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# Bethany Christian Services

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**Consolidated Financial Report  
with Additional Information  
December 31, 2022**

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## **Independent Auditor's Report**

To the Board of Directors  
Bethany Christian Services

### **Report on the Audits of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Bethany Christian Services and its subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021 and the changes in its net assets, functional expenses, and 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 (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our 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 issued or available to be issued.

#### ***Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS and *Government 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 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.

To the Board of Directors  
Bethany Christian Services

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023 on our consideration of Bethany Christian Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bethany Christian Services' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bethany Christian Services' internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

March 24, 2023

# Bethany Christian Services

## Consolidated Statement of Financial Position

December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,049,285	\$ 1,191,807
Restricted cash and cash equivalents	1,600,000	3,000,000
Investments (Note 4)	22,486,548	39,575,302
Receivables - Net of allowances	21,209,643	19,892,998
Prepaid expenses and other current assets:		
Prepaid expenses	2,506,460	2,186,776
Deposits	272,295	284,196
Total current assets	53,124,231	66,131,079
<b>Property and Equipment - Net (Note 5)</b>	26,055,154	25,601,684
<b>Right-of-use Operating Lease Assets (Note 7)</b>	9,632,997	10,980,087
<b>Other Assets</b>	-	154,000
<b>Investment in Unconsolidated Affiliate (Note 4)</b>	483,318	507,190
Total assets	<b>\$ 89,295,700</b>	<b>\$ 103,374,040</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,245,754	\$ 4,360,157
Bank line of credit	-	5,750,000
Deferred revenue	854,472	958,951
Accrued employee compensation and other liabilities:		
Accrued employee compensation and benefits	6,088,803	5,681,985
Accrued insurance liability	2,974,464	1,615,497
Total accrued employee compensation and other liabilities	9,063,267	7,297,482
Current portion of long-term debt (Note 8)	8,918,531	2,451,430
Current portion of lease liabilities - Operating (Note 7)	4,318,434	4,067,592
Total current liabilities	26,400,458	24,885,612
<b>Long-term Debt - Net of current portion (Note 8)</b>	2,970,000	9,382,969
<b>Lease Liabilities - Operating (Note 7)</b>	5,572,717	7,117,316
<b>Annuities Payable (Note 6)</b>	166,402	187,557
Total liabilities	35,109,577	41,573,454
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	35,233,500	34,315,472
Board designated (Note 11)	13,680,155	23,843,312
Total without donor restrictions	48,913,655	58,158,784
With donor restrictions (Notes 11 and 12)	5,272,468	3,641,802
Total net assets	54,186,123	61,800,586
Total liabilities and net assets	<b>\$ 89,295,700</b>	<b>\$ 103,374,040</b>

## Bethany Christian Services

# Consolidated Statement of Activities and Changes in Net Assets

Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains, and Other Support</b>						
Contributions of cash and other financial assets	\$ 8,143,710	\$ 4,439,738	\$ 12,583,448	\$ 14,017,853	\$ 1,411,640	\$ 15,429,493
Child support	151,983,361	-	151,983,361	120,674,302	-	120,674,302
Service fees	6,957,010	-	6,957,010	8,562,495	-	8,562,495
Investment (loss) income	(4,821,817)	(128,238)	(4,950,055)	4,221,866	124,840	4,346,706
Other income	450,631	-	450,631	491,596	-	491,596
Total revenue, gains, and other support	162,712,895	4,311,500	167,024,395	147,968,112	1,536,480	149,504,592
<b>Net Assets Released from Restrictions</b>	2,680,834	(2,680,834)	-	1,246,419	(1,246,419)	-
Total revenue, gains, other support, and net assets released from restrictions	165,393,729	1,630,666	167,024,395	149,214,531	290,061	149,504,592
<b>Expenses</b>						
Program services:						
Adoption	11,411,324	-	11,411,324	13,482,103	-	13,482,103
Foster care	31,581,096	-	31,581,096	33,428,360	-	33,428,360
Youth services	4,572,749	-	4,572,749	4,221,785	-	4,221,785
International social services	2,645,351	-	2,645,351	2,085,288	-	2,085,288
Refugee and immigrant services	77,837,950	-	77,837,950	55,091,315	-	55,091,315
Counseling	5,072,821	-	5,072,821	6,185,682	-	6,185,682
Residential treatment	2,543,117	-	2,543,117	2,348,478	-	2,348,478
Family Preservation & Strengthening	8,815,556	-	8,815,556	6,376,969	-	6,376,969
Substance Use Disorder	3,375,320	-	3,375,320	1,616,048	-	1,616,048
Other programs	1,410,307	-	1,410,307	1,410,010	-	1,410,010
Total program services	149,265,591	-	149,265,591	126,246,038	-	126,246,038
Support services:						
Management and general	19,684,917	-	19,684,917	18,421,498	-	18,421,498
Fundraising	5,688,350	-	5,688,350	4,809,592	-	4,809,592
Total support services	25,373,267	-	25,373,267	23,231,090	-	23,231,090
Total expenses	174,638,858	-	174,638,858	149,477,128	-	149,477,128
<b>Change in Net Assets</b>	(9,245,129)	1,630,666	(7,614,463)	(262,597)	290,061	27,464
<b>Net Assets - Beginning of year</b>	58,158,784	3,641,802	61,800,586	58,421,381	3,351,741	61,773,122
<b>Net Assets - End of year</b>	<b>\$ 48,913,655</b>	<b>\$ 5,272,468</b>	<b>\$ 54,186,123</b>	<b>\$ 58,158,784</b>	<b>\$ 3,641,802</b>	<b>\$ 61,800,586</b>

## Bethany Christian Services

# Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	Adoption	Foster Care	Youth Services	International Social Services	Refugee and Immigrant Services	Counseling	Residential Treatment	Family Preservation & Strengthening	Substance Use Disorder	Other Programs	Management and General	Fundraising	Total
Salaries	\$ 6,446,276	\$ 11,549,182	\$ 1,928,580	\$ 64,137	\$ 38,747,461	\$ 3,101,788	\$ 1,586,124	\$ 5,312,980	\$ 2,061,065	\$ 494,438	\$ 11,032,776	\$ 3,315,936	\$ 85,640,743
Fringes	1,230,329	2,214,930	358,049	13,951	6,018,891	443,596	265,000	932,231	293,137	97,642	1,664,082	524,241	14,056,079
Taxes	473,128	849,446	140,411	4,677	2,861,411	229,524	117,836	390,463	151,271	36,294	801,687	239,943	6,296,091
Professional fees	660,565	727,549	465,802	5,244	4,550,903	235,585	72,786	485,957	126,378	42,452	1,560,841	224,539	9,158,601
Supplies	63,544	74,355	107,798	619	480,832	27,280	31,586	49,020	103,270	19,140	39,077	13,574	1,010,095
Telephone	164,371	229,778	28,740	1,391	729,069	50,564	7,645	107,765	14,590	12,469	104,108	24,492	1,474,982
Postage	33,459	17,023	1,706	1,213	51,800	5,865	2,671	9,120	948	6,546	168,620	94,924	393,895
Occupancy, including lease cost of \$5,694,954	773,992	1,070,800	397,522	8,492	4,905,174	332,317	126,478	378,798	364,447	(206,156)	361,567	113,036	8,626,467
Printing	24,861	23,455	5,056	48	39,955	7,640	697	18,584	665	7,169	93,110	294,547	515,787
Information technology	233,929	492,432	73,593	61,027	1,919,456	113,899	52,767	244,910	77,936	62,580	205,766	60,975	3,599,270
Equipment and furnishings	86,776	75,841	45,931	349	529,995	11,410	6,480	32,799	21,465	16,779	52,518	6,863	887,206
Travel	276,781	706,272	71,438	31,644	1,738,342	107,339	28,647	446,762	52,884	53,695	547,533	144,033	4,205,370
Conferences and meetings	103,721	109,094	100,900	888	299,867	26,148	13,669	25,652	13,231	50,117	213,967	62,868	1,020,122
Advertising	-	-	-	-	-	-	-	-	-	-	1,758,909	120,419	1,879,328
Special assistance	532,200	12,968,854	656,214	218,165	13,674,588	251,818	124,010	177,262	68,407	1,701	44,758	400	28,718,377
Global operations support	-	-	-	2,207,793	267,905	-	-	-	-	332,090	56,607	-	2,864,395
Payment processing fees	58,328	601	4	5,842	952	6,520	-	1,803	643	1,265	4,419	15,787	96,164
Educational and promotional materials	3,083	797	11,705	33	24,213	4,669	1,304	7,499	1,634	8,427	138,886	14,757	217,007
Miscellaneous fundraising	-	-	-	-	-	-	-	-	-	-	-	331,645	331,645
Bad debt	13,209	1,319	-	-	852	43,106	662	-	8,057	-	-	-	67,205
Interest expense	25,318	5,521	75	5	233,543	1,452	3,966	451	-	132,009	124,109	3,266	529,715
Miscellaneous	74,670	242,513	14,905	14,029	149,053	28,514	15,976	96,569	8,447	40,176	208,835	50,744	944,431
Depreciation	132,784	221,334	164,320	5,804	613,688	43,787	84,813	96,931	6,845	201,474	502,742	31,361	2,105,883
Total functional expenses	<u>\$ 11,411,324</u>	<u>\$ 31,581,096</u>	<u>\$ 4,572,749</u>	<u>\$ 2,645,351</u>	<u>\$ 77,837,950</u>	<u>\$ 5,072,821</u>	<u>\$ 2,543,117</u>	<u>\$ 8,815,556</u>	<u>\$ 3,375,320</u>	<u>\$ 1,410,307</u>	<u>\$ 19,684,917</u>	<u>\$ 5,688,350</u>	<u>\$ 174,638,858</u>

