

Colorado Christian Services, Inc.

Financial Statements
with Independent Auditor's Report

December 31, 2022 and 2021



Colorado Christian Services, Inc.

Table of Contents

December 31, 2022 and 2021

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of Directors
Colorado Christian Services, Inc.
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Colorado Christian Services, Inc. (a nonprofit corporation) as of and for the year ended December 31, 2022, and the statement of activities and cash flows, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Colorado Christian Services, Inc. as of December 31, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Colorado Christian Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Colorado Christian Services, Inc.'s management is responsible for the preparation and fair presentation of these 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 Colorado Christian Services, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

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 opinions. 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 GAAS 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 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 GAAS, 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 Colorado Christian Services, 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 Colorado Christian Services, 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.

Other Matters

The financial statements of Colorado Christian Services, Inc. for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on April 19, 2021.

Hick & Company, PC

Englewood, Colorado
August 11, 2023



Colorado Christian Services, Inc.

Statements of Financial Position

December 31, 2022 and 2021

	2022	2021
Assets		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 341,930	\$ 278,290
Restricted Cash	10,000	-
Total Cash and Cash Equivalents	351,930	278,290
Investments	492,960	265,109
Accounts Receivable	546	5,375
Contributions Receivable	24,030	34,779
Prepaid Expenses	14,490	4,897
Total Current Assets	883,956	588,450
<i>Property and Equipment</i>		
Building and Improvements	596,742	596,742
Furniture and Fixtures	31,553	31,553
Computer Equipment	27,448	27,978
Computer Software	13,851	11,403
Equipment	18,875	17,723
Automobile	18,674	18,674
	707,143	704,073
Accumulated Depreciation	(311,500)	(292,685)
Total Property and Equipment	395,643	411,388
 Total Assets	 \$ 1,279,599	 \$ 999,838
Liabilities and Net Assets		
<i>Current Liabilities</i>		
Accounts Payable	\$ 9,244	\$ 10,863
Accrued Liabilities	10,116	15,630
Deferred Revenue	-	6,862
Total Liabilities	19,360	33,355
<i>Net Assets</i>		
Net Assets Without Donor Restrictions		
Undesignated	1,151,209	856,705
Board Designated - Counseling	75,000	75,000
	1,226,209	931,705
With Donor Restrictions	34,030	34,778
Total Net Assets	1,260,239	966,483
 Total Liabilities and Net Assets	 \$ 1,279,599	 \$ 999,838

See Notes to the Financial Statements.

Colorado Christian Services, Inc.
Statement of Activities
For the Year Ended December 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Public Support			
Contributions	\$ 653,735	\$ 34,030	\$ 687,765
Fundraising Special Events, <i>net of expenses of \$65,026</i>	<u>105,569</u>	<u>-</u>	<u>105,569</u>
	<u>759,304</u>	<u>34,030</u>	<u>793,334</u>
Revenue			
Adoption Fees	129,919	-	129,919
Counseling and Contract Services	(218)	-	(218)
Merchandise Certificate Income	4,964	-	4,964
Other Income	16,681	-	16,681
Net Investment Income	<u>(22,150)</u>	<u>-</u>	<u>(22,150)</u>
Total Support and Revenue	<u>129,196</u>	<u>-</u>	<u>129,196</u>
Net Assets Released from Restrictions	<u>34,778</u>	<u>(34,778)</u>	<u>-</u>
Total Public Support and Revenue	<u>923,278</u>	<u>(748)</u>	<u>922,530</u>
Operating Expenses			
Program Services	477,716	-	477,716
General and Administrative	77,101	-	77,101
Fundraising	<u>73,957</u>	<u>-</u>	<u>73,957</u>
Total Expenses	<u>628,774</u>	<u>-</u>	<u>628,774</u>
Change in Net Assets	294,504	(748)	293,756
Net Assets, Beginning of Year	<u>931,705</u>	<u>34,778</u>	<u>966,483</u>
Net Assets, End of Year	<u>\$ 1,226,209</u>	<u>\$ 34,030</u>	<u>\$ 1,260,239</u>

