
Bethany Christian Services

**Consolidated Financial Report
with Additional Information
December 31, 2023**

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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, 2023 and 2022 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, 2023 and 2022 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 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 19, 2024 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 & Moreau, PLLC

March 19, 2024

Bethany Christian Services

Consolidated Statement of Financial Position

December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 6,100,423	\$ 5,049,285
Restricted cash and cash equivalents	-	1,600,000
Investments (Note 4)	24,586,167	22,486,548
Receivables - Net of allowances	31,033,417	21,209,643
Prepaid expenses and other current assets:		
Prepaid expenses	2,790,876	2,506,460
Deposits	264,014	272,295
Total current assets	64,774,897	53,124,231
Property and Equipment - Net (Note 5)	25,471,087	26,055,154
Right-of-use Operating Lease Assets (Note 7)	7,118,686	9,632,997
Investment in Unconsolidated Affiliate (Note 4)	543,866	483,318
Total assets	\$ 97,908,536	\$ 89,295,700
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 4,666,530	\$ 3,245,754
Bank line of credit	500,000	-
Deferred revenue	1,515,324	854,472
Accrued employee compensation and other liabilities:		
Accrued employee compensation and benefits	3,336,305	6,088,803
Accrued insurance liability	8,147,627	2,974,464
Total accrued employee compensation and other liabilities	11,483,932	9,063,267
Current portion of long-term debt (Note 8)	1,842,285	8,918,531
Current portion of lease liabilities - Operating (Note 7)	3,455,801	4,318,434
Total current liabilities	23,463,872	26,400,458
Long-term Debt - Net of current portion (Note 8)	9,302,251	2,970,000
Lease Liabilities - Operating (Note 7)	3,867,912	5,572,717
Annuities Payable (Note 6)	158,781	166,402
Total liabilities	36,792,816	35,109,577
Net Assets		
Without donor restrictions:		
Undesignated	41,487,629	35,233,500
Board designated (Note 11)	15,587,119	13,680,155
Total without donor restrictions	57,074,748	48,913,655
With donor restrictions (Notes 11 and 12)	4,040,972	5,272,468
Total net assets	61,115,720	54,186,123
Total liabilities and net assets	\$ 97,908,536	\$ 89,295,700

Bethany Christian Services

Consolidated Statement of Activities and Changes in Net Assets

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Contributions of cash and other financial assets	\$ 6,484,960	\$ 1,678,722	\$ 8,163,682	\$ 8,143,710	\$ 4,439,738	\$ 12,583,448
Contributions of nonfinancial assets	679,149	-	679,149	-	-	-
Child support	172,003,091	-	172,003,091	151,983,361	-	151,983,361
Service fees	7,917,527	-	7,917,527	6,957,010	-	6,957,010
Investment income (loss)	3,389,700	130,615	3,520,315	(4,821,817)	(128,238)	(4,950,055)
Other income	208,803	-	208,803	450,631	-	450,631
Total revenue, gains, and other support	190,683,230	1,809,337	192,492,567	162,712,895	4,311,500	167,024,395
Net Assets Released from Restrictions	3,040,833	(3,040,833)	-	2,680,834	(2,680,834)	-
Total revenue, gains, other support, and net assets released from restrictions	193,724,063	(1,231,496)	192,492,567	165,393,729	1,630,666	167,024,395
Expenses						
Program services:						
Adoption	9,960,221	-	9,960,221	11,411,324	-	11,411,324
Foster care	28,859,129	-	28,859,129	31,581,096	-	31,581,096
Youth services	4,145,443	-	4,145,443	4,572,749	-	4,572,749
International social services	2,826,124	-	2,826,124	2,645,351	-	2,645,351
Refugee and immigrant services	92,938,130	-	92,938,130	77,837,950	-	77,837,950
Counseling	4,000,610	-	4,000,610	5,072,821	-	5,072,821
Residential treatment	2,677,500	-	2,677,500	2,543,117	-	2,543,117
Family Preservation & Strengthening	12,094,260	-	12,094,260	8,815,556	-	8,815,556
Substance Use Disorder	3,710,417	-	3,710,417	3,375,320	-	3,375,320
Other programs	968,864	-	968,864	1,410,307	-	1,410,307
Total program services	162,180,698	-	162,180,698	149,265,591	-	149,265,591
Support services:						
Management and general	18,561,733	-	18,561,733	19,684,917	-	19,684,917
Fundraising	4,820,539	-	4,820,539	5,688,350	-	5,688,350
Total support services	23,382,272	-	23,382,272	25,373,267	-	25,373,267
Total expenses	185,562,970	-	185,562,970	174,638,858	-	174,638,858
Change in Net Assets	8,161,093	(1,231,496)	6,929,597	(9,245,129)	1,630,666	(7,614,463)
Net Assets - Beginning of year	48,913,655	5,272,468	54,186,123	58,158,784	3,641,802	61,800,586
Net Assets - End of year	\$ 57,074,748	\$ 4,040,972	\$ 61,115,720	\$ 48,913,655	\$ 5,272,468	\$ 54,186,123

