



CHRISTIAN FAMILY SERVICES, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Years Ended
December 31, 2022 and 2021



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CHRISTIAN FAMILY SERVICES, INC.
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Christian Family Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Family Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Christian Family Services, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Family Services, Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Sikich LLP

St. Louis, Missouri

March 12, 2024

FINANCIAL STATEMENTS

CHRISTIAN FAMILY SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021 (Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 519,772	\$ 378,402
Restricted cash	89,392	81,790
Investments	242,907	303,365
Accounts receivable, net	30,125	19,418
Pledges receivable, net	5,925	4,325
Prepaid expenses	9,334	8,931
Total Current Assets	<u>897,455</u>	<u>796,231</u>
INVESTMENTS HELD AT COMMUNITY FOUNDATION	<u>310,899</u>	<u>336,629</u>
PROPERTY AND EQUIPMENT		
Building and improvements	290,684	290,684
Land	75,000	75,000
Equipment	19,308	27,895
Total Property and Equipment	384,992	393,579
Less: accumulated depreciation	<u>135,635</u>	<u>134,928</u>
Net Property and Equipment	<u>249,357</u>	<u>258,651</u>
TOTAL ASSETS	<u><u>\$ 1,457,711</u></u>	<u><u>\$ 1,391,511</u></u>

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

CHRISTIAN FAMILY SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION (Continued)

December 31, 2022 and 2021

	2022	2021 (Restated)
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 5,775	\$ 4,103
Refundable grant advance	10,510	20,747
Accrued payroll and sick pay	<hr/> 13,510	<hr/> 37,748
Total Liabilities, All Current	<hr/> 29,795	<hr/> 62,598
NET ASSETS		
Without donor restrictions	1,258,839	1,163,708
With donor restrictions	<hr/> 169,077	<hr/> 165,205
Total Net Assets	<hr/> 1,427,916	<hr/> 1,328,913
TOTAL LIABILITIES AND NET ASSETS	<hr/> <hr/> \$ 1,457,711	<hr/> <hr/> \$ 1,391,511

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

CHRISTIAN FAMILY SERVICES, INC.

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2022

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
REVENUES AND SUPPORT			
Contributions	\$ 516,520	\$ 41,219	\$ 557,739
Service fees	274,322	-	274,322
Program grant income	-	60,237	60,237
Special events	190,789	-	190,789
Less: costs of direct benefits to donors	(25,493)	-	(25,493)
Investment return, net	(95,968)	(5,330)	(101,298)
Net assets released from restrictions	92,254	(92,254)	-
Total Revenues and Support	<u>952,424</u>	<u>3,872</u>	<u>956,296</u>
EXPENSES			
Program Services:			
Adoption	107,665	-	107,665
Foster Care	81,739	-	81,739
Maternity	83,912	-	83,912
Family Life	473,153	-	473,153
Total Program Services	<u>746,469</u>	<u>-</u>	<u>746,469</u>
General and administrative	66,987	-	66,987
Fundraising	43,837	-	43,837
Total Expenses	<u>857,293</u>	<u>-</u>	<u>857,293</u>
CHANGE IN NET ASSETS	<u>95,131</u>	<u>3,872</u>	<u>99,003</u>
NET ASSETS - AS PREVIOUSLY REPORTED	1,189,868	165,405	1,355,273
RESTATEMENT	<u>(26,160)</u>	<u>(200)</u>	<u>(26,360)</u>
NET ASSETS - BEGINNING OF YEAR (RESTATED)	<u>1,163,708</u>	<u>165,205</u>	<u>1,328,913</u>
NET ASSETS - END OF YEAR	<u>\$ 1,258,839</u>	<u>\$ 169,077</u>	<u>\$ 1,427,916</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, 2021

