

**CHRISTIAN HEALTH SERVICE CORPS, INC.  
FRUITVALE, TEXAS**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021 AND 2020**

**CHRISTIAN HEALTH SERVICE CORPS, INC.  
SEPTEMBER 30, 2021 AND 2020**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Christian Health Service Corps, Inc.  
Fruitvale, Texas

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Christian Health Service Corps, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Health Service Corps, Inc. as of September 30, 2021 and 2020, 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.

Henry & Peters, PC

Longview, Texas  
January 26, 2022

**CHRISTIAN HEALTH SERVICE CORPS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,317,439	\$ 1,062,832
Restricted cash	48,741	7,321
Total cash and cash equivalents	2,366,180	1,070,153
Certificates of deposit	392,284	411,494
Accounts receivable	2,671	680
Grants receivable	29,512	-
Other current assets	2,331	5,974
Total current assets	2,792,978	1,488,301
 <b>PROPERTY AND EQUIPMENT, NET</b>	 1,014,744	 1,028,144
 Total assets	 \$ 3,807,722	 \$ 2,516,445
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 32,032	\$ 28,212
Current portion of notes payable	12,372	18,407
Total current liabilities	44,404	46,619
 <b>LONG-TERM DEBT</b>		
Notes payable, net of current portion	565,926	570,367
Paycheck Protection Program loan	-	230,000
Total liabilities	610,330	846,986
 <b>NET ASSETS</b>		
Without donor restrictions	1,060,173	328,363
With donor restrictions	2,137,219	1,341,096
Total net assets	3,197,392	1,669,459
Total liabilities and net assets	\$ 3,807,722	\$ 2,516,445

See accompanying notes to financial statements.

**CHRISTIAN HEALTH SERVICE CORPS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 539,450	\$ 4,087,201	\$ 4,626,651
Training income	11,430	-	11,430
Grant income	94,512	-	94,512
Interest income	2,982	-	2,982
Forgiveness of Payroll Protection Program loan	230,000	-	230,000
Other income	1,570	-	1,570
Net assets released from restrictions	3,291,078	(3,291,078)	-
Total revenues, gains, and other support	<u>4,171,022</u>	<u>796,123</u>	<u>4,967,145</u>
<b>EXPENSES</b>			
Program services	3,213,222	-	3,213,222
Management and general	172,128	-	172,128
Fundraising	53,862	-	53,862
Total expenses	<u>3,439,212</u>	<u>-</u>	<u>3,439,212</u>
Change in net assets	731,810	796,123	1,527,933
<b>NET ASSETS AS OF BEGINNING OF YEAR</b>	<u>328,363</u>	<u>1,341,096</u>	<u>1,669,459</u>
<b>NET ASSETS AS OF END OF YEAR</b>	<u><u>\$ 1,060,173</u></u>	<u><u>\$ 2,137,219</u></u>	<u><u>\$ 3,197,392</u></u>

See accompanying notes to financial statements.

**CHRISTIAN HEALTH SERVICE CORPS, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 113,227	\$ 3,193,186	\$ 3,306,413
Training income	12,309	-	12,309
Retreat center income	40,882		
Grant income	1,500	-	1,500
Interest income	6,917	-	6,917
Gain on sale of property and equipment	17,960	-	17,960
Other income	2,789	-	2,789
Net assets released from restrictions	<u>2,987,395</u>	<u>(2,987,395)</u>	<u>-</u>
Total revenues, gains, and other support	3,182,979	205,791	3,347,888
<b>EXPENSES</b>			
Program services	2,800,797	-	2,800,797
Management and general	158,995	-	158,995
Fundraising	<u>49,029</u>	<u>-</u>	<u>49,029</u>
Total expenses	<u>3,008,821</u>	<u>-</u>	<u>3,008,821</u>
Change in net assets	174,158	205,791	379,949
<b>NET ASSETS AS OF BEGINNING OF YEAR</b>	<u>154,205</u>	<u>1,135,305</u>	<u>1,289,510</u>
<b>NET ASSETS AS OF END OF YEAR</b>	<u><u>\$ 328,363</u></u>	<u><u>\$ 1,341,096</u></u>	<u><u>\$ 1,669,459</u></u>

See accompanying notes to financial statements.

