

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

**CHRISTIAN HEALTH SERVICE CORPS, INC.
SEPTEMBER 30, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Health Service Corps, Inc., as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Christian Health Service Corps, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Health Service Corps, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Henry & Peters, P.C.

Tyler, Texas
January 6, 2023

CHRISTIAN HEALTH SERVICE CORPS, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,569,979	\$ 2,317,439
Restricted cash	32,441	48,741
Total cash and cash equivalents	2,602,420	2,366,180
Certificates of deposit	393,792	392,284
Accounts receivable	3,150	2,671
Grants receivable	28,306	5,903
Other current assets	2,831	2,331
Total current assets	3,030,499	2,769,369
PROPERTY AND EQUIPMENT, NET	1,101,770	1,014,744
OTHER ASSETS		
Beneficial interest in assets held by others	50,441	23,609
Total other assets	50,441	23,609
Total assets	\$ 4,182,710	\$ 3,807,722
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 32,329	\$ 32,032
Deferred revenue	41,938	-
Current portion of notes payable	24,072	12,372
Total current liabilities	98,339	44,404
LONG-TERM DEBT		
Notes payable, net of current portion	533,834	565,926
Total liabilities	632,173	610,330
NET ASSETS		
Without donor restrictions	687,122	1,060,173
With donor restrictions	2,863,415	2,137,219
Total net assets	3,550,537	3,197,392
Total liabilities and net assets	\$ 4,182,710	\$ 3,807,722

See accompanying notes to financial statements.

CHRISTIAN HEALTH SERVICE CORPS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 67,431	\$ 3,997,061	\$ 4,064,492
Grant income	65,305	78,569	143,874
Training income	23,599	-	23,599
Interest income	6,030	-	6,030
Gain on disposal of property and equipment	38,575	-	38,575
Other income	7,053	-	7,053
Net assets released from restrictions	<u>3,349,434</u>	<u>(3,349,434)</u>	<u>-</u>
Total revenues, gains, and other support	3,557,427	726,196	4,283,623
EXPENSES			
Program services	3,577,208	-	3,577,208
Management and general	215,203	-	215,203
Fundraising	<u>177,464</u>	<u>-</u>	<u>177,464</u>
Total expenses	<u>3,969,875</u>	<u>-</u>	<u>3,969,875</u>
EQUITY IN BENEFICIAL INTEREST	39,397	-	39,397
Change in net assets	(373,051)	726,196	353,145
NET ASSETS AS OF BEGINNING OF YEAR	<u>1,060,173</u>	<u>2,137,219</u>	<u>3,197,392</u>
NET ASSETS AS OF END OF YEAR	<u>\$ 687,122</u>	<u>\$ 2,863,415</u>	<u>\$ 3,550,537</u>

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
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 539,450	\$ 4,087,201	\$ 4,626,651
Grant income	57,800	-	57,800
Training income	11,430	-	11,430
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	4,134,310	796,123	4,930,433
EXPENSES			
Program services	3,213,222	-	3,213,222
Management and general	172,128	-	172,128
Fundraising	53,862	-	53,862
Total expenses	3,439,212	-	3,439,212
EQUITY IN BENEFICIAL INTEREST	36,712	-	36,712
Change in net assets	731,810	796,123	1,527,933
NET ASSETS AS OF BEGINNING OF YEAR	328,363	1,341,096	1,669,459
NET ASSETS AS OF END OF YEAR	\$ 1,060,173	\$ 2,137,219	\$ 3,197,392

See accompanying notes to financial statements.

