

CHRISTIAN FREEDOM INTERNATIONAL, INC.

**Financial Statements For The Years Ended December 31, 2023 and 2022
and Independent Auditors' Report
Dated April 4, 2024**

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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, 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 Freedom International, Inc. as of December 31, 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 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
April 4, 2024

CHRISTIAN FREEDOM INTERNATIONAL, INC.**Statements of Financial Position
As of December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash	\$ 707,102	\$ 913,838
Investments	400,853	-
Contributions Receivable	36,739	48,826
Prepaid Expenses and Other Assets	<u>8,292</u>	<u>14,292</u>
Total Current Assets	1,152,986	976,956
Fixed Assets		
Furniture and Equipment	1,311	1,311
Right of Use Asset: Finance Lease	5,279	5,279
Right of Use Asset: Operating Lease	25,034	21,402
Less: Accumulated Depreciation and Amortization	<u>(8,173)</u>	<u>(19,571)</u>
Total Fixed Assets	<u>23,451</u>	<u>8,421</u>
 Total Assets	 <u>\$ 1,176,437</u>	 <u>\$ 985,377</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Payroll Liabilities	\$ 10,612	\$ 10,015
Accounts Payable	4,432	6,786
Finance Lease Liability - Current	1,778	1,760
Operating Lease Liability - Current	<u>7,929</u>	<u>4,883</u>
Total Current Liabilities	24,751	23,444
Long Term Liabilities		
Operating Lease Liability - Long Term	13,856	-
Finance Lease Liability - Long Term	<u>-</u>	<u>1,778</u>
Total Long-term Liabilities	<u>13,856</u>	<u>1,778</u>
 Total Liabilities	 38,607	 25,222
Net Assets		
Without Donor Restrictions	<u>1,137,830</u>	<u>960,155</u>
Total Net Assets	<u>1,137,830</u>	<u>960,155</u>
 Total Liabilities and Equity	 <u>\$ 1,176,437</u>	 <u>\$ 985,377</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Support and Revenues		
Contributions	\$ 1,135,775	\$ 1,072,624
Investment Income	15,830	-
Micro-Enterprise Income	14,025	13,282
Miscellaneous Income	<u>-</u>	<u>2,995</u>
Total Support and Revenues	1,165,630	1,088,901
Expenses		
Program Services	798,958	760,508
General and Administrative Expenses	136,499	131,610
Fundraising Expenses	<u>52,498</u>	<u>61,812</u>
Total Expenses	<u>987,955</u>	<u>953,930</u>
Change in Net Assets	177,675	134,971
Net Assets Without Donor Restrictions, Beginning of Year	<u>960,155</u>	<u>825,184</u>
Net Assets Without Donor Restrictions, End of Year	<u>\$ 1,137,830</u>	<u>\$ 960,155</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, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 177,675	\$ 134,971
Adjustments to reconcile change in net cash provided/(used) by operating activities:		
ROU Asset Amortization	1,760	1,741
(Increase)/Decrease in:		
Operating Lease, net	111	-
Contributions Receivable	12,087	(1,040)
Prepaid Expenses and Other Assets	6,000	(9,127)
Increase/(Decrease) in:		
Accounts Payable	(2,354)	3,110
Payroll Liabilities	<u>598</u>	<u>793</u>
Net cash provided by operating activities	195,877	130,448
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	<u>(400,853)</u>	<u>-</u>
Net cash used by investing activities	(400,853)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on Finance Lease Principal	<u>(1,760)</u>	<u>(1,741)</u>
Net cash used by financing activities	<u>(1,760)</u>	<u>(1,741)</u>
Net Increase in Cash	(206,736)	128,707
Cash at Beginning of Year	<u>913,838</u>	<u>785,131</u>
Cash at End of Year	<u>\$ 707,102</u>	<u>\$ 913,838</u>
Interest Paid	<u>\$ 28</u>	<u>\$ 47</u>
Cash Paid for Operating Lease Obligations	<u>\$ 8,505</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, 2023**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Mission Support	\$ 532,057	\$ -	\$ -	\$ 532,057
Salaries and Wages	119,255	54,193	15,155	188,603
Postage and Shipping	33,544	2,569	11,600	47,713
Printing and Publications	33,179	335	12,406	45,920
Professional Fees	4,003	34,102	359	38,464
Employee Benefits	12,147	5,585	1,535	19,267
Office Expense	10,690	6,975	1,116	18,781
Website	11,610	5,121	1,413	18,144
Payroll Taxes	9,064	4,168	1,146	14,378
Travel	8,164	3,390	146	11,700
Insurance	6,396	4,486	812	11,694
Advertising	10,250	-	-	10,250
Interest and Finance Expense	18	9,651	2	9,671
Taxes, Licenses, and Fees	91	1,307	5,147	6,545
Utilities	3,044	1,401	387	4,832
Conferences	3,791	-	-	3,791
Miscellaneous	546	2,169	42	2,757
ROU Asset Amortization	1,109	510	141	1,760
Bank Service Charges	-	537	1,091	1,628
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 798,958</u>	<u>\$ 136,499</u>	<u>\$ 52,498</u>	<u>\$ 987,955</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> </u>	<u> </u>	<u> </u>	<u> </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.
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