## Bethany Christian Services

# Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

	Adoption	Foster Care	Youth Services	International Social Services	Refugee and Immigrant Services	Counseling	Residential Treatment	Family Preservation & Strengthening	Substance Use Disorder	Other Programs	Management and General	Fundraising	Total
Salaries	\$ 7,702,119	\$12,260,010	\$ 1,719,025	\$ 58,942	\$27,283,319	\$ 3,648,830	\$ 1,450,613	\$ 3,909,484	\$ 880,442	\$ 606,362	\$10,112,261	\$ 2,776,826	\$ 72,408,233
Fringes	1,654,753	2,633,291	321,989	13,841	4,574,296	656,153	306,059	800,728	124,830	123,568	2,157,251	488,105	13,854,864
Taxes	566,463	904,447	126,096	4,324	2,023,120	268,605	107,972	287,311	65,313	44,883	740,426	200,628	5,339,588
Professional fees	661,860	622,824	481,250	4,131	3,423,511	317,696	64,460	215,154	77,600	43,682	1,576,853	292,468	7,781,489
Supplies	69,904	69,558	86,858	94	375,229	26,112	26,187	49,200	34,087	21,332	40,575	13,928	813,064
Telephone	211,702	250,380	29,956	2,638	527,156	74,103	9,576	89,946	7,793	12,962	89,522	24,614	1,330,348
Postage	51,211	18,875	1,302	10,789	41,451	11,703	2,039	7,419	1,003	5,138	90,155	43,629	284,714
Occupancy, including lease cost of \$4,876,077	929,298	1,064,834	477,044	9,752	3,361,908	409,112	82,511	273,273	310,402	(47,612)	366,702	106,387	7,343,611
Printing	21,442	18,509	7,175	4,055	34,541	14,727	202	7,995	5,413	10,949	39,711	252,280	416,999
Information technology	324,815	554,889	100,537	51,742	1,876,444	138,587	48,293	159,044	49,177	50,037	121,829	64,025	3,539,419
Equipment and furnishings	97,334	72,044	58,901	-	702,889	13,299	9,343	27,021	3,036	8,771	22,751	6,078	1,021,467
Travel	213,251	616,580	36,195	6,126	1,011,144	93,143	27,396	241,744	15,621	31,714	172,203	96,960	2,562,077
Conferences and meetings	79,904	72,203	80,579	-	163,527	22,526	7,835	23,088	10,881	39,393	179,522	11,680	691,138
Advertising	-	-	-	-	-	-	-	-	-	-	1,691,795	14,309	1,706,104
Special assistance	531,158	13,978,056	601,271	152,667	8,648,008	299,524	105,927	131,163	17,229	(2,372)	10,056	2,250	24,474,937
Global operations support	4,061	-	-	1,739,855	248,766	-	-	-	-	206,712	-	-	2,199,394
Payment processing fees	91,733	1,457	16	6,191	1,553	5,294	-	1,924	18	1,783	6,495	22,496	138,960
Educational and promotional materials	3,021	2,279	8,330	18	5,345	13,879	128	1,307	7,539	1,885	114,452	3,338	161,521
Miscellaneous fundraising	-	-	-	-	-	-	-	-	-	-	-	313,017	313,017
Bad debt	13,523	7,647	-	-	2,522	108,164	322	-	-	(1)	-	-	132,177
Interest expense	28,504	5,772	79	5	241,976	1,593	4,179	708	-	43,823	26,685	3,442	356,766
Miscellaneous	108,004	100,059	16,315	13,242	74,516	31,512	16,077	79,754	3,528	61,207	296,357	40,981	841,552
Depreciation	118,043	174,646	68,867	6,876	470,094	31,120	79,359	70,706	2,136	145,794	565,897	32,151	1,765,689
<b>Total functional expenses</b>	<b>\$13,482,103</b>	<b>\$33,428,360</b>	<b>\$ 4,221,785</b>	<b>\$ 2,085,288</b>	<b>\$55,091,315</b>	<b>\$ 6,185,682</b>	<b>\$ 2,348,478</b>	<b>\$ 6,376,969</b>	<b>\$ 1,616,048</b>	<b>\$ 1,410,010</b>	<b>\$18,421,498</b>	<b>\$ 4,809,592</b>	<b>\$ 149,477,128</b>



# Consolidated Statement of Cash Flows

**Years Ended December 31, 2022 and 2021**

	2022	2021
<b>Cash Flows from Operating Activities</b>		
(Decrease) increase in net assets	\$ (7,614,463)	\$ 27,464
Adjustments to reconcile (decrease) increase in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation	2,105,883	1,765,689
(Gain) loss on disposal of property and equipment	(52,689)	101,346
Bad debt expense	67,205	132,177
Net realized and unrealized losses (gains) on investments	5,806,134	(3,309,665)
Earnings on unconsolidated affiliate	23,872	(45,348)
Distributions from unconsolidated affiliate	-	50,000
Net present value adjustment of annuities payable	136	(9,100)
Impairment of goodwill	133,833	-
Contributions restricted for long-term investment	(24,782)	(23,668)
Amortization of right-of-use operating lease assets	5,912,191	4,772,737
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Receivables	(1,383,850)	(6,802,737)
Prepaid expenses and other assets	(307,783)	(53,041)
Accounts payable	(1,114,403)	(1,360,325)
Accrued and other liabilities	1,765,785	924,399
Deferred revenue	(104,479)	(767,465)
Payments on operating leases	(5,858,858)	(4,723,237)
Net cash, cash equivalents, and restricted cash used in operating activities	(646,268)	(9,320,774)
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(2,756,115)	(4,453,067)
Proceeds from disposition of property and equipment	269,618	1,728,736
Purchases of investments	(4,515,706)	(13,490,693)
Proceeds from sales and maturities of investments	15,798,326	12,569,317
Net cash, cash equivalents, and restricted cash provided by (used in) investing activities	8,796,123	(3,645,707)
<b>Cash Flows from Financing Activities</b>		
Proceeds from debt	1,000,000	2,000,000
Payments on debt	(945,868)	(861,220)
Payments on annuities payable	(21,291)	(24,733)
Draws on revolving credit facilities	55,250,000	15,500,000
Payments on revolving credit facilities	(61,000,000)	(9,750,000)
Contributions restricted for long-term investment	24,782	23,668
Net cash, cash equivalents, and restricted cash (used in) provided by financing activities	(5,692,377)	6,887,715
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash</b>	2,457,478	(6,078,766)
<b>Cash, Cash Equivalents, and Restricted Cash - Beginning of year</b>	4,191,807	10,270,573
<b>Cash, Cash Equivalents, and Restricted Cash - End of year</b>	<b>\$ 6,649,285</b>	<b>\$ 4,191,807</b>
<b>Consolidated Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash</b>		
Cash and cash equivalents	\$ 5,049,285	\$ 1,191,807
Restricted cash and cash equivalents	1,600,000	3,000,000
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 6,649,285</b>	<b>\$ 4,191,807</b>
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	\$ 529,715	\$ 356,766
Operating right-of-use asset and lease liability added	4,565,101	7,657,684

# Notes to Consolidated Financial Statements

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December 31, 2022 and 2021

### Note 1 - Nature of Business

Bethany Christian Services (the "Organization") is a not-for-profit corporation whose sources of revenue are derived principally from public contributions, government grants, and service fees. The Organization operates a child placement agency and provides such services as foster care, pregnancy counseling, adoptive services, and other related social services as may be appropriate in stabilizing and/or improving human relationships and conditions. Currently, these services are provided in 31 home offices in 29 states plus Washington, D.C., with the central business office located in Grand Rapids, Michigan. Approximately 91 and 81 percent of operating revenue in 2022 and 2021, respectively, was derived from services provided under contract with governmental units.

### Note 2 - Significant Accounting Policies

#### *Principles of Consolidation*

The consolidated financial statements include the accounts of the Organization and all of its wholly owned subsidiaries, which include all of the various branches and related legal entities, including Bethany Christian Services USA, LLC; Bethany Christian Services Global, LLC; and Bethany Christian Foundation, LLC. All material intercompany accounts and transactions have been eliminated in consolidation.

#### *Use of Estimates*

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

#### *Basis of Presentation*

The Organization prepares its consolidated financial statements on an accrual basis in accordance with generally accepted accounting principles (GAAP).

#### *Cash Equivalents*

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Restricted cash includes amounts required to be held as collateral by third parties.

#### *Concentration of Credit Risk Arising from Deposit Accounts*

The Organization maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 and certain other federally managed programs. As of December 31, 2022 and 2021, the Organization had depository accounts with a financial institution in excess of federally insured limits.

#### *Investments*

Investments are stated at fair value, except for the investment in unconsolidated affiliate, which is recorded using the equity method. Gains or losses on investments are reported in the consolidated statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

#### *Receivables*

Receivables are stated at invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance was \$198,473 at December 31, 2022 and 2021.

## Notes to Consolidated Financial Statements

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December 31, 2022 and 2021

### **Note 2 - Significant Accounting Policies (Continued)**

#### ***Property and Equipment***

Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred. Estimated useful lives are 40 years for buildings, 20 years for land improvements (or the lease term, whichever is shorter), 10 years for furniture and fixtures, and 3 to 5 years for vehicles.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of property and equipment 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 property and equipment are reported as restricted support.

Certain property and equipment were acquired with funds from grant contracts that include the option for the grantor to require reversion of title at the end of the grant contract. These assets are insignificant to the consolidated financial statements as a whole and were fully depreciated as of December 31, 2022 and 2021.

#### ***Leases***

The Organization has operating leases described in Note 7. The Organization recognizes expense for operating leases on a straight-line basis over the lease term. The Organization made a policy election not to separate lease and nonlease components. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Organization has operating leases for certain buildings, with a lease term of one year or less that the Organization has elected to account for as short-term leases. As these leases are short-term leases, they are not included in the right-of-use asset and lease liability.

The Organization assesses whether it is reasonably certain to exercise an option to extend or terminate a lease at the lease termination date. In this assessment, the Organization considers all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. The Organization did not include the renewal options to calculate the lease asset and liability.

When readily determinable, the Organization utilizes the interest rate implicit in the lease to determine the present value of future lease payments. For leases where the implicit rate is not readily determinable, the Organization's incremental borrowing rate is used.

#### ***Classification of Net Assets***

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets 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. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### **Note 2 - Significant Accounting Policies (Continued)**

#### ***Contributions***

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the contributions are received are both reported as contributions without donor restrictions.

Certain government grants are accounted for as conditional contributions, being nonexchange in nature. These grants are reported in the child support line on the consolidated statement of activities and changes in net assets and are recognized as revenue as qualifying expenses are incurred. The remaining conditional balance of these grants totaled \$31,280,575 and \$17,595,401 at December 31, 2022 and 2021, respectively.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

#### ***Paycheck Protection Program***

During the year ended December 31, 2021, the Organization received a PPP loan in the amount of \$1.6 million. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Organization may use the funds on qualifying expenses over a covered period up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of five years, with interest accruing at a rate of 1 percent and monthly payments of principal and interest beginning 10 months after the conclusion of the covered period.

Any request for forgiveness is subject to review and approval by the lender and the SBA, including review of qualifying expenditures and staffing and salary levels.

Under accounting principles generally accepted in the United States of America (U.S. GAAP), government grants, including certain forgivable government loans, are recognized as income in the period in which the Organization has substantially overcome all measurable performance-related barriers necessary to be entitled to keep the grant funds. As of December 31, 2021, the Organization has assessed that all requirements for forgiveness were achieved and, therefore, has recorded contribution revenue of approximately \$1.6 million, consistent with generally accepted accounting principles.

The Organization applied for and received notification from the SBA of forgiveness of the entire loan on August 24, 2021.

#### ***Grant Revenue***

During 2022 and 2021, the Organization recognized revenue from exchange grant contracts of \$138,951,153 and \$103,952,541, respectively.

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### **Note 2 - Significant Accounting Policies (Continued)**

#### **Disaggregation of Revenue**

Revenue received for grants determined to be exchange transactions is recognized as services are provided. Grant revenue is primarily received for child support and refugee services. These services may be transferred to granting agencies both at a point in time or over time. Of the \$138,951,153 and \$103,952,541 of revenue recognized from contracts with granting agencies during 2022 and 2021, respectively, revenue recognized over time amounted to \$136,632,042 and \$101,872,117, respectively, while the remainder was recognized at a point in time.

There are no significant economic factors that affect the nature, amount, timing, and uncertainty of the Organization's revenue and cash flows.

#### **Contract Balances**

In some situations, the Organization receives cash prior to the satisfaction of the performance obligation, which results in the Organization recognizing contract liabilities. Deferred revenue consists primarily of grant revenue received in advance of expenditures incurred.

