

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

**THE CHRISTIAN HEALTH SERVICE CORPS, INC.
SEPTEMBER 30, 2020 AND 2019**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Christian Health Service Corps, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020 and the related statement of activities, functional expenses, and cash flows for the year 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 The Christian Health Service Corps, Inc. as of September 30, 2020 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.



Report on 2019 Financial Statements

The 2019 financial statements were reviewed by another firm and the report thereon, dated February 24, 2020, stated there were not any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

Henry E. Peters, PC

Tyler, Texas
January 27, 2021

THE CHRISTIAN HEALTH SERVICE CORPS, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019 (REVIEWED)

	<u>2020</u>	<u>(Reviewed)</u> <u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 79,962	\$ 8,979
Restricted cash	990,191	580,437
Total cash and cash equivalents	<u>1,070,153</u>	<u>589,416</u>
Certificates of deposit	411,494	405,589
Accounts receivable	680	5,387
Other current assets	5,974	14,778
Total current assets	<u>1,488,301</u>	<u>1,015,170</u>
 PROPERTY AND EQUIPMENT, NET	 1,028,144	 994,917
 Total assets	 <u><u>\$ 2,516,445</u></u>	 <u><u>\$ 2,010,087</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 28,212	\$ 39,494
Current portion of lines-of-credit payable	12,222	184,656
Current portion of note payable	6,185	5,389
Total current liabilities	<u>46,619</u>	<u>229,539</u>
 LONG-TERM DEBT		
Lines-of-credit payable, net of current portion	182,252	95,544
Note payable, net of current portion	388,115	395,494
Paycheck Protection Program loan	230,000	-
Total liabilities	<u>846,986</u>	<u>720,577</u>
 NET ASSETS		
Without donor restrictions	369,923	154,205
With donor restrictions	1,299,536	1,135,305
Total net assets	<u>1,669,459</u>	<u>1,289,510</u>
Total liabilities and net assets	<u><u>\$ 2,516,445</u></u>	<u><u>\$ 2,010,087</u></u>

See accompanying notes to financial statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 154,787	\$ 3,151,626	\$ 3,306,413
Retreat center income	53,191	-	53,191
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	3,224,539	164,231	3,388,770
EXPENSES			
Program services:			
Medical Ministries	2,083,241	-	2,083,241
Educational	612,345	-	612,345
Support services:			
Management and general	264,206	-	264,206
Fundraising	49,029	-	49,029
Total expenses	<u>3,008,821</u>	<u>-</u>	<u>3,008,821</u>
Change in net assets	215,718	164,231	379,949
NET ASSETS AS OF BEGINNING OF YEAR	<u>154,205</u>	<u>1,135,305</u>	<u>1,289,510</u>
NET ASSETS AS OF END OF YEAR	<u><u>\$ 369,923</u></u>	<u><u>\$ 1,299,536</u></u>	<u><u>\$ 1,669,459</u></u>

See accompanying notes to financial statements.

THE CHRISTIAN HEALTH SERVICE CORPS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019 (REVIEWED)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 125,260	\$ 2,226,041	\$ 2,351,301
Retreat center income	129,776	-	129,776
Interest income	8,606	-	8,606
Other income	496	-	496
NET ASSETS RELEASED FROM RESTRICTIONS	2,177,279	(2,177,279)	-
Total revenues, gains, and other support	2,441,417	48,762	2,490,179
 EXPENSES			
Program services:			
Medical Ministries	1,704,997	-	1,704,997
Educational	441,525	-	441,525
Support services:			
Management and general	184,331	-	184,331
Fundraising	29,350	-	29,350
Total expenses	2,360,203	-	2,360,203
 Change in net assets	81,214	48,762	129,976
 NET ASSETS AS OF BEGINNING OF YEAR	72,991	1,086,543	1,159,534
 NET ASSETS AS OF END OF YEAR	\$ 154,205	\$ 1,135,305	\$ 1,289,510

See accompanying notes to financial statements.

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

	<u>Program Expenses</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Medical Ministries</u>	<u>Educational</u>	<u>Management and General</u>	<u>Fundraising</u>	
Ministry and educational projects	\$ 603,863	\$ 475,961	\$ -	\$ -	\$ 1,079,824
Salaries, wages, and taxes	1,314,208	27,909	45,712	23,765	1,411,594
Employee benefits	35,030	-	4,326	-	39,356
Advertising and promotion	-	270	1,972	16,256	18,498
Auto	-	3,162	2,237	-	5,399
Bank and credit card fees	1,249	188	55,446	-	56,883
Charitable contributions	-	-	1,520	-	1,520
Contract labor	-	4,685	-	-	4,685
Depreciation	60,899	23,490	2,610	-	86,999
Dues and subscriptions	-	-	4,107	-	4,107
Education and training	8,328	7,055	12,216	-	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	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	22,242	15,763	-	-	38,005
Travel	23,179	483	16,667	-	40,329
Utilities	-	23,930	-	-	23,930
Website	-	-	3,216	3,660	6,876
	<u>\$ 2,083,241</u>	<u>\$ 612,345</u>	<u>\$ 264,206</u>	<u>\$ 49,029</u>	<u>\$ 3,008,821</u>

See accompanying notes to financial statements.

