

CHRISTIAN FAMILY SERVICES, INC.

FINANCIAL STATEMENTS

December 31, 2023 and 2022



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

CHRISTIAN FAMILY SERVICES, INC.

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ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Christian Family Services, Inc.
Webster Groves, Missouri

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, 2023 and the related Statements of Activities, Functional Expenses, and Cash Flows for the year 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, 2023 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit 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 audit. 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 these 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' 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, including omissions, 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 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' 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' 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.

Prior Period Financial Statements

The financial statements of Christian Family Services, Inc. as of December 31, 2022 and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on the financial statements in their report dated March 12, 2024.



December 4, 2024

CHRISTIAN FAMILY SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 998,797	\$ 609,164
Investments (Note D)	429,642	242,907
Accounts receivable, net	12,500	30,125
Pledged receivable, net	2,800	5,925
Prepaid expenses	11,324	9,334
Investments held at community foundation (Note C)	391,378	310,899
Property and equipment, net (Note E)	<u>240,063</u>	<u>249,357</u>
TOTAL ASSETS	<u>\$ 2,086,504</u>	<u>\$ 1,457,111</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	-	\$ 5,775
Refundable grant advance	\$ 33,389	10,510
Accrued payroll and sick pay	<u>23,457</u>	<u>13,510</u>
TOTAL LIABILITIES	<u>56,846</u>	<u>29,795</u>
Net assets		
Without donor restrictions	1,797,961	1,258,839
With donor restrictions	<u>231,697</u>	<u>169,077</u>
TOTAL NET ASSETS	<u>2,029,658</u>	<u>1,427,916</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,086,504</u>	<u>\$ 1,457,711</u>

CHRISTIAN FAMILY SERVICES, INC.

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Contributions	\$ 981,377	\$ 36,051	\$ 1,017,428	\$ 516,520	\$ 41,219	\$ 557,739
Service fees	205,683	-	205,683	274,322	-	274,322
Program grant income	-	32,121	32,121	-	60,237	60,237
Special events	224,708	-	224,708	190,789	-	190,789
Less; costs of direct benefits to donors	(36,129)	-	(36,129)	(25,493)	-	(25,493)
Investment return, net (Note D)	63,251	17,228	80,479	(95,968)	(5,330)	(101,298)
Net assets released from restrictions	22,780	(22,780)	-0-	92,254	(92,254)	-0-
TOTAL REVENUES AND SUPPORT	1,461,670	62,620	1,524,290	952,424	3,872	956,296
Expenses						
Program services:						
Adoption	77,648	-	77,648	107,665	-	107,665
Foster care	89,411	-	89,411	81,739	-	81,739
Maternity	89,820	-	89,820	83,912	-	83,912
Family life	364,163	-	364,163	473,153	-	473,153
Selah Living	118,470	-	118,470	-	-	-0-
Total Program Services	739,512	-	739,512	746,469	-	746,469
General and administrative	121,900	-	121,900	66,987	-	66,987
Fundraising	61,136	-	61,136	43,837	-	43,837
TOTAL EXPENSES	922,548	-	922,548	857,293	-	857,293
CHANGES IN NET ASSETS	539,122	62,620	601,742	95,131	3,872	99,003
Net Assets, Beginning of Year	1,258,839	169,077	1,427,916	1,163,708	165,205	1,328,913
NET ASSETS, END OF YEAR	\$ 1,797,961	\$ 231,697	\$ 2,029,658	\$ 1,258,839	\$ 169,077	\$ 1,427,916

CHRISTIAN FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2023

	<u>Program Services</u>					<u>Total Program Services</u>	<u>Support Services</u>		<u>Total Support Services</u>	<u>Total</u>
	<u>Adoption</u>	<u>Foster Care</u>	<u>Maternity</u>	<u>Family Life</u>	<u>Selah Living</u>		<u>General and Administration</u>	<u>Fundraising</u>		
Salaries and wages	\$ 48,543	\$ 46,637	\$ 63,204	\$ 240,676	\$ 50,085	\$ 449,145	\$ 52,279	\$ 42,132	\$ 94,411	\$ 543,556
Retirement plan contributions	1,355	1,411	1,912	7,282	1,515	13,475	1,582	1,275	2,857	16,332
Other employee benefits	8,153	4,174	10,030	30,484	6,870	59,711	363	4,486	4,849	64,560
Payroll taxes	3,797	3,191	4,860	17,565	3,800	33,213	3,279	2,885	6,164	39,377
Professional fees	273	-	-	-	800	1,073	25,042	-	25,042	26,115
Office expenses	4,318	4,497	6,094	23,206	4,829	42,944	5,041	4,062	9,103	52,047
Occupancy	4,013	4,013	4,013	18,056	10,014	40,109	4,013	2,004	6,017	46,126
Insurance	403	403	403	1,613	403	3,225	2,545	1,253	3,798	7,023
Depreciation	929	929	929	4,184	929	7,900	929	465	1,394	9,294
Outreach development	1,003	1,044	1,415	5,389	1,121	9,972	1,172	943	2,115	12,087
Bad debt expense	-	-	-	1,807	-	1,807	-	-	-	1,807
Advertising	-	-	-	-	-	-	19,107	-	19,107	19,107
Training	1,406	661	4,173	1,110	427	7,777	4,486	-	4,486	12,263
Travel	281	2,171	2,060	3,903	2,034	10,449	-	-	-	10,449
Room and board fees	-	8,595	-	-	28,392	36,987	-	-	-	36,987
Childcare services	-	6,255	-	-	-	6,255	-	-	-	6,255
Clothing and medical supplies	129	1,550	-	-	20	1,699	-	-	-	1,699
Birth mother fees	-	-	(9,815)	-	-	(9,815)	-	-	-	(9,815)
Miscellaneous	3,045	3,880	542	8,888	7,231	23,586	2,062	1,631	3,693	27,279
TOTAL FUNCTIONAL EXPENSES	\$ 77,648	\$ 89,411	\$ 89,820	\$ 364,163	\$ 118,470	\$ 739,512	\$ 121,900	\$ 61,136	\$ 183,036	\$ 922,548