For the years ended 2022 and 2021, the beginning balances of the Organization's receivables from exchange grant contracts were \$10,965,528 and \$7,286,807, respectively. The ending balances of the Organization's receivables from exchange grant contracts were \$8,411,851 and \$10,965,528, respectively.

#### **Nature of Promises to Transfer and Timing of Satisfaction of Performance Obligations**

The Organization's exchange grant services are performed both over time and at a point in time.

For foster care services, the Organization has a performance obligation for the placement and supervision of the child in the foster care home, which is recognized over time as services are performed using an output method of time elapsed to measure progress.

For refugee services, the Organization has a performance obligation to provide employment services to refugees, which is recognized over time using an input method of costs incurred.

For foster care adoption services, the Organization has performance obligations for the supervision of the child in the foster care home and the adoption placement of the child within the home. The supervision is recognized over time as services are performed using an output method of time elapsed to measure progress. The adoption placement is recognized at a point in time when the adoption is finalized.

In most cases, services that the Organization contracts to transfer to customers are performed by the Organization. In no case does the Organization act as an agent (i.e., the Organization does not provide a service of arranging for another party to transfer goods or services to the customer).

#### **Significant Payment Terms**

Payment for services provided by the Organization is typically due within 30 days after an invoice is sent to the granting agency. Invoices for services performed over time are typically sent to granting agencies on the last business day of each calendar month. Invoices for services performed at a point in time are typically sent to granting agencies within 3 calendar days of performance. None of the Organization's contracts have a significant financing component.

#### **Allocating the Transaction Price**

The transaction price of a contract is the amount of consideration to which the Organization expects to be entitled in exchange for transferring promised services to a granting agency.

## Notes to Consolidated Financial Statements

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**December 31, 2022 and 2021**

### **Note 2 - Significant Accounting Policies (Continued)**

To determine the transaction price of a contract, the Organization considers its customary business practices and the terms of the contract. For the purpose of determining transaction prices, the Organization assumes that the services will be transferred to the granting agency as promised in accordance with existing contracts and that the contracts will not be canceled, renewed, or modified.

Most of the Organization's contracts with granting agencies have fixed transaction prices that are denominated in U.S. dollars and payable in cash. For some contracts, however, the amount of consideration to which the Organization will be entitled is variable. Under those contracts, some or all of the consideration for satisfied performance obligations is contingent on events over which the Organization has no direct influence. For example, foster care contracts contain per diem rates for administration and boarding, and foster care adoption contracts have a specific tiered rate system based on days in placement. Certain refugee service contracts are direct cost contracts in which the Organization will be reimbursed for direct costs incurred.

The Organization includes amounts of variable consideration in a contract's transaction price only to the extent that the Organization has a relatively high level of confidence that the amounts will not be subject to significant reversals, that is, downward adjustments to revenue recognized for satisfied performance obligations. In determining amounts of variable consideration to include in a contract's transaction price, the Organization relies on its experience and other evidence that supports its qualitative assessment of whether revenue would be subject to a significant reversal. The Organization considers all the facts and circumstances associated with both the risk of a revenue reversal arising from an uncertain future event and the magnitude of the reversal if that uncertain event were to occur.

To allocate an appropriate amount of consideration to each separate performance obligation, the Organization determines the stand-alone selling price at contract inception of the good or service underlying each separate performance obligation and allocates the transaction price on a relative stand-alone selling price basis. The stand-alone selling price is the price at which the Organization would sell a promised service separately to a granting agency.

#### ***Adoption Revenue***

During 2022 and 2021, the Organization recognized revenue from adoption contracts of \$6,957,010 and \$8,562,495, respectively, which is recognized within service fees on the consolidated statement of activities and changes in net assets.

#### **Disaggregation of Revenue**

Prospective parents involved in the domestic infant and international adoption process are charged a fee for services, consisting of home study, placement of the child, and supervision during the post-placement probationary time period. The international adoption process also includes fees charged by the Organization for acting as a liaison with the international agency. These services may be transferred to prospective parents both at a point in time or over time. Of the \$6,957,010 and \$8,562,495 of revenue recognized from adoption contracts with prospective parents during 2022 and 2021, respectively, revenue recognized over time amounted to \$0 and \$1,678,703, respectively, while the remainder was recognized at a point in time.

There are no economic factors that significantly affect the nature, amount, timing, and uncertainty of the Organization's adoption revenue and cash flows.



## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### **Note 2 - Significant Accounting Policies (Continued)**

#### **Contract Balances**

In some situations, the Organization receives cash prior to the satisfaction of the performance obligation, which results in the Organization recognizing contract liabilities. Deferred revenue consists primarily of adoption fees billed to prospective parents and collected in advance of providing adoption services. The Organization's receivables from adoption contracts were \$783,356, \$728,948, and \$921,025 as of December 31, 2022; December 31, 2021; and January 1, 2021, respectively. Contract liabilities from adoption contracts were \$199,071, \$385,598, and \$1,448,219 as of December 31, 2022; December 31, 2021; and January 1, 2021, respectively.

#### **Nature of Promises to Transfer and Timing of Satisfaction of Performance Obligations**

The Organization's adoption services are performed both over time and at a point in time.

For adoption fee revenue, the Organization has the following performance obligations:

- Processing application - Revenue recognized at a point in time upon completion of processing the application
- Processing paperwork and providing support and training - Revenue recognized over time as services are performed using an output method of time elapsed to measure progress
- Performance of home study - Revenue recognized over time as services are performed using an output method of time elapsed to measure progress
- Pursue referral - Revenue recognized over time as services are performed using an output method of time elapsed to measure progress
- Placement of child - Revenue recognized at a point in time upon placement of child
- Perform home assessment and satisfy legal requirements - Revenue recognized over time as services are performed using an output method of time elapsed to measure progress

In most cases, services that the Organization contracts to transfer to prospective parents are performed by the Organization. In no case does the Organization act as an agent (i.e., the Organization does not provide a service of arranging for another party to transfer goods or services to the prospective parents).

#### **Significant Payment Terms**

Payment for services provided by the Organization is typically due upon posting of the charge to the prospective parents' account. Notices for services performed over time or for services performed at a point in time are posted to the prospective parents' account at the time they are assessed. The Organization does not offer discounts if the prospective parents pay some or all of an invoiced amount prior to the due date.

#### **Allocating the Transaction Price**

The transaction price of a contract is the amount of consideration to which the Organization expects to be entitled in exchange for transferring promised services to prospective parents.

To determine the transaction price of a contract, the Organization considers its customary business practices and the terms of the contract. For the purpose of determining transaction prices, the Organization assumes that the services will be transferred to the prospective parents as promised in accordance with existing contracts and that the contracts will not be canceled, renewed, or modified.

Most of the Organization's contracts with prospective parents have fixed transaction prices that are denominated in U.S. dollars and payable in cash. None of the Organization's contracts have a significant financing component.

## **Notes to Consolidated Financial Statements**

**December 31, 2022 and 2021**

### **Note 2 - Significant Accounting Policies (Continued)**

For some contracts, however, the amount of consideration to which the Organization will be entitled is variable. Under those contracts, some or all of the consideration for satisfied performance obligations is contingent on events over which the Organization has no direct influence. For example, the fees paid for the home study and placement may be partially or fully refundable depending on circumstances outside of the Organization's control. The Organization includes amounts of variable consideration in a contract's transaction price only to the extent that the Organization has a relatively high level of confidence that the amounts will not be subject to significant reversals, that is, downward adjustments to revenue recognized for satisfied performance obligations. In determining amounts of variable consideration to include in a contract's transaction price, the Organization relies on its experience and other evidence that supports its qualitative assessment of whether revenue would be subject to a significant reversal. The Organization considers all the facts and circumstances associated with both the risk of a revenue reversal arising from an uncertain future event and the magnitude of the reversal if that uncertain event were to occur.

To allocate an appropriate amount of consideration to each separate performance obligation, the Organization determines the stand-alone selling price at contract inception of the service underlying each separate performance obligation and allocates the transaction price on a relative stand-alone selling price basis. The stand-alone selling price is the price at which the Organization would sell a promised service separately to prospective parents.

#### ***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, wages, and associated employee benefits are allocated based on estimates of time and effort. Depreciation and occupancy expenses are allocated based on square footages. All other expenses are allocated based on direct identification and utilization. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

#### ***Income Taxes***

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

#### ***Advertising Expense***

Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2022 and 2021 was \$1,879,328 and \$1,706,104, respectively.

#### ***Contingencies***

The Organization was self-insured for health, professional, and general liability insurances as of December 31, 2022 and 2021. For health insurance, the Organization has an individual stop-loss at the contract/employee level (\$250,000 in 2022 and 2021). The accrual for estimated health claims incurred but not reported was \$1,042,464 and \$865,497 at December 31, 2022 and 2021, respectively. Losses and claims are reported as fringe benefits in the consolidated statement of functional expenses totaling \$10,788,540 and \$10,678,875 for the years ended December 31, 2022 and 2021, respectively.



## Notes to Consolidated Financial Statements

**December 31, 2022 and 2021**

### Note 2 - Significant Accounting Policies (Continued)

For professional and general liability insurance, effective July 1, 2021 and retroactive to September 1, 2020, the Organization is self-insured up to \$3 million on a claims-made basis. In addition, effective July 1, 2021, the Organization has secured a \$7 million excess/umbrella policy for professional and general liability, including \$2 million in excess/umbrella coverage for sexual abuse and molestation. For 2022, the Organization maintained a \$3 million letter of credit and \$3 million portion of the line of credit designated for the letter of credit with the bank for the professional and general liability self-insurance plan. For 2021, the Organization maintained a \$3 million letter of credit and a \$3 million restricted cash deposit account with the bank for the professional and general liability self-insurance plan. The accrued liability for estimated professional and general liability claims was \$1,932,000 and \$750,000 at December 31, 2022 and 2021, respectively.

#### **Risks and Uncertainties**

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

The Organization's child support revenue category is made up of approximately 55 and 49 percent of contracts with state and federal agencies for international refugee services as of December 31, 2022 and 2021, respectively.

#### **Subsequent Events**

The consolidated financial statements and related disclosures include evaluation of events up through and including March 24, 2023, which is the date the consolidated financial statements were available to be issued.

### Note 3 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2022	2021
Cash and cash equivalents	\$ 5,049,285	\$ 1,191,807
Restricted cash	1,600,000	3,000,000
Accounts receivable - Net	21,209,643	19,892,998
Investments	22,486,548	39,575,302
Financial assets - At year end	50,345,476	63,660,107
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	1,933,321	967,565
Restricted by donors in perpetuity	258,219	237,041
Restricted for professional liability insurance	-	3,000,000
Restricted by Recourse Agreement	1,600,000	-
Less amounts unavailable to management without board approval - Board-designated endowments	12,996,147	22,651,146
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 33,557,789</u>	<u>\$ 36,804,355</u>

## Notes to Consolidated Financial Statements

**December 31, 2022 and 2021**

### Note 3 - Liquidity and Availability of Resources (Continued)

The Organization's endowment funds consist of donor-restricted endowments and board-designated quasi endowments. Income from donor-restricted endowments is not restricted for specific purposes and is available for general expenditure. As described in Note 11, the Organization applies a spending rate of 5 percent on its board-designated endowments; therefore, \$684,008 and \$1,192,166 of appropriations from the endowment will be available within the next 12 months as of December 31, 2022 and 2021, respectively. Although the Organization does not intend to spend from its quasi endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi endowment could be made available if necessary.

