

CHRISTIAN FAMILY SERVICES, INC.

FINANCIAL STATEMENTS

December 31, 2025 and 2024



ZIELINSKI & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

CHRISTIAN FAMILY SERVICES, INC.

FINANCIAL STATEMENTS

December 31, 2025 and 2024

CHRISTIAN FAMILY SERVICES, INC.

FINANCIAL STATEMENTS

December 31, 2025 and 2024

Table of Contents

Independent Auditor's Report	Page 1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



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, 2025 and 2024 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, 2025 and 2024 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 of 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 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.

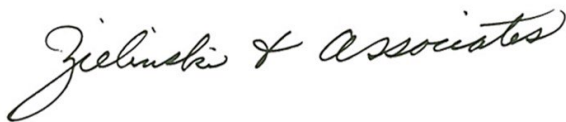
Auditor's Responsibilities for the Audit of the Financial Statements

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 audits.
- 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 audits.



September 21, 2026

CHRISTIAN FAMILY SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 1,231,409	\$ 979,698
Investments (Note D)	575,009	503,751
Accounts receivable, net	-	7,481
Pledged receivable, net	27,840	29,970
Prepaid expenses	12,813	10,772
Investments held at community foundation (Notes C and D)	511,916	442,179
Property and equipment, net (Note E)	266,285	261,091
Right-of-use assets—operating (Note I)	<u>449</u>	<u>1,099</u>
TOTAL ASSETS	<u><u>\$ 2,625,721</u></u>	<u><u>\$ 2,236,041</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 6,683	\$ 7,342
Refundable grant advance	-	3,487
Accrued payroll and sick pay	31,628	26,200
Right-of-use liabilities—operating (Note I)	449	1,099
Right-of-use liabilities—finance lease (Note I)	<u>23,790</u>	<u>30,039</u>
TOTAL LIABILITIES	<u>62,550</u>	<u>68,167</u>
Net assets		
Without donor restrictions	2,299,793	1,904,496
With donor restrictions (Note H)	<u>263,378</u>	<u>263,378</u>
TOTAL NET ASSETS	<u>2,563,171</u>	<u>2,167,874</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,625,721</u></u>	<u><u>\$ 2,236,041</u></u>

CHRISTIAN FAMILY SERVICES, INC.

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Contributions	\$ 503,402	\$ 23,786	\$ 527,188	\$ 342,056	\$ 31,496	\$ 373,552
Service fees	316,494	-	316,494	259,314	-	259,314
Program grant income	157,792	-	157,792	154,898	-	154,898
Special events	293,573	-	293,573	384,442	-	384,442
Less: costs of direct benefits to donors	(38,994)	-	(38,994)	(33,283)	-	(33,283)
Investment return, net (Note D)	165,064	13,197	178,261	117,948	6,626	124,574
Net assets released from restrictions	<u>36,983</u>	<u>(36,983)</u>	<u>-0-</u>	<u>6,441</u>	<u>(6,441)</u>	<u>-0-</u>
TOTAL REVENUES AND SUPPORT	<u>1,434,314</u>	<u>-</u>	<u>1,434,314</u>	<u>1,231,816</u>	<u>31,681</u>	<u>1,263,497</u>
Expenses						
Program services						
Adoption	109,542	-	109,542	79,735	-	79,735
Foster care	116,691	-	116,691	123,000	-	123,000
Maternity	189,361	-	189,361	160,175	-	160,175
Family life	530,243	-	530,243	416,881	-	416,881
Selah Living	<u>139,468</u>	<u>-</u>	<u>139,468</u>	<u>164,607</u>	<u>-</u>	<u>164,607</u>
Total Program Services	1,085,305	-	1,085,305	944,398	-	944,398
General and administrative	115,283	-	115,283	103,498	-	103,498
Fundraising	<u>94,079</u>	<u>-</u>	<u>94,079</u>	<u>77,385</u>	<u>-</u>	<u>77,385</u>
TOTAL EXPENSES	<u>1,294,667</u>	<u>-</u>	<u>1,294,667</u>	<u>1,125,281</u>	<u>-</u>	<u>1,125,281</u>
CHANGES IN NET ASSETS BEFORE OTHER CHANGES	<u>139,647</u>	<u>-</u>	<u>139,647</u>	<u>106,535</u>	<u>31,681</u>	<u>138,216</u>
Other Changes						
Employee retention credit	248,915	-	248,915	-	-	-0-
ACA refund	<u>6,735</u>	<u>-</u>	<u>6,735</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
TOTAL OTHER CHANGES	<u>255,650</u>	<u>-</u>	<u>255,650</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
CHANGES IN NET ASSETS	395,297	-	395,297	106,535	31,681	138,216
Net Assets, Beginning of Year	<u>1,904,496</u>	<u>263,378</u>	<u>2,167,874</u>	<u>1,797,961</u>	<u>231,697</u>	<u>2,029,658</u>
NET ASSETS, END OF YEAR	<u>\$ 2,299,793</u>	<u>\$ 263,378</u>	<u>\$ 2,563,171</u>	<u>\$ 1,904,496</u>	<u>\$ 263,378</u>	<u>\$ 2,167,874</u>

See notes to financial statements.

