to customers in an amount that reflects the consideration the Organization expects to receive in exchange for those services. Timing of revenue recognition may differ from the timing of invoicing to customers. In instances where the timing of revenue recognition differs from the timing of invoicing, the Organization has determined that these contracts generally do not include a significant financing component.

The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. Significant judgments also include the methodology for recognizing revenue over the appropriate period.

The Organization generally uses the time elapsed method, an input measure, to recognize revenue for performance obligations satisfied over time, as it best depicts the simultaneous consumption and delivery of program services. Generally, performance obligations satisfied over time relate to service fees.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Service Fees:* These are fees consisting of adoption, foster care and counseling. These fees are typically collected in advance, and revenue is recognized over time when sessions of the respective program occur. However, counseling may be billed after services are provided. In this situation, revenue would be recognized over the time service is provided, and a corresponding receivable is recorded.

*Special Events:* The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct costs of the benefits received by the participant at the event – the exchange component, and a portion represents a contribution to the Organization. The fair value of the benefits received by the participants at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The performance obligation is delivery of the special event and is satisfied upon commencement of the event. The event fee is set by the Organization.

The Organization's disaggregated revenue based on timing of revenue recognition for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Revenue recognized over time	\$ 253,365	\$ 256,542
Revenue recognized at a point in time	<u>75,125</u>	<u>123,744</u>
<b>TOTAL</b>	<b><u>\$ 328,490</u></b>	<b><u>\$ 380,286</u></b>

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: family size, geography, and type of program service (i.e. adoption, foster care, counseling).

The opening balances for contract assets (accounts receivable, net) from contracts with customers at the beginning of the year were \$15,615 at January 1, 2019 and \$26,541 at January 1, 2020. There were no contract liabilities at January 1, 2019 or 2020.

Tax Exempt Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could vary from estimates that were used.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

The Organization considers highly liquid investments with a maturity date of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents in financial institution accounts, which may, at various times during the year, exceed the federally insured limit of \$250,000 set by the Federal Deposit Insurance Corporation. As of December 31, 2020 and 2019, the Organization had cash balances in excess of the insured limit of approximately \$23,000 and \$-0-, respectively. The Organization has not experienced any losses in such accounts and management of the Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments are reported at fair value as of the date of the statement of financial position. Fair values have been determined using quoted market prices. Investment return includes realized and unrealized gains or losses and dividends less management fees.

Uncertainty

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which have resulted in significant volatility in the global supply chain and investment markets. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Accounts Receivable

Accounts receivable consist of amounts due for counseling and adoption services and are presented in the statements of financial position net of the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Organization's historical collection experience and management's assessment of individual accounts. The allowance for doubtful accounts was \$2,000 at both December 31, 2020 and 2019.

Pledges Receivable

Pledges receivable are expected to be collected within one year. Pledges receivable are presented in the statements of financial position net of an allowance for uncollectible pledges. The allowance for uncollectible pledges is estimated based on the Organization's historical collection experience. Pledges receivable are presented net of an allowance for uncollectible pledges of \$3,000 at both December 31, 2020 and 2019, respectively.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost at the date of acquisition. The Organization capitalizes all purchases that exceed \$5,000. Donated fixed assets are recorded at their estimated fair value on the date received. When depreciable assets are retired, or otherwise disposed of, the cost is removed from the accounts and any resulting gain or loss is recorded. Depreciation expense was \$9,147 and \$9,919 for the years ended December 31, 2020 and 2019, respectively. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Building and improvements	15-40 years
Equipment	3-7 years

Functional Allocation of Expenses

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. These expenses include salaries, benefits, payroll taxes, office expenses, occupancy, printing, depreciation and outreach. Occupancy and depreciation are allocated based on estimated use of square footage. Other expenses are allocated based on estimates of time and effort.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$6,567 and \$14,787 for the years ended December 31, 2020 and 2019, respectively.

New Accounting Pronouncements

As of January 1, 2020, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended by ASU 2015-14, which supersedes or replaces nearly all U.S. GAAP revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. ASU 2014-09 has been applied under the modified retrospective approach to contracts that have not been completed at the date of initial application. Management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*, to increase the transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU 2016-02, as amended by ASU 2020-05, is effective for nonpublic entities for fiscal years beginning after December 15, 2021. ASU 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new leases standards at the beginning of the earliest period presented in the financial statements. In July 2018, FASB issued ASU 2018-11, *Leases: Targeted Improvements*, providing a second, optional transition method which allows the entity to apply the new standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. The Organization is currently assessing the impact of this new standard, including the two optional transition methods.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 12, 2021, the date the financial statements were available to be issued and determined that there were no subsequent events that required recognition in these financial statements.