**CHRISTIAN HEALTH SERVICE CORPS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Program Services	Management and General	Fundraising	Total
Ministry and healthcare projects	\$ 1,132,860	-	-	\$ 1,132,860
Salaries, wages, and taxes	1,659,336	95,568	29,367	1,784,271
Employee benefits	-	7,034	-	7,034
Advertising and promotion	-	527	19,475	20,002
Auto	3,350	-	-	3,350
Bank and credit card fees	67,963	5,383	-	73,346
Charitable contributions	-	6,060	-	6,060
Contract labor	6,762	-	-	6,762
Depreciation	94,863	2,934	-	97,797
Dues and subscriptions	-	1,896	-	1,896
Education and training	76,046	-	-	76,046
Equipment expense	121	-	-	121
Insurance	12,960	3,415	-	16,375
Interest	32,129	-	-	32,129
Member care counseling	7,511	-	-	7,511
Office	-	6,348	-	6,348
Postage and delivery	-	5,869	-	5,869
Professional fees	4,450	21,954	-	26,404
Rent	1,502	-	-	1,502
Repairs and maintenance	11,933	10,640	-	22,573
Supplies	49,684	-	-	49,684
Travel	30,934	587	-	31,521
Utilities	20,818	1,358	-	22,176
Website	-	2,555	5,020	7,575
	<u>\$ 3,213,222</u>	<u>\$ 172,128</u>	<u>\$ 53,862</u>	<u>\$ 3,439,212</u>

See accompanying notes to financial statements.

**CHRISTIAN HEALTH SERVICE CORPS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Program Services	Management and General	Fundraising	Total
Ministry and healthcare projects	\$ 1,079,824	-	-	\$ 1,079,824
Salaries, wages, and taxes	1,377,147	45,712	23,765	1,446,624
Employee benefits	-	4,326	-	4,326
Advertising and promotion	270	1,972	16,256	18,498
Auto	3,162	2,237	-	5,399
Bank and credit card fees	49,120	7,763	-	56,883
Charitable contributions	-	1,520	-	1,520
Contract labor	4,685	-	-	4,685
Depreciation	84,389	2,610	-	86,999
Dues and subscriptions	-	4,107	-	4,107
Education and training	27,599	-	-	27,599
Equipment expense	2,400	-	-	2,400
Fundraising events	-	-	4,208	4,208
Insurance	13,507	3,883	-	17,390
Interest	45,312	-	-	45,312
Licenses and taxes	22	-	-	22
Member care counseling	2,158	-	-	2,158
Miscellaneous	11,331	14,602	1,140	27,073
Office	-	7,716	-	7,716
Postage and delivery	1,204	5,002	-	6,206
Professional fees	-	18,557	-	18,557
Rent	732	-	-	732
Repairs and maintenance	12,338	19,105	-	31,443
Supplies	38,005	-	-	38,005
Travel	23,662	16,667	-	40,329
Utilities	23,930	-	-	23,930
Website	-	3,216	3,660	6,876
	<u>\$ 2,800,797</u>	<u>\$ 158,995</u>	<u>\$ 49,029</u>	<u>\$ 3,008,821</u>

See accompanying notes to financial statements.