	2021 (Restated)		Total
	Without Donor Restrictions	With Donor Restrictions	
REVENUES AND SUPPORT			
Contributions	\$ 495,777	\$ 67,322	\$ 563,099
Service fees	267,149	-	267,149
Program grant income	-	45,845	45,845
Special events	169,166	-	169,166
Less: costs of direct benefits to donors	(12,718)	-	(12,718)
Investment return, net	52,754	3,460	56,214
Net assets released from restrictions	74,431	(74,431)	-
Total Revenues and Support	<u>1,046,559</u>	<u>42,196</u>	<u>1,088,755</u>
EXPENSES			
Program Services:			
Adoption	97,877	-	97,877
Foster Care	109,863	-	109,863
Maternity	90,097	-	90,097
Family Life	414,797	-	414,797
Total Program Services	712,634	-	712,634
General and administrative	58,993	-	58,993
Fundraising	42,245	-	42,245
Total Expenses	<u>813,872</u>	<u>-</u>	<u>813,872</u>
CHANGE IN NET ASSETS, AS RESTATED	<u>232,687</u>	<u>42,196</u>	<u>274,883</u>
NET ASSETS - AS PREVIOUSLY REPORTED	952,991	123,209	1,076,200
RESTATEMENT	<u>(21,970)</u>	<u>(200)</u>	<u>(22,170)</u>
NET ASSETS - BEGINNING OF YEAR (RESTATED)	<u>931,021</u>	<u>123,009</u>	<u>1,054,030</u>
NET ASSETS - END OF YEAR	<u>\$ 1,163,708</u>	<u>\$ 165,205</u>	<u>\$ 1,328,913</u>

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, 2022

	Program Services				Total Program Services	Support Services		Total Support Services	Total
	Adoption	Foster Care	Maternity	Family Life		General and Administration	Fundraising		
Salaries and wages	\$ 74,424	\$ 34,363	\$ 49,738	\$ 331,737	\$ 490,262	\$ 21,597	\$ 30,502	\$ 52,099	\$ 542,361
Retirement plan contributions	3,512	1,622	2,347	15,655	23,136	1,019	1,439	2,458	25,594
Other employee benefits	7,198	3,324	4,811	32,087	47,420	2,089	2,950	5,039	52,459
Payroll taxes	5,677	2,621	3,794	25,307	37,399	1,648	2,327	3,975	41,374
Professional fees	714	-	-	-	714	8,208	-	8,208	8,922
Office expenses	6,331	2,923	4,231	28,220	41,705	1,837	2,595	4,432	46,137
Occupancy	5,030	5,700	3,688	14,083	28,501	3,353	1,676	5,029	33,530
Insurance	538	538	538	1,613	3,227	2,547	1,273	3,820	7,046
Depreciation	1,394	1,580	1,022	3,904	7,900	929	465	1,394	9,294
Outreach development	1,488	687	995	6,633	9,803	432	610	1,042	10,845
Bad debt expense	-	-	-	2,528	2,528	-	-	-	2,528
Advertising	-	-	-	-	-	23,328	-	23,328	23,328
Training	175	1,060	305	3,940	5,480	-	-	-	5,480
Travel	63	3,824	4,720	1,604	10,211	-	-	-	10,211
Room and board fees	-	10,287	-	-	10,287	-	-	-	10,287
Childcare services	-	7,080	-	-	7,080	-	-	-	7,080
Clothing and medical supplies	110	1,377	181	-	1,668	-	-	-	1,668
Birth mother fees	-	-	7,202	-	7,202	-	-	-	7,202
Miscellaneous	1,011	4,753	340	5,842	11,946	-	-	-	11,946
Total expenses included in expenses section on statement of activities	<u>\$ 107,665</u>	<u>\$ 81,739</u>	<u>\$ 83,912</u>	<u>\$ 473,153</u>	<u>\$ 746,469</u>	<u>\$ 66,987</u>	<u>\$ 43,837</u>	<u>\$ 110,824</u>	857,292
Costs of direct benefits to donors - dinner and entertainment									<u>25,493</u>
TOTAL FUNCTIONAL EXPENSES									<u>\$ 882,785</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, 2021