Bethany Christian Services

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023

	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	\$ 5,521,379	\$ 9,954,439	\$ 1,726,164	\$ 207,066	\$ 44,609,447	\$ 2,340,720	\$ 1,643,990	\$ 7,291,076	\$ 2,139,277	\$ 263,510	\$ 10,730,047	\$ 2,696,307	\$ 89,123,422
Fringes	1,074,677	1,986,361	378,407	43,367	6,921,355	353,007	280,532	1,176,011	379,706	53,140	1,893,133	442,696	14,982,392
Taxes	404,674	728,241	125,227	15,209	3,289,368	172,876	121,741	535,615	156,180	18,964	773,928	195,388	6,537,411
Professional fees	812,783	1,033,306	503,849	18,995	8,840,489	279,080	142,931	1,051,774	217,451	27,608	1,677,890	310,413	14,916,569
Supplies	40,932	77,061	51,758	963	485,942	18,018	29,888	51,809	82,244	11,985	31,844	7,469	889,913
Telephone	131,878	185,774	25,008	331	795,545	31,813	5,387	120,429	15,235	9,836	60,749	18,171	1,400,156
Postage	25,261	14,873	2,877	4,694	74,963	3,298	2,281	9,684	566	3,240	75,072	77,874	294,683
Occupancy	169,690	286,891	102,647	6,166	1,806,526	114,296	110,225	83,097	113,130	28,410	233,850	39,295	3,094,223
Leases	419,512	705,007	194,462	(5,348)	2,878,792	139,075	5,823	385,225	257,032	(93,218)	1,818	20,528	4,908,708
Printing	9,241	21,531	3,142	2,972	42,156	7,035	206	24,029	2,749	3,644	37,770	334,033	488,508
Information technology	180,828	367,000	50,541	70,390	1,645,830	158,681	64,779	194,847	57,866	37,273	51,728	44,311	2,924,074
Equipment and furnishings	90,260	64,993	38,061	4,693	414,051	14,104	7,465	32,891	27,915	2,370	39,677	3,008	739,488
Travel	341,665	733,414	80,770	39,140	2,144,431	79,902	24,181	608,100	83,291	29,314	454,107	96,683	4,714,998
Conferences and meetings	66,668	83,278	53,150	1,013	304,464	10,950	8,569	44,281	14,318	33,920	236,204	102,843	959,658
Advertising	-	-	-	-	-	-	-	-	-	-	1,307,733	121,402	1,429,135
Special assistance	428,534	12,261,290	528,202	149,700	16,941,521	144,460	117,328	244,478	100,917	3,169	20,402	-	30,940,001
Global operations support	-	-	-	2,229,359	41,586	-	-	-	-	378,899	28,401	-	2,678,245
Payment processing fees	46,453	601	-	4,244	769	1,095	-	2,733	240	511	3,206	20,741	80,593
Educational and promotional materials	2,122	590	5,387	150	24,819	187	1,651	3,462	10,489	1,261	62,051	8,903	121,072
Miscellaneous fundraising	-	-	-	-	-	-	-	-	-	-	-	207,390	207,390
Bad debt	(13,747)	(986)	-	-	1,912	38,798	(10,677)	53	28,103	-	50,000	(9,992)	83,464
Interest expense	-	-	-	-	317,502	-	-	-	-	27,176	64,833	-	409,511
Miscellaneous	68,482	101,564	12,338	17,840	267,713	19,891	21,435	122,783	10,646	13,425	175,735	24,335	856,187
Depreciation	130,936	223,489	174,627	15,180	740,088	68,551	99,765	105,970	9,592	114,428	550,337	20,929	2,253,892
Donated goods and services	7,993	30,412	88,826	-	348,861	4,773	-	5,913	3,470	(1)	1,218	37,812	529,277
Total functional expenses	<u>\$ 9,960,221</u>	<u>\$ 28,859,129</u>	<u>\$ 4,145,443</u>	<u>\$ 2,826,124</u>	<u>\$ 92,938,130</u>	<u>\$ 4,000,610</u>	<u>\$ 2,677,500</u>	<u>\$ 12,094,260</u>	<u>\$ 3,710,417</u>	<u>\$ 968,864</u>	<u>\$ 18,561,733</u>	<u>\$ 4,820,539</u>	<u>\$ 185,562,970</u>