The Organization's cash flows have seasonal variations during the year attributable to service reimbursement from various governmental entities and a concentration of approximately 40 percent of contributions received in the fourth quarter. The Organization maintains a line of credit that can be drawn upon, as further described in Note 8, to manage liquidity needs.

### Note 4 - Investments

The details of the Organization's investments at December 31 are as follows:

	2022	2021
Mutual funds	\$ 10,397,805	\$ 18,177,091
Pooled funds	167,610	217,979
Exchange-traded funds	11,921,133	21,180,232
Subtotal	22,486,548	39,575,302
Investment in unconsolidated affiliate	483,318	507,190
Total	<u>\$ 22,969,866</u>	<u>\$ 40,082,492</u>

Investment (loss) income consists of the following:

	2022	2021
Interest and dividends	\$ 856,079	\$ 1,037,041
Realized and unrealized (losses) gains	(5,806,134)	3,309,665
Total	<u>\$ (4,950,055)</u>	<u>\$ 4,346,706</u>

During 2005, the Organization purchased a 40 percent minority interest in a limited liability company for \$802,060. This investment in the unconsolidated affiliate is accounted for using the equity method of accounting. The Organization recognized (loss) income of approximately \$(24,000) and \$45,000 for the years ended December 31, 2022 and 2021, respectively, and received a distribution of \$50,000 for the year ended December 31, 2021. There were no distributions for the year ended December 31, 2022. The Organization is the sole tenant of the real estate limited liability company and has incurred lease expenses of \$195,966 in 2022 and \$191,196 in 2021 related to an operating lease entered into in conjunction with the investment.

**Notes to Consolidated Financial Statements****December 31, 2022 and 2021****Note 5 - Property and Equipment**

Property and equipment are summarized as follows:

	2022	2021
Land	\$ 1,315,815	\$ 1,310,815
Land improvements	1,454,373	1,454,373
Buildings and improvements	30,836,238	27,941,754
Transportation equipment	1,016,350	973,835
Furniture and fixtures	9,723,105	9,118,498
Construction in progress	144,981	2,077,361
Total cost	44,490,862	42,876,636
Accumulated depreciation	18,435,708	17,274,952
Net property and equipment	\$ 26,055,154	\$ 25,601,684

Depreciation expense for 2022 and 2021 was \$2,105,883 and \$1,765,689, respectively.

**Note 6 - Annuities Payable**

The Organization sponsors a program in which donors may transfer assets to the Organization for the right to receive a predetermined return during their lifetimes (an annuity). Based upon the terms of each annuity agreement, the Organization determines its liability under the agreement using the estimated present value of future payments to the annuitant. Such future payments are determined utilizing the life expectancy of the annuitant (based on Annuity 2012 Table for males and females) and the interest rate (discount rate), the applicable federal midterm rate for U.S. Treasury bills, in effect at the time of the gift. At December 31, 2022 and 2021, the Organization recorded \$166,402 and \$187,557, respectively, in annuities payable relating to such program.

**Note 7 - Leases**

The Organization is obligated under operating leases primarily for buildings, vehicles, and copiers, expiring at various dates through 2028. The right-of-use asset and related lease liability have been calculated using a discount rate of 4 percent, which is the Organization's incremental borrowing rate. The rate implicit in the Organization's leases is not readily available. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total lease expense under these leases was \$5,694,954 and \$4,876,077 for the years ended December 31, 2022 and 2021, respectively.

Included in lease expense are variable lease payments totaling \$163,886 and \$168,051 for the years ended December 31, 2022 and 2021, respectively, which are dependent on certain operating activities.

Lease expense for operating leases includes \$219,939 and \$202,518 related to leases classified as short-term leases during the years ended December 31, 2022 and 2021, respectively.

## Notes to Consolidated Financial Statements

**December 31, 2022 and 2021**

### Note 7 - Leases (Continued)

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2023	\$ 4,917,091
2024	3,034,000
2025	1,757,238
2026	814,588
2027	512,937
Thereafter	<u>36,802</u>
Total	11,072,656
Less amount representing interest	<u>1,181,505</u>
Present value of net minimum lease payments	9,891,151
Less current obligations	<u>4,318,434</u>
Long-term obligations under operating leases	<u>\$ 5,572,717</u>

As of December 31, 2022 and 2021, the weighted-average remaining lease term for all operating leases is 2.88 and 3.18 years, respectively. The weighted-average discount rate associated with operating leases as of December 31, 2022 and 2021 is 5.50 and 4.00 percent, respectively.

### Note 8 - Long-term Debt and Line of Credit

The Organization has a \$11,000,000 and \$8,000,000 line of credit from a bank at December 31, 2022 and 2021, respectively. There were no outstanding borrowings at December 31, 2022 and \$5,750,000 of outstanding borrowings at December 31, 2021. The line of credit bears interest at the Secured Overnight Financing Rate (SOFR) plus 1.80 percent, subject to a 3.00 percent floor (an effective rate of 6.10 percent at December 31, 2022). As of December 31, 2021, the line of credit bore interest at the London Interbank Offered rate plus 1.75 percent, subject to a 3.00 percent floor (an effective rate of 3.00 percent at December 31, 2021). The line of credit is collateralized by the Organization's brokerage accounts and expires on July 1, 2023.

As of December 31, 2022 and 2021, the Organization had outstanding notes payable as follows:

	2022	2021
Barnabas Foundation note payable with principal payable upon the termination of the loan and interest due quarterly. Interest is at a fixed rate of 3.00 percent as of December 31, 2022 and 2021. The loan originally matured in June 2022; was extended to June 21, 2024; and is unsecured	\$ 1,500,000	\$ 1,500,000
Grand Rapids building (670 Burton) promissory note payable in monthly principal installments of \$28,000, including interest at a fixed rate of 4.77 percent. The loan matures on January 25, 2026 and is collateralized by the property	3,936,765	4,078,631

# Notes to Consolidated Financial Statements

**December 31, 2022 and 2021**

## Note 8 - Long-term Debt and Line of Credit (Continued)

	2022	2021
Grand Rapids building (660 Burton) promissory note payable in monthly principal installments of \$6,055, including interest at a fixed rate of 3.93 percent. The loan matures on December 19, 2026 and is collateralized by the property	\$ 895,738	\$ 931,920
Kalamazoo building (Seeco Dr.) promissory note payable in monthly principal installments of \$4,930, including interest at a fixed rate of 3.64 percent. The loan matures on August 20, 2026 and is collateralized by the property	733,325	764,788
Kalamazoo building (KL Ave.) promissory note payable with available borrowings up to \$3,000,000 due in monthly principal installments of \$17,090 beginning on May 30, 2022, including interest at a fixed rate of 3.25 percent. The loan matures on April 30, 2028 and is collateralized by the Organization's Holland real estate (James St.)	2,928,682	2,000,000
Term loan payable in monthly principal installments of \$57,350 plus interest at LIBOR plus 1.75 percent (an effective rate of 6.14 and 1.85 percent at December 31, 2022 and 2021, respectively). The loan matures on February 29, 2023 and is unsecured	424,021	1,089,060
Federal Home Loan Bank Affordable Housing Program notes payable, received to assist in the building of low-income housing units. This loan has no repayment requirements, no interest, and will be forgiven at the end of the 15-year compliance period if the related projects are operated in compliance with the grant terms. The loan is expected to be forgiven on August 27, 2034. The loan is secured by the housing units associated with the loan	750,000	750,000
Federal Home Loan Bank Affordable Housing Program notes payable, received to assist in the building of low-income housing units. This loan has no repayment requirements, no interest, and will be forgiven at the end of the 15-year compliance period if the related projects are operated in compliance with the grant terms. The loan is expected to be forgiven on March 27, 2028. The loan is secured by the housing units associated with the loan	720,000	720,000
Total	11,888,531	11,834,399
Less current portion	8,918,531	2,451,430
Long-term portion	<u>\$ 2,970,000</u>	<u>\$ 9,382,969</u>

The balance of the above debt matures as follows:

Years Ending	Amount
2023	\$ 8,918,531
2024	1,500,000
2025	-
2026	-
2027	-
Thereafter	1,470,000
Total	<u>\$ 11,888,531</u>

Interest expense for the line of credit and long-term debt totaled \$529,715 and \$356,766 for 2022 and 2021, respectively.

## Notes to Consolidated Financial Statements

**December 31, 2022 and 2021****Note 8 - Long-term Debt and Line of Credit (Continued)**

The Organization is required to meet quarterly debt covenants that include liquidity requirements in relation to the term loans payable and line of credit.

At December 31, 2022, the Organization was in violation of the unencumbered liquid assets to indebtedness covenant. Under the terms of the agreement, the bank may call the loan if the Organization is in violation of any restrictive covenant. The bank has waived the violation as of and for the year ended December 31, 2022. As of March 24, 2023, the bank has not waived the covenant requirement for the year ending December 31, 2023, and, accordingly, the entire amount of the notes, \$8,918,531, has been included in current liabilities.

**Note 9 - Employee Benefit Plan**

The Organization has a 403(b) retirement plan. Under the plan, employees can elect to defer up to 85 percent of their annual compensation up to the maximum dollar amount determined by the Internal Revenue Code.

The Organization provides a discretionary match for eligible employee contributions in an amount equal to 100 percent of elective deferral contributions according to the following schedule:

<u>Years of Service</u>	<u>Limit on Contributions Matched</u>
Less than 2	No matching contribution
2-4	4 percent
5-9	6 percent
10 or more	8 percent

In addition, the Organization can make a discretionary contribution up to 2 percent of salary for each participant employed at the end of the year, with at least two years of service, and who has worked at least 1,000 hours during the year. The discretionary contribution was not made in 2022 or 2021.

The Organization made contributions of \$2,264,885 and \$2,148,429 to the plan for the years ended December 31, 2022 and 2021, respectively.

**Note 10 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at December 31, 2022 and 2021 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

# Notes to Consolidated Financial Statements

December 31, 2022 and 2021

## Note 10 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at  
December 31, 2022

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2022
<b>Assets</b>				
Investments:				
Mutual funds - Domestic stock	\$ 2,765,751	\$ -	\$ -	\$ 2,765,751
Mutual funds - Foreign stock	3,111,644	-	-	3,111,644
Mutual funds - Bonds	4,520,410	-	-	4,520,410
Exchange-traded funds - Domestic stock	7,035,542	-	-	7,035,542
Exchange-traded funds - Foreign stock	2,222,134	-	-	2,222,134
Exchange-traded funds - Real estate	228,800	-	-	228,800
Exchange-traded funds - Bonds	2,434,657	-	-	2,434,657
Pooled funds - Domestic stock	-	40,546	-	40,546
Pooled funds - Foreign equity	-	51,560	-	51,560
Pooled funds - Bonds	-	40,010	-	40,010
Equity securities measured at net asset value				35,494
Total investments	<u>\$ 22,318,938</u>	<u>\$ 132,116</u>	<u>\$ -</u>	<u>\$ 22,486,548</u>

## Notes to Consolidated Financial Statements

**December 31, 2022 and 2021**

### Note 10 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
<b>Assets</b>				
Investments:				
Mutual funds - Domestic stock	\$ 5,059,997	\$ -	\$ -	\$ 5,059,997
Mutual funds - Foreign stock	5,012,031	-	-	5,012,031
Mutual funds - Bonds	8,105,063	-	-	8,105,063
Exchange-traded funds - Domestic stock	12,395,861	-	-	12,395,861
Exchange-traded funds - Foreign stock	3,496,226	-	-	3,496,226
Exchange-traded funds - Real estate	452,903	-	-	452,903
Exchange-traded funds - Bonds	4,835,242	-	-	4,835,242
Pooled funds - Domestic stock	-	54,370	-	54,370
Pooled funds - Foreign equity	-	63,933	-	63,933
Pooled funds - Bonds	-	53,338	-	53,338
Equity securities measured at net asset value				46,338
Total investments	<u>\$ 39,357,323</u>	<u>\$ 171,641</u>	<u>\$ -</u>	<u>\$ 39,575,302</u>

The fair value of pooled funds at December 31, 2022 and 2021 was determined primarily based on Level 2 inputs. The Organization estimates the fair value of these investments using quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves.