CHRISTIAN FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2022

	<u>Program Services</u>				<u>Total Program Services</u>	<u>Support Services</u>		<u>Total Support Services</u>	<u>Total</u>
	<u>Adoption</u>	<u>Foster Care</u>	<u>Maternity</u>	<u>Family Life</u>		<u>General and Administration</u>	<u>Fundraising</u>		
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	7,047
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 FUNCTIONAL EXPENSES	\$ 107,665	\$ 81,739	\$ 83,912	\$ 473,153	\$ 746,469	\$ 66,987	\$ 43,837	\$ 110,824	\$ 857,293

CHRISTIAN FAMILY SERVICES, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 601,742	\$ 99,003
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	9,294	9,294
Bad debt expense	1,807	2,528
Net realized and unrealized (gain) loss on investments	(55,479)	108,801
Changes in:		
Accounts receivable	17,625	(13,235)
Pledges receivable	3,125	(1,600)
Prepaid expenses	(1,990)	(403)
Accounts payable	(5,775)	1,672
Grant advance	22,879	(10,237)
Accrued expenses	<u>9,947</u>	<u>(24,238)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>603,175</u>	<u>171,585</u>
Cash Flows from Investing Activities		
Investment activity, net	<u>(188,542)</u>	<u>2,387</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(188,542)</u>	<u>2,387</u>
Cash Flows from Financing Activities:		
Endowment fund contributions	<u>(25,000)</u>	<u>(25,000)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(25,000)</u>	<u>(25,000)</u>
NET INCREASE IN CASH	389,633	148,972
Cash and Cash Equivalents, Beginning of Year	<u>609,164</u>	<u>460,192</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 998,797</u>	<u>\$ 609,164</u>

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE A—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.

Selah Living—Selah Living is a primarily internal empowerment program that provides a pathway to stability. It is considered an extension of other Christian Family Services Social Service departments to provide ongoing support and training. Referrals come from either our Pregnancy Support or Connect Care departments. On occasion, a referral from a partner agency will be considered. The case managers in those departments work closely with their clients to assist and support them in achieving their goals in the program. If it is evident that they are motivated and they meet the requirements for participation in the Selah Living Program, a referral will be made to the Selah Living Program Director.

What does Selah mean? The word Selah is a Hebrew word occurring 71 times in the Book of Psalms. Many scholars think the word Selah meant “to pause” or “to reflect.” Our hope is the Selah Living Program will allow clients the opportunity to pause, affording them space and time to restore their own sense of power and agency. Clients will collaborate with caseworkers, working together to interrupt and break the circle of poverty for them and their children.

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2023 and 2022

NOTE B—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 (GAAP). 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:

Net assets without donor restrictions—net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—net assets that may be used only after the passage of a donor-stipulated period of time or for a donor-stipulated purpose.

Contributions and Program Grant Income

Contributions are recorded as increases in net assets without donor restrictions, or net assets without 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 \$33,389 and 10,510 for the years ended December 31, 2023 and 2022, 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.

The Organization reports grants and gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2023 and 2022

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. Significant judgements 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 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 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 \$30,125 at January 1, 2023 and \$19,418 at January 1, 2022. There were no contract liabilities at January 1, 2023 or 2022.

Income Taxes

The Organization is exempt from federal income tax 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 generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2023 and 2022

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings, and money market accounts. At times, cash and cash equivalents may be in excess of FDIC limits.

Investments

Investments are recorded at fair value using quoted prices in active markets. Investment return includes realized and unrealized gains or losses and dividends less external and internal investment expenses.

Accounts Receivable

Accounts receivable consisted 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, 2023 and 2022.

