

CHRISTIAN FREEDOM INTERNATIONAL, INC.

**Financial Statements For The Years Ended December 31, 2022 and 2021
and Independent Auditors' Report
Dated March 27, 2023**

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

INDEPENDENT AUDITORS' 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, 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 Freedom International, Inc. as of December 31, 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 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
Manassas, Virginia
March 27, 2023

CHRISTIAN FREEDOM INTERNATIONAL, INC.
Statements of Financial Position
As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 913,838	\$ 785,131
Contributions Receivable	48,826	47,786
Prepaid Expenses and Other Assets	<u>14,292</u>	<u>5,165</u>
Total Current Assets	976,956	838,082
Fixed Assets		
Furniture and Equipment	1,311	1,311
Right of Use Asset: Finance Lease	5,279	-
Right of Use Asset: Operating Lease	21,402	21,402
Less: Accumulated Depreciation and Amortization	<u>(19,571)</u>	<u>(9,528)</u>
Total Fixed Assets	<u>8,421</u>	<u>13,185</u>
Total Assets	<u>\$ 985,377</u>	<u>\$ 851,267</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Payroll Liabilities	\$ 10,015	\$ 9,222
Accounts Payable	6,786	3,676
Finance Lease Liability - Current	1,760	-
Operating Lease Liability - Current	<u>4,883</u>	<u>8,302</u>
Total Current Liabilities	23,444	21,200
Long Term Liabilities		
Finance Lease Liability - Long Term	1,778	-
Operating Lease Liability - Long Term	<u>-</u>	<u>4,883</u>
Total Long-term Liabilities	<u>1,778</u>	<u>4,883</u>
Total Liabilities	25,222	26,083
Net Assets		
Without Donor Restrictions	<u>960,155</u>	<u>825,184</u>
Total Net Assets	<u>960,155</u>	<u>825,184</u>
Total Liabilities and Equity	<u>\$ 985,377</u>	<u>\$ 851,267</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Support and Revenues		
Contributions	\$ 1,072,624	\$ 1,073,837
Micro-Enterprise Income	13,282	13,369
Miscellaneous Income	2,995	2,031
Government Grant	<u>-</u>	<u>43,100</u>
Total Support and Revenues	1,088,901	1,132,337
Expenses		
Program Services	760,508	720,794
General and Administrative Expenses	131,610	138,827
Fundraising Expenses	<u>61,812</u>	<u>53,755</u>
Total Expenses	<u>953,930</u>	<u>913,376</u>
Change in Net Assets	134,971	218,961
Net Assets Without Donor Restrictions, Beginning of Year	<u>825,184</u>	<u>606,223</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 960,155</u>	<u>\$ 825,184</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 134,971	\$ 218,961
Adjustments to reconcile change in net cash provided/(used) by operating activities:		
Extinguishment of Debt	-	(43,100)
Depreciation	-	1,658
Right of Use Asset Depreciation	1,741	-
Loss on Donated Fixed Assets	-	3,394
(Increase)/Decrease in:		
Contributions Receivable	(1,040)	43,632
Prepaid Expenses and Other Assets	(9,127)	4,144
Increase/(Decrease) in:		
Accounts Payable	3,110	(1,810)
Payroll Liabilities	<u>793</u>	<u>(1,201)</u>
Net cash provided by operating activities	130,448	225,678
CASH FLOW FROM INVESTING ACTIVITIES	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on Finance Lease Principal	<u>(1,741)</u>	-
Net cash used by financing activities	<u>(1,741)</u>	-
Net Increase in Cash and Cash Equivalents	128,707	225,678
Cash and Cash Equivalents at Beginning of Year	<u>785,131</u>	<u>559,453</u>
Cash and Cash Equivalents at End of Year	<u>\$ 913,838</u>	<u>\$ 785,131</u>
Interest Paid	<u>\$ 47</u>	<u>\$ 17</u>
Cash Paid for Operating Lease Obligations	<u>\$ 8,400</u>	<u>\$ 8,400</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, 2022

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Mission Support	\$ 505,035	\$ -	\$ -	\$ 505,035
Salaries and Wages	109,518	55,481	16,162	181,161
Postage and Shipping	29,379	738	17,306	47,423
Printing and Publications	29,211	1,022	14,279	44,512
Professional Fees	6,145	31,651	583	38,379
Employee Benefits	15,932	7,843	2,302	26,077
Advertising	18,582	-	-	18,582
Office Expense	10,477	5,689	1,367	17,533
Travel	11,452	3,437	257	15,146
Payroll Taxes	8,481	4,175	1,225	13,881
Website	7,276	2,266	1,069	10,611
Insurance	4,401	4,722	639	9,762
Interest and Finance Expense	29	9,302	4	9,335
Taxes, Licenses, and Fees	15	1,351	4,958	6,324
Utilities	3,156	1,560	458	5,174
Bank Service Charges	-	899	1,048	1,947
ROU Asset Amortization	1,062	525	154	1,741
Miscellaneous	357	949	1	1,307
	<u>\$ 760,508</u>	<u>\$ 131,610</u>	<u>\$ 61,812</u>	<u>\$ 953,930</u>
Total Expenses	<u>\$ 760,508</u>	<u>\$ 131,610</u>	<u>\$ 61,812</u>	<u>\$ 953,930</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>	<u>General and 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
	<u>\$ 720,794</u>	<u>\$ 138,827</u>	<u>\$ 53,755</u>	<u>\$ 913,376</u>
Total Expenses				

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, 2022 and 2021

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. The cash balances held in banks are insured by the Federal Deposit Insurance Corporation. At December 31, 2022 and 2021, respectively, the uninsured portion of this balance was \$385,380 and \$324,926.

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

Christian Freedom International, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

from VBA, by the students, staff, and volunteers there. Revenue is recognized at a single point in time when ownership, risks, and rewards transfer.

Fixed Assets - Furniture and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The cost of furniture and equipment purchased in excess of \$1,000 is capitalized. 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.

Leases - The Organization determines if an arrangement is a lease at inception. Operating leases as a lessee are included in right-of-use assets and lease liabilities in the statement of financial position. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term. Lease obligations represent the Organization's liability to make lease payments arising from the lease. Operating lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate risk-free rate at the commencement date. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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. Certain categories of expenses are attributable to more than program or supporting function and are allocated on the basis of estimates of employees' time and effort.

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.

Christian Freedom International, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

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.

	<u>2022</u>	<u>2021</u>
Financial Assets at year-end:		
Cash	\$ 913,838	\$ 785,131
Contributions Receivable	<u>48,826</u>	<u>47,786</u>
Total Financial Assets	962,664	832,917
Assets limited to use:	<u> -</u>	<u> -</u>
Financial Assets available to meet cash needs for general expenditures within one year:	<u>\$ 962,664</u>	<u>\$ 832,917</u>

NOTE 4: NOTES PAYABLE

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: LEASES

The Organization has an operating lease for the corporate office and a finance lease for equipment. The leases have remaining lease terms of 1 to 2 years. Both leases have renewal terms that can extend the lease term, the exercise of which is at the Organization's sole discretion.