Colorado Christian Services, Inc.
Statement of Activities
For the Year Ended December 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Public Support			
Contributions	\$ 358,291	\$ 34,779	\$ 393,070
PPP Loan Forgiveness	121,800	-	121,800
Fundraising Special Events, <i>net of expenses of \$12,312</i>	119,575	-	119,575
	<u>599,666</u>	<u>34,779</u>	<u>634,445</u>
Revenue			
Adoption Fees	127,149	-	127,149
Counseling and Contract Services	30,095	-	30,095
Merchandise Certificate Income	5,236	-	5,236
Other Income	1,672	-	1,672
Net Investment Income	5,720	-	5,720
Total Support and Revenue	<u>169,872</u>	<u>-</u>	<u>169,872</u>
Net Assets Released from Restrictions	<u>18,390</u>	<u>(18,390)</u>	<u>-</u>
Total Public Support and Revenue	<u>787,928</u>	<u>16,389</u>	<u>804,317</u>
Operating Expenses			
Program Services	464,474	-	464,474
General and Administrative	68,745	-	68,745
Fundraising	75,726	-	75,726
Total Expenses	<u>608,945</u>	<u>-</u>	<u>608,945</u>
Change in Net Assets	178,983	16,389	195,372
Net Assets, Beginning of Year	<u>752,722</u>	<u>18,389</u>	<u>771,111</u>
Net Assets, End of Year	<u>\$ 931,705</u>	<u>\$ 34,778</u>	<u>\$ 966,483</u>

Colorado Christian Services, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Salaries and Wages	\$ 193,894	\$ 23,465	\$ 21,965	\$ 239,324
Payroll Taxes	16,920	3,381	-	20,301
Employee Benefits	18,452	-	-	18,452
Total Personnel	<u>229,266</u>	<u>26,846</u>	<u>21,965</u>	<u>278,077</u>
Employee Training	2,794	-	-	2,794
Direct Program Expense	45,676	-	-	45,676
Advertising	110,168	-	8,126	118,294
Office Supplies and Expense	15,896	2,761	13,063	31,720
Telephone	7,386	1,190	652	9,228
Printing and Publications	204	12	6,717	6,933
Postage and Shipping	259	157	4,204	4,620
Equipment Rental and Maintenance	5,590	706	1,428	7,724
Insurance	22,520	335	335	23,190
Utilities and Property Expense	11,770	2,244	2,309	16,323
Auto and Travel Expense	4,924	-	380	5,304
Professional and Outside Services	1,917	40,804	5,000	47,721
Fundraising Expense	-	-	7,716	7,716
Miscellaneous Expenses	4,294	164	180	4,638
Total Expenses Before Depreciation	<u>462,664</u>	<u>75,219</u>	<u>72,075</u>	<u>609,958</u>
Depreciation	<u>15,052</u>	<u>1,882</u>	<u>1,882</u>	<u>18,816</u>
Total Expenses	<u><u>\$ 477,716</u></u>	<u><u>\$ 77,101</u></u>	<u><u>\$ 73,957</u></u>	<u><u>\$ 628,774</u></u>

Colorado Christian Services, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Salaries and Wages	\$ 194,361	\$ 17,963	\$ 13,686	\$ 226,010
Payroll Taxes	17,087	1,284	1,411	19,782
Employee Benefits	15,636	1,293	1,175	18,104
Total Personnel	<u>227,084</u>	<u>20,540</u>	<u>16,272</u>	<u>263,896</u>
Employee Training	217	-	-	217
Direct Program Expense	44,392	-	-	44,392
Advertising	89,091	-	22,076	111,167
Office Supplies and Expense	17,366	2,402	10,980	30,748
Telephone	9,398	721	658	10,777
Printing and Publications	2,196	13	9,321	11,530
Postage and Shipping	488	199	3,348	4,035
Equipment Rental and Maintenance	5,188	792	1,501	7,481
Insurance	17,670	732	654	19,056
Utilities and Property Expense	13,393	2,491	2,165	18,049
Auto and Travel Expense	2,363	28	31	2,422
Professional and Outside Services	15,659	38,762	5,682	60,103
Fundraising Expense	165	-	611	776
Miscellaneous Expenses	4,070	53	53	4,176
Total Expenses Before Depreciation	<u>448,740</u>	<u>66,733</u>	<u>73,352</u>	<u>588,825</u>
Depreciation	<u>15,734</u>	<u>2,012</u>	<u>2,374</u>	<u>20,120</u>
Total Expenses	<u><u>\$ 464,474</u></u>	<u><u>\$ 68,745</u></u>	<u><u>\$ 75,726</u></u>	<u><u>\$ 608,945</u></u>