### Note 11 - Donor-restricted and Board-designated Endowments

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.



# Notes to Consolidated Financial Statements

December 31, 2022 and 2021

## Note 11 - Donor-restricted and Board-designated Endowments (Continued)

### *Interpretation of Relevant Law*

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Organization had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment Net Asset Composition by Type of Fund as of December 31, 2022			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 13,680,155	\$ -	\$ 13,680,155
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	258,219	258,219
Accumulated investment gains	-	91,559	91,559
Term endowment	-	476,143	476,143
Total	<u>\$ 13,680,155</u>	<u>\$ 825,921</u>	<u>\$ 14,506,076</u>

# Notes to Consolidated Financial Statements

**December 31, 2022 and 2021**

## Note 11 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 23,843,312	\$ 929,377	\$ 24,772,689
Investment return:			
Investment income	563,016	-	563,016
Net depreciation	(3,803,526)	(128,238)	(3,931,764)
Total investment return	(3,240,510)	(128,238)	(3,368,748)
Contributions	147,793	24,782	172,575
Appropriation of endowment assets for expenditure	(7,070,440)	-	(7,070,440)
Endowment net assets - End of year	<u>\$ 13,680,155</u>	<u>\$ 825,921</u>	<u>\$ 14,506,076</u>
Endowment Net Asset Composition by Type of Fund as of December 31, 2021			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 23,843,312	\$ -	\$ 23,843,312
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	237,041	237,041
Accumulated investment gains	-	141,062	141,062
Term endowment	-	551,274	551,274
Total	<u>\$ 23,843,312</u>	<u>\$ 929,377</u>	<u>\$ 24,772,689</u>
Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2021			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 21,355,568	\$ 812,508	\$ 22,168,076
Investment return:			
Investment income	622,331	-	622,331
Net appreciation	1,922,758	98,046	2,020,804
Total investment return	2,545,089	98,046	2,643,135
Contributions	1,146,003	23,668	1,169,671
Appropriation of endowment assets for expenditure	(1,203,348)	(4,845)	(1,208,193)
Endowment net assets - End of year	<u>\$ 23,843,312</u>	<u>\$ 929,377</u>	<u>\$ 24,772,689</u>

## Notes to Consolidated Financial Statements

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**December 31, 2022 and 2021**

### **Note 11 - Donor-restricted and Board-designated Endowments (Continued)**

#### ***Return Objectives and Risk Parameters***

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

#### ***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### ***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The Organization has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior eight quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected rate of return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow an average of 3 percent annually. The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

**Notes to Consolidated Financial Statements****December 31, 2022 and 2021****Note 12 - Net Assets**

Net assets with donor restrictions as of December 31 are available for the following purposes:

	2022	2021
Subject to expenditures for a specified purpose:		
Term endowments	\$ 476,143	\$ 551,274
Accumulated earnings on donor endowments	91,559	141,062
Community development projects	442,521	400,750
Expanded counseling programming	-	6,250
Therapeutic respite	15,159	25,000
Unaccompanied children crisis	585,574	569,056
Afghan Placement and Assistance Fund	343,586	472,853
Border crisis response	330,404	586,000
Technology Fund	-	100,000
Equine riding arena	235,836	-
Foster care recruitment	307,229	-
Caring Connection Fund	418,351	-
Inclusion & Generous Spaces Program	206,180	-
Compassion Ministry Fund	87,066	-
Total subject to expenditures for a specified purpose	3,539,608	2,852,245
Subject to the passage of time - Pledges	1,474,641	552,516
Subject to the Organization's spending policy and appropriation - Donor endowment	258,219	237,041
Total	\$ 5,272,468	\$ 3,641,802

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## Additional Information

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### Independent Auditor's Report on Additional Information

To the Board of Directors  
Bethany Christian Services

We have audited the consolidated financial statements of Bethany Christian Services and its subsidiaries as of and for the year ended December 31, 2022 and have issued our report thereon dated March 24, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities and the St. Louis and St. Charles and the Boone schedules of project unit cost are presented for the purpose of additional analysis rather than to present the financial position, changes in net assets, and cash flows of the individual entities and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Plante & Moran, PLLC*

March 24, 2023

# Bethany Christian Services

## Consolidating Statement of Financial Position

Year Ended December 31, 2022

	Total	Arkansas	Northern California	Southern California	Colorado	Florida
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ 5,049,285	\$ 3,800	\$ 13,750	\$ (1,859,601)	\$ 2,500	\$ 5,070
Restricted cash and cash equivalents	1,600,000	-	-	-	-	-
Investments	22,486,548	158,754	1,235,284	-	324,380	292,541
Receivables - Net of allowances	21,209,643	-	219,766	230,247	133,098	61,768
Prepaid expenses and other:						
Prepaid expenses	2,506,460	702	2,408	19,980	3,456	2,240
Deposits	<u>272,295</u>	<u>702</u>	<u>2,139</u>	<u>17,083</u>	<u>2,260</u>	<u>11,000</u>
Total current assets	53,124,231	163,958	1,473,347	(1,592,291)	465,694	372,619
Property and equipment						
Land and land improvements	2,770,188	-	-	-	-	-
Buildings and improvements	30,836,239	-	67,065	-	15,728	-
Furniture and fixtures	9,723,105	-	121,837	10,000	6,672	-
Transportation equipment	1,016,350	23,184	26,460	-	-	-
Construction in progress	<u>144,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total property and equipment	44,490,863	23,184	215,362	10,000	22,400	-
Less accumulated depreciation	<u>(18,435,709)</u>	<u>(20,093)</u>	<u>(205,665)</u>	<u>(10,000)</u>	<u>(6,387)</u>	<u>-</u>
Net property and equipment	26,055,154	3,091	9,697	-	16,013	-
Right-of use operating lease assets	9,632,997	-	40,015	253,569	13,723	21,968
Investment in unconsolidated affiliate	<u>483,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b>\$ 89,295,700</b>	<b>\$ 167,049</b>	<b>\$ 1,523,059</b>	<b>\$ (1,338,722)</b>	<b>\$ 495,430</b>	<b>\$ 394,587</b>
<b>Liabilities and Net Assets (Deficit)</b>						
Current Liabilities						
Accounts payable	\$ 3,245,754	\$ 7,451	\$ -	\$ -	\$ -	\$ 2,884
Bank line of credit	-	-	-	-	-	-
Deferred revenue	854,472	-	24,908	-	7,100	19,338
Accrued employee compensation and other liabilities	-	-	-	-	-	-
Accrued employee compensation and benefits	6,088,803	10,504	94,282	64,187	52,810	64,741
Accrued insurance liability	2,974,464	2,445	6,363	6,248	8,550	2,284
Current maturities of long-term debt	8,918,531	-	-	-	-	-
Current portion of lease liabilities - operating	<u>4,318,434</u>	<u>-</u>	<u>32,399</u>	<u>160,730</u>	<u>8,004</u>	<u>5,676</u>
Total current liabilities	26,400,458	20,400	157,952	231,165	76,464	94,923
Long-term Debt - Net of current portion	2,970,000	-	-	-	-	-
Lease liabilities - operating	5,572,717	-	7,199	119,624	6,361	16,292
Annuities Payable	<u>166,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b>35,109,577</b>	<b>20,400</b>	<b>165,151</b>	<b>350,789</b>	<b>82,825</b>	<b>111,215</b>
<b>Net Assets (Deficit) - Beginning of year</b>	<b>61,800,586</b>	<b>203,358</b>	<b>1,359,089</b>	<b>(1,162,008)</b>	<b>270,877</b>	<b>250,616</b>
<b>Change in Net Assets</b>	<b>(7,614,463)</b>	<b>(56,709)</b>	<b>(1,181)</b>	<b>(527,503)</b>	<b>141,728</b>	<b>32,756</b>
<b>Net Assets (Deficit) - End of year</b>	<b>54,186,123</b>	<b>146,649</b>	<b>1,357,908</b>	<b>(1,689,511)</b>	<b>412,605</b>	<b>283,372</b>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ 89,295,700</b>	<b>\$ 167,049</b>	<b>\$ 1,523,059</b>	<b>\$ (1,338,722)</b>	<b>\$ 495,430</b>	<b>\$ 394,587</b>

