

CHRISTIAN FREEDOM INTERNATIONAL, INC.

**Financial Statements For The Years Ended December 31, 2024 and 2023
and Independent Auditors' Report
Dated March 20, 2025**

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Christian Freedom International, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Freedom International, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Christian Freedom International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Freedom International Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Christian Freedom International, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christian Freedom International, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Jennifer S. Burke CPA LLC
Manassas, Virginia
March 20, 2025

CHRISTIAN FREEDOM INTERNATIONAL, INC.

Statements of Financial Position

As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash	\$ 517,357	\$ 707,102
Contributions Receivable	32,691	36,739
Investments	738,587	400,853
Prepaid Expenses and Other Assets	<u>6,191</u>	<u>8,292</u>
Total Current Assets	<u>1,294,826</u>	<u>1,152,986</u>
Fixed Assets		
Furniture and Equipment	1,311	1,311
Right of Use Asset: Finance Lease	3,890	5,279
Right of Use Asset: Operating Lease	25,034	25,034
Less: Accumulated Depreciation and Amortization	<u>(12,760)</u>	<u>(8,173)</u>
Total Fixed Assets	<u>17,475</u>	<u>23,451</u>
Total Assets	<u><u>\$ 1,312,301</u></u>	<u><u>\$ 1,176,437</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Payroll Liabilities	\$ 7,711	\$ 10,612
Accounts Payable	2,243	4,432
Finance Lease Liability - Current	1,244	1,778
Operating Lease Liability - Current	<u>8,574</u>	<u>7,929</u>
Total Current Liabilities	<u>19,772</u>	<u>24,751</u>
Long Term Liabilities		
Operating Lease Liability - Long Term	5,281	13,856
Finance Lease Liability - Long Term	<u>2,646</u>	<u>-</u>
Total Long-term Liabilities	<u>7,927</u>	<u>13,856</u>
Total Liabilities	27,699	38,607
Net Assets		
Without Donor Restrictions	<u>1,284,602</u>	<u>1,137,830</u>
Total Net Assets	<u><u>1,284,602</u></u>	<u><u>1,137,830</u></u>
Total Liabilities and Equity	<u><u>\$ 1,312,301</u></u>	<u><u>\$ 1,176,437</u></u>

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

CHRISTIAN FREEDOM INTERNATIONAL, INC.

Statements of Activities

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Support and Revenues		
Contributions	\$ 1,137,482	\$ 1,135,775
Investment Income	34,705	15,830
Micro-Enterprise Income	<u>12,403</u>	<u>14,025</u>
 Total Support and Revenues	 1,184,590	 1,165,630
Expenses		
Program Services	846,213	798,958
General and Administrative Expenses	137,734	136,499
Fundraising Expenses	<u>53,871</u>	<u>52,498</u>
 Total Expenses	 <u>1,037,818</u>	 <u>987,955</u>
Change in Net Assets	146,772	177,675
Net Assets Without Donor Restrictions, Beginning of Year	1,137,830	960,155
Net Assets Without Donor Restrictions, End of Year	<u>\$ 1,284,602</u>	<u>\$ 1,137,830</u>

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

CHRISTIAN FREEDOM INTERNATIONAL, INC.

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 146,772	\$ 177,675
Adjustments to reconcile change in net cash provided/(used) by operating activities:		
ROU Asset Amortization	1,778	1,760
(Increase)/Decrease in:		
Operating Lease, net	158	111
Contributions Receivable	4,048	12,087
Prepaid Expenses and Other Assets	2,101	6,000
Increase/(Decrease) in:		
Accounts Payable	(2,188)	(2,354)
Payroll Liabilities	<u>(2,902)</u>	<u>598</u>
Net cash provided by operating activities	149,767	195,877
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	<u>(337,734)</u>	<u>(400,853)</u>
Net cash used by investing activities	(337,734)	(400,853)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on Finance Lease Principal	<u>(1,778)</u>	<u>(1,760)</u>
Net cash used by financing activities	<u>(1,778)</u>	<u>(1,760)</u>
Net Decrease in Cash	(189,745)	(206,736)
Cash at Beginning of Year	<u>707,102</u>	<u>913,838</u>
Cash at End of Year	<u>\$ 517,357</u>	<u>\$ 707,102</u>
Interest Paid	<u>\$ 10</u>	<u>\$ 28</u>
Cash Paid for Operating Lease Obligations	<u>\$ 8,762</u>	<u>\$ 8,505</u>