See notes to consolidated financial statements.

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	\$11,411,324	\$31,581,096	\$ 4,572,749	\$ 2,645,351	\$77,837,950	\$ 5,072,821	\$ 2,543,117	\$ 8,815,556	\$ 3,375,320	\$ 1,410,307	\$19,684,917	\$ 5,688,350	\$ 174,638,858

Consolidated Statement of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 6,929,597	\$ (7,614,463)
Adjustments to reconcile increase (decrease) in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation	2,253,892	2,105,883
Gain on disposal of property and equipment	(97,218)	(52,689)
Bad debt expense	83,464	67,205
Net realized and unrealized (gains) losses on investments	(2,652,211)	5,806,134
Earnings on unconsolidated affiliate	(60,548)	(56,128)
Distributions from unconsolidated affiliate	-	80,000
Net present value adjustment of annuities payable	13,670	136
Impairment of goodwill	-	133,833
Contributions restricted for long-term investment	(3,750)	(24,782)
Amortization of right-of-use operating lease assets	4,839,558	5,912,191
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Receivables	(9,907,238)	(1,383,850)
Prepaid expenses and other assets	(276,135)	(307,783)
Accounts payable	1,420,776	(1,114,403)
Accrued and other liabilities	2,420,665	1,765,785
Deferred revenue	660,852	(104,479)
Payments on operating leases	(4,892,685)	(5,858,858)
Net cash, cash equivalents, and restricted cash provided by (used in) operating activities	732,689	(646,268)
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,808,844)	(2,756,115)
Proceeds from disposition of property and equipment	236,237	269,618
Purchases of investments	(5,613,591)	(4,515,706)
Proceeds from sales and maturities of investments	6,166,183	15,798,326
Net cash, cash equivalents, and restricted cash (used in) provided by investing activities	(1,020,015)	8,796,123
Cash Flows from Financing Activities		
Proceeds from debt	-	1,000,000
Payments on debt	(743,995)	(945,868)
Payments on annuities payable	(21,291)	(21,291)
Draws on revolving credit facilities	4,000,000	55,250,000
Payments on revolving credit facilities	(3,500,000)	(61,000,000)
Contributions restricted for long-term investment	3,750	24,782
Net cash, cash equivalents, and restricted cash used in financing activities	(261,536)	(5,692,377)
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(548,862)	2,457,478
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	6,649,285	4,191,807
Cash, Cash Equivalents, and Restricted Cash - End of year	\$ 6,100,423	\$ 6,649,285
Consolidated Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 6,100,423	\$ 5,049,285
Restricted cash and cash equivalents	-	1,600,000
Total cash, cash equivalents, and restricted cash	\$ 6,100,423	\$ 6,649,285
Supplemental Cash Flow Information		
Cash paid for interest	\$ 409,511	\$ 529,715
Operating right-of-use asset and lease liability added	2,325,247	4,565,101