# Bethany Christian Services

## Consolidating Statement of Financial Position (Continued)

Year Ended December 31, 2022

	Georgia	Illinois	Central Indiana	Iowa	Maryland	Michigan
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ 10,100	\$ 2,000	\$ 8,500	\$ 5,600	\$ 2,500	\$ 251,005
Restricted cash and cash equivalents	-	-	-	-	-	-
Investments	1,850,823	89,277	323,293	817,707	2,171,878	10,775,254
Receivables - Net of allowances	1,122,351	259,515	496,512	106,951	453,406	7,419,280
Prepaid expenses and other:						
Prepaid expenses	34,447	4,000	16,549	1,175	21,639	121,154
Deposits	13,066	3,750	13,943	650	15,867	44,950
Total current assets	3,030,787	358,542	858,797	932,083	2,665,290	18,611,643
Property and equipment						
Land and land improvements	-	-	-	-	-	-
Buildings and improvements	104,500	-	-	26,546	46,555	5,061,447
Furniture and fixtures	68,970	30,162	6,060	-	79,879	3,377,656
Transportation equipment	213,173	65,572	-	-	-	489,881
Construction in progress	-	15,524	-	-	-	32,117
Total property and equipment	386,643	111,258	6,060	26,546	126,434	8,961,101
Less accumulated depreciation	(274,479)	(55,364)	(6,060)	(10,618)	(105,449)	(2,958,411)
Net property and equipment	112,164	55,894	-	15,928	20,985	6,002,690
Right-of use operating lease assets	613,986	92,413	234,048	17,458	184,045	2,822,858
Investment in unconsolidated affiliate	483,318	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,240,255</b>	<b>\$ 506,849</b>	<b>\$ 1,092,845</b>	<b>\$ 965,469</b>	<b>\$ 2,870,320</b>	<b>\$ 27,437,191</b>
<b>Liabilities and Net Assets (Deficit)</b>						
Current Liabilities						
Accounts payable	\$ 27,203	\$ -	\$ (143)	\$ -	\$ -	\$ 134,280
Bank line of credit	-	-	-	-	-	-
Deferred revenue	395,188	-	-	11,629	817	302,228
Accrued employee compensation and other liabilities	-	-	-	-	-	-
Accrued employee compensation and benefits	308,995	62,792	111,225	24,130	157,647	2,230,422
Accrued insurance liability	13,537	18,480	12,090	7,481	3,999	199,254
Current maturities of long-term debt	-	-	-	-	-	-
Current portion of lease liabilities - operating	408,084	45,286	215,168	7,566	170,268	1,236,432
Total current liabilities	1,153,007	126,558	338,340	50,806	332,731	4,102,616
Long-term Debt - Net of current portion	-	-	-	-	-	-
Lease liabilities - operating	229,275	47,127	25,874	9,892	14,048	1,666,873
Annuities Payable	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,382,282</b>	<b>173,685</b>	<b>364,214</b>	<b>60,698</b>	<b>346,779</b>	<b>5,769,489</b>
<b>Net Assets (Deficit) - Beginning of year</b>	<b>1,861,448</b>	<b>203,562</b>	<b>779,916</b>	<b>302,875</b>	<b>1,900,669</b>	<b>18,190,997</b>
<b>Change in Net Assets</b>	<b>996,525</b>	<b>129,602</b>	<b>(51,285)</b>	<b>601,896</b>	<b>622,872</b>	<b>3,476,705</b>
<b>Net Assets (Deficit) - End of year</b>	<b>2,857,973</b>	<b>333,164</b>	<b>728,631</b>	<b>904,771</b>	<b>2,523,541</b>	<b>21,667,702</b>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ 4,240,255</b>	<b>\$ 506,849</b>	<b>\$ 1,092,845</b>	<b>\$ 965,469</b>	<b>\$ 2,870,320</b>	<b>\$ 27,437,191</b>



# Bethany Christian Services

## Consolidating Statement of Financial Position (Continued)

Year Ended December 31, 2022

	Minnesota	Missouri	Southern New England	Northern New England	New Jersey	North Carolina
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ (2,059,223)	\$ (289,377)	\$ (713,514)	\$ (346,275)	\$ (823,976)	\$ 4,000
Restricted cash and cash equivalents	-	-	-	-	-	-
Investments	-	-	-	-	-	81,328
Receivables - Net of allowances	(3,757)	1,134,877	86,927	371,886	53,635	16,302
Prepaid expenses and other:						
Prepaid expenses	6,719	14,680	3,850	2,498	1,040	33,884
Deposits	434	8,711	3,850	5,000	1,100	33,468
Total current assets	(2,055,827)	868,891	(618,887)	33,109	(768,201)	168,982
Property and equipment						
Land and land improvements	-	-	-	-	-	-
Buildings and improvements	8,123	172,713	12,500	-	-	-
Furniture and fixtures	35,787	139,285	8,967	-	-	-
Transportation equipment	-	198,080	-	-	-	-
Construction in progress	-	-	-	-	-	-
Total property and equipment	43,910	510,078	21,467	-	-	-
Less accumulated depreciation	(30,048)	(273,624)	(7,380)	-	-	-
Net property and equipment	13,862	236,454	14,087	-	-	-
Right-of use operating lease assets	28,666	293,229	65,782	71,197	14,651	891,575
Investment in unconsolidated affiliate	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ (2,013,299)</b>	<b>\$ 1,398,574</b>	<b>\$ (539,018)</b>	<b>\$ 104,306</b>	<b>\$ (753,550)</b>	<b>\$ 1,060,557</b>
<b>Liabilities and Net Assets (Deficit)</b>						
Current Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank line of credit	-	-	-	-	-	-
Deferred revenue	-	4,175	-	-	-	-
Accrued employee compensation and other liabilities	-	-	-	-	-	-
Accrued employee compensation and benefits	5,763	173,545	47,344	39,018	59,894	82,992
Accrued insurance liability	1,478	6,978	1,478	-	1,830	5,112
Current maturities of long-term debt	-	-	-	-	-	-
Current portion of lease liabilities - operating	30,449	125,513	39,317	28,242	12,755	349,466
Total current liabilities	37,690	310,211	88,139	67,260	74,479	437,570
Long-term Debt - Net of current portion	-	-	-	-	-	-
Lease liabilities - operating	-	171,804	24,742	43,485	2,196	550,037
Annuities Payable	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>37,690</b>	<b>482,015</b>	<b>112,881</b>	<b>110,745</b>	<b>76,675</b>	<b>987,607</b>
<b>Net Assets (Deficit) - Beginning of year</b>	<b>(1,784,801)</b>	<b>674,632</b>	<b>(624,037)</b>	<b>74,440</b>	<b>(688,755)</b>	<b>(94,148)</b>
<b>Change in Net Assets</b>	<b>(266,188)</b>	<b>241,927</b>	<b>(27,862)</b>	<b>(80,879)</b>	<b>(141,470)</b>	<b>167,098</b>
<b>Net Assets (Deficit) - End of year</b>	<b>(2,050,989)</b>	<b>916,559</b>	<b>(651,899)</b>	<b>(6,439)</b>	<b>(830,225)</b>	<b>72,950</b>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ (2,013,299)</b>	<b>\$ 1,398,574</b>	<b>\$ (539,018)</b>	<b>\$ 104,306</b>	<b>\$ (753,550)</b>	<b>\$ 1,060,557</b>

# Bethany Christian Services

## Consolidating Statement of Financial Position (Continued)

Year Ended December 31, 2022

	Central Pennsylvania	Greater Delaware Valley	Western Pennsylvania	South Carolina	Eastern South Dakota	Western South Dakota
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ (1,172,540)	\$ (231,708)	\$ (882,683)	\$ 2,000	\$ (185,330)	\$ 2,500
Restricted cash and cash equivalents	-	-	-	-	-	-
Investments	-	-	-	461,972	-	221,545
Receivables - Net of allowances	1,667,351	2,024,826	744,962	162,123	-	47,525
Prepaid expenses and other:						
Prepaid expenses	23,393	28,151	21,425	2,545	232	3,440
Deposits	20,031	24,656	1,000	2,500	-	-
Total current assets	538,235	1,845,925	(115,296)	631,140	(185,098)	275,010
Property and equipment						
Land and land improvements	-	-	-	-	-	-
Buildings and improvements	394,388	487,880	20,039	-	-	-
Furniture and fixtures	32,075	41,735	69,628	-	-	-
Transportation equipment	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Total property and equipment	426,463	529,615	89,667	-	-	-
Less accumulated depreciation	(76,235)	(262,795)	(27,809)	-	-	-
Net property and equipment	350,228	266,820	61,858	-	-	-
Right-of use operating lease assets	556,938	1,372,103	351,324	73,152	-	-
Investment in unconsolidated affiliate	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,445,401</b>	<b>\$ 3,484,848</b>	<b>\$ 297,886</b>	<b>\$ 704,292</b>	<b>\$ (185,098)</b>	<b>\$ 275,010</b>
<b>Liabilities and Net Assets (Deficit)</b>						
Current Liabilities						
Accounts payable	\$ 6,119	\$ 34,447	\$ -	\$ -	\$ -	\$ -
Bank line of credit	-	-	-	-	-	-
Deferred revenue	5,978	14,658	3,500	-	-	-
Accrued employee compensation and other liabilities	-	-	-	-	-	-
Accrued employee compensation and benefits	257,704	299,926	119,088	20,536	6,501	8,046
Accrued insurance liability	6,368	24,657	4,070	8,421	739	-
Current maturities of long-term debt	-	-	-	-	-	-
Current portion of lease liabilities - operating	237,468	257,394	167,562	28,909	-	-
Total current liabilities	513,637	631,082	294,220	57,866	7,240	8,046
Long-term Debt - Net of current portion	-	-	-	-	-	-
Lease liabilities - operating	347,802	1,154,746	210,872	44,943	-	-
Annuities Payable	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>861,439</b>	<b>1,785,828</b>	<b>505,092</b>	<b>102,809</b>	<b>7,240</b>	<b>8,046</b>
<b>Net Assets (Deficit) - Beginning of year</b>	<b>490,617</b>	<b>1,788,024</b>	<b>(101,475)</b>	<b>638,818</b>	<b>(188,706)</b>	<b>223,762</b>
<b>Change in Net Assets</b>	<b>93,345</b>	<b>(89,004)</b>	<b>(105,731)</b>	<b>(37,335)</b>	<b>(3,632)</b>	<b>43,202</b>
<b>Net Assets (Deficit) - End of year</b>	<b>583,962</b>	<b>1,699,020</b>	<b>(207,206)</b>	<b>601,483</b>	<b>(192,338)</b>	<b>266,964</b>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ 1,445,401</b>	<b>\$ 3,484,848</b>	<b>\$ 297,886</b>	<b>\$ 704,292</b>	<b>\$ (185,098)</b>	<b>\$ 275,010</b>

# Bethany Christian Services

## Consolidating Statement of Financial Position (Continued)

Year Ended December 31, 2022

	Tennessee	Texas	Virginia	Wisconsin
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ (1,939,982)	\$ -	\$ (535,211)	\$ (1,312,702)
Restricted cash and cash equivalents	-	-	-	-
Investments	-	18,374	-	-
Receivables - Net of allowances	207,283	-	17,250	513,625
Prepaid expenses and other:				
Prepaid expenses	26,977	6,279	4,149	23,052
Deposits	25,917	2,195	3,620	14,403
Total current assets	(1,679,805)	26,848	(510,192)	(761,622)
Property and equipment				
Land and land improvements	-	-	-	-
Buildings and improvements	-	-	-	24,585
Furniture and fixtures	22,096	-	-	31,937
Transportation equipment	-	-	-	-
Construction in progress	-	-	-	-
Total property and equipment	22,096	-	-	56,522
Less accumulated depreciation	(22,096)	-	-	(30,412)
Net property and equipment	-	-	-	26,110
Right-of use operating lease assets	483,379	-	39,509	207,227
Investment in unconsolidated affiliate	-	-	-	-
<b>Total Assets</b>	<b>\$ (1,196,426)</b>	<b>\$ 26,848</b>	<b>\$ (470,683)</b>	<b>\$ (528,285)</b>
<b>Liabilities and Net Assets (Deficit)</b>				
Current Liabilities				
Accounts payable	\$ 462	\$ -	\$ 752	\$ -
Bank line of credit	-	-	-	-
Deferred revenue	13,050	-	24,981	2,300
Accrued employee compensation and other liabilities	-	-	-	-
Accrued employee compensation and benefits	121,377	27,691	39,468	92,266
Accrued insurance liability	12,816	-	8,813	6,564
Current maturities of long-term debt	-	-	-	-
Current portion of lease liabilities - operating	272,969	-	29,805	145,493
Total current liabilities	420,674	27,691	103,819	246,623
Long-term Debt - Net of current portion	-	-	-	-
Lease liabilities - operating	216,466	-	11,324	75,651
Annuities Payable	-	-	-	-
<b>Total Liabilities</b>	<b>637,140</b>	<b>27,691</b>	<b>115,143</b>	<b>322,274</b>
<b>Net Assets (Deficit) - Beginning of year</b>	<b>(1,220,170)</b>	<b>(1,204)</b>	<b>(401,785)</b>	<b>(682,828)</b>
<b>Change in Net Assets</b>	<b>(613,396)</b>	<b>361</b>	<b>(184,041)</b>	<b>(167,731)</b>
<b>Net Assets (Deficit) - End of year</b>	<b>(1,833,566)</b>	<b>(843)</b>	<b>(585,826)</b>	<b>(850,559)</b>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ (1,196,426)</b>	<b>\$ 26,848</b>	<b>\$ (470,683)</b>	<b>\$ (528,285)</b>