**THE CHRISTIAN HEALTH CORPS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,527,933	\$ 379,949
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	97,797	86,999
Forgiveness of Payroll Protection Program loan	(230,000)	-
Gain on disposal of property and equipment	-	(17,960)
(Increase) decrease in operating assets:		
Accounts receivable	(1,991)	4,707
Grants receivable	(29,512)	-
Other current assets	3,643	8,804
Decrease (increase) in operating liabilities:		
Accounts payable and accrued expenses	3,820	(11,282)
Net cash provided by operating activities	<u>1,371,690</u>	<u>451,217</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale or maturity of certificates of deposit	19,210	-
Purchase of certificates of deposit	-	(5,905)
Proceeds from sale of property and equipment	-	23,000
Purchases of property and equipment	(84,397)	(125,266)
Net cash used in investing activities	<u>(65,187)</u>	<u>(108,171)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	-	230,000
Principal payments on line-of-credit payable	-	(60,000)
Proceeds from notes payable	-	196,379
Principal payments on notes payable	(10,476)	(228,688)
Net cash (used in) provided by financing activities	<u>(10,476)</u>	<u>137,691</u>
Net increase in cash and cash equivalents	1,296,027	480,737
<b>CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR</b>	<u>1,070,153</u>	<u>589,416</u>
<b>CASH AND CASH EQUIVALENTS AS OF END OF YEAR</b>	<u>\$ 2,366,180</u>	<u>\$ 1,070,153</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 32,129	\$ 45,312

See accompanying notes to financial statements.

**CHRISTIAN HEALTH SERVICE CORPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 1 - ORGANIZATION**

Christian Health Service Corps, Inc. (“Organization”) was incorporated in 2010 as a nonprofit corporation under the laws of the State of Texas. The Organization was formed to prepare, equip, and send Christian healthcare workers to service the global community, seek to be a catalyst for transforming the health of the global community, and create a world where children no longer die of preventable cause and primary healthcare is available to all people in all communities of the world.

The Organization also owns and operates Shalom Retreat and Training Center (“Shalom”). Shalom supports the training and orientation of the Organization’s missionaries, but it is also available to outside organizations for church retreats, board meetings, mission training programs and more.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

The financial statements have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (“GAAP”).

**FINANCIAL STATEMENT PRESENTATION**

The Organization follows the guidance provided in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, Not-for-Profit Entities, in preparing its financial statements. This standard requires that net assets and revenues, expenses, gains and losses be classified based on the existence or absence of donor-imposed restrictions. With the adoption of Accounting Standards Update (“ASU”) 2016-14, net assets of the Organization and changes therein, are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions – Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or by the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restricted contributions (i.e., when the donor-stipulated purposes have been fulfilled and/or when the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**CERTIFICATES OF DEPOSIT**

The Organization carries investments consisting of certificates of deposits for long-term purposes. These investments are shown at amortized cost, which approximates fair value. Interest income is recorded on the accrual basis.

**SUPPORT AND REVENUE**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

**CHRISTIAN HEALTH SERVICE CORPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**SUPPORT AND REVENUE - CONTINUED**

It is the Organization's policy to accept gifts with donor preferences and management's intention to honor these donor preferences, however, the Organization's policy with its donors is the Organization maintains control over all gifts accepted and the ultimate discretion as to their use. Gifts received with preferences are accounted for as support with donor restriction in the accompany financial statements. Further, in accordance with its agreement with donors, the Organization allocates a portion of these gifts accepted with preferences to offset administration and fundraising activities of the Organization as an administrative charge, which is currently up to ten percent of gifts received.

Retreat and training center income is recognized as events occur.

**ACCOUNTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS**

Accounts receivable consist primarily of amounts due to retreat center revenue and are stated at the amount the Organization expects to collect. Accounts receivable are presented in the statements of financial position net of estimated uncollectible amounts. The Organization records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. As of September 30, 2021 and 2020, an allowance for uncollectible accounts was not considered necessary to properly reflect the realizable value of accounts receivable.

**PLEDGES RECEIVABLE**

Contributions are recognized as a pledge receivable when a donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which the promises depend are substantially met. As of September 30, 2021, there are no outstanding balances of pledges receivable.

At times the Organization has significant intentions to give made by donors. These intentions do not meet the definition of a pledge receivable and as such are not recorded in the accompanying financial statements. Payments on intentions to give are recorded as received in accordance with the Organization's policy.

**PROPERTY AND EQUIPMENT**

Property and equipment are carried at cost or, if donated, estimated fair market value at the date of contribution. Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

Depreciation is provided on the straight-line method over the following estimated useful lives:

	<u>Life</u>
Leasehold improvements	5 years
Equipment	3-10 years
Furniture and fixtures	5-7 years
Buildings	10-40 years
Vehicles	5-7 years

**DONATED ASSETS AND SERVICES**

Contributions of donated non-cash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

**CHRISTIAN HEALTH SERVICE CORPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**COMPENSATED ABSENCES**

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

**ADVERTISING**

Costs incurred for advertising and marketing are generally expensed as incurred.