	Program Services				Total Program Services	Support Services		Total Support Services	Total
	Adoption	Foster Care	Maternity	Family Life		General and Administration	Fundraising		
Salaries and wages	\$ 71,838	\$ 67,880	\$ 59,999	\$ 303,998	\$ 503,715	\$ 21,796	\$ 31,052	\$ 52,848	\$ 556,563
Retirement plan contributions	1,682	1,590	1,405	7,120	11,797	510	727	1,237	13,034
Other employee benefits	7,975	7,536	6,661	33,747	55,919	2,420	3,447	5,867	61,786
Payroll taxes	5,226	4,938	4,365	22,117	36,646	1,586	2,259	3,845	40,491
Professional fees	-	-	-	-	-	16,117	-	16,117	16,117
Office expenses	2,936	2,774	2,452	12,423	20,585	891	1,269	2,160	22,745
Occupancy	3,939	4,464	2,889	11,030	22,322	2,626	1,313	3,939	26,261
Insurance	554	554	554	1,661	3,323	2,512	1,256	3,768	7,091
Depreciation	1,204	1,365	883	3,372	6,824	803	401	1,204	8,028
Outreach development	1,206	1,139	1,007	5,102	8,454	366	521	887	9,341
Bad debt expense	-	-	-	2,122	2,122	-	-	-	2,122
Advertising	-	-	-	-	-	9,366	-	9,366	9,366
Training	464	1,052	2,269	713	4,498	-	-	-	4,498
Travel	853	2,845	1,857	1,522	7,077	-	-	-	7,077
Room and board fees	-	5,474	-	-	5,474	-	-	-	5,474
Childcare services	-	3,765	-	-	3,765	-	-	-	3,765
Clothing and medical supplies	-	1,000	-	-	1,000	-	-	-	1,000
Birth mother fees	-	-	5,348	-	5,348	-	-	-	5,348
Miscellaneous	-	3,487	408	9,870	13,765	-	-	-	13,765
Total expenses included in expenses section on statement of activities	<u>\$ 97,877</u>	<u>\$ 109,863</u>	<u>\$ 90,097</u>	<u>\$ 414,797</u>	<u>\$ 712,634</u>	<u>\$ 58,993</u>	<u>\$ 42,245</u>	<u>\$ 101,238</u>	813,872
Costs of direct benefits to donors - dinner and entertainment									<u>12,718</u>
TOTAL FUNCTIONAL EXPENSES									<u><u>\$ 826,590</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, 2022 and 2021

	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and outside agencies	\$ 250,850	\$ 273,569
Cash paid to suppliers and employees	(898,140)	(822,195)
Contributions received	807,165	755,135
Investment income received	11,710	10,551
	<u>171,585</u>	<u>217,060</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(22,800)
Proceeds from sale of investments	28,469	425,598
Purchase of investments	(26,082)	(443,636)
	<u>2,387</u>	<u>(40,838)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment fund contributions	(25,000)	(19,436)
	<u>(25,000)</u>	<u>(19,436)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	148,972	156,786
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	<u>460,192</u>	<u>303,406</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 609,164</u>	<u>\$ 460,192</u>
Reconciliation of cash, cash equivalents, and restricted cash to specific assets on the statements of financial position:		
Cash and cash equivalents	\$ 519,772	\$ 378,402
Restricted cash	89,392	81,790
Total	<u>\$ 609,164</u>	<u>\$ 460,192</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, 2022 and 2021

	2022	2021 (Restated)
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Increase in net assets	<u>\$ 99,003</u>	<u>\$ 274,883</u>
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Contribution of investments	-	(30,553)
Depreciation	9,294	8,028
Bad debt expense	2,528	2,122
Net realized and unrealized loss (gain) on investments	108,801	(49,533)
(Increase) decrease in accounts receivable	(13,235)	5,265
(Increase) decrease in pledges receivable	(1,600)	7,330
Increase in prepaid expenses	(403)	(2,111)
Increase in accounts payable	1,672	2,917
Increase (decrease) in refundable grant advance	(10,237)	1,155
Decrease in accrued payroll and sick pay	<u>(24,238)</u>	<u>(2,443)</u>
Total Adjustments	<u>72,582</u>	<u>(57,823)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ 171,585</u></u>	<u><u>\$ 217,060</u></u>

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

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

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 (USGAAP). Accordingly, it utilizes the accrual method of accounting whereby revenues are recorded when performance obligations are met 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

- *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. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.
- *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 restrictions, or net assets with donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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. The Organization received funds recorded as refundable grant advances in the amount of \$10,510 and \$20,747 for the years ended December 31, 2022 and 2021, respectively.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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.

Service Fees: These are fees consist of adoption and counseling fees. These fees are typically collected at the time of service, and revenue is recognized when sessions of the respective program occur.