# Bethany Christian Services

## Consolidating Statement of Financial Position (Continued)

Year Ended December 31, 2022

	Bethany Christian Services Global LLC	Corporate	Bethany Christian Foundation LLC
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ (2,149,167)	\$ 19,110,487	\$ 126,762
Restricted cash and cash equivalents	-	1,600,000	-
Investments	-	(10,715,176)	14,379,314
Receivables - Net of allowances	369,628	3,292,306	-
Prepaid expenses and other:			
Prepaid expenses	41,814	2,034,582	-
Deposits	-	-	-
Total current assets	(1,737,725)	15,322,199	14,506,076
Property and equipment			
Land and land improvements	-	2,770,188	-
Buildings and improvements	23,099	24,371,071	-
Furniture and fixtures	164,038	5,476,321	-
Transportation equipment	-	-	-
Construction in progress	-	97,340	-
Total property and equipment	187,137	32,714,920	-
Less accumulated depreciation	(138,680)	(13,914,104)	-
Net property and equipment	48,457	18,800,816	-
Right-of use operating lease assets	-	890,182	-
Investment in unconsolidated affiliate	-	-	-
<b>Total Assets</b>	<b>\$ (1,689,268)</b>	<b>\$ 35,013,197</b>	<b>\$ 14,506,076</b>
<b>Liabilities and Net Assets (Deficit)</b>			
Current Liabilities			
Accounts payable	\$ (31,991)	\$ 3,064,290	\$ -
Bank line of credit	-	-	-
Deferred revenue	24,315	307	-
Accrued employee compensation and other liabilities	-	-	-
Accrued employee compensation and benefits	12,265	1,493,644	-
Accrued insurance liability	17,287	2,587,122	-
Current maturities of long-term debt	-	8,918,531	-
Current portion of lease liabilities - operating	-	303,479	-
Total current liabilities	21,876	16,367,373	-
Long-term Debt - Net of current portion	-	2,970,000	-
Lease liabilities - operating	-	576,084	-
Annuities Payable	-	166,402	-
<b>Total Liabilities</b>	<b>21,876</b>	<b>20,079,859</b>	<b>-</b>
<b>Net Assets (Deficit) - Beginning of year</b>	<b>(2,031,780)</b>	<b>16,795,894</b>	<b>24,772,689</b>
<b>Change in Net Assets</b>	<b>320,636</b>	<b>(1,862,556)</b>	<b>(10,266,613)</b>
<b>Net Assets (Deficit) - End of year</b>	<b>(1,711,144)</b>	<b>14,933,338</b>	<b>14,506,076</b>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ (1,689,268)</b>	<b>\$ 35,013,197</b>	<b>\$ 14,506,076</b>

## Bethany Christian Services

### Consolidating Statement of Activities

Year Ended December 31, 2022

	Total	Arkansas	Northern California	Southern California	Colorado	Florida
<b>Operating Revenues and Other Support</b>						
Contributions	\$ 12,583,448	\$ 118,513	\$ 451,018	\$ 141,829	\$ 102,229	\$ 303,547
Contract and other earned revenue	151,983,361	75,552	2,992,855	2,164,546	1,866,754	3,200,568
Service fees	6,957,010	-	12,230	(167,126)	28,522	(5,493)
Investment (loss) income	(4,950,055)	3	-	-	-	-
Other income	450,631	1,373	-	19,750	-	113
Total operating revenue and other support	167,024,395	195,441	3,456,103	2,158,999	1,997,505	3,498,735
<b>Operating Expenses</b>						
Salaries	85,640,743	114,040	1,762,156	1,012,465	553,767	1,753,708
Fringes	14,056,079	17,324	231,394	136,862	118,691	246,425
Taxes	6,296,091	8,355	130,821	75,783	40,181	129,491
Professional fees	9,158,601	6,891	87,138	48,702	32,119	110,158
Supplies	1,010,095	3,891	17,576	2,826	2,201	14,810
Telephone and internet	1,474,982	4,294	36,262	23,735	8,333	35,223
Postage	393,895	840	6,489	2,702	793	2,875
Occupancy	8,626,467	13,157	153,933	232,935	44,843	318,560
Printing	515,787	-	1,806	617	929	2,821
Information Technology	3,599,270	10,894	65,092	32,713	20,678	85,803
Equipment & furnishings	887,206	3,681	9,894	9,313	2,753	21,768
Travel	4,205,370	14,487	71,971	41,654	16,397	112,732
Conferences & meetings	1,020,122	2,129	4,386	1,308	15,971	18,270
Advertising	1,879,328	1,073	43,122	26,368	33,629	28,348
Client assistance	28,718,377	6,909	455,212	565,389	789,262	170,993
Global operations support	2,864,395	-	-	-	-	-
Payment processing fees	96,164	304	2,252	1,556	546	2,496
Educational & promotional materials	217,007	20	662	24	23	850
Miscellaneous fund raising	331,645	779	8,333	9	25	5,477
Bad debt	67,205	-	-	121	-	-
Interest expense	529,715	160	1,337	405	292	112
Miscellaneous	944,431	4,818	17,063	156,976	9,962	12,221
Depreciation and amortization	2,105,883	4,637	661	20,667	6,387	-
Support services	-	33,467	349,724	293,372	157,995	392,838
Total Operating Expenses	174,638,858	252,150	3,457,284	2,686,502	1,855,777	3,465,979
<b>Increase (decrease) in Net Assets</b>	<u>\$ (7,614,463)</u>	<u>\$ (56,709)</u>	<u>\$ (1,181)</u>	<u>\$ (527,503)</u>	<u>\$ 141,728</u>	<u>\$ 32,756</u>

## Bethany Christian Services

### Consolidating Statement of Activities (Continued)

Year Ended December 31, 2022

	Georgia	Illinois	Central Indiana	Iowa	Maryland	Michigan
<b>Operating Revenues and Other Support</b>						
Contributions	\$ 407,127	\$ 231,474	\$ 173,082	\$ 163,368	\$ 85,665	\$ 3,644,091
Contract and other earned revenue	11,766,743	1,746,936	3,831,339	242,390	4,381,993	74,599,561
Service fees	1,696,944	23,950	9,003	735,418	285,233	3,886,390
Investment (loss) income	56,128	-	1	-	-	1
Other income	75,378	-	80,850	31,828	-	239,244
Total operating revenue and other support	14,002,320	2,002,360	4,094,275	1,173,004	4,752,891	82,369,287
<b>Operating Expenses</b>						
Salaries	5,339,508	964,206	1,698,389	221,804	2,035,850	32,250,284
Fringes	867,437	147,885	346,140	43,280	233,379	5,997,832
Taxes	391,433	70,900	123,370	16,503	150,822	2,376,595
Professional fees	382,882	113,396	104,549	33,709	100,263	3,677,162
Supplies	67,221	6,996	8,960	3,540	19,830	490,193
Telephone and internet	101,325	16,435	34,175	10,761	52,128	606,370
Postage	21,475	1,419	4,470	1,264	2,738	42,347
Occupancy	579,431	58,367	222,369	26,923	335,273	4,413,232
Printing	21,110	1,859	3,163	4,754	2,975	45,506
Information Technology	182,114	33,216	73,887	10,566	88,322	1,447,259
Equipment & furnishings	42,433	6,628	19,327	3,989	24,899	376,453
Travel	241,037	84,325	117,575	16,575	74,785	1,516,205
Conferences & meetings	102,653	7,402	20,960	21,419	11,928	353,209
Advertising	90,964	30,163	38,500	23,903	49,199	337,690
Client assistance	2,957,821	60,600	902,830	27,391	358,121	14,374,021
Global operations support	-	-	-	-	-	-
Payment processing fees	5,937	883	1,934	4,730	7,362	26,972
Educational & promotional materials	14,570	-	70	309	1,002	13,559
Miscellaneous fund raising	7,158	178	2,667	4,395	10,672	59,356
Bad debt	23,447	-	349	700	-	25,855
Interest expense	1,849	1,043	1,146	691	705	24,530
Miscellaneous	37,160	4,210	10,367	7,720	10,066	120,720
Depreciation and amortization	32,599	13,114	-	6,012	5,385	797,688
Support services	1,494,231	249,533	410,363	80,170	554,315	9,519,544
Total Operating Expenses	13,005,795	1,872,758	4,145,560	571,108	4,130,019	78,892,582
<b>Increase (decrease) in Net Assets</b>	<u>\$ 996,525</u>	<u>\$ 129,602</u>	<u>\$ (51,285)</u>	<u>\$ 601,896</u>	<u>\$ 622,872</u>	<u>\$ 3,476,705</u>

# Bethany Christian Services

## Consolidating Statement of Activities (Continued)

Year Ended December 31, 2022

	Minnesota	Missouri	Southern New England	Northern New England	New Jersey	North Carolina
<b>Operating Revenues and Other Support</b>						
Contributions	\$ 17,186	\$ 238,747	\$ 121,739	\$ 71,362	\$ 176,777	\$ 44,567
Contract and other earned revenue	416,310	4,344,046	1,260,975	750,362	1,347,423	2,885,448
Service fees	(2,271)	64,512	47,261	47,718	26,100	372,348
Investment (loss) income	-	-	-	-	5	-
Other income	144	-	2,149	1,460	10,178	39,000
Total operating revenue and other support	431,369	4,647,305	1,432,124	870,902	1,560,483	3,341,363
<b>Operating Expenses</b>						
Salaries	210,251	2,251,800	805,903	448,746	1,026,049	1,493,268
Fringes	44,624	418,176	132,036	62,662	114,350	194,799
Taxes	14,927	164,096	59,084	33,685	76,189	109,634
Professional fees	9,635	112,407	79,111	106,272	62,088	89,288
Supplies	1,210	24,571	3,003	4,066	3,837	17,571
Telephone and internet	9,425	50,714	12,436	6,802	15,924	28,571
Postage	1,040	3,157	592	1,556	1,953	3,691
Occupancy	88,124	185,382	57,188	22,622	32,218	324,790
Printing	58	4,386	1,055	1,486	2,183	1,210
Information Technology	12,411	88,099	25,536	65,354	29,681	86,732
Equipment & furnishings	4,144	19,936	2,314	1,000	5,986	12,029
Travel	8,935	222,180	38,543	19,996	26,872	66,327
Conferences & meetings	732	8,590	1,033	2,487	2,946	4,476
Advertising	7,010	25,513	10,976	47,443	27,967	33,575
Client assistance	197,602	60,175	15,087	6,407	34,861	383,210
Global operations support	-	-	-	-	-	-
Payment processing fees	118	2,088	1,714	2,175	603	486
Educational & promotional materials	-	88	14	4,775	71	1,402
Miscellaneous fund raising	39	4,494	4	79	1,626	4,995
Bad debt	1,640	772	-	-	-	2,021
Interest expense	274	258	904	284	947	1,223
Miscellaneous	4,897	12,678	7,467	3,542	3,054	4,441
Depreciation and amortization	6,016	92,493	5,063	-	-	-
Support services	74,445	653,325	200,923	110,342	232,548	310,526
Total Operating Expenses	697,557	4,405,378	1,459,986	951,781	1,701,953	3,174,265
<b>Increase (decrease) in Net Assets</b>	<u>\$ (266,188)</u>	<u>\$ 241,927</u>	<u>\$ (27,862)</u>	<u>\$ (80,879)</u>	<u>\$ (141,470)</u>	<u>\$ 167,098</u>