**FEDERAL INCOME TAX**

The Organization is exempt from federal income tax, except to the extent the entity has unrelated business income, under 501(c)(3) of the Internal Revenue Code ("Code"). Accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

In accordance with FASB ASC 740, Income Taxes, management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that required adjustments to the financial statements to comply with the provisions of this guidance. The Organization's tax returns are subject to examination by the Internal Revenue Service, generally for three years from the date of filing.

**FUNCTIONAL EXPENSES**

The Organization allocated its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated according to their natural expenditure classification. Other expenses are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense Category</u>	<u>Method of Allocation</u>
Salaries, wages and related expenses	Time and effort
Depreciation	Square footage
Other expenses	Direct

**USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RECLASSIFICATIONS**

Certain amounts in the 2020 financial statements have been reclassified to conform to the current year presentation. These classifications had no impact on total net assets.

**RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this update clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because such classification affects the timing of contribution revenue and expense recognition. The update is effective for annual periods beginning after December 15, 2019. The Organization adopted this standard during the year ended September 30, 2021 with no significant impact on the financial statements.

**CHRISTIAN HEALTH SERVICE CORPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS - CONTINUED**

In June 2020, the FASB issued ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842). This ASU defers the effective date of ASU 2014-09, Revenue from Contracts with Customers (Topic 606), for non-public entities to annual reporting periods beginning after December 15, 2019. ASU 2014-09 establishes a five-step process for revenue recognition. The Organization adopted this standard during the year ended September 30, 2021 with no significant impact on the financial statements.

ASU 2020-05 also deferred the effective date of 2016-02, Leases (Topic 842), for non-public entities to annual reporting periods beginning after December 15, 2021. ASU 2016-02 significantly changes accounting for leases by requiring that lessees recognize a right-of-use asset and a related lease liability representing the obligation to make lease payments, for virtually all lease transactions. Additional disclosures about an entity's lease transactions will also be required. ASU 2016-02 defines a lease as "a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment (an identified asset) for a period of time in exchange for consideration." Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented in the financial statements using a modified retrospective approach. The Organization is reviewing the provisions of ASU 2016-02 to determine the impact on its financial statements and related disclosures.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This update requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. This update also requires a not-for-profit to disclose (1) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period, (2) the not-for-profit's policy about monetizing rather than utilizing contributed nonfinancial assets, (3) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, (4) the valuation techniques and inputs used to arrive at a fair value measurement, and (5) the principal market used to arrive at a fair value measurement if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. This update is effective for reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization is reviewing the provisions of ASU 2020-07 to determine the impact on its financial statements and related disclosures.

**NOTE 3 - CERTIFICATES OF DEPOSIT**

As of September 30, 2021 and 2020, the Organization holds certificates of deposit with financial institutions totaling \$392,284 and \$411,494, respectively. These certificates vary in maturity from 6-18 months. The Organization has historically renewed the certificates upon maturity, as most of the certificates of deposit serve as collateral for notes payable and lines-of-credit. Interest rates range from 0.75% - 2.40%.

**NOTE 4 - LIQUIDITY AND AVAILABLE FINANCIAL ASSETS**

The following reflects the Organization's financial assets available as of September 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has secured a line of credit in the amount of \$60,000, which it could draw upon.

	<u>2021</u>	<u>2020</u>
Financial assets available at year-end	\$ 2,790,647	\$ 1,482,327
Less those unavailable for general expenditures within one year, due to:		
contractual or donor-imposed restrictions	<u>(2,137,219)</u>	<u>(1,341,096)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 653,428</u>	<u>\$ 141,231</u>

**CHRISTIAN HEALTH SERVICE CORPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at September 30:

	2021	2020
Land	\$ 80,000	\$ 80,000
Buildings and improvements	778,232	756,911
Furniture and fixtures	46,792	46,792
Equipment	64,933	64,113
Vehicles	433,427	371,171
Less: accumulated depreciation	(388,640)	(290,843)
	\$ 1,014,744	\$ 1,028,144

The Organization incurred depreciation expense totaling \$97,797 and \$86,999 during the years ended September 30, 2021 and 2020, respectively.