Colorado Christian Services, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 283,756	\$ 195,372
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities		
Depreciation Expense	18,815	20,120
PPP Loan Forgiveness	-	(60,900)
Unrealized Loss(Gain) on Investments	28,805	(1,124)
Reinvested Investment Income	(6,656)	(4,596)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	4,829	8,558
Contribution Receivable	10,749	(16,390)
Prepaid Expenses	(9,593)	(3,280)
Accounts Payable	(1,619)	8,074
Accrued Liabilities	(5,513)	(15,318)
Deferred Revenue	(6,862)	(5,447)
 Net Cash Provided By (Used In) Operating Activities	 316,711	 125,069
 Cash Flows from Investing Activities		
Withdrawal from Investments	(250,000)	150,000
Purchase of Investments	-	(150,000)
Purchase of Fixed Assets	(3,071)	(5,517)
 Net Cash Provided by (Used In) Investing Activities	 (253,071)	 (5,517)
 Cash Flows from Financing Activities		
Contributions restricted from trust fund	10,000	-
 Net Cash Provided by (Used In) Financing Activities	 10,000	 -
 Net Increase (Decrease) in Cash	 73,640	 119,552
 Cash and Cash Equivalents, <i>Beginning of Year</i>	 278,290	 158,738
 Cash and Cash Equivalents, <i>End of Year</i>	 \$ 351,930	 \$ 278,290

Colorado Christian Services, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Colorado Christian Services, Inc. is a leading provider of adoption services, having been in operation since 1963. We are a state licensed, non-profit child placement agency dedicated to providing professional counseling services to women in crisis pregnancies, serving children through foster care, and assisting Christian couples nationwide in building their families through adoption.

Basis of Accounting

The accrual basis of accounting is used for financial statement presentation. Under the accrual method of accounting, revenues and the related assets are recognized when earned rather than when received and expenses and the related liabilities are recognized when incurred rather than when paid.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its FASB ASC 958-210, "*Financial Statements of Not-for-Profit Organizations*". Under this guidance, Colorado Christian Services, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions.

Net Assets Without Donor Restrictions - consists of assets, public support, and program revenues, which are available and used for general operations and programs. Contributions are considered available for general use unless specifically restricted by the donor.

Net Assets With Donor Restrictions - includes funds with donor-imposed restrictions, which permit the organization to expend the assets as specified and is satisfied either by the passage of time or by the actions of the organization. Resources of this nature originate from gifts, grants, bequests, contracts, and investment income earned on restricted funds.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in checking and savings accounts, certificates of deposit, and temporary investments having a maturity of three months or less.

Colorado Christian Services, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Accounts and Contributions Receivable

Accounts receivable are stated at the amount due from services provided, net of allowances for uncollectible amounts. Management provides for probable uncollectible amounts through a valuation allowance based on its assessment of the current status of individual receivables, including the length of time accounts receivable are past due and the organization's previous collection history. Balances still outstanding after management has used reasonable collection efforts are written off through an adjustment to bad debt expense related to the applicable accounts receivable. The allowance for doubtful accounts was \$0 at December 31, 2022 and 2021.

Property and Equipment

Property and equipment with a cost of \$500 or more is capitalized. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Furniture and Fixtures	7 years
Office Equipment	3 - 7 years
Vehicles	3 years
Building and Improvements	15 - 40 years

Revenue

Revenue is reported as an increase in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions not satisfied during the fiscal year of donation. Expenses are reported as a decrease in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless donor stipulation or law explicitly restricts their use. Expirations of donor-restricted net assets (i.e., the donor-specific purpose has been fulfilled and/or the stipulated time period has expired) are reported as reclassifications between applicable classes of net assets.

Contributions

Contributions of donated noncash assets and services are recorded at their fair values in the period received. The contributions of services are recognized if the services received create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services received for each of the years ended December 31, 2022 and 2021 was \$2,100 and \$385, respectively.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on management's assumptions.

Colorado Christian Services, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

Colorado Christian Services, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private organization. Colorado Christian Services, Inc. follows FASB ASC 740 *Income Taxes*, which requires entities to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing organization. Colorado Christian Services, Inc. has evaluated tax positions taken related to its tax-exempt status, and none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2022.

Subsequent Events

Subsequent events have been evaluated through August 11, 2023, the date the financial statements were available to be issued.

Note 2: Cash and Cash Equivalents

Colorado Christian Services, Inc. maintains a bank account. The table below is designed to disclose the level of custody credit risk assumed by Colorado Christian Services, Inc. based upon how its deposits were insured at December 31, 2022 and 2021. FDIC regulations state that time and savings accounts are insured up to \$250,000 per depositor, per insured bank.

