

CHRISTIAN FREEDOM INTERNATIONAL, INC.

**Financial Statements For The Years Ended December 31, 2021 and 2020
and Independent Auditors' Report
Dated March 22, 2022**

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Christian Freedom International, Inc.
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Jennifer S. Burke, CPA PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Christian Freedom International, Inc.
Front Royal, VA

Opinion

We have audited the accompanying financial statements of Christian Freedom International, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Freedom International, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Freedom International, 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 Freedom International 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.

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 Freedom International, 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 Freedom International, 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.



Jennifer S. Burke CPA LLC

Warrenton, Virginia

March 22, 2022

CHRISTIAN FREEDOM INTERNATIONAL, INC.**Statements of Financial Position
As of December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 785,131	\$ 559,453
Contributions Receivable	47,786	91,418
Prepaid Expenses and Other Assets	<u>5,165</u>	<u>9,309</u>
Total Current Assets	838,082	660,180
Fixed Assets		
Furniture and Equipment	1,311	24,601
Vehicles	-	2,553
Vocational Center	-	64,296
Less: Accumulated Depreciation	<u>(1,311)</u>	<u>(86,398)</u>
Total Fixed Assets	<u>-</u>	<u>5,052</u>
 Total Assets	 <u>\$ 838,082</u>	 <u>\$ 665,232</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Payroll Liabilities	\$ 9,222	\$ 10,423
Accounts Payable	3,676	5,486
Notes Payable - Current	<u>-</u>	<u>31,063</u>
Total Current Liabilities	12,898	46,972
Long Term Liabilities		
Notes Payable	<u>-</u>	<u>12,037</u>
Total Long-term Liabilities	<u>-</u>	<u>12,037</u>
 Total Liabilities	 12,898	 59,009
Net Assets		
Without Donor Restrictions	<u>825,184</u>	<u>606,223</u>
Total Net Assets	<u>825,184</u>	<u>606,223</u>
 Total Liabilities and Equity	 <u>\$ 838,082</u>	 <u>\$ 665,232</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

CHRISTIAN FREEDOM INTERNATIONAL, INC.
Statements of Activities
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Support and Revenues		
Contributions	\$ 1,073,837	\$ 1,080,015
Government Grant	43,100	-
Micro-Enterprise Income	13,369	9,926
Miscellaneous Income	2,031	3,000
Motel Income	-	13,255
Loss on Disposal of Assets	<u>-</u>	<u>(21,878)</u>
Total Support and Revenues	1,132,337	1,084,318
Expenses		
Program Services	720,794	681,616
General and Administrative Expenses	138,827	138,789
Fundraising Expenses	<u>53,755</u>	<u>55,570</u>
Total Expenses	<u>913,376</u>	<u>875,975</u>
Change in Net Assets	218,961	208,343
Net Assets Without Donor Restrictions, Beginning of Year	<u>606,223</u>	<u>397,880</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 825,184</u>	<u>\$ 606,223</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

CHRISTIAN FREEDOM INTERNATIONAL, INC.**Statements of Cash Flows****For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 218,961	\$ 208,343
Adjustments to reconcile change in net cash provided/(used) by operating activities:		
Extinguishment of Debt	(43,100)	-
Depreciation	1,658	11,124
Loss on Donated Fixed Assets	3,394	-
Loss on Sale of Motel	-	21,878
(Increase)/Decrease in:		
Contributions Receivable	43,632	(47,505)
Prepaid Expenses and Other Assets	4,144	3,644
Decrease in:		
Accounts Payable	(1,810)	(1,749)
Payroll Liabilities	<u>(1,201)</u>	<u>(4,198)</u>
Net cash provided by operating activities	225,678	191,537
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Motel	<u>-</u>	<u>176,831</u>
Net cash provided by investing activities	-	176,831
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	-	43,100
Payments on Note Payable	<u>-</u>	<u>(100,855)</u>
Net cash used by financing activities	<u>-</u>	<u>(57,755)</u>
Net Increase in Cash and Cash Equivalents	225,678	310,613
Cash and Cash Equivalents at Beginning of Year	<u>559,453</u>	<u>248,840</u>
Cash and Cash Equivalents at End of Year	<u>\$ 785,131</u>	<u>\$ 559,453</u>
Interest Paid	<u>\$ 17</u>	<u>\$ 2,990</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