## Bethany Christian Services

### Consolidating Statement of Activities (Continued)

Year Ended December 31, 2022

	Central Pennsylvania	Greater Delaware Valley	Western Pennsylvania	South Carolina	Eastern South Dakota	Western South Dakota
<b>Operating Revenues and Other Support</b>						
Contributions	\$ 499,482	\$ 431,093	\$ 340,828	\$ 114,410	\$ 10,204	\$ 8,716
Contract and other earned revenue	7,283,240	12,650,298	3,548,949	487,123	193,352	188,186
Service fees	1,203,857	440,428	941,564	55,333	-	40,000
Investment (loss) income	-	19	-	-	-	-
Other income	312	12,446	3,350	20,000	-	8,018
Total operating revenue and other support	8,986,891	13,534,284	4,834,691	676,866	203,556	244,920
<b>Operating Expenses</b>						
Salaries	3,837,230	4,934,882	1,914,265	392,961	110,703	110,456
Fringes	661,347	704,281	195,123	27,042	35,882	11,542
Taxes	283,283	365,235	142,573	29,394	7,684	8,387
Professional fees	213,210	1,317,171	123,492	60,780	4,873	13,053
Supplies	32,483	45,296	35,923	2,427	355	2,091
Telephone and internet	72,612	75,968	47,851	6,304	1,934	3,147
Postage	7,276	5,019	5,736	761	44	162
Occupancy	315,440	438,431	242,967	30,840	2,719	9,674
Printing	7,864	4,388	11,441	495	131	72
Information Technology	159,422	359,288	119,527	14,360	2,403	3,070
Equipment & furnishings	26,532	34,679	137,502	1,588	2,131	1,080
Travel	125,926	168,121	139,723	24,746	4,329	2,443
Conferences & meetings	32,691	27,336	28,711	2,180	574	182
Advertising	86,740	80,550	60,972	6,000	160	594
Client assistance	1,862,278	3,684,285	1,108,473	330	2,297	6,113
Global operations support	-	-	-	-	-	-
Payment processing fees	4,314	2,366	1,001	150	14	91
Educational & promotional materials	5,918	130	2,702	127	-	-
Miscellaneous fund raising	44,623	44,197	33,327	13,042	2	-
Bad debt	711	975	200	-	-	-
Interest expense	189	2,530	985	96	14	29
Miscellaneous	36,282	36,842	17,582	1,088	75	51
Depreciation and amortization	18,344	52,340	4,795	-	-	-
Support services	1,058,831	1,238,978	565,551	99,490	30,864	29,481
Total Operating Expenses	8,893,546	13,623,288	4,940,422	714,201	207,188	201,718
<b>Increase (decrease) in Net Assets</b>	<u>\$ 93,345</u>	<u>\$ (89,004)</u>	<u>\$ (105,731)</u>	<u>\$ (37,335)</u>	<u>\$ (3,632)</u>	<u>\$ 43,202</u>



# Bethany Christian Services

## Consolidating Statement of Activities (Continued)

Year Ended December 31, 2022

	Tennessee	Texas	Virginia	Wisconsin
<b>Operating Revenues and Other Support</b>				
Contributions	\$ 425,661	\$ 1,791	\$ 173,563	\$ 212,798
Contract and other earned revenue	3,466,370	689,662	517,356	2,697,033
Service fees	257,338	-	226,654	294,102
Investment (loss) income	-	-	-	-
Other income	59,532	-	1,615	33,940
Total operating revenue and other support	4,208,901	691,453	919,188	3,237,873
<b>Operating Expenses</b>				
Salaries	2,319,741	385,107	569,776	1,685,065
Fringes	399,900	52,510	70,506	208,264
Taxes	170,318	27,932	42,770	123,663
Professional fees	196,132	17,854	35,945	104,968
Supplies	40,252	613	3,795	101,936
Telephone and internet	53,762	10,157	9,969	9,273
Postage	4,741	536	2,156	1,265
Occupancy	432,266	50,459	50,125	384,289
Printing	6,644	433	1,674	469
Information Technology	94,565	22,202	21,896	64,273
Equipment & furnishings	29,446	4,133	5,319	18,467
Travel	137,309	45,061	20,310	50,349
Conferences & meetings	17,030	21	3,445	13,356
Advertising	52,970	-	7,960	35,142
Client assistance	270,719	1,360	80,573	57,137
Global operations support	-	-	-	-
Payment processing fees	5,593	-	5,057	3,746
Educational & promotional materials	624	-	200	1,577
Miscellaneous fund raising	5,202	-	18,010	1,921
Bad debt	2,357	-	-	8,057
Interest expense	2,083	-	1,985	1,556
Miscellaneous	32,028	1,859	6,685	17,468
Depreciation and amortization	781	-	143	7,501
Support services	547,834	70,855	144,930	505,862
Total Operating Expenses	4,822,297	691,092	1,103,229	3,405,604
<b>Increase (decrease) in Net Assets</b>	<u>\$ (613,396)</u>	<u>\$ 361</u>	<u>\$ (184,041)</u>	<u>\$ (167,731)</u>

## Bethany Christian Services

### Consolidating Statement of Activities (Continued)

Year Ended December 31, 2022

	Bethany Christian Services Global LLC	Corporate	Bethany Christian Foundation LLC
<b>Operating Revenues and Other Support</b>			
Contributions	\$ 2,709,128	\$ 990,878	\$ 172,575
Contract and other earned revenue	-	2,387,991	-
Service fees	724,021	2,068,664	(6,355,690)
Investment (loss) income	-	(1,680,983)	(3,325,229)
Other income	100,549	424,111	(714,709)
Total operating revenue and other support	3,533,698	4,190,661	(10,223,053)
<b>Operating Expenses</b>			
Salaries	223,407	15,214,956	-
Fringes	47,312	2,289,074	-
Taxes	16,766	1,106,217	-
Professional fees	12,286	1,859,507	43,560
Supplies	2,102	50,520	-
Telephone and internet	2,347	128,745	-
Postage	4,335	262,463	-
Occupancy	24,494	(464,584)	-
Printing	308	385,950	-
Information Technology	86,136	293,771	-
Equipment & furnishings	5,790	53,992	-
Travel	48,112	748,345	-
Conferences & meetings	8,216	306,481	-
Advertising	24,506	668,291	-
Client assistance	217,799	61,122	-
Global operations support	2,294,062	570,333	-
Payment processing fees	2,914	8,762	-
Educational & promotional materials	3,347	164,943	-
Miscellaneous fund raising	7	61,028	-
Bad debt	-	-	-
Interest expense	2,822	481,266	-
Miscellaneous	27,669	339,440	-
Depreciation and amortization	52,668	978,589	-
Support services	105,657	(19,515,994)	-
Total Operating Expenses	3,213,062	6,053,217	43,560
<b>Increase (decrease) in Net Assets</b>	<u>\$ 320,636</u>	<u>\$ (1,862,556)</u>	<u>\$ (10,266,613)</u>

**Bethany Christian Services****St. Louis and St. Charles Schedule of Project Unit Cost**

<b>Year Ended December 31, 2022</b>			
	<b>Total Expenses</b>	<b>St. Louis County Expenses</b>	<b>St. Charles County Expenses</b>
<b>Project Expenses</b>			
Salaries	\$ 63,708	\$ 62,654	\$ 1,054
Fringes	23,692	23,300	392
Outside Services, Contracted	363	357	6
Professional Liability Insurance	2,187	2,151	36
Supplies	677	666	11
Telephone	670	659	11
Telephone, Internet Access	347	341	6
Printing	299	294	5
Postage	109	107	2
Rent	8,691	8,547	144
Utilities	-	-	-
Advertising	7,360	7,238	122
Computers, Hardware	693	682	11
Computers, Software	2,466	2,425	41
Travel	2,140	2,105	35
Client Assistance	284	279	5
Conferences	126	124	2
Staff, Board, and Group Meetings	122	120	2
Memberships & Dues	4,285	4,214	71
Equipment & Furnishings	1,681	1,653	28
Support Services-Nonbillable	7,447	7,324	123
Miscellaneous	115	113	2
<b>Total Program Services</b>	<b>127,462</b>	<b>125,353</b>	<b>2,109</b>
<i>Less: Not applicable to County: Support Services-Nonbillable</i>	<i>7,447</i>	<i>7,324</i>	<i>123</i>
<i>Less: Not applicable to County: Branch Fundraising</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Direct Project Expenses</b>	<b>120,015</b>	<b>118,029</b>	<b>1,986</b>
<i>Add: Indirect (Administrative) Expenses: Support Services - Billable</i>	<i>13,643</i>	<i>13,417</i>	<i>226</i>
<b>Total Project Expenses</b>	<b>\$ 133,658</b>	<b>\$ 131,446</b>	<b>\$ 2,212</b>
<b>Total Units Served</b>	<b>967</b>	<b>951</b>	<b>16</b>
<b>Cost Per Unit</b>	<b>\$ 138.22</b>	<b>\$ 138.22</b>	<b>\$ 138.24</b>

**Boone Schedule of Project Unit Cost**

	<b>Year Ended December 31, 2022</b>	
	<b>Total Expenses</b>	<b>Boone County Expenses</b>
<b>Project Expenses</b>		
Salaries	\$ 57,934	\$ 57,934
Fringes	7,608	7,608
Outside Services, Contracted	865	865
Professional Liability Insurance	2,443	2,443
Supplies	404	404
Telephone	-	-
Telephone, Internet Access	1,449	1,449
Printing	363	363
Postage	11	11
Rent	3,034	3,034
Utilities	-	-
Advertising	550	550
Computers, Hardware	1,168	1,168
Computers, Software	2,723	2,723
Travel	1,526	1,526
Client Assistance	737	737
Conferences	81	81
Staff, Board, and Group Meetings	223	223
Memberships & Dues	2,318	2,318
Equipment & Furnishings	-	-
Support Services-Nonbillable	5,207	5,207
Miscellaneous	673	673
Total Program Services	89,317	89,317
<i>Less: Not applicable to County: Support Services-Nonbillable</i>	5,207	5,207
<i>Less: Not applicable to County: Branch Fundraising</i>	663	663
Total Direct Project Expenses	83,447	83,447
<i>Add: Indirect (Administrative) Expenses: Support Services - Billable</i>	9,539	9,539
Total Project Expenses	<b>\$ 92,986</b>	<b>\$ 92,986</b>
Total Units Served	<b>245</b>	<b>245</b>
Cost Per Unit	<b>\$ 379.53</b>	<b>\$ 379.53</b>