**NOTE 6 - PAYCHECK PROTECTION PROGRAM LOAN**

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits and deferment of employer social security payments. Additionally, the CARES Act appropriated funds for potentially forgivable loans under the U.S. Small Business Administration Paycheck Protection Program. During the year ended September 30, 2020, the Organization elected to apply for and received a Paycheck Protection Program loan, totaling \$230,000. During the year ended September 30, 2021, the Organization was notified that the full loan amount was forgiven.

**NOTE 7 - LINE-OF-CREDIT**

The Organization has access to a \$60,000 line-of-credit that is secured by a certificate of deposit. For the years ended September 30, 2021 and 2020, there were no draws taken on the line-of-credit and no outstanding balances.

**NOTE 8 - NOTES PAYABLE**

The Organization’s notes payable consisted of the following at September 30:

	2021	2020
Note payable secured by real property, due in monthly installments of \$1,473, including interest at 6.25%, until maturity on October 31, 2039.	\$ 189,895	\$ 194,474
Note payable secured by real property, due in monthly installments of \$2,474, including interest at 6.00%, until maturity in August 2043.	388,403	394,300
Total notes payable	578,298	588,774
Less: current portion	(12,372)	(18,407)
Notes payable, net of current portion	\$ 565,926	\$ 570,367

The following table summarizes future scheduled maturities of the notes payable for years ended September 30:

2022	\$	12,372
2023		13,156
2024		13,958
2025		14,874
2026		15,816
Thereafter		508,122
		\$ 578,298

**CHRISTIAN HEALTH SERVICE CORPS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 9 - RESTRICTIONS ON NET ASSETS**

Net assets were restricted for the following purposes at September 30:

	2021	2020
Specific medical and other ministry opportunities	\$ 2,088,478	\$ 1,333,775
Capital projects	48,741	7,321
	\$ 2,137,219	\$ 1,341,096

Included in net assets released from restrictions during the years ended September 30, 2021 and 2020 are \$409,420 and \$298,131, respectively, of administrative charges to offset administrative and fundraising activities.

**NOTE 10 - EMPLOYEE BENEFIT PLAN**

The Organization has a defined contribution plan covering substantially all employees over the age of 21 with at least twelve months of service who may enter the plan on a quarterly basis. The Organization has not provided any matching, profit sharing or other employer contribution since inception.

**NOTE 11 - CONTRIBUTED SERVICES**

A substantial number of volunteers have donated significant amounts of their time to the Organization and its programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

**NOTE 12 - CONCENTRATIONS AND CONTINGENCIES**

The Organization maintains cash in accounts with federally insured banks. At times, the balances in these accounts may be in excess of federally insured limits. The Organization uses quality depository institutions and monitors their stability. The Organization has not experienced any loss in such accounts, and it does not believe it is exposed to any significant risk on cash.

The Organization is subject to certain claims and contingencies that arise in the normal course of performing its services. None of these, in the opinion of management, are expected to have a material adverse effect on the financial position, activities or cash flows of the Organization.

**NOTE 13 - RELATED PARTIES**

During the year ended September 30, 2021 and 2020, the Organization received cash contributions from board members totaling \$100,436 and \$61,468, respectively.

**NOTE 14 - COVID-19**

During the year ended September 30, 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. As a result of the COVID-19 virus pandemic, there has been disruption in businesses and markets world-wide. Current economic and financial market conditions related to the COVID-19 virus pandemic have impacted the Organization’s operations and could adversely affect cash flows in future periods. While long-term effects are unknown, management believes that it has the resources to handle its current obligations.

**NOTE 15 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through January 26, 2022, the date on which the financial statements were available to be issued.