CHRISTIAN FREEDOM INTERNATIONAL, INC.**Statement of Functional Expenses
For the Year Ended December 31, 2021**

	<u>Program</u>	General and <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Mission Support	\$ 504,401	\$ -	\$ -	\$ 504,401
Salaries and Wages	93,985	55,788	11,108	160,881
Professional Fees	11,573	32,216	1,107	44,896
Postage and Shipping	22,161	132	16,705	38,998
Printing and Publications	22,574	580	13,208	36,362
Employee Benefits	20,036	11,549	2,319	33,904
Office Expense	11,310	7,354	1,285	19,949
Advertising	12,522	808	160	13,490
Payroll Taxes	7,331	4,226	849	12,406
Insurance	5,129	5,771	592	11,492
Website	5,387	4,099	447	9,933
Interest and Finance Expense	-	8,814	-	8,814
Taxes, Licenses, and Fees	143	1,363	4,785	6,291
Utilities	2,633	1,533	304	4,470
Travel	674	1,919	65	2,658
Bank Service Charges	-	1,384	816	2,200
Depreciation	893	765	-	1,658
Miscellaneous	42	526	5	573
Total Expenses	<u>\$ 720,794</u>	<u>\$ 138,827</u>	<u>\$ 53,755</u>	<u>\$ 913,376</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

CHRISTIAN FREEDOM INTERNATIONAL, INC.**Statement of Functional Expenses
For the Year Ended December 31, 2020**

	<u>Program</u>	General and <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Mission Support	\$ 396,267	\$ -	\$ -	\$ 396,267
Salaries and Wages	103,942	54,357	10,714	169,013
Professional Fees	20,177	35,215	2,779	58,171
Postage and Shipping	22,265	1,450	17,417	41,132
Printing and Publications	18,278	382	14,472	33,132
Employee Benefits	18,086	9,444	1,844	29,374
Freedom Inn Utilities	24,348	-	-	24,348
Office Expense	12,447	7,089	1,245	20,781
Insurance	11,135	5,079	473	16,687
Advertising	16,229	-	-	16,229
Payroll Taxes	8,196	4,279	836	13,311
Taxes, Licenses, and Fees	5,431	2,415	3,575	11,421
Depreciation	6,829	3,576	719	11,124
Website	7,671	2,246	467	10,384
Interest and Finance Expense	2,990	6,997	-	9,987
Utilities	3,598	1,884	379	5,861
Travel	2,286	2,367	124	4,777
Bank Service Charges	-	1,608	515	2,123
Repairs and Maintenance	1,181	17	3	1,201
Miscellaneous	260	384	8	652
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 681,616</u>	<u>\$ 138,789</u>	<u>\$ 55,570</u>	<u>\$ 875,975</u>

See the accompanying Independent Auditors' Report and notes to the financial statements

Christian Freedom International, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1: ORGANIZATION

Christian Freedom International, Inc. (“the Organization”) became independent from Christian Solidarity International-Switzerland on April 24, 1998. The mission of the Organization is to increase the American perspective and attention on those who suffer persecution for the Christian faith around the world. Its objectives are to obtain firsthand evidence of human rights violations and present that evidence to policymakers in Washington, D.C.; to mobilize Christians in prayer for the victims of persecution and repression; assess humanitarian need and provide such assistance as the Organization’s resources permit; and, launch letter writing and petition campaigns on behalf of persecuted Christians.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial investments.

Marketable Securities - The Organization receives contributions in the form of stock. The Organization’s policy is to immediately sell the contributed stock. These contributions are valued at market and are considered to be marketable securities.

Revenue Recognition - The Organization reports gifts of cash and other assets as restricted support if they are received with donor or time stipulations that limit the use of the donated assets. When the donor or time 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 statement of activities as net assets released from restrictions. Support on which restrictions are satisfied in the same period in which it was received is reported as unrestricted support.