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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 30 home offices in 27 states plus Washington, D.C., with the central business office located in Grand Rapids, Michigan. Approximately 89 and 91 percent of operating revenue in 2023 and 2022, 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, 2023 and 2022, 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.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Note 2 - Significant Accounting Policies (Continued)

Trade Accounts Receivable

The Organization's trade accounts receivable balance consists of amounts due from its customers. Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. The Organization collectively evaluates trade receivables to determine the allowance for credit losses. Trade receivables share similar risk characteristics as they are substantially all sourced from state or federal funding. The Organization calculates the allowance using an expected loss model that considers the Organization's actual historical loss rates adjusted for current economic conditions reasonable and supportable forecasts. The Organization considers any economic conditions determined to be relevant by management when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. The allowance was \$205,849 and \$198,473 at December 31, 2023 and 2022, respectively.

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, 2023 and 2022.

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 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 commencement 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.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Note 2 - Significant Accounting Policies (Continued)

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.

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 \$53,577,950 and \$31,280,575 at December 31, 2023 and 2022, respectively.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable of \$16,609,870 and \$12,014,436 is recorded with receivables as of December 31, 2023 and 2022, respectively. 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.

Grant Revenue

During 2023 and 2022, the Organization recognized revenue from exchange grant contracts of \$159,786,128 and \$138,951,153, respectively.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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 \$159,786,128 and \$138,951,153 of revenue recognized from contracts with granting agencies during 2023 and 2022, respectively, revenue recognized over time amounted to \$157,335,057 and \$136,632,042, 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 2023 and 2022, the beginning balances of the Organization's receivables from exchange grant contracts were \$8,411,851 and \$10,965,528, respectively. The ending balances of the Organization's receivables from exchange grant contracts were \$13,555,454 and \$8,411,851, 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

December 31, 2023 and 2022

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 2023 and 2022, the Organization recognized revenue from adoption contracts of \$7,917,527 and \$6,957,010, 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 \$7,917,527 and \$6,957,010 of revenue recognized from adoption contracts with prospective parents during 2023 and 2022, respectively, revenue recognized over time amounted to \$74,296 and \$206,774, 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, 2023 and 2022

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 \$868,093, \$783,356, and \$728,948 as of December 31, 2023; December 31, 2022; and January 1, 2022, respectively. Contract liabilities from adoption contracts were \$128,274, \$199,071, and \$385,598 as of December 31, 2023; December 31, 2022; and January 1, 2022, 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, 2023 and 2022

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.

For the year ended December 31, 2023, the Organization added leases and donated goods and services to the consolidated statement of functional expenses. For the year ended December 31, 2022, lease expense was included in occupancy and donated goods and services were included with expenses that most closely matched the nature of the donated good or service.

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 2023 and 2022 was \$1,429,135 and \$1,879,328, respectively.

Contingencies

The Organization was self-insured for health, professional, and general liability insurances as of December 31, 2023 and 2022. For health insurance, the Organization has an individual stop-loss at the contract/employee level (\$250,000 in 2023 and 2022). The accrual for estimated health claims incurred but not reported was \$739,546 and \$1,042,464 at December 31, 2023 and 2022, respectively. Losses and claims are reported as fringe benefits in the consolidated statement of functional expenses totaling \$11,220,624 and \$10,788,540 for the years ended December 31, 2023 and 2022, respectively.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Note 2 - Significant Accounting Policies (Continued)