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 exchange component is recognized at the time of the event (point in time). 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, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Revenue recognized over time	\$ 274,322	\$ 267,149
Revenue recognized at a point in time	<u>25,493</u>	<u>12,718</u>
TOTAL	<u><u>\$ 299,815</u></u>	<u><u>\$ 279,867</u></u>

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The opening balances for contract assets (accounts receivable, net) from contracts with customers at the beginning of the year were \$19,418 at January 1, 2022 and \$26,805 at January 1, 2021. There were no contract liabilities at January 1, 2021 or 2022.

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.

The Organization files various federal and state non-profit tax returns. The Organization follows guidance issued by the Financial Accounting Standards Board (FASB) of accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Organization is no longer subject to U.S. federal or state examinations by tax authorities for tax years prior to 2020.

Use of Estimates

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect certain 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 vary from estimates that were used.

Cash and Cash Equivalents

The Organization considers highly liquid investments with an original maturity date of three months or less to be cash equivalents. Cash restricted for certain purposes by donor is excluded from this definition.

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, 2022 and 2021, the Organization had cash balances in excess of the insured limit of approximately \$353,000 and \$119,000, respectively. The Organization has not experienced any losses in such accounts and management believes it is not exposed to significant credit risk on cash and cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

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, 2022 and 2021.

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 which were \$2,500 and \$1,000 as of December 31, 2022 and 2021, respectively.

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 \$9,294 and \$8,028 for the years ended December 31, 2022 and 2021, 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 development. 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 \$23,328 and \$9,366 for the years ended December 31, 2022 and 2021, respectively.

Future Accounting Pronouncements

In June 2016, FASB issued ASU No. 2016-13 Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including accounts and loan receivables, and some off-balance sheet credit exposures such as financial guarantees and loan commitments. It also applies to net investments in leases recognized by a lessor under Topic 842. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. ASU No. 2016-13, as amended by ASU No. 2019-10, is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Organization is currently assessing the impact of this new standard.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 12, 2024, 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 restrictions, 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. There are no underwater endowments at December 31, 2022 or 2021.

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. The amounts appropriated from the donor-restricted endowment fund for 2022 and 2021 were \$0 and \$6,290, respectively.

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

3. ENDOWMENT (Continued)

The composition of net assets by type of endowment fund at December 31, 2022 and 2021, was:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	\$ 237,139	\$ -	\$ 237,139
Donor-restricted funds:			
Original gift amount	-	24,033	24,033
Accumulated gains and other	-	49,727	49,727
TOTAL ENDOWMENT FUNDS	\$ 237,139	\$ 73,760	\$ 310,899

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	\$ 257,538	\$ -	\$ 257,538
Donor-restricted funds:			
Original gift amount	-	24,033	24,033
Accumulated gains and other	-	55,057	55,057
TOTAL ENDOWMENT FUNDS	\$ 257,538	\$ 79,090	\$ 336,628

Changes in endowment net assets for the years ended December 31, 2022 and 2021 were:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment - beginning of year	\$ 257,538	\$ 79,090	\$ 336,628
Contributions	25,000	-	25,000
Investment return, net	(45,399)	(5,330)	(50,729)
ENDOWMENT - END OF YEAR	\$ 237,139	\$ 73,760	\$ 310,899

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment - beginning of year	\$ 208,252	\$ 75,630	\$ 283,882
Appropriations and contributions	19,436	-	19,436
Investment return, net	29,850	3,460	33,310
ENDOWMENT - END OF YEAR	\$ 257,538	\$ 79,090	\$ 336,628

4. FAIR VALUE MEASUREMENTS

USGAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. USGAAP 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, 2022 and 2021.

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

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

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.

