

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

**CHRISTIAN HEALTH SERVICE CORPS, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
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, 2023 and 2022, 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, 2023 and 2022, 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
April 23, 2024

CHRISTIAN HEALTH SERVICE CORPS, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,178,625	\$ 2,569,979
Restricted cash	54,740	32,441
Total cash and cash equivalents	2,233,365	2,602,420
Certificates of deposit	1,640,183	393,792
Accounts receivable	4,940	3,150
Grants receivable	40,856	28,306
Employee Retention Credit receivable	269,678	-
Prepaid expense and other current assets	178,208	2,831
Total current assets	4,367,230	3,030,499
PROPERTY AND EQUIPMENT, NET	1,185,415	1,101,770
OTHER ASSETS		
Beneficial interest in assets held by others	61,070	50,441
Total other assets	61,070	50,441
Total assets	\$ 5,613,715	\$ 4,182,710
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 84,723	\$ 32,329
Deferred revenue	-	41,938
Current portion of notes payable	16,819	24,072
Total current liabilities	101,542	98,339
LONG-TERM DEBT		
Notes payable, net of current portion	519,822	533,834
Total liabilities	621,364	632,173
NET ASSETS		
Without donor restrictions	1,398,960	687,122
With donor restrictions	3,593,391	2,863,415
Total net assets	4,992,351	3,550,537
Total liabilities and net assets	\$ 5,613,715	\$ 4,182,710

See accompanying notes to financial statements.

CHRISTIAN HEALTH SERVICE CORPS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 191,788	\$ 4,219,033	\$ 4,410,821
In kind contributions	46,098	-	46,098
Grant income	80,955	93,100	174,055
Employee Retention Credit income	1,166,684	-	1,166,684
Training income	10,970	-	10,970
Interest income	14,974	-	14,974
Gain on sale of property and equipment	12,872	-	12,872
Other income	29,435	-	29,435
Net assets released from restrictions	3,582,157	(3,582,157)	-
Total revenues, gains, and other support	<u>5,135,933</u>	<u>729,976</u>	<u>5,865,909</u>
EXPENSES			
Program services	3,815,753	-	3,815,753
Management and general	570,492	-	570,492
Fundraising	111,962	-	111,962
Total expenses	<u>4,498,207</u>	<u>-</u>	<u>4,498,207</u>
EQUITY IN BENEFICIAL INTEREST	74,112	-	74,112
Change in net assets	711,838	729,976	1,441,814
NET ASSETS AS OF BEGINNING OF YEAR	<u>687,122</u>	<u>2,863,415</u>	<u>3,550,537</u>
NET ASSETS AS OF END OF YEAR	<u><u>\$ 1,398,960</u></u>	<u><u>\$ 3,593,391</u></u>	<u><u>\$ 4,992,351</u></u>

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	\$ 40,610	\$ 3,997,061	\$ 4,037,671
In kind contributions	26,821	-	26,821
Grant income	65,345	78,569	143,914
Training income	23,599	-	23,599
Interest income	6,030	-	6,030
Gain on sale of property and equipment	38,575	-	38,575
Other income	7,053	-	7,053
Net assets released from restrictions	3,349,434	(3,349,434)	-
Total revenues, gains, and other support	<u>3,557,467</u>	<u>726,196</u>	<u>4,283,663</u>
EXPENSES			
Program services	3,577,208	-	3,577,208
Management and general	215,203	-	215,203
Fundraising	177,464	-	177,464
Total expenses	<u>3,969,875</u>	<u>-</u>	<u>3,969,875</u>
EQUITY IN BENEFICIAL INTEREST	39,357	-	39,357
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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Services	Management and General	Fundraising	Total
Ministry and healthcare projects	\$ 1,263,311	\$ -	\$ -	\$ 1,263,311
Salaries, wages, and taxes	2,016,617	220,120	44,094	2,280,831
Employee benefits	-	2,149	-	2,149
Advertising and promotion	-	755	61,768	62,523
Auto	4,265	-	-	4,265
Bank and credit card fees	68,097	9,818	-	77,915
Charitable contributions	-	6,983	-	6,983
Contract labor	2,245	-	-	2,245
Depreciation	91,101	-	-	91,101
Dues and subscriptions	-	7,066	-	7,066
Education and training	72,911	-	-	72,911
Grant expense	85,891	-	-	85,891
Insurance	35,510	-	-	35,510
Interest	27,439	-	-	27,439
Member care counseling	4,815	-	-	4,815
Office	-	29,693	-	29,693
Postage and delivery	513	4,911	-	5,424
Professional fees	-	273,976	-	273,976
Rent	1,505	-	-	1,505
Repairs and maintenance	11,721	-	-	11,721
Supplies	17,796	-	-	17,796
Travel	86,041	8,964	-	95,005
Utilities	25,975	-	-	25,975
Website	-	6,057	6,100	12,157
	<u>\$ 3,815,753</u>	<u>\$ 570,492</u>	<u>\$ 111,962</u>	<u>\$ 4,498,207</u>

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
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	22,638	-	-	22,638
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.