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

CHRISTIAN FREEDOM INTERNATIONAL, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2024

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Mission Support	\$ 611,486	\$ -	\$ -	\$ 611,486
Salaries and Wages	123,966	66,535	13,402	203,903
Postage and Shipping	31,346	1,556	18,453	51,355
Professional Fees	2,381	31,763	1,026	35,170
Printing and Publications	20,136	278	12,370	32,784
Office Expense	9,622	5,945	995	16,562
Payroll Taxes	9,625	5,161	1,071	15,857
Insurance	7,097	3,473	859	11,429
Travel	6,822	4,410	111	11,343
Interest and Finance Expense	6	10,454	1	10,461
Employee Benefits	4,283	2,297	476	7,056
Advertising	6,750	-	-	6,750
Website	6,033	418	87	6,538
Taxes, Licenses, and Fees	1,081	1,308	3,432	5,821
Utilities	3,239	1,717	356	5,312
Conferences	1,015	797	-	1,812
ROU Asset Amortization	1,079	579	120	1,778
Bank Service Charges	-	112	1,107	1,219
Miscellaneous	246	931	5	1,182
 Total Expenses	 <u>\$ 846,213</u>	 <u>\$ 137,734</u>	 <u>\$ 53,871</u>	 <u>\$ 1,037,818</u>

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

CHRISTIAN FREEDOM INTERNATIONAL, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2023

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

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

CHRISTIAN FREEDOM INTERNATIONAL, INC.

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 1: ORGANIZATION

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Cash - Includes all monies in banks. The cash balances held in banks are insured by the Federal Deposit Insurance Corporation. At December 31, 2024 and 2023, respectively, the uninsured portion of this balance was \$101,403 and \$172,697.

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

Revenue Recognition - The Organization reports gifts of cash and other assets as restricted support if they are received with donor or time stipulations that limit the use of the donated assets. When the donor or time restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support on which restrictions are satisfied in the same period in which it was received is reported as unrestricted support.

The Micro-Enterprise orders and payments are received and processed by the Organization. The items are manufactured by the Christians we serve in Thailand. Victory Bible Academy (“VBA”) operates in Thailand through G&O (see Note 7). The items are shipped directly

CHRISTIAN FREEDOM INTERNATIONAL, INC.

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fixed Assets - Furniture and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The cost of furniture and equipment purchased in excess of \$1,000 is capitalized. Depreciation is computed using the straight-line method. Furniture is depreciated over 7 years, equipment and vehicles are depreciated over 5 years, computer software is depreciated over 3 years, and buildings and building improvements are depreciated over 30 years.

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

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

Functional allocation of expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Certain categories of expenses are attributable to more than program or supporting function and are allocated on the basis of estimates of employees' time and effort.

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

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

CHRISTIAN FREEDOM INTERNATIONAL, INC.

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	<u>2023</u>	<u>2023</u>
Financial Assets at year-end:		
Cash	\$ 517,357	\$ 707,102
Investments	738,587	400,853
Contributions Receivable	<u>32,691</u>	<u>36,739</u>
Total Financial Assets	1,288,635	1,144,694
Assets limited to use:	—	—
Financial Assets available to meet cash needs for general expenditures within one year:	<u>\$1,288,635</u>	<u>\$1,114,694</u>

NOTE 4: INVESTMENTS

Financial Accounting Standards Board Statement Accounting Standards Codification 820, Fair Value Measurements (FASB ASC 820), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB Statement No. 157 are described below:

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

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

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

CHRISTIAN FREEDOM INTERNATIONAL, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 4: INVESTMENTS (CONTINUED)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
At December 31, 2024:				
Certificates of Deposit	<u>\$</u> <u> </u> <u>-</u>	<u>\$738,587</u>	<u>\$</u> <u> </u> <u>-</u>	<u>\$738,587</u>
	<u>\$</u> <u> </u> <u>-</u>	<u>\$738,587</u>	<u>\$</u> <u> </u> <u>-</u>	<u>\$738,587</u>
At December 31, 2023:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	<u>\$</u> <u> </u> <u>-</u>	<u>\$400,853</u>	<u>\$</u> <u> </u> <u>-</u>	<u>\$400,853</u>
	<u>\$</u> <u> </u> <u>-</u>	<u>\$400,853</u>	<u>\$</u> <u> </u> <u>-</u>	<u>\$400,853</u>
Investment income:	<u>2024</u>	<u>2023</u>		
Interest	<u>\$ 34,705</u>	<u>\$ 15,830</u>		
Total Investment Income	<u>\$ 34,705</u>	<u>\$ 15,830</u>		

NOTE 5: LEASES

The Organization has an operating lease for the corporate office and a finance lease for equipment. The leases have remaining lease terms of 1.5 to 3 years. Both leases have renewal terms that can extend the lease term, the exercise of which is at the Organization's sole discretion.

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

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term		
Operating Lease	1.5 years	3 years
Finance Lease	3 years	1 year
Weighted Average Discount Rate		
Operating Lease	4.57%	4.57%
Finance Lease	4.09%	1.04%

The operating lease is \$743 per month and is reported under office expense in the statement of functional expenses. The finance lease was \$149 per month through December 2024, of which the amortization of the asset is reported as ROU amortization and the interest is reported as interest expense in the statement of functional expenses. The finance lease was extended and monthly payments will be \$115 per month.

CHRISTIAN FREEDOM INTERNATIONAL, INC.
Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 5: LEASES, CONTINUED

The maturities of lease liabilities as for December 31, 2024 were as follows:

Year Ending December 31 st :	<u>Operating</u>	<u>Finance</u>
2025	\$ 9,030	\$ 1,380
2025	5,362	1,380
2026	-	1,380
Total Lease Payments	<u>\$14,393</u>	<u>\$ 4,140</u>
Less Interest	<u>(537)</u>	<u>(250)</u>
Present Value of Lease Liability	<u><u>\$13,855</u></u>	<u><u>\$ 3,890</u></u>

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

NOTE 6: ALLOCATION OF JOINT EXPENSES WITH A FUNDRAISING COMPONENT

The Organization conducted activities that included requests for contributions as well as program components. Those activities included an ongoing direct mail campaign. The cost of conducting those activities included a total of \$72,850 and \$82,909 of joint costs for 2024 and 2023, respectively.

	<u>2024</u>	<u>2023</u>
Cost allocated to program	\$ 45,818	\$ 60,715
Cost allocated to fundraising	27,032	22,194
Total Costs	<u>\$ 72,850</u>	<u>\$ 82,909</u>

NOTE 7: RELATED PARTY TRANSACTIONS

The Organization has an economic interest in an affiliated organization, the Growth & Opportunity Foundation (G&O). The Organization does not share any board members in common and does not have control of G&O. Therefore, its operations are not consolidated in the financial statements of the Organization. During 2024 and 2023, respectively, the Organization made grants totaling \$149,960 and \$138,261 to G&O for program assistance and operating costs. These amounts are reported as mission support expense in the statement of functional expenses.

NOTE 8: RETIREMENT PLAN

The Organization has a simple IRA plan for all full-time employees. The Organization contributes a matching amount, the amount of which is subject to change each year. In the years ended December 31, 2024 and 2023, respectively, the Organization's contribution expense was \$5,568 and \$5,435.

CHRISTIAN FREEDOM INTERNATIONAL, INC.

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

NOTE 9: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through March 20, 2025, the date on which the financial statements were available to be issued.