CHRISTIAN HEALTH SERVICE CORPS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Services	Management and General	Fundraising	Total
Ministry and healthcare projects	\$ 1,067,492	\$ -	\$ -	\$ 1,067,492
Salaries, wages, and taxes	2,035,047	98,844	115,642	2,249,533
Employee benefits	-	15,181	-	15,181
Advertising and promotion	-	1,031	56,319	57,350
Auto	6,256	-	-	6,256
Bank and credit card fees	58,563	585	-	59,148
Charitable contributions	-	22,334	-	22,334
Contract labor	1,670	-	-	1,670
Depreciation	93,293	2,885	-	96,178
Dues and subscriptions	-	2,126	-	2,126
Education and training	68,786	-	-	68,786
Equipment expense	39	-	-	39
Insurance	17,827	-	-	17,827
Interest	26,547	-	-	26,547
Member care counseling	30,702	-	-	30,702
Office	-	19,804	-	19,804
Postage and delivery	1,412	7,285	-	8,697
Professional fees	2,075	30,587	-	32,662
Rent	1,141	-	-	1,141
Repairs and maintenance	22,599	-	-	22,599
Supplies	79,965	-	-	79,965
Travel	41,364	6,981	-	48,345
Utilities	22,430	-	-	22,430
Website	-	7,560	5,503	13,063
	<u>\$ 3,577,208</u>	<u>\$ 215,203</u>	<u>\$ 177,464</u>	<u>\$ 3,969,875</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.

THE CHRISTIAN HEALTH CORPS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 353,145	\$ 1,527,933
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	96,178	97,797
Net change in beneficial interest in assets held by others	(39,357)	(36,712)
Forgiveness of Payroll Protection Program loan	-	(230,000)
Non-cash donation of asset	18,400	-
Gain on disposal of property and equipment	(38,575)	-
(Increase) decrease in operating assets:		
Accounts receivable	(479)	(1,991)
Grants receivable	(22,403)	-
Other current assets	(500)	3,643
Decrease (increase) in operating liabilities:		
Accounts payable and accrued expenses	297	3,820
Deferred revenue	41,938	-
Net cash provided by operating activities	408,644	1,364,490
 CASH FLOWS FROM INVESTING ACTIVITIES		
Change in certificates of deposit	(1,508)	19,210
Distributions from beneficial interest receivable in assets held by others	12,525	7,200
Proceeds from sale of property and equipment	65,356	-
Purchases of property and equipment	(228,385)	(84,397)
Net cash used in investing activities	(152,012)	(57,987)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(20,392)	(10,476)
Net cash used in financing activities	(20,392)	(10,476)
Net increase in cash and cash equivalents	236,240	1,296,027
 CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	2,366,180	1,070,153
 CASH AND CASH EQUIVALENTS AS OF END OF YEAR	\$ 2,602,420	\$ 2,366,180
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 26,547	\$ 32,129

See accompanying notes to financial statements.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

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.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

SUPPORT AND REVENUE - CONTINUED

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.

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.

The Organization accounts for revenue under the guidance of ASC 606 "Revenue from Contracts with Customers". Retreat and training center income is recognized as events occur.

Contributions are accounted for under ASC 958 and recorded when cash or an unconditional promise to give is received and are outside the scope of ASC 606.

SPECIAL EVENTS

The Organization hosted its first fundraising event to support the operations of the Organization. Event revenue consists of ticket sales, sponsorships, and donations. Expenses related to the event are segregated between direct benefit to donors and fundraising expenses. The direct benefit to donors includes costs such as the venue and catering whereas the remaining costs of the event are categorized as fundraising expenses. The event took place subsequent to yearend on October 1, 2022. Income associated with the event of \$41,938 is presented on the Statement of Financial Position as deferred revenue.

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, 2022 and 2021, 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, 2022, 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.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED
PROPERTY AND EQUIPMENT - CONTINUED

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

BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization accounts for assets held by other entities on its behalf in accordance with ASC 958-605-50, subsections 4-6, Transfer of Assets to a Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others, which specifies that such transfers are recognized as a beneficial interest receivable at the fair value of the assets.

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.

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

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 2021 financial statements have been reclassified to conform to the current year presentation. These classifications had no impact on total net assets.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

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. The Organization adopted this standard during the year ended September 30, 2022 with no significant impact on the financial statements.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2020-05. *Leases* (Topic 842). This ASU defers the effective date of ASU 2016-02, *Leases* (Topic 842), for not-for-profit 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.