THE CHRISTIAN HEALTH CORPS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,441,814	\$ 353,145
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	91,101	96,178
Equity in beneficial interest	(74,112)	(39,357)
Non-cash donation of asset	-	18,400
Gain on disposal of property and equipment	(12,872)	(38,575)
Changes in operating assets and liabilities:		
Accounts receivable	(1,790)	(479)
Grants receivable	(12,550)	(22,403)
Employee Retention Credit receivable	(269,678)	-
Prepaid expenses and other current assets	(175,377)	(500)
Accounts payable and accrued expenses	52,394	297
Deferred revenue	(41,938)	41,938
Net cash provided by operating activities	996,992	408,644
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in certificates of deposit	(1,246,391)	(1,508)
Distributions from beneficial interest receivable in assets held by others	63,483	12,525
Proceeds from sale of property and equipment	32,500	65,356
Purchases of property and equipment	(194,374)	(228,385)
Net cash used in investing activities	(1,344,782)	(152,012)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(21,265)	(20,392)
Net cash used in financing activities	(21,265)	(20,392)
Net (decrease) increase in cash and cash equivalents	(369,055)	236,240
 CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	2,602,420	2,366,180
 CASH AND CASH EQUIVALENTS AS OF END OF YEAR	\$ 2,233,365	\$ 2,602,420
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 27,439	\$ 26,547

See accompanying notes to financial statements.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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, 2023 AND 2022
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.

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, 2023 and 2022, an allowance for uncollectible accounts was not considered necessary to properly reflect the net 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, 2023, 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

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022
CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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 2022 financial statements have been reclassified to conform to the current year presentation. These reclassifications had no impact on total net assets.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022
CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

RECENTLY ADOPTED 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 adopted this standard during the year ended September 30, 2023 with no significant impact on the financial statements.

NOTE 3 - LIQUIDITY AND AVAILABLE FINANCIAL ASSETS

The following reflects the Organization's financial assets available as of September 30, 2023 and 2022, 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.

	<u>2023</u>	<u>2022</u>
Financial assets available at year-end	\$ 4,250,092	\$ 3,078,109
Less those unavailable for general expenditures within one year, due to: contractual or donor-imposed restrictions	<u>(3,593,391)</u>	<u>(2,863,415)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 656,701</u>	<u>\$ 214,694</u>

NOTE 4 - CERTIFICATES OF DEPOSIT

Certificates of deposit at September 30, 2023 and 2022 consisted of amounts on deposit at financial institutions, with interest rates ranging from 0.75% - 5.00% with various maturity dates.

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:

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 50,441	\$ 23,609
Income and contributions	74,112	39,357
Distributions	<u>(63,483)</u>	<u>(12,525)</u>
Balance, end of year	<u>\$ 61,070</u>	<u>\$ 50,441</u>

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022
CONTINUED

NOTE 6 - FAIR VALUE MEASUREMENT

The FASB ASC 820, *Fair Value Measurements and Disclosure*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identifiable assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methodologies used by the Organization for assets measured at fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of September 30:

	2023	2022
Beneficial interest in assets held by others	61,070	50,441

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2023	2022
Land	\$ 80,000	\$ 80,000
Buildings and improvements	848,732	849,447
Furniture and fixtures	150,694	46,792
Equipment	81,933	81,933
Vehicles	502,827	450,896
Less: accumulated depreciation	(478,771)	(407,298)
	\$ 1,185,415	\$ 1,101,770

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022
CONTINUED

NOTE 8 - CORONAVIRUS RELIEF

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.

The Organization has also determined it has met the qualifications to claim the Employee Retention Credit, the refundable payroll tax credit made available by the CARES Act and Consolidated Appropriations Act of 2021. As of September 30, 2023, the Organization had filed for refundable payroll credits in the amount of \$1,166,542. For the year ended September 30, 2023, the Organization has received payroll credits of \$896,864 and has yet to receive credits in the amount \$269,678.

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, 2022, the Organization’s two notes payable had an interest rate of 4.25% and payments of \$1,463 and \$2,480 respectively. For the year ended September 30, 2023, the Organization’s rates adjusted upward to 7.25% with payment amounts of \$1,463 and \$3,101 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:

	2023	2022
Note payable secured by real property, due in monthly installments of \$1,463, including interest at 7.25%, until maturity	\$ 171,207	\$ 181,242
Note payable secured by real property, due in monthly installments of \$3,101, including interest at 7.25%, until maturity	365,434	376,664
Total notes payable	536,641	557,906
Less: current portion	(16,819)	(24,072)
Notes payable, net of current portion	\$ 519,822	\$ 533,834

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

2024	\$	16,819
2025		17,826
2026		18,897
2027		20,037
2028		21,250
Thereafter		441,812
		\$ 536,641

NOTE 10 - RESTRICTIONS ON NET ASSETS

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

	2023	2022
Specific medical and other ministry opportunities	\$ 3,538,651	\$ 2,830,974
Capital projects	54,740	32,441
	\$ 3,593,391	\$ 2,863,415

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO FINANCIAL STATEMENTS
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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.

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, 2023 and 2022, the Organization received cash contributions from board members totaling \$107,591 and \$31,715, respectively.

NOTE 15 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 23, 2024, the date on which the financial statements were available to be issued.