For professional and general liability insurance, effective July 1, 2021 and retroactive to September 1, 2020, the Organization was self-insured up to \$3 million on a claims-made basis and secured a \$7 million excess/umbrella policy for professional and general liability, including \$2 million in excess/umbrella coverage for sexual abuse and molestation. Effective July 1, 2023 and retroactive to July 1, 2021, the Organization is self-insured up to \$2 million per claim (\$6 million aggregate) on a claims-made basis and has secured a \$10 million excess/umbrella policy for professional and general liability, including \$5 million in excess/umbrella coverage for sexual abuse and molestation. From July 1, 2022 until June 30, 2023, the Organization maintained a \$3 million letter of credit secured by a \$3 million segregation of the Organization's line of credit with the bank. From July 1, 2021 until June 30, 2022, 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 \$7,408,081 and \$1,932,000 at December 31, 2023 and 2022, 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 61 and 55 percent of contracts with state and federal agencies for international refugee services as of December 31, 2023 and 2022, respectively.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including March 19, 2024, 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:

	2023	2022
Cash and cash equivalents	\$ 6,100,423	\$ 5,049,285
Restricted cash	-	1,600,000
Accounts receivable - Net	31,033,417	21,209,643
Investments	24,586,167	22,486,548
Financial assets - At year end	61,720,007	50,345,476
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	1,789,004	1,933,321
Restricted by donors in perpetuity	207,695	258,219
Restricted by Recourse Agreement	-	1,600,000
Less amounts unavailable to management without board approval - Board-designated endowments	14,807,763	12,996,147
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 44,915,545</u>	<u>\$ 33,557,789</u>

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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, \$779,356 and \$684,008 of appropriations from the endowment will be available within the next 12 months as of December 31, 2023 and 2022, 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:

	2023	2022
Mutual funds	\$ 8,131,316	\$ 10,397,805
Pooled funds	156,202	167,610
Exchange-traded funds	16,298,649	11,921,133
Subtotal	24,586,167	22,486,548
Investment in unconsolidated affiliate	543,866	483,318
Total	<u>\$ 25,130,033</u>	<u>\$ 22,969,866</u>

Investment income (loss) consists of the following:

	2023	2022
Interest and dividends	\$ 868,104	\$ 856,079
Realized and unrealized gains (losses)	2,652,211	(5,806,134)
Total	<u>\$ 3,520,315</u>	<u>\$ (4,950,055)</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 income of approximately \$61,000 and \$56,000 for the years ended December 31, 2023 and 2022, respectively, and received a distribution of \$80,000 for the year ended December 31, 2022. There were no distributions for the year ended December 31, 2023. The Organization is the sole tenant of the real estate limited liability company and has incurred lease expenses of \$201,843 in 2023 and \$195,966 in 2022 related to an operating lease entered into in conjunction with the investment.

Notes to Consolidated Financial Statements**December 31, 2023 and 2022****Note 5 - Property and Equipment**

Property and equipment are summarized as follows:

	2023	2022
Land	\$ 1,315,815	\$ 1,315,815
Land improvements	1,454,373	1,454,373
Buildings and improvements	31,555,893	30,836,238
Transportation equipment	1,244,938	1,016,350
Furniture and fixtures	9,578,672	9,723,105
Construction in progress	346,194	144,981
Total cost	45,495,885	44,490,862
Accumulated depreciation	20,024,798	18,435,708
Net property and equipment	\$ 25,471,087	\$ 26,055,154

Depreciation expense for 2023 and 2022 was \$2,253,892 and \$2,239,716, 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, 2023 and 2022, the Organization recorded \$158,781 and \$166,402, 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 between 4.00 and 5.50 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 \$4,908,708 and \$5,694,954 for the years ended December 31, 2023 and 2022, respectively.

Included in lease expense are variable lease payments totaling \$225,578 and \$163,886 for the years ended December 31, 2023 and 2022, respectively, which are dependent on certain operating activities.