NOTE 3 - LIQUIDITY AND AVAILABLE FINANCIAL ASSETS

The following reflects the Organization's financial assets available as of September 30, 2022 and 2021, 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>2022</u>	<u>2021</u>
Financial assets available at year-end	\$ 3,078,109	\$ 2,790,647
Less those unavailable for general expenditures within one year, due to:		
contractual or donor-imposed restrictions	<u>(2,863,415)</u>	<u>(2,137,219)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 214,694</u>	<u>\$ 653,428</u>

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
CONTINUED

NOTE 4 - CERTIFICATES OF DEPOSIT

As of September 30, 2022 and 2021, the Organization holds certificates of deposit with financial institutions totaling \$393,792 and \$392,284, 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 5 - BENEFICIAL INTEREST RECEIVABLE

The Organization has a designated fund at the Great Commission Foundation (“GCF”). This fund is designed to allow contributions to be made to the Organization from individuals in other countries, such as Canada. GCF has not been granted variance power by the Organization. The GCF may distribute the balance as needed to the Organization upon request. The following summarizes the changes that occurred in the fund for the years ended September 30:

	2022	2021
Balance, beginning of the year	\$ 23,609	\$ 8,280
Income and contributions	43,702	24,808
Distributions	(12,525)	(7,200)
Investment and administrative expenses	(4,345)	(2,279)
Balance, end of year	\$ 50,441	\$ 23,609

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2022	2021
Land	\$ 80,000	\$ 80,000
Buildings and improvements	849,447	778,232
Furniture and fixtures	46,792	46,792
Equipment	81,933	64,933
Vehicles	450,896	433,427
Less: accumulated depreciation	(407,298)	(388,640)
	\$ 1,101,770	\$ 1,014,744

The Organization incurred depreciation expense totaling \$96,178 and \$97,797 during the years ended September 30, 2022 and 2021, respectively.

NOTE 7 - 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 8 - 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, 2022 and 2021, there were no draws taken on the line-of-credit and no outstanding balances.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021
CONTINUED

NOTE 9 - NOTES PAYABLE

The Organization holds notes payable due to a financial institution in conjunction with the purchase of the building and property. For the year ended September 30, 2021, the Organization's two notes payable had interest rates of 6.25% and 6% and payments of \$1,473 and \$2,474 respectively. For the year ended September 30, 2022, the Organization obtained an interest rate reduction to 4.25% for each of the notes payable with payment amounts of \$1,463 and \$2,480 respectively. The adjustment to the interest rate did not have an impact on the maturity date of the notes payable.

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

	2022	2021
Note payable secured by real property, due in monthly installments of \$1,463, including interest at 4.25%, until maturity on October 31, 2039.	\$ 181,242	\$ 189,895
Note payable secured by real property, due in monthly installments of \$2,480, including interest at 4.25%, until maturity in August 2043.	376,664	388,403
Total notes payable	557,906	578,298
Less: current portion	(24,072)	(12,372)
Notes payable, net of current portion	\$ 533,834	\$ 565,926

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

	2023	\$	24,072
	2024		25,115
	2025		26,204
	2026		27,339
	2027		28,524
	Thereafter		426,652
		\$	557,906

NOTE 10 - RESTRICTIONS ON NET ASSETS

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

	2022	2021
Specific medical and other ministry opportunities	\$ 2,830,974	\$ 2,088,478
Capital projects	32,441	48,741
	\$ 2,863,415	\$ 2,137,219

Included in net assets released from restrictions during the years ended September 30, 2022 and 2021 are \$381,071 and \$409,420, respectively, of administrative charges to offset administrative and fundraising activities.

NOTE 11 - 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.

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NOTE 12 - 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 13 - 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 14 - RELATED PARTIES

During the year ended September 30, 2022 and 2021, the Organization received cash contributions from board members totaling \$31,715 and \$100,436, respectively.

NOTE 15 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 26, 2023, the date on which the financial statements were available to be issued.