THE CHRISTIAN HEALTH SERVICE CORPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019 (REVIEWED)

	<u>Program Expenses</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Medical Ministries</u>	<u>Educational</u>	<u>Management and General</u>	<u>Fundraising</u>	
Ministry and educational projects	\$ 545,728	\$ 176,253	\$ -	\$ -	\$ 721,981
Salaries, wages, and taxes	1,042,903	85,175	39,174	10,334	1,177,586
Employee benefits	14,512	-	1,688	-	16,200
Advertising and promotion	-	2,064	3,350	14,432	19,846
Bank and credit card fees	-	-	32,343	-	32,343
Contract labor	-	5,028	-	-	5,028
Depreciation	56,011	22,429	2,609	-	81,049
Donated services	-	8,000	10,000	2,000	20,000
Dues and subscriptions	-	-	5,788	-	5,788
Education and training	33,868	9,960	12,222	-	56,050
Fundraising events	-	-	-	935	935
Insurance	-	12,844	2,248	-	15,092
Interest	-	-	37,390	-	37,390
Member care	-	978	-	-	978
Miscellaneous	-	4,833	-	135	4,968
Office	-	-	7,881	-	7,881
Postage and delivery	-	33	7,932	-	7,965
Professional fees	-	8,924	12,102	-	21,026
Rent	-	1,984	-	-	1,984
Repairs and maintenance	-	14,801	2,194	-	16,995
Supplies	-	38,486	-	-	38,486
Travel	11,975	23,053	3,404	-	38,432
Utilities	-	26,680	2,593	-	29,273
Website	-	-	1,413	1,514	2,927
	<u>\$ 1,704,997</u>	<u>\$ 441,525</u>	<u>\$ 184,331</u>	<u>\$ 29,350</u>	<u>\$ 2,360,203</u>

See accompanying notes to financial statements.

THE CHRISTIAN HEALTH CORPS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019 (REVIEWED)

	<u>2020</u>	<u>(Reviewed)</u> <u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 379,949	\$ 129,976
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	86,999	81,049
Gain on disposal of property and equipment	(17,960)	(404)
Gifts-in-kind	-	(2,089)
(Increase) decrease in operating assets:		
Accounts receivable	4,707	(1,147)
Other current assets	8,804	10,316
Decrease in operating liabilities:		
Accounts payable and accrued expenses	(11,282)	(11,356)
Net cash provided by operating activities	<u>451,217</u>	<u>206,345</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(5,905)	(104,393)
Proceeds from sale of property and equipment	23,000	8,000
Purchases of property and equipment	(125,266)	(155,483)
Net cash used in investing activities	<u>(108,171)</u>	<u>(251,876)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	230,000	-
Proceeds from lines-of-credit payable	196,379	200
Principal payments on lines-of-credit payable	(282,105)	-
Proceeds from notes payable	-	400,883
Principal payments on notes payable	(6,583)	(405,230)
Net cash provided by (used in) financing activities	<u>137,691</u>	<u>(4,147)</u>
 Net increase (decrease) in cash and cash equivalents	480,737	(49,678)
 CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	<u>589,416</u>	<u>639,094</u>
 CASH AND CASH EQUIVALENTS AS OF END OF YEAR	<u>\$ 1,070,153</u>	<u>\$ 589,416</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 45,312	\$ 36,322

See accompanying notes to financial statements.

THE CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019 (REVIEWED)

NOTE 1 - THE ORGANIZATION

The 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.

THE CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019 (REVIEWED)
CONTINUED

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 center and training revenues are 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, 2020, an allowance for uncollectible accounts was not considered necessary to properly reflect the realizable value of accounts receivable.

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.

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.

THE CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019 (REVIEWED)
CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

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	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 2019 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 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This update is to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The update is to help characterize grants and similar contracts with resource providers (i.e. foundation, a government agency, or other, but not the general public) as either exchange transactions or contributions and in determining whether a contribution is conditional when applying revenue recognition guidance. The ASU is effective for annual periods beginning after December 15, 2019. Early adoption is permitted. The Organization's management is in the process of evaluating the impact of this accounting guidance and currently plans to implement this standard beginning October 1, 2020.