Lease expense for operating leases includes \$289,765 and \$219,939 related to leases classified as short-term leases during the years ended December 31, 2023 and 2022, respectively.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Note 7 - Leases (Continued)

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

Years Ending December 31	Amount
2024	\$ 3,891,727
2025	2,321,662
2026	1,185,033
2027	574,205
2028	77,603
Total	8,050,230
Less amount representing interest	726,517
Present value of net minimum lease payments	7,323,713
Less current obligations	3,455,801
Long-term obligations under leases	\$ 3,867,912

As of December 31, 2023 and 2022, the weighted-average remaining lease term for all operating leases is 2.56 and 2.88 years, respectively. The weighted-average discount rate associated with operating leases as of December 31, 2023 and 2022 is 4.13 and 4.00 percent, respectively.

Note 8 - Long-term Debt and Line of Credit

The Organization has a \$11,000,000 line of credit from a bank at both December 31, 2023 and 2022. There were \$500,000 of outstanding borrowings at December 31, 2023 and no outstanding borrowings at December 31, 2022. The line of credit bears interest at the Secured Overnight Financing Rate (SOFR) plus 2.30 and 1.80 percent, subject to a 3.75 and 3.00 percent floor, as of December 31, 2023 and 2022, respectively (an effective rate of 7.68 percent at December 31, 2023 and 6.10 percent at December 31, 2022). The line of credit is collateralized by the Organization's brokerage accounts and expires on July 1, 2024.

As of December 31, 2023 and 2022, the Organization had outstanding notes payable as follows:

	2023	2022
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, 2023 and 2022. 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	3,787,890	3,936,765

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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

	2023	2022
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	\$ 858,088	\$ 895,738
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	700,679	733,325
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.)	2,827,879	2,928,682
Term loan payable in monthly principal installments of \$57,350 plus interest at LIBOR plus 1.75 percent (an effective rate of 6.14 percent at December 31, 2022). The loan was paid in full on May 10, 2023	-	424,021
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 26, 2028. The loan is secured by the housing units associated with the loan	720,000	720,000
Total	11,144,536	11,888,531
Less current portion	1,842,285	8,918,531
Long-term portion	<u>\$ 9,302,251</u>	<u>\$ 2,970,000</u>

The balance of the above debt matures as follows:

Years Ending	Amount
2024	\$ 1,842,285
2025	357,590
2026	4,999,843
2027	125,737
2028	3,069,081
Thereafter	750,000
Total	<u>\$ 11,144,536</u>

Interest expense for the line of credit and long-term debt totaled \$409,511 and \$529,715 for 2023 and 2022, respectively.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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

The Organization is required to meet a semi-annual debt service coverage ratio as of December 31, 2023 and quarterly debt covenants that include liquidity requirements as of December 31, 2022, 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.

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 2023 or 2022.

The Organization made contributions of \$2,499,172 and \$2,264,885 to the plan for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 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.

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.

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Note 10 - Fair Value Measurements (Continued)

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, 2023				
	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, 2023
Assets				
Investments:				
Mutual funds - Domestic stock	\$ 2,521,176	\$ -	\$ -	\$ 2,521,176
Mutual funds - Foreign stock	3,197,012	-	-	3,197,012
Mutual funds - Bonds	2,413,128	-	-	2,413,128
Exchange-traded funds - Domestic stock	8,625,399	-	-	8,625,399
Exchange-traded funds - Foreign stock	2,734,261	-	-	2,734,261
Exchange-traded funds - Real estate	280,985	-	-	280,985
Exchange-traded funds - Bonds	4,658,004	-	-	4,658,004
Pooled funds - Domestic stock	-	35,483	-	35,483
Pooled funds - Foreign equity	-	46,717	-	46,717
Pooled funds - Bonds	-	37,068	-	37,068
Equity securities measured at net asset value				36,934
Total investments	<u>\$ 24,429,965</u>	<u>\$ 119,268</u>	<u>\$ -</u>	<u>\$ 24,586,167</u>

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

Note 10 - Fair Value Measurements (Continued)

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
Assets				
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>

The fair value of pooled funds at December 31, 2023 and 2022 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, 2023 and 2022