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

4. FAIR VALUE MEASUREMENTS (Continued)

The following table presents investments carried at fair value in accordance with the valuation hierarchy at December 31, 2022 and 2021:

	2022			Total
	Level 1	Level 2	Level 3	
Mutual funds	\$ 239,244	\$ -	\$ -	\$ 239,244
Interest in assets held at YouthBridge	-	-	310,899	310,899
Total investments at fair value	<u>\$ 239,244</u>	<u>\$ -</u>	<u>\$ 310,899</u>	550,143
Cash and cash equivalents, at cost				<u>3,663</u>
TOTAL INVESTMENTS				<u><u>\$ 553,806</u></u>
	2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 295,687	\$ -	\$ -	\$ 295,687
Interest in assets held at YouthBridge	-	-	336,628	336,628
Total investments at fair value	<u>\$ 295,687</u>	<u>\$ -</u>	<u>\$ 336,628</u>	632,315
Cash and cash equivalents, at cost				<u>7,678</u>
TOTAL INVESTMENTS				<u><u>\$ 639,993</u></u>

5. 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 \$25,594 and \$13,034 for the years ended December 31, 2022 and 2021, respectively.

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

6. BOARD-DESIGNATED NET ASSETS

Board-designated net assets were \$237,189 and \$257,538 at December 31, 2022 and 2021, respectively. These amounts are held in the endowment and can be used to support the operating needs of the Organization.

7. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose		
Timothy fund	\$ 89,392	\$ 81,790
Total subject to expenditure for specified purpose	<u>89,392</u>	<u>81,790</u>
Subject to Time	<u>5,925</u>	<u>4,325</u>
Donor-restricted endowment for support of the Organization:		
Original gift amount	24,033	24,033
Accumulated gains	<u>49,727</u>	<u>55,057</u>
Total donor-restricted endowment	<u>73,760</u>	<u>79,090</u>
TOTAL NET ASSETS WITH DONOR RESTRICTION	<u><u>\$ 169,077</u></u>	<u><u>\$ 165,205</u></u>

The Timothy fund is subject to expenditures 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 perpetually but permits use of the remaining ninety percent of income and capital gains. The portion of the endowment funds that is required to be retained perpetually by donor stipulation is \$33,199 and 33,732 at December 31, 2022 and 2021, respectively.

When a restriction is satisfied, net assets with donor restriction are released from restriction.

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

8. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of December 31, 2022 and 2021, 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>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 609,164	\$ 460,193
Accounts receivable, net	30,125	19,418
Pledges receivable, net	5,925	4,325
Investments	<u>553,806</u>	<u>639,993</u>
Financial assets, at year-end	1,199,020	1,123,929
Less those unavailable for general expenditure within one year, due to:		
Purpose restriction - Timothy Fund	(89,392)	(81,790)
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	(73,760)	(79,090)
Investments in board-designated endowments	<u>(237,139)</u>	<u>(257,538)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 798,729</u>	<u>\$ 705,511</u>

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

9. RESTATEMENT

During 2022, a prior period adjustment was made to correct \$21,970 of investments previously reported as held by the Organization at beginning of 2021, which had been contributed to a foundation. As a result, the Organization recorded a prior period adjustment, which decreased beginning net assets without donor restrictions by \$21,970. For the year ended December 31, 2021, an additional \$4,390 decrease affected the ending net assets previously reported.

The Organization also determined that \$198,063 previously reported as investments held at Community Foundation should have been reported as current investments.

The activity affected by the prior period adjustments during 2021 is noted below.

	As Previously Reported	(As Restated)
Statements of Financial Position		
Investments, current assets	105,302	303,365
Long-term investments	561,052	336,629
Net assets without donor restrictions	1,189,868	1,163,708
Net assets with donor restrictions	165,405	165,205
Statements of Activities		
Contributions, without donor restrictions	497,550	495,777
Investment return, net - without donor restrictions	55,171	52,754
Net assets, beginning of year - without donor restrictions	952,991	931,021
Net assets without donor restrictions, end of year	1,189,868	1,163,708
Statements of Cash Flows		
Contributions received	734,724	755,135
Investment income received	10,980	10,551
Proceeds from sale of investments	426,574	425,598
Purchase of investments	(444,066)	(443,635)
Endowment fund contributions	-	(19,436)

10. RELATED PARTIES

The Organization received contributions from board members in the amount of \$20,369 and \$17,159 for the years ending December 31, 2022 and 2021.