CHRISTIAN FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2025

	Program Services					Total Program Services	Support Services		Total Support Services	Total
	Adoption	Foster Care	Maternity	Family Life	Selah Living		General and Administration	Fundraising		
Salaries and wages	\$ 66,393	\$ 61,397	\$ 93,444	\$ 353,656	\$ 83,145	\$ 658,035	\$ 54,321	\$ 64,942	\$ 119,263	\$ 777,298
Retirement plan contributions	2,281	1,443	3,752	9,914	2,040	19,430	1,899	1,983	3,882	23,312
Other employee benefits	10,371	9,062	15,901	34,419	14,282	84,035	4,171	5,906	10,077	94,112
Payroll taxes	6,824	4,627	6,962	26,819	6,269	51,501	3,462	4,905	8,367	59,868
Professional fees	1,000	-	-	-	7,062	8,062	21,747	-	21,747	29,809
Office expenses	2,465	1,917	3,286	24,386	3,012	35,066	1,917	2,191	4,108	39,174
Occupancy	5,846	5,846	5,846	26,306	5,902	49,746	5,845	2,923	8,768	58,514
Insurance	450	450	450	1,802	450	3,602	5,693	-	5,693	9,295
Depreciation	1,689	1,689	1,689	7,601	1,689	14,357	1,689	844	2,533	16,890
Outreach development	1,345	9,544	1,610	6,310	1,381	20,190	-	-	-	20,190
Bad debt expense	-	-	-	-	-	-	948	-	948	948
Advertising	5,691	5,691	5,752	25,611	5,691	48,436	-	8,286	8,286	56,722
Training	1,690	1,521	2,113	7,267	4,913	17,504	2,730	-	2,730	20,234
Travel	1,307	2,846	3,214	3,629	381	11,377	-	-	-	11,377
Room and board fees	-	2,240	-	-	1,367	3,607	-	-	-	3,607
Childcare services	-	2,400	-	-	-	2,400	-	-	-	2,400
Clothing and medical supplies	-	-	-	-	-	-	-	-	-	-0-
Fatherhood initiative	-	-	-	2,271	-	2,271	-	-	-	2,271
Birth mother fees	-	-	43,217	-	-	43,217	-	-	-	43,217
Interest	-	-	-	-	-	-	795	-	795	795
Miscellaneous	2,190	6,018	2,125	252	1,884	12,469	10,066	2,099	12,165	24,634
TOTAL FUNCTIONAL EXPENSES	<u>\$ 109,542</u>	<u>\$ 116,691</u>	<u>\$ 189,361</u>	<u>\$ 530,243</u>	<u>\$ 139,468</u>	<u>\$ 1,085,305</u>	<u>\$ 115,283</u>	<u>\$ 94,079</u>	<u>\$ 209,362</u>	<u>\$ 1,294,667</u>

CHRISTIAN FAMILY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2024

	Program Services					Total Program Services	Support Services		Total Support Services	Total
	Adoption	Foster Care	Maternity	Family Life	Selah Living		General and Administration	Fundraising		
Salaries and wages	\$ 37,119	\$ 74,403	\$ 78,250	\$ 263,276	\$ 72,628	\$ 525,676	\$ 48,181	\$ 45,039	\$ 93,220	\$ 618,896
Retirement plan contributions	2,648	3,622	4,799	10,804	2,651	24,524	2,946	2,630	5,576	30,100
Other employee benefits	6,604	10,704	13,289	26,100	12,484	69,181	1,962	3,920	5,882	75,063
Payroll taxes	2,776	5,551	5,789	18,635	5,456	38,207	3,271	2,874	6,145	44,352
Professional fees	107	-	-	-	15,720	15,827	16,100	-	16,100	31,927
Office expenses	1,316	2,639	2,775	19,012	2,576	28,318	4,069	1,597	5,666	33,984
Occupancy	5,277	5,277	5,277	23,744	6,940	46,515	5,275	2,638	7,913	54,428
Insurance	435	435	435	1,739	435	3,479	4,666	-	4,666	8,145
Depreciation	1,205	1,205	1,205	5,423	1,205	10,243	1,205	602	1,807	12,050
Outreach development	1,053	4,753	2,123	3,118	1,179	12,226	-	-	-	12,226
Bad debt expense	-	-	-	7,860	-	7,860	685	-	685	8,545
Advertising	5,477	5,595	7,005	25,290	5,595	48,962	-	12,242	12,242	61,204
Training	125	1,464	3,970	4,690	464	10,713	6,299	-	6,299	17,012
Travel	1,271	970	3,579	4,595	1,197	11,612	-	-	-	11,612
Room and board fees	-	2,520	-	-	21,647	24,167	-	-	-	24,167
Childcare services	-	1,620	-	-	-	1,620	-	-	-	1,620
Clothing and medical supplies	93	500	-	-	-	593	-	-	-	593
Birth mother fees	-	-	31,640	-	-	31,640	-	-	-	31,640
Interest	-	-	-	-	-	-	497	-	497	497
Miscellaneous	14,229	1,742	39	2,595	14,430	33,035	8,342	5,843	14,185	47,220
TOTAL FUNCTIONAL EXPENSES	\$ 79,735	\$ 123,000	\$ 160,175	\$ 416,881	\$ 164,607	\$ 944,398	\$ 103,498	\$ 77,385	\$ 180,883	\$ 1,125,281