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, 2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 15,587,119	\$ -	\$ 15,587,119
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	207,695	207,695
Accumulated investment gains	-	95,543	95,543
Term endowment	-	551,266	551,266
Total	\$ 15,587,119	\$ 854,504	\$ 16,441,623

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 13,680,155	\$ 825,921	\$ 14,506,076
Investment return:			
Investment income	518,921	-	518,921
Net appreciation	1,640,828	130,615	1,771,443
Total investment return	2,159,749	130,615	2,290,364
Contributions	46,922	3,750	50,672
Appropriation of endowment assets for expenditure	(299,707)	(105,782)	(405,489)
Endowment net assets - End of year	<u>\$ 15,587,119</u>	<u>\$ 854,504</u>	<u>\$ 16,441,623</u>
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 donor-restricted endowment funds	-	825,921	825,921
Total	<u>\$ 13,680,155</u>	<u>\$ 825,921</u>	<u>\$ 14,506,076</u>
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>

Notes to Consolidated Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022

Note 12 - Net Assets

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

	2023	2022
Subject to expenditures for a specified purpose:		
Term endowments	\$ 551,266	\$ 476,143
Accumulated earnings on donor endowments	95,543	91,559
Community development projects	317,386	442,521
Therapeutic respite	-	15,159
Unaccompanied children crisis	-	585,574
Afghan Placement and Assistance Fund	-	343,586
Border crisis response	118,472	330,404
Equine riding arena	226,120	235,836
Foster care recruitment	226,101	307,229
Caring Connection Fund	216,870	418,351
Inclusion & Generous Spaces Program	89,770	206,180
Compassion Ministry Fund	103,368	87,066
Grand Rapids Infant Adoption	75,000	-
Grand Rapids Refugee Health Services	60,000	-
St. Louis Pregnancy Counseling	22,917	-
Nashville Transitional Foster Care	33,000	-
Western South Dakota ReNew Program	25,000	-
GRIS	254,765	-
Refugee Resettlement	729,620	-
Total subject to expenditures for a specified purpose	3,145,198	3,539,608
Subject to the passage of time - Pledges	688,079	1,474,641
Subject to the Organization's spending policy and appropriation - Donor endowment	207,695	258,219
Total	<u>\$ 4,040,972</u>	<u>\$ 5,272,468</u>

Additional Information

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, 2023 and have issued our report thereon dated March 19, 2024, 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 19, 2024

