

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

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2024 AND 2023

**CHRISTIAN HEALTH SERVICE CORPS, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

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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 consolidated financial statements of Christian Health Service Corps, Inc. (a nonprofit organization) and Subsidiary (collectively, the "Organization"), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2024 and 2023, 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 Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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
March 3, 2025

CHRISTIAN HEALTH SERVICE CORPS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,199,231	\$ 2,178,625
Restricted cash	246,204	54,740
Total cash and cash equivalents	2,445,435	2,233,365
Certificates of deposit	1,400,952	1,640,183
Accounts receivable	5,505	4,940
Grants receivable	-	40,856
Employee Retention Credit receivable	269,678	269,678
Pledges receivable	300,000	-
Prepaid expense and other current assets	3,471	178,208
Total current assets	4,425,041	4,367,230
 PROPERTY AND EQUIPMENT, NET	 1,925,404	 1,185,415
NONCURRENT ASSETS		
Beneficial interest in assets held by others	57,957	61,070
Total noncurrent assets	57,957	61,070
Total assets	\$ 6,408,402	\$ 5,613,715
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 90,947	\$ 84,723
Current portion of notes payable	17,826	16,819
Total current liabilities	108,773	101,542
NONCURRENT LIABILITIES		
Notes payable, net of current portion	498,051	519,822
Total liabilities	606,824	621,364
NET ASSETS		
Without donor restrictions	2,082,549	1,961,931
With donor restrictions	3,719,029	3,030,420
Total net assets	5,801,578	4,992,351
Total liabilities and net assets	\$ 6,408,402	\$ 5,613,715

See accompanying notes to consolidated financial statements.

CHRISTIAN HEALTH SERVICE CORPS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 559,398	\$ 4,423,687	\$ 4,983,085
In kind contributions	18,914	-	18,914
Grant income	148,444	19,950	168,394
Training income	12,650	-	12,650
Interest income	126,274	-	126,274
Gain on sale of property and equipment	14,510	-	14,510
Other income	3,374	-	3,374
Net assets released from restrictions	3,755,028	(3,755,028)	-
Total revenues, gains, and other support	<u>4,638,592</u>	<u>688,609</u>	<u>5,327,201</u>
EXPENSES			
Program services	4,173,731	-	4,173,731
Management and general	330,723	-	330,723
Fundraising	114,492	-	114,492
Total expenses	<u>4,618,946</u>	<u>-</u>	<u>4,618,946</u>
EQUITY IN BENEFICIAL INTEREST	100,972	-	100,972
Change in net assets	120,618	688,609	809,227
NET ASSETS AS OF BEGINNING OF YEAR	<u>1,961,931</u>	<u>3,030,420</u>	<u>4,992,351</u>
NET ASSETS AS OF END OF YEAR	<u>\$ 2,082,549</u>	<u>\$ 3,719,029</u>	<u>\$ 5,801,578</u>

See accompanying notes to consolidated financial statements.

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

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 440,145	\$ 3,970,676	\$ 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	<u>3,582,157</u>	<u>(3,582,157)</u>	<u>-</u>
Total revenues, gains, and other support	5,384,290	481,619	5,865,909
EXPENSES			
Program services	3,815,753	-	3,815,753
Management and general	570,492	-	570,492
Fundraising	<u>111,962</u>	<u>-</u>	<u>111,962</u>
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	960,195	481,619	1,441,814
NET ASSETS AS OF BEGINNING OF YEAR	<u>1,001,736</u>	<u>2,548,801</u>	<u>3,550,537</u>
NET ASSETS AS OF END OF YEAR	<u>\$ 1,961,931</u>	<u>\$ 3,030,420</u>	<u>\$ 4,992,351</u>

See accompanying notes to consolidated financial statements.

CHRISTIAN HEALTH SERVICE CORPS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Program Services	Management and General	Fundraising	Total
Ministry and healthcare projects	\$ 1,540,261	\$ -	\$ -	\$ 1,540,261
Salaries, wages, and taxes	2,037,548	233,233	63,363	2,334,144
Employee benefits	-	3,683	-	3,683
Advertising and promotion	-	12,166	45,473	57,639
Auto	3,584	-	-	3,584
Bank and credit card fees	68,801	6,791	-	75,592
Contract labor	-	-	-	-
Depreciation	97,935	-	-	97,935
Dues and subscriptions	-	5,027	-	5,027
Education and training	71,236	-	-	71,236
Grant expense	126,662	-	-	126,662
Insurance	10,471	-	-	10,471
Interest	34,000	-	-	34,000
Member care counseling	2,390	-	-	2,390
Office	-	10,087	-	10,087
Postage and delivery	-	13,764	-	13,764
Professional fees	35	23,834	-	23,869
Rent	3,337	3,751	-	7,088
Repairs and maintenance	18,990	-	-	18,990
Supplies	58,241	-	-	58,241
Travel	73,361	13,109	-	86,470
Utilities	26,879	766	-	27,645
Website	-	4,512	5,656	10,168
	<u>\$ 4,173,731</u>	<u>\$ 330,723</u>	<u>\$ 114,492</u>	<u>\$ 4,618,946</u>

See accompanying notes to consolidated financial statements.