CHRISTIAN FAMILY SERVICES, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 395,297	\$ 138,216
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	16,890	12,050
Bad debt expense	948	685
Net realized and unrealized gain on investments	(87,575)	(37,014)
Changes in:		
Accounts receivable	7,481	5,019
Pledges receivable	2,130	(27,170)
Prepaid expenses	(2,041)	552
Accounts payable	(659)	7,342
Grant advance	(3,487)	29,902
Accrued expenses	<u>5,428</u>	<u>(2,743)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>334,412</u>	<u>126,839</u>
Cash Flows from Investing Activities		
Investment activity, net	(71,258)	(124,910)
Property and equipment activity, net	<u>(11,443)</u>	<u>(21,028)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(82,701)</u>	<u>(145,938)</u>
NET INCREASE (DECREASE) IN CASH	251,711	(19,099)
Cash and Cash Equivalents, Beginning of Year	<u>979,698</u>	<u>998,797</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,231,409</u>	<u>\$ 979,698</u>
Interest Paid	<u>\$ 795</u>	<u>\$ 497</u>

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

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 case workers, 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, 2025 and 2024

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.

Net assets with donor restrictions—permanent—net assets that are held in perpetuity with only the income to be used for operations.

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 \$-0- and \$3,487 and for the years ended December 31, 2025 and 2024, 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, 2025 and 2024

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 \$7,286 at January 1, 2025, and \$14,500 at January 1, 2024.

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, 2025 and 2024

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 \$-0- at December 31, 2025 and 2024.

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 are \$-0- as of December 31, 2025 and 2024.

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:

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

Right-of-Use Assets and Liabilities

Right-of-use assets and liabilities are measured at the present value of future minimum lease payments. Management has elected to exclude short-term leases of 12 months or less, use a risk-free treasury rate, and to not separate the lease components and use a single lease expense.

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, 2025 and 2024

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 \$56,722 and \$61,204 for the years ended December 31, 2025 and 2024, respectively.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 21, 2026, 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.

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 2025 and 2024 were \$-0-.

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2025 and 2024

NOTE C—ENDOWMENT *(Continued)*

The composition of net assets by type of endowment fund at December 31, 2025 and 2024, was:

	2025		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated funds	\$ 237,139	-	\$ 237,139
Donor-restricted funds:			
Original gift amount	-	\$ 24,033	24,033
Accumulated gains and other	-	250,744	250,744
Total Endowment Funds	<u>\$ 237,139</u>	<u>\$ 274,777</u>	<u>\$ 511,916</u>
	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated funds	\$ 237,139	-	\$ 237,139
Donor-restricted funds:			
Original gift amount	-	\$ 24,033	24,033
Accumulated gains and other	-	181,007	181,007
Total Endowment Funds	<u>\$ 237,139</u>	<u>\$ 205,040</u>	<u>\$ 442,179</u>

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2025 and 2024

NOTE C—ENDOWMENT *(Continued)*

Changes in endowment net assets for the years ended December 31, 2025 and 2024, were:

	2025		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment—Beginning of Year	\$ 344,565	\$ 97,614	\$ 442,179
Contributions	-	-	-0-
Investment return, net	<u>56,540</u>	<u>13,197</u>	<u>69,737</u>
Endowment—End of Year	<u>\$ 401,105</u>	<u>\$ 110,811</u>	<u>\$ 511,916</u>
	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment—Beginning of Year	\$ 300,390	\$ 90,988	\$ 391,378
Contributions	-	-	-0-
Investment return, net	<u>44,175</u>	<u>6,626</u>	<u>50,801</u>
Endowment—End of Year	<u>\$ 344,565</u>	<u>\$ 97,614</u>	<u>\$ 442,179</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds, a fund of perpetual duration, may fall below the level that the donor or UPMIFA requires the Organization to retain. We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. Deficiencies of this nature exist in multiple donor-restricted endowment funds resulting from unfavorable market conditions, endowment funds, and continued appropriation for certain programs that were deemed prudent by the Organization. Original gift values and current market values of underwater endowments are as follows:

	<u>2025</u>	<u>2024</u>
Fair value	\$ 31,266	\$ 29,770
Original gift value	<u>30,000</u>	<u>30,000</u>
Gain (Deficiency)	<u>\$ 1,266</u>	<u>\$ (230)</u>

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2025 and 2024

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.

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, 2025 and 2024:

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)*

December 31, 2025 and 2024

NOTE D—FAIR VALUE MEASUREMENTS *(Continued)*

The following table presents investments carried at fair value in accordance with the valuation hierarchy at December 31, 2025 and 2024:

	2025		
	Level 1	Level 3	Total
Cash and cash equivalents, at cost	\$ 10,316	-	\$ 10,316
Mutual funds	564,693	-	564,693
Interest in assets held at YouthBridge	-	\$ 511,916	511,916
Total Investments at Fair Value	\$ 575,009	\$ 511,916	\$ 1,086,925

	2024		
	Level 1	Level 3	Total
Cash and cash equivalents, at cost	\$ 8,742	-	\$ 8,742
Mutual funds	495,009	-	495,009
Interest in assets held at YouthBridge	-	\$ 442,179	442,179
Total Investments at Fair Value	\$ 503,751	\$ 442,179	\$ 945,930

The following summarizes the investment income for the year ended December 31, 2025:

Interest and dividends, net of fees	\$ 117,510
Net realized and unrealized gains	60,751
Total Investment Income	\$ 178,261

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2025 and 2024

NOTE E—PROPERTY AND EQUIPMENT

A summary of land, buildings, equipment, and improvements as of December 31, 2025 and 2024, follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 75,000	\$ 75,000
Buildings and renovations	312,768	290,684
Equipment	19,309	19,309
Equipment—finance lease	<u>33,077</u>	<u>33,077</u>
	440,154	418,070
Less: accumulated depreciation	<u>(173,869)</u>	<u>(156,979)</u>
Net Property and Equipment	<u><u>\$ 266,285</u></u>	<u><u>\$ 261,091</u></u>

Depreciation expense for the years ended December 31, 2025 and 2024, was \$16,890 and \$12,050, 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 \$23,312 and \$23,401 for the years ended December 31, 2025 and 2024, respectively.

NOTE G—BOARD-DESIGNATED NET ASSETS

Board-designated net assets were \$237,139 at December 31, 2025 and 2024. 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, 2025 and 2024

NOTE H—RESTRICTED NET ASSETS

Restricted net assets at December 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Restricted endowments	\$ 154,460	\$ 165,764
Timothy Fund	<u>108,918</u>	<u>97,614</u>
Total	<u><u>\$ 263,378</u></u>	<u><u>\$ 263,378</u></u>

Net assets released from restrictions due to expenditure for foster care and medical expenses from the Timothy Fund amounted to \$36,983 for 2025 and \$6,441 for 2024.

NOTE I—RIGHT-OF-USE ASSETS AND LIABILITIES

The Organization leases a postage meter and copier. The postage meter lease is considered to be an operating lease, and the copier is considered to be a finance lease.

The postage meter lease began in July 2023 and ends in September 2026. Annual lease costs are approximately \$684 for fiscal 2025 and 2024, and total \$2,166 over the lease term. A risk-free treasury rate was used to determine the present value of future minimum lease payments. The right-of-use assets and liabilities for the postage meter are \$449 and \$1,099 as of June 30, 2025 and 2024, respectively.

The copier lease began in August 2024 and ends in July 2029. Annual lease costs are approximately \$7,260 and total \$36,300 over the lease term. A risk-free treasury rate was used to determine the present value of future minimum lease payments. The copier asset is included in property and equipment.

NOTE J—LEGACY ENDOWMENT

In 2024, the Organization began a permanently restricted Legacy Endowment Fund. The principal will remain in perpetuity and only the income can be used for operations.

CHRISTIAN FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS *(Continued)*

December 31, 2025 and 2024

NOTE K—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	\$ 1,231,409
Pledges receivable	27,840
Investments (Level 1)	<u>575,009</u>
Total Financial Assets Available for Use Within One Year	<u>1,834,258</u>
Less:	
Liabilities	(38,311)
Net assets with donor restrictions	<u>(263,378)</u>
	<u>(301,689)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 1,532,569</u>