**3. ENDOWMENT**

The Organization's endowment includes both restricted contributions specified by the donor as well as amounts designated to the endowment by the Board of Directors (the Board). Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction, the original value of gifts donated to the endowment, the original value of subsequent gifts to the endowment, and accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Organization considers a fund to be underwater if the fair value of the fund is less than the sum of the original value of initial and subsequent gifts amounts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has adopted a policy to not spend from underwater endowments unless directed by the donor.

**CHRISTIAN FAMILY SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**3. ENDOWMENT (Continued)**

The investment goal for endowment assets is to increase the value of the holdings over time while providing cash to support the operating needs of the Organization. The Organization has adopted investment policies for endowment assets 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 Organization's current spending policy is to limit withdrawals to five percent of three-year moving average of the market value of the assets. Actual withdrawals are determined each year by the Board. No amounts were appropriated from the donor-restricted endowment fund for 2020 and 2019 because other resources were available.

The composition of net assets by type of endowment fund at December 31, 2020 and 2019, was:

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Board-designated funds	\$ 448,530	\$ -	\$ 448,530
Donor-restricted funds			
Original gift amount	-	24,033	24,033
Accumulated gains and other	-	51,797	51,797
Total endowment funds	<u>\$ 448,530</u>	<u>\$ 75,830</u>	<u>\$ 524,360</u>

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Board-designated funds	\$ 331,610	\$ -	\$ 331,610
Donor-restricted funds			
Original gift amount	-	24,033	24,033
Accumulated gains and other	-	50,977	50,977
Total endowment funds	<u>\$ 331,610</u>	<u>\$ 75,010</u>	<u>\$ 406,620</u>

Changes in endowment net assets for the years ended December 31, 2020 and 2019 were:

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Endowment - beginning of year	\$ 331,610	\$ 75,010	\$ 406,620
Transfers	107,807	-	107,807
Investment return, net	9,113	820	9,933
Endowment - end of year	<u>\$ 448,530</u>	<u>\$ 75,830</u>	<u>\$ 524,360</u>

**CHRISTIAN FAMILY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**3. ENDOWMENT (Continued)**

	2019		Total
	Without Donor Restriction	With Donor Restriction	
Endowment - beginning of year	\$ 233,460	\$ 69,700	\$ 303,160
Transfers	50,000	-	50,000
Investment return, net	48,150	5,310	53,460
Endowment - end of year	<u>\$ 331,610</u>	<u>\$ 75,010</u>	<u>\$ 406,620</u>

**4. FAIR VALUE MEASUREMENTS**

U.S. GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. U.S. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

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

Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

Valuation Techniques

The following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended December 31, 2020 and 2019.

Common stock: Valued at the closing quoted price in an active market.

Exchange traded funds (ETF): Valued at the closing quoted price in an active market.

Mutual funds: Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year.

**CHRISTIAN FAMILY SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**4. FAIR VALUE MEASUREMENTS (Continued)**

Interest in assets held by YouthBridge Community Foundation: Valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding. The NAV is classified within Level 2 of the valuation hierarchy, because the NAV's unit price is quoted on a private market that is not active.

The following table presents investments carried at fair value in accordance with the valuation hierarchy at December 31, 2020 and 2019:

	2020			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 20,244	\$ -	\$ -	\$ 20,244
Interest in assets held at YouthBridge	-	306,053	-	306,053
Total investments at fair value	<u>\$ 20,244</u>	<u>\$ 306,053</u>	<u>\$ -</u>	326,297
Cash and cash equivalents, at cost				<u>218,307</u>
<b>TOTAL INVESTMENTS</b>				<u><u>\$ 544,604</u></u>
	2019			
	Level 1	Level 2	Level 3	Total
ETF	\$ 107,181	\$ -	\$ -	\$ 107,181
Mutual funds	<u>305,705</u>	-	-	<u>305,705</u>
Total investments at fair value	<u>\$ 412,886</u>	<u>\$ -</u>	<u>\$ -</u>	412,886
Cash and cash equivalents, at cost				<u>79,197</u>
<b>TOTAL INVESTMENTS</b>				<u><u>\$ 492,083</u></u>

**5. PAYCHECK PROTECTION PROGRAM**

In April 2020, the Organization was granted a loan through the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in the amount of \$123,600. The loan was eligible to be forgiven if it was used for qualifying expenses under terms of the CARES Act. The Organization received notification of full forgiveness in August 2020. As a result, \$123,600 of loan forgiveness is included in program grant income on the statement of activities for the year ended December 31, 2020.