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. Pledged receivable are presented net of an allowance for uncollectible pledges which are \$-0- and \$2,500 as of December 31, 2023 and 2022, 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 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 development. Occupancy and depreciation are allocated based on estimated use of square footage. Other expenses are allocated based on estimates of time and effort.

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2023 and 2022

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$22,176 and \$23,328 for the years ended December 31, 2023 and 2022, respectively.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 4, 2024, the date the financial statements were available to be issued.

NOTE C—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 gift 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 were no underwater endowments at December 31, 2023, or 2022.

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 2023 and 2022 were \$-0- and \$-0-.

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2023 and 2022

NOTE C—ENDOWMENT *(Continued)*

The composition of net assets by type of endowment fund at December 31, 2023 and 2022 was:

	2023		
	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	-	130,206	130,206
TOTAL ENDOWMENT FUNDS	\$ 237,139	\$ 154,239	\$ 391,378
	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

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

NOTE C—ENDOWMENT (Continued)

Changes in endowment net assets for the years ended December 31, 2023 and 2022 were:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment—beginning of year	\$ 237,139	\$ 73,760	\$ 310,899
Contributions	25,000	-	25,000
Investment return, net	<u>38,251</u>	<u>17,228</u>	<u>55,479</u>
ENDOWMENT—END OF YEAR	<u>\$ 300,390</u>	<u>\$ 90,988</u>	<u>\$ 391,378</u>
	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	<u>(45,399)</u>	<u>(5,330)</u>	<u>(50,729)</u>
ENDOWMENT—END OF YEAR	<u>\$ 237,139</u>	<u>\$ 73,760</u>	<u>\$ 310,899</u>

NOTE D—FAIR VALUE MEASUREMENTS

Fair value is defined as 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. A fair value hierarchy has been established, which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2023 and 2022

NOTE D—FAIR VALUE MEASUREMENTS *(Continued)*

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, 2023 and 2022:

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.

The following table presents investments carried at fair value in accordance with the valuation hierarchy at December 31, 2023 and 2022:

	2023		
	<u>(Level 1)</u>	<u>(Level 3)</u>	<u>Total</u>
Mutual funds	\$ 323,999	-	\$ 323,999
Interest in assets held at YouthBridge	-	\$ 391,378	391,378
Total Investments at Fair Value	<u>\$ 323,999</u>	<u>\$ 391,378</u>	715,377
Cash and cash equivalents, at cost			<u>105,643</u>
TOTAL INVESTMENTS			<u>\$ 821,020</u>
	2022		
	<u>(Level 1)</u>	<u>(Level 3)</u>	<u>Total</u>
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>\$ 310,899</u>	550,143
Cash and cash equivalents, at cost			<u>3,663</u>
TOTAL INVESTMENTS			<u>\$ 553,806</u>

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

NOTE D—FAIR VALUE MEASUREMENTS (Continued)

The following summarizes the investment income for the years ended December 31, 2023:

Interest and dividends, net of fees	\$ 11,519
Net realized and unrealized gains	<u>68,960</u>
Total Investment Income	<u>\$ 80,479</u>

NOTE E—PROPERTY AND EQUIPMENT

A summary of land, buildings, equipment, and improvements as of December 31, 2023 and 2022 follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 75,000	\$ 75,000
Buildings and renovations	290,684	290,684
Equipment	<u>19,309</u>	<u>19,309</u>
	384,993	384,993
Less: accumulated depreciation	<u>(144,930)</u>	<u>(135,636)</u>
Net property and equipment	<u>\$ 240,063</u>	<u>\$ 249,357</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$9,294 and \$9,294, respectively.

NOTE F—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 percent of each participant's contributions to the plan up to a maximum employee deferral of 10 percent 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 \$16,332 and \$25,594 for the years ended December 31, 2023 and 2022, respectively.

NOTE G—BOARD-DESIGNATED NET ASSETS

Board-designated net assets were \$237,189 and \$237,189 at December 31, 2023 and 2022, 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)*

December 31, 2023 and 2022

NOTE H—RESTRICTED NET ASSETS

Restricted net assets at December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Restricted endowments	\$ 154,239	\$ 73,760
Timothy Fund	<u>77,458</u>	<u>95,317</u>
TOTAL	<u>\$ 231,697</u>	<u>\$ 169,077</u>

Net assets released from restrictions due to expenditure for foster care and medical expenses from the Timothy Fund amounted to \$22,780 for 2023 and \$92,254 for 2022.

NOTE I—LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets as stated on the Statement of Financial Position date for general expenditures are as follows:

Cash and cash equivalents	\$ 998,797
Accounts receivable	12,500
Pledges receivable	2,800
Investments (Level 1)	<u>323,999</u>
Total Financial Assets Available for Use Within One Year	1,338,096
Liabilities	(56,846)
Net assets with donor restrictions	<u>(231,697)</u>
	<u>(288,543)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 1,049,553</u>

NOTE J—RECLASSIFICATIONS

Certain December 31, 2022 amounts have been reclassified for comparative purposes only.