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 is evaluating the impact of this accounting guidance and does not expect any 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.

THE CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019 (REVIEWED)
CONTINUED

NOTE 3 - CERTIFICATES OF DEPOSIT

As of September 30, 2020 and 2019, the Organization holds five certificates of deposit with three financial institutions totaling \$411,494 and \$405,589, respectively. These certificates vary in maturity from 6-18 months; however, as further described in Note 7, the Organization has historically renewed the certificates upon maturity, as most of the certificates of deposit serve as collateral for 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, 2020 and 2019, 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.

	2020	(Reviewed) 2019
Financial assets available at year-end	\$ 1,482,327	\$ 1,000,392
Less those unavailable for general expenditures within one year, due to:		
contractual or donor-imposed restrictions	(1,299,536)	(1,135,305)
Financial assets available (deficit) to meet cash needs for general expenditures within one year	<u>\$ 182,791</u>	<u>\$ (134,913)</u>

The Organization has cash restricted as to the use by certain donors as well as specific programs. During the years ended 2018 and 2019, the Organization identified withdrawals from restricted cash for uses other than the restricted purposes. In response, the Organization implemented internal controls to limit the uses of restricted cash to its restricted purpose and is in the process of restoring restricted cash to the full restricted balance. As of September 30, 2020 and 2019, the amount of cash due to restricted funds totaled \$38,222 and \$146,084, respectively.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2020	(Reviewed) 2019
Land	\$ 80,000	\$ 80,000
Buildings and improvements	756,911	756,911
Furniture and fixtures	46,792	46,792
Equipment	64,113	64,113
Vehicles	371,171	271,105
Less: accumulated depreciation	(290,843)	(224,004)
	<u>\$ 1,028,144</u>	<u>\$ 994,917</u>

The Organization incurred depreciation expense totaling \$86,999 and \$81,049 during the years ended September 30, 2020 and 2019, 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. The Organization elected to apply for and received a Paycheck Protection Program loan, totaling \$230,000. Subsequent to year end and prior to issuance of the financial statements, the Organization was notified that the loan, in its entirety, has been forgiven by the U.S. Small Business Administration.

THE CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019 (REVIEWED)
CONTINUED

NOTE 7 - LINES-OF-CREDIT PAYABLE

The Organization's lines-of-credit payable consisted of the following at September 30:

	2020	(Reviewed) 2019
\$200,000 line-of-credit secured by real property, due in monthly installments of \$1,473, including interest at 6.25%, until maturity on October 31, 2039	\$ 194,474	\$ 100,200
\$120,000 line-of-credit secured by certificate of deposit, interest due monthly at 3.49%, principal due on demand or at maturity on February 8, 2021.	-	120,000
\$60,000 line-of-credit secured by certificate of deposit, interest due monthly at prime, principal due on demand or at maturity on July 12, 2023	-	60,000
Total lines-of-credit payable	194,474	280,200
Less: current portion	(12,222)	(184,656)
Lines-of-credit payable, net of current portion	\$ 182,252	\$ 95,544

During the year ended September 30, 2020, the \$120,000 and \$60,000 lines-of-credit were paid in full. Future minimum payments on all outstanding lines-of-credit are as follows for years ended September 30:

2021	\$	12,222
2022		11,866
2023		11,498
2024		11,116
2025		10,656
Thereafter		137,116
	\$	194,474

NOTE 8 - NOTE PAYABLE

The Organization's note payable consisted of the following at September 30:

	2020	(Reviewed) 2019
Note payable secured by real property, due in monthly installments of \$2,474, including interest at 6.00%, until maturity in August 2043.	\$ 394,300	\$ 400,883
Less: current portion	(6,185)	(5,389)
Note payable, net of current portion	\$ 388,115	\$ 395,494

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

2021	\$	6,185
2022		6,566
2023		6,971
2024		7,401
2025		7,858
Thereafter		359,319
	\$	394,300

THE CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019 (REVIEWED)
CONTINUED

NOTE 9 - RESTRICTIONS ON NET ASSETS

The Organization's net assets with donor restrictions are held for medical and other ministry opportunities. Included in releases as of September 30, 2020 and 2019 are \$298,131 and \$204,466, 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, 2020 and 2019, the Organization received cash contributions from board members totaling \$61,468 and \$36,662, respectively. Additionally, as further discussed in Note 1, the Organization received services from an officer and board member valued at \$20,000 for the year ended September 30, 2019.

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 27, 2021, the date on which the financial statements were available to be issued.