**6. LEASE COMMITMENTS**

The Organization currently leases office equipment under an operating lease expiring June 2024. The scheduled future minimum lease payments due under this lease consist of the following:

2021	\$	7,380
2022		7,380
2023		7,380
2024		<u>3,690</u>
TOTAL MINIMUM LEASE PAYMENTS	\$	<u>25,830</u>

Rent expense was \$7,380 and \$6,798 for the years ended December 31, 2020 and 2019, respectively.

**7. RETIREMENT PLAN**

The Organization sponsors a defined contribution retirement plan for its employees. The plan is a Section 403(b) retirement plan and covers all eligible employees who agree to make tax-deferred contributions to the plan. The Organization matches 50% of each participant's contributions to the plan up to a maximum employee deferral of 10% of compensation. Employees may make additional tax-deferred contributions to the plan up to the maximum allowed by the Internal Revenue Service. The employer contributions to the plan were \$12,160 and \$12,835 for the years ended December 31, 2020 and 2019, respectively.

**8. BOARD-DESIGNATED NET ASSETS**

Board-designated net assets were \$448,530 and \$331,610 at December 31, 2020 and 2019, respectively. These amounts are held in the endowment and can be used to support the operating needs of the Organization.

**CHRISTIAN FAMILY SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**9. NET ASSETS WITH DONOR RESTRICTION**

Net assets with donor restriction consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Timothy fund	<u>\$ 35,724</u>	<u>\$ 27,164</u>
Total Subject to Expenditure for Specified Purpose	<u>35,724</u>	<u>27,164</u>
Donor-Restricted Endowment for Support of the Organization:		
Original gift amount	24,033	24,033
Accumulated gains	<u>51,797</u>	<u>50,977</u>
Total Donor-Restricted Endowment	<u>75,830</u>	<u>75,010</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTION</b>	<u><b>\$ 111,554</b></u>	<u><b>\$ 102,174</b></u>

The Timothy fund is available for foster care and medical expenses. The donor-restricted endowment is included in investments on the statements of financial position. The balance represents restricted net assets which require maintenance of principal and ten percent of income and capital gains but permits use of the remaining ninety percent of income and capital gains. When a restriction is satisfied, net assets with donor restriction are released from restriction.



**CHRISTIAN FAMILY SERVICES, INC.**  
NOTES TO FINANCIAL STATEMENTS (Continued)

**10. LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, perpetual endowments and accumulated earnings net of appropriations within one year, or long-term investments as board-designated endowments. The board designations could be drawn upon if the board approves that action.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 303,406	\$ 135,896
Accounts receivable, net	26,805	26,541
Pledges receivable, net	11,655	22,839
Investments	<u>544,604</u>	<u>492,083</u>
Financial assets, at year-end	886,470	677,359
Less those unavailable for general expenditure within one year, due to:		
Purpose restriction – Timothy Fund	(35,724)	(27,164)
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	(75,830)	(75,010)
Investments in board-designated endowments	<u>(448,530)</u>	<u>(331,610)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 326,386</u>	<u>\$ 243,575</u>



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## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
Christian Family Services, Inc.

We have audited the financial statements of Christian Family Services, Inc. as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon dated July 12, 2021, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of revenues and support are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Sikich LLP*

St. Louis, Missouri  
July 12, 2021

## **SUPPLEMENTARY INFORMATION**

**CHRISTIAN FAMILY SERVICES, INC.**  
**SCHEDULES OF REVENUES AND SUPPORT**  
For the Year Ended December 31, 2020

<b>2020</b>			
	<b>WITHOUT DONOR RESTRICTION</b>	<b>WITH DONOR RESTRICTION</b>	<b>TOTAL</b>
<b>Contributions:</b>			
<b>Individual:</b>			
Regular	\$ 287,468	\$ -	\$ 287,468
Timothy contributions	-	30,116	30,116
<b>Total Individual</b>	<b>287,468</b>	<b>30,116</b>	<b>317,584</b>
<b>Congregations:</b>			
Regular	128,829	-	128,829
Memorials	750	-	750
<b>Total Congregations</b>	<b>129,579</b>	<b>-</b>	<b>129,579</b>
<b>Corporate Gifts</b>	<b>37,147</b>	<b>-</b>	<b>37,147</b>
<b>Total Contributions</b>	<b>454,194</b>	<b>30,116</b>	<b>484,310</b>
<b>Service Fees:</b>			
<b>Adoption:</b>			
Home study	7,384	-	7,384
Placement	23,531	-	23,531
Applications	1,736	-	1,736
<b>Total Adoption</b>	<b>32,651</b>	<b>-</b>	<b>32,651</b>
<b>Foster Care:</b>			
Foster care fees	650	-	650
<b>Total Foster Care</b>	<b>650</b>	<b>-</b>	<b>650</b>

See independent auditor's report on supplementary information.