CHRISTIAN HEALTH SERVICE CORPS, INC. AND SUBSIDIARY
CONSOLIDATED 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 consolidated financial statements.

CHRISTIAN HEALTH SERVICE CORPS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 809,227	\$ 1,441,814
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	97,935	91,101
Equity in beneficial interest	(100,972)	(74,112)
Gain on disposal of property and equipment	(14,510)	(12,872)
Changes in operating assets and liabilities:		
Accounts receivable	(565)	(1,790)
Grants receivable	40,856	(12,550)
Employee Retention Credit receivable	-	(269,678)
Pledges receivable	(300,000)	-
Prepaid expenses and other current assets	174,737	(175,377)
Accounts payable and accrued expenses	6,224	52,394
Deferred revenue	-	(41,938)
Net cash provided by operating activities	712,932	996,992
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in certificates of deposit	239,231	(1,246,391)
Distributions from beneficial interest receivable in assets held by others	104,085	63,483
Proceeds from sale of property and equipment	39,501	32,500
Purchases of property and equipment	(862,915)	(194,374)
Net cash used in investing activities	(480,098)	(1,344,782)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(20,764)	(21,265)
Net cash used in financing activities	(20,764)	(21,265)
Net increase (decrease) in cash and cash equivalents	212,070	(369,055)
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	2,233,365	2,602,420
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	\$ 2,445,435	\$ 2,233,365
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 34,000	\$ 27,439

See accompanying notes to consolidated financial statements.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

NOTE 1 - ORGANIZATION

Christian Health Service Corps, Inc. was incorporated in 2010 as a nonprofit corporation under the laws of the State of Texas. Christian Health Service Corps, Inc. 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.

CHSC Holding Company, SA was established in August 2023 as a new wholly owned subsidiary of Christian Health Service Corps, Inc. CHSC Holding Company, SA is a for-profit entity that was created to purchase and hold 87 acres of land in Honduras for the purpose of building a 150-bed teaching hospital.

The September 30, 2024 and 2023 financial statements are presented on a consolidated basis to include both Christian Health Service Corps, Inc. and CHSC Holding Company, SA (collectively, the “Organization”). All significant intercompany balances and transactions have been eliminated in consolidation.

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

CONSOLIDATED 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 consolidated 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 deposit for long-term purposes. These investments are shown at amortized cost, which approximates fair value. Interest income is recorded on the accrual basis.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023
CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 accompanying consolidated 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.

GRANTS

Grants which are conditional on the performance of specified program services or activities are recorded as revenue when the related expenses stipulated by the grants are incurred. Cash received in advance of revenue recognition for grants is recorded as deferred revenue.

GRANTS AND ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Accounts receivable consist primarily of amounts due to retreat center revenue. Accounts receivable, grants and other receivables are reported at the amount management expects to collect from outstanding balances. Management evaluates the need for an allowance for credit loss applicable to its grants and accounts receivable based on various factors, including an assessment of the credit worthiness of its donors and customers and historical experience. Based on management's assessment, as of September 30, 2024 and 2023, an allowance for credit losses was not considered necessary.

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. The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior periods' experience and management's analysis of specific promises made. The Organization discounts its long-term unconditional pledges based on an appropriate rate set by management. As of September 30, 2024, pledges receivable totaled \$300,000 which is all due in less than one year. As of September 30, 2023, there were 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 consolidated financial statements. Payments on intentions to give are recorded as received in accordance with the Organization's policy.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023
CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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:

	Life
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

Christian Health Service Corps, Inc. 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 consolidated 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 consolidated 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.

CHSC Holding Company, is a for-profit entity incorporated in Honduras that has not received any income to date. CHSC Holding Company was established as a for-profit entity because non-profit entities are not allowed to purchase property based on local laws and regulations in Honduras. The Organization is actively working to convert CHSC Holding Company to a non-profit organization by following all necessary laws and regulations as required by the government in Honduras.

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.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023
CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED
FUNCTIONAL EXPENSES - CONTINUED

The expenses that are allocated include the following:

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

USE OF ESTIMATES

The preparation of consolidated 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 reclassifications have been made in the 2023 consolidated financial statements in order to be consistent with the current year's presentation. These reclassifications had no impact on the change in net assets.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Effective October 1, 2023, the Organization adopted ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain consolidated financial instruments. The Organization adopted this standard using the modified retrospective approach 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, 2024 and 2023, 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.