Bethany Christian Services

Consolidating Statement of Financial Position

Year Ended December 31, 2023

	Total	Arkansas	Northern California	Southern California	Colorado	Florida
Assets						
Current Assets:						
Cash and cash equivalents	\$ 6,100,423	\$ 3,800	\$ 49,500	\$ (1,820,557)	\$ 2,500	\$ 15,070
Restricted cash and cash equivalents	-	-	-	-	-	-
Investments	24,586,167	170,432	1,485,749	-	598,404	111,389
Receivables - Net of allowances	31,033,417	-	123,702	173,675	157,807	85,534
Prepaid expenses and other:	-	-	-	-	-	-
Prepaid expenses	2,790,876	723	2,408	10,165	3,534	14,952
Deposits	264,014	702	4,339	5,371	2,260	4,800
Due from other funds	-	-	-	-	-	-
Total current assets	64,774,897	175,657	1,665,698	(1,631,346)	764,505	231,745
Property and equipment						
Land and land improvements	2,770,188	-	-	-	-	-
Buildings and improvements	31,555,893	-	67,065	-	15,728	-
Furniture and fixtures	9,578,672	-	129,480	-	6,672	-
Transportation equipment	1,244,938	23,184	50,771	-	-	-
Construction in progress	346,194	-	-	-	-	-
Total property and equipment	45,495,885	23,184	247,316	-	22,400	-
Less accumulated depreciation	(20,024,798)	(23,184)	(211,372)	-	(12,773)	-
Net property and equipment	25,471,087	-	35,944	-	9,627	-
Right-of use operating lease assets	7,118,686	-	55,956	103,463	54,439	16,292
Investment in unconsolidated affiliate	543,866	-	-	-	-	-
Total Assets	\$ 97,908,536	\$ 175,657	\$ 1,757,598	\$ (1,527,883)	\$ 828,571	\$ 248,037
Liabilities and Net Assets (Deficit)						
Current Liabilities						
Accounts payable	\$ 4,666,530	\$ 7,451	\$ -	\$ -	\$ 7,100	\$ 139,093
Bank line of credit	500,000	-	-	-	-	-
Deferred revenue	1,515,324	-	(130,478)	-	-	36,548
Accrued employee compensation and other liabilities	-	-	-	-	-	-
Accrued employee compensation and benefits	3,336,305	4,390	94,644	44,708	47,952	41,515
Accrued insurance liability	8,147,627	2,444	6,363	6,248	8,549	2,284
Current maturities of long-term debt	1,842,285	-	-	-	-	-
Current portion of lease liabilities - operating	3,455,801	-	24,138	88,430	30,085	5,906
Total current liabilities	23,463,872	14,285	(5,333)	139,386	93,686	225,346
Long-term Debt - Net of current portion	9,302,251	-	-	-	-	-
Lease liabilities - operating	3,867,912	-	28,020	31,194	25,391	10,386
Annuities Payable	158,781	-	-	-	-	-
Total Liabilities	36,792,816	14,285	22,687	170,580	119,077	235,732
Net Assets (Deficit) - Beginning of year	54,186,123	146,649	1,357,908	(1,689,511)	412,604	283,372
Change in Net Assets	6,929,597	14,723	377,003	(8,952)	296,890	(271,067)
Net Assets (Deficit) - End of year	61,115,720	161,372	1,734,911	(1,698,463)	709,494	12,305
Total Liabilities and Net Assets (Deficit)	\$ 97,908,536	\$ 175,657	\$ 1,757,598	\$ (1,527,883)	\$ 828,571	\$ 248,037

Bethany Christian Services

Consolidating Statement of Financial Position (Continued)

Year Ended December 31, 2023

	Georgia	Illinois	Central Indiana	Iowa	Maryland	Michigan
Assets						
Current Assets:						
Cash and cash equivalents	\$ 26,000	\$ 2,000	\$ 8,500	\$ 2,600	\$ 2,500	\$ 309,475
Restricted cash and cash equivalents	-	-	-	-	-	-
Investments	1,349,907	84,763	401,321	954,937	2,525,875	9,200,491
Receivables - Net of allowances	1,229,056	266,610	550,616	70,950	872,232	12,841,185
Prepaid expenses and other:	-	-	-	-	-	-
Prepaid expenses	45,842	4,000	17,500	1,175	21,738	101,420
Deposits	20,947	3,750	13,943	650	15,867	45,000
Due from other funds	-	-	-	-	-	235,000
Total current assets	2,671,752	361,123	991,880	1,030,312	3,438,212	22,732,571
Property and equipment						
Land and land improvements	-	-	-	-	-	-
Buildings and improvements	104,500	-	-	26,546	46,555	5,637,609
Furniture and fixtures	68,970	30,162	6,060	-	79,879	3,594,902
Transportation equipment	213,173	65,572	-	-	-	547,654
Construction in progress	-	-	(17,000)	-	-	363,194
Total property and equipment	386,643	95,734	(10,940)	26,546	126,434	10,143,359
Less accumulated depreciation	(305,361)	(68,478)	(6,060)	(15,928)	(109,960)	(3,784,413)
Net property and equipment	81,282	27,256	(17,000)	10,618	16,474	6,358,946
Right-of use operating lease assets	219,769	47,127	27,032	9,892	86,575	2,090,020
Investment in unconsolidated affiliate	543,866	-	-	-	-	-
Total Assets	\$ 3,516,669	\$ 435,506	\$ 1,001,912	\$ 1,050,822	\$ 3,541,261	\$ 31,181,537
Liabilities and Net Assets (Deficit)						
Current Liabilities						
Accounts payable	\$ 20,907	\$ -	