**CHRISTIAN FAMILY SERVICES, INC.**  
**SCHEDULES OF REVENUES AND SUPPORT (Continued)**  
For the Year Ended December 31, 2020

	<b>2020</b>		
	<b>WITHOUT DONOR RESTRICTION</b>	<b>WITH DONOR RESTRICTION</b>	<b>TOTAL</b>
Service Fees (continued):			
Family Life:			
Counseling	\$ 220,064	\$ -	\$ 220,064
Total Family Life	220,064	-	220,064
Total Service Fees	253,365	-	253,365
Grants	-	163,607	163,607
Special Events - Net:			
Dinner tickets	63,535	-	63,535
Baseball and golf	11,090	-	11,090
Trivia night	500	-	500
Less: costs of direct benefits to donors	(9,005)	-	(9,005)
Total Special Events - Net	66,120	-	66,120
Other Income:			
Investment return, net	9,590	820	10,410
Total Other Income	9,590	820	10,410
Net assets released from restrictions	185,163	(185,163)	-
Total Revenues and Support	\$ 968,432	\$ 9,380	\$ 977,812

See independent auditor's report on supplementary information.

**CHRISTIAN FAMILY SERVICES, INC.**  
**SCHEDULES OF REVENUES AND SUPPORT (Continued)**  
For the Year Ended December 31, 2019

	<b>2019</b>		
	<b>WITHOUT DONOR RESTRICTION</b>	<b>WITH DONOR RESTRICTION</b>	<b>TOTAL</b>
<b>Contributions:</b>			
<b>Individual:</b>			
Regular	\$ 188,710	\$ -	\$ 188,710
Timothy contributions	-	26,674	26,674
Total Individual	<u>188,710</u>	<u>26,674</u>	<u>215,384</u>
<b>Congregations:</b>			
Regular	134,845	-	134,845
Memorials	325	-	325
Timothy contributions	-	82	82
Total Congregations	<u>135,170</u>	<u>82</u>	<u>135,252</u>
Corporate Gifts	<u>17,634</u>	<u>-</u>	<u>17,634</u>
Total Contributions	<u>341,514</u>	<u>26,756</u>	<u>368,270</u>
<b>Service Fees:</b>			
<b>Adoption:</b>			
Home study	20,209	-	20,209
Placement	46,875	-	46,875
Finalization	200	-	200
Applications	2,797	-	2,797
Total Adoption	<u>70,204</u>	<u>-</u>	<u>70,204</u>
<b>Foster Care:</b>			
Foster care fees	<u>1,675</u>	<u>-</u>	<u>1,675</u>
Total Foster Care	<u>1,675</u>	<u>-</u>	<u>1,675</u>

See independent auditor's report on supplementary information.

**CHRISTIAN FAMILY SERVICES, INC.**  
**SCHEDULES OF REVENUES AND SUPPORT (Continued)**  
For the Year Ended December 31, 2019

	<b>2019</b>		
	<b>WITHOUT DONOR RESTRICTION</b>	<b>WITH DONOR RESTRICTION</b>	<b>TOTAL</b>
Service Fees (continued):			
Family Life:			
Counseling	\$ 184,173	\$ -	\$ 184,173
Workshops and seminars	490	-	490
Total Family Life	<u>184,663</u>	<u>-</u>	<u>184,663</u>
Total Service Fees	<u>256,542</u>	<u>-</u>	<u>256,542</u>
Grants	<u>-</u>	<u>56,837</u>	<u>56,837</u>
Special Events - Net:			
Dinner tickets	86,356	-	86,356
Baseball and golf	21,085	-	21,085
Trivia night	16,303	-	16,303
Less: costs of direct benefits to donors	<u>(31,337)</u>	<u>-</u>	<u>(31,337)</u>
Total Special Events - Net	<u>92,407</u>	<u>-</u>	<u>92,407</u>
Other Income:			
Investment return, net	<u>50,147</u>	<u>5,310</u>	<u>55,457</u>
Total Other Income	<u>50,147</u>	<u>5,310</u>	<u>55,457</u>
Net assets released from restrictions	<u>100,157</u>	<u>(100,157)</u>	<u>-</u>
Total Revenues and Support	<u><u>\$ 840,767</u></u>	<u><u>\$ (11,254)</u></u>	<u><u>\$ 829,513</u></u>

See independent auditor's report on supplementary information.