The Micro-Enterprise orders and payments are received and processed by the Organization. The items are manufactured by the Christians we serve in Thailand. Victory Bible Academy (“VBA”) operates in Thailand through G&O (see Note 6). The items are shipped directly from VBA, by the students, staff, and volunteers there. Revenue is recognized at a single point in time when ownership, risks, and rewards transfer.

Christian Freedom International, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets - Acquisitions of fixed assets are capitalized. Furniture and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Furniture is depreciated over 7 years, equipment and vehicles are depreciated over 5 years, computer software is depreciated over 3 years, and buildings and building improvements are depreciated over 30 years.

The Organization reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of fixed assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire fixed assets are reported as restricted support. Absent explicit donor stipulations about how long the fixed assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired fixed assets are placed in service.

Functional allocation of expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that has been consistently applied.

Income Taxes - The Organization has received notification from the Internal Revenue Service that it is exempt from federal income tax as described in Section 501 (c)(3) of the Internal Revenue Code. Accordingly, contributions are deductible for federal income, estate, and gift tax purposes. The Internal Revenue Service also has classified the Organization as a public charity and not a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following table reflects the Organization's financial assets as of December 31st, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions or internal board designations.

Christian Freedom International, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, CONTINUED

	<u>2021</u>	<u>2020</u>
Financial Assets at year-end:		
Cash	\$ 785,131	\$ 559,453
Contributions Receivable	<u>47,786</u>	<u>91,418</u>
Total Financial Assets	832,917	650,871
 Assets limited to use:	 <u>-</u>	 <u>-</u>
 Financial Assets available to meet cash needs for general expenditures within one year:	 <u>\$ 832,917</u>	 <u>\$ 650,871</u>

NOTE 4: NOTES PAYABLE

On December 30, 2008, the Organization secured a loan of \$132,000 from Wendell L. Christoff Trust under an agreement dated August 1, 2006 as amended, bearing interest at 4% for a hotel purchase. The loan is payable in consecutive monthly payments of \$630, including interest, and is collateralized by the building at 610 Ashmun St., Sault Ste. Marie, MI 49783, i.e. Freedom Inn. This loan was paid off in full during 2020. Interest expense on this loan totaled \$2,990 in 2020.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted. The CARES Act is an emergency economic stimulus package in response to the COVID-19 outbreak, which among other things, provides for loans to be made to small businesses under the Payroll Protection Program (PPP). On May 6, 2020 the Organization received a loan in the amount of \$43,100. The loan was forgiven on May 17, 2021 and is reported on the statement of activities as a government grant.

NOTE 5: ALLOCATION OF JOINT EXPENSES WITH A FUNDRAISING COMPONENT

The Organization conducted activities that included requests for contributions as well as program components. Those activities included an ongoing direct mail campaign. The cost of conducting those activities included a total of \$71,957 and \$71,174 of joint costs for 2021 and 2020, respectively.

	<u>2021</u>	<u>2020</u>
Cost allocated to program	\$ 42,629	\$ 37,108
Cost allocated to fundraising	<u>29,328</u>	<u>33,066</u>
Total Costs	<u>\$ 71,957</u>	<u>\$ 71,174</u>

Christian Freedom International, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 6: RELATED PARTY TRANSACTIONS

The Organization has an economic interest in an affiliated organization, the Growth & Opportunity Foundation (G&O). The Organization does not share any board members in common and does not have control of G&O. Therefore, its operations are not consolidated in the financial statements of the Organization. During 2021 and 2020, respectively, the Organization made grants totaling \$205,300 and \$173,995 to G&O for program assistance and operating costs. These amounts are reported as mission support expense in the statement of functional expenses. Additionally, the Organization gifted G&O fixed assets it had purchased for G&O's use in Thailand. These fixed assets originally cost the Organization \$90,138 and had a book value of \$3,394 at the time of donation.

NOTE 7: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through March 22, 2022, the date on which the financial statements were available to be issued.