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 - Includes all monies in banks. The cash balances held in banks are insured by the Federal Deposit Insurance Corporation. At December 31, 2023 and 2022, respectively, the uninsured portion of this balance was \$172,697 and \$385,380.

Investments - The Organization reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

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, 2023 and 2022

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, 2023 and 2022

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>2023</u>	<u>2022</u>
Financial Assets at year-end:		
Cash	\$ 707,102	\$ 913,838
Investments	400,853	-
Contributions Receivable	<u>36,739</u>	<u>48,826</u>
Total Financial Assets	1,144,694	962,664
Assets limited to use:	<u>-</u>	<u>-</u>
Financial Assets available to meet cash needs for general expenditures within one year:	<u>\$1,144,694</u>	<u>\$ 962,664</u>

NOTE 4: INVESTMENTS

Financial Accounting Standards Board Statement Accounting Standards Codification 820, Fair Value Measurements (FASB ASC 820), 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 (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB Statement No. 157 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2 Inputs to the valuation methodology include: a) Quoted prices for similar assets or liabilities in active markets, b) Quoted prices for identical or similar assets or liabilities in markets that are not active, and c) Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

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

CHRISTIAN FREEDOM INTERNATIONAL, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 4: INVESTMENTS (CONTINUED)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
At December 31, 2023:				
Certificates of Deposit	\$ -	\$400,853	\$ -	\$400,853
	<u>\$ -</u>	<u>\$400,853</u>	<u>\$ -</u>	<u>\$400,853</u>

Investment income for 2023 consists of the following:

Interest	<u>\$ 15,830</u>
Total Investment Income	<u>\$ 15,830</u>

The Organization held no investments and had no investment income in 2022.

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 3 years. Both leases have renewal terms that can extend the lease term, the exercise of which is at the Organization's sole discretion.

The following summarized the weighted average remaining lease term and discount rate as of December 31st:

	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term		
Operating Lease	3 years	1 year
Finance Lease	1 year	2 years
Weighted Average Discount Rate		
Operating Lease	4.57%	1.04%
Finance Lease	1.04%	1.04%

The operating lease is \$743 per month and is reported under office expense in the statement of functional expenses. The finance lease is \$149 per month, of which the amortization of the asset is reported as ROU amortization and the interest is reported as interest expense in the statement of functional expenses.

CHRISTIAN FREEDOM INTERNATIONAL, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 5: LEASES, CONTINUED

The maturities of lease liabilities as for December 31, 2023 were as follows:

	<u>Operating</u>	<u>Finance</u>
Year Ending December 31 st :		
2024	\$ 8,762	\$ 1,788
2025	9,031	-
2026	<u>5,362</u>	<u>-</u>
Total Lease Payments	\$23,155	\$ 1,788
Less Interest	<u>(1,370)</u>	<u>(10)</u>
Present Value of Lease Liability	<u>\$21,785</u>	<u>\$ 1,778</u>

Both the operating and finance lease assets and liabilities were calculated utilizing the risk-free discount rate, according to the Organization's elected policy.

NOTE 6: 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 \$82,909 and \$76,548 of joint costs for 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>
Cost allocated to program	\$ 60,715	\$ 52,817
Cost allocated to fundraising	<u>22,194</u>	<u>23,731</u>
Total Costs	<u>\$ 82,909</u>	<u>\$ 76,548</u>

NOTE 7: 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 2023 and 2022, respectively, the Organization made grants totaling \$138,261 and \$179,508 to G&O for program assistance and operating costs. These amounts are reported as mission support expense in the statement of functional expenses.

NOTE 8: RETIREMENT PLAN

The Organization has a simple IRA plan for all full-time employees. The Organization contributes a matching amount, the amount of which is subject to change each year. In the years ended December 31, 2023 and 2022, respectively, the Organization's contribution expense was \$5,435 and \$5,338.

CHRISTIAN FREEDOM INTERNATIONAL, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 9: CHANGE IN ACCOUNTING PRINCIPLES

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities. Adoption of the standard required the Organization to restate amounts as of January 1, 2021, resulting in an increase in operating lease ROU assets of \$21,402, an increase in operating lease liabilities of \$21,402.

NOTE 10: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through April 4, 2024, the date on which the financial statements were available to be issued.