	2024	2023
Financial assets available at year-end	\$ 4,421,570	\$ 4,189,022
Less those unavailable for general expenditures within one year, due to: contractual or donor-imposed restrictions	(3,719,029)	(3,030,420)
Financial assets available to meet cash needs for general expenditures within one year	\$ 702,541	\$ 1,158,602

NOTE 4 - RESTRICTED CASH

The Organization has cash restricted as to the use by certain donors as well as specific programs. Restricted cash consists of the following as of September 30:

	2024	2023
Building fund	\$ 46,204	\$ 54,740
Hospital Yojoa fund	200,000	-
	\$ 246,204	\$ 54,740

NOTE 5 - CERTIFICATES OF DEPOSIT

Certificates of deposit at September 30, 2024 and 2023 consisted of amounts on deposit at financial institutions, with interest rates ranging from 2.97% - 5.10% with various maturity dates in 2024, 2025, and 2026.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023
CONTINUED

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 767,947	\$ 80,000
Buildings and improvements	1,079,620	848,732
Furniture and fixtures	73,922	150,694
Equipment	81,933	81,933
Vehicles	476,363	502,827
Less: accumulated depreciation	<u>(554,381)</u>	<u>(478,771)</u>
	<u>\$ 1,925,404</u>	<u>\$ 1,185,415</u>

Depreciation expense for the years ended September 30, 2024 and 2023 totaled \$97,935 and \$91,101, respectively.

NOTE 7 - 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. 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>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 61,070	\$ 50,441
Income and contributions	100,972	74,112
Distributions	<u>(104,085)</u>	<u>(63,483)</u>
Balance, end of year	<u>\$ 57,957</u>	<u>\$ 61,070</u>

NOTE 8 - NOTES PAYABLE

The Organization holds notes payable due to a financial institution in conjunction with the purchase of the building and property.

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

	<u>2024</u>	<u>2023</u>
Note payable secured by real property, due in monthly installments of \$1,463, including interest at 7.25%, until maturity	\$ 160,882	\$ 171,207
Note payable secured by real property, due in monthly installments of \$3,101, including interest at 7.25%, until maturity	<u>354,995</u>	<u>365,434</u>
Total notes payable	515,877	536,641
Less: current portion	<u>(17,826)</u>	<u>(16,819)</u>
Notes payable, net of current portion	<u>\$ 498,051</u>	<u>\$ 519,822</u>

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NOTE 8 - NOTES PAYABLE - CONTINUED

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

2025	\$	17,826
2026		18,897
2027		20,037
2028		21,250
2029		22,542
Thereafter		415,325
	\$	<u>515,877</u>

NOTE 9 - GRANTS

During the year ended September 30, 2024, the Organization applied for and was awarded a grant in the amount of \$50,000 from the Karakin Foundation for general operations. The Organization also received various other grants from other foundations and organizations amounting to grant income of \$168,394 and \$174,055 in total for the years ended September 30, 2024 and 2023, respectively.

NOTE 10 - 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.

CHRISTIAN HEALTH SERVICE CORPS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023
CONTINUED

NOTE 10 - FAIR VALUE MEASUREMENT - CONTINUED

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

	<u>2024</u>	<u>2023</u>
	<u>(Level 3)</u>	<u>(Level 3)</u>
Beneficial interest in assets held by others	\$ 57,957	\$ 61,070

NOTE 11 - 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 determined it 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 \$1,166,684. For the year ended September 30, 2023, the Organization has received payroll credits of \$896,864. For the years ended September 30, 2024 and 2023, the Organization has yet to receive credits in the amount \$269,678 as shown additionally on the consolidated statement of financial position. When received, the Organization would be responsible for paying \$53,936 in contingent legal fees which is reflected in accounts payable and accrued expenses on the consolidated statement of financial position.

NOTE 12 - RESTRICTIONS ON NET ASSETS

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

	<u>2024</u>	<u>2023</u>
Specific medical and other ministry opportunities	\$ 3,172,825	\$ 2,975,680
Capital projects	546,204	54,740
	<u>\$ 3,719,029</u>	<u>\$ 3,030,420</u>

NOTE 13 - 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 14 - 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 consolidated financial statements since these services do not meet the criteria for recognition as contributed services.

NOTE 15 - 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.

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NOTE 16 - RELATED PARTIES

During the year ended September 30, 2024 and 2023, the Organization received cash contributions from board members totaling \$72,390 and \$107,591, respectively.

NOTE 17 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 3, 2025, the date on which the consolidated financial statements were available to be issued.