Category 1 - Insured by FDIC or collateralized with securities held by Colorado Christian Services, Inc. or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in Colorado Christian Services, Inc.'s name.

Category 3 - Uninsured and uncollateralized.

Colorado Christian Services, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note 2: Cash and Cash Equivalents (Continued)

	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)
<u>December 31, 2022</u>				
Demand Deposits	\$ 351,930	\$ 250,000	\$ -	\$ 101,930
<u>December 31, 2021</u>				
Demand Deposits	\$ 292,941	\$ 250,000	\$ -	\$ 42,941

Note 3: Investments

Investments as of December 31, 2022 and 2021 consist of investments in exchange traded funds, mutual funds and investment-related cash deposit funds. The FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

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

Level 2 - Quoted prices for similar instruments in active and inactive markets; and model driven valuation with significant inputs and drivers derived from observable active markets.

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

The following table sets forth by level, within the fair value hierarchy, Colorado Christian Services, Inc.'s assets at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Cash	\$ 261,846	\$ -	\$ -	\$ 261,846
Mutual Funds	51,228	-	-	51,228
Exchange Traded Funds:				
Equities	23,134	-	-	23,134
Fixed Income	156,752	-	-	156,752
Total	\$ 492,960	\$ -	\$ -	\$ 492,960

Colorado Christian Services, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note 3: Investments (Continued)

The following table sets forth by level, within the fair value hierarchy, Colorado Christian Services, Inc.'s assets at fair value as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Cash	\$ 8,073	\$ -	\$ -	\$ 8,073
Mutual Funds	55,793	-	-	55,793
Exchange Traded Funds:				
Equities	29,214	-	-	29,214
Fixed Income	172,029	-	-	172,029
Total	\$ 265,109	\$ -	\$ -	\$ 265,109

During the years ended December 31, 2022 and 2021, investment income consisted of the following:

	2022	2021
Interest and Dividends	\$ 6,655	\$ 4,596
Realized Gain	-	-
Unrealized Gains	(28,805)	1,124
Total	\$ (22,150)	\$ 5,720

Note 4: Lease Obligations

In November and December 2022, Colorado Christian Services, Inc. entered into operating leases for two pieces of office equipment. The terms of the lease require monthly payments of \$304 for 60 months and \$87 for 39 months.

Year Ending December 31,	Amount
2022	\$ 6,156

Lease payments made under this and previous the leases for each of the years ended December 31, 2022 and 2021 was \$6,156 and \$6,061, respectively.

Colorado Christian Services, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note 5: Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2022 and 2021 consist \$10,000 in restricted cash which is required to be kept in perpetuity, all earnings from this endowment restricted for the purpose of birth mother expenses, and of contributions receivable of \$24,030 and \$34,770, respectively.

Note 6: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 341,930	\$ 278,290
Accounts Receivable	546	5,375
Contributions Receivable	24,030	34,779
Investments	<u>492,960</u>	<u>265,109</u>
Available Assets at December 31,	859,466	583,553
Less: Those Unavailable for General Expenditures Within One Year, Due To:		
Board-designated amounts	<u>(75,000)</u>	<u>(75,000)</u>
Totals	<u>\$ 784,466</u>	<u>\$ 508,553</u>

Colorado Christian Services, Inc. is substantially supported by contributions and program revenue. Financial assets are managed to be available as its general expenditures, liabilities, and other obligations come due. Cash in excess of monthly requirements is invested in short-term and long-term investments.

Note 7: Commitments and Contingencies

Colorado Christian Services, Inc. has a \$100,000 unsecured line of credit which I renewed at a variable rate of interest, which was initially 6.0%, and payable on demand. As of December 31, 2022 and 2021, there were no draws on the line of credit and no balance due.

Colorado Christian Services, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note 8: SBA CARES Act Loan

On May 1, 2020, Colorado Christian Services, Inc. received a \$60,900 Paycheck Protection Program loan (PPP Loan) through the Small Business Administration under the CARES Act. The loan was intended to maintain employee and compensation levels during the financial downturn caused by the COVID-19 pandemic. On February 12, 2021, Colorado Christian Services, Inc. received the second PPP Loan in the amount of \$60,900. During the year ended December 31, 2021, both loans were forgiven by the Small Business Administration. The total of \$121,800 has been reported in the accompanying financial statements as a contribution.