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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, 2022 and 2021, and our report thereon dated March 12, 2024, which expressed an unmodified opinion on those financial statements, appears on page 1. 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
March 12, 2024

SUPPLEMENTARY INFORMATION

CHRISTIAN FAMILY SERVICES, INC.**SCHEDULES OF REVENUES AND SUPPORT**

For the Year Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Contributions:			
Individual:			
Regular	\$ 371,459	\$ 5,925	\$ 377,384
Timothy contributions	-	34,177	34,177
Total Individual	371,459	40,102	411,561
Congregations:			
Regular	128,826	-	128,826
Memorials	1,400	-	1,400
Timothy contributions	-	1,117	1,117
Total Congregations	130,226	1,117	131,343
Corporate Gifts	14,835	-	14,835
Total Contributions	516,520	41,219	557,739
Service Fees:			
Adoption:			
Home study	4,055	-	4,055
Placement	23,913	-	23,913
Total Adoption	27,968	-	27,968
Foster Care:			
Foster care fees	1,150	-	1,150
Total Foster Care	1,150	-	1,150

See independent auditor's report on supplementary information.

CHRISTIAN FAMILY SERVICES, INC.

SCHEDULES OF REVENUES AND SUPPORT (Continued)

For the Year Ended December 31, 2022

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Service Fees (continued):			
Family Life:			
Counseling	\$ 245,204	\$ -	\$ 245,204
Total Family Life	245,204	-	245,204
Total Service Fees	274,322	-	274,322
Grants	-	60,237	60,237
Special Events - Net:			
Dinner tickets	137,871	-	137,871
Baseball and golf	38,650	-	38,650
Trivia night	14,268	-	14,268
Less: costs of direct benefits to donors	(25,493)	-	(25,493)
Total Special Events - Net	165,296	-	165,296
Other Income (loss):			
Investment return, net	(95,968)	(5,330)	(101,298)
Total Other Income (Loss)	(95,968)	(5,330)	(101,298)
Net assets released from restrictions	92,254	(92,254)	-
Total Revenues and Support	\$ 952,424	\$ 3,872	\$ 956,296

See independent auditor's report on supplementary information.

CHRISTIAN FAMILY SERVICES, INC.**SCHEDULES OF REVENUES AND SUPPORT**

For the Year Ended December 31, 2021

	2021 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total
Contributions:			
Individual:			
Regular	\$ 317,329	\$ 4,325	\$ 321,654
Timothy contributions	<u>-</u>	<u>62,897</u>	<u>62,897</u>
Total Individual	<u>317,329</u>	<u>67,222</u>	<u>384,551</u>
Congregations:			
Regular	151,377	-	151,377
Memorials	1,100	-	1,100
Timothy contributions	<u>-</u>	<u>100</u>	<u>100</u>
Total Congregations	<u>152,477</u>	<u>100</u>	<u>152,577</u>
Corporate Gifts	<u>25,971</u>	<u>-</u>	<u>25,971</u>
Total Contributions	<u>495,777</u>	<u>67,322</u>	<u>563,099</u>
Service Fees:			
Adoption:			
Home study	9,556	-	9,556
Placement	1,763	-	1,763
Applications	<u>1,243</u>	<u>-</u>	<u>1,243</u>
Total Adoption	<u>12,562</u>	<u>-</u>	<u>12,562</u>
Foster Care:			
Foster care fees	<u>850</u>	<u>-</u>	<u>850</u>
Total Foster Care	<u>850</u>	<u>-</u>	<u>850</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, 2021

	2021 (Restated)		Total
	Without Donor Restrictions	With Donor Restrictions	
Service Fees (continued):			
Family Life:			
Counseling	\$ 253,737	\$ -	\$ 253,737
Total Family Life	253,737	-	253,737
Total Service Fees	267,149	-	267,149
Grants	-	45,845	45,845
Special Events - Net:			
Dinner tickets	144,421	-	144,421
Baseball and golf	24,745	-	24,745
Less: costs of direct benefits to donors	(12,718)	-	(12,718)
Total Special Events - Net	156,448	-	156,448
Other Income (Loss):			
Investment return, net	52,754	3,460	56,214
Total Other Income (Loss)	52,754	3,460	56,214
Net assets released from restrictions	74,431	(74,431)	-
Total Revenues and Support	\$ 1,046,559	\$ 42,196	\$ 1,088,755

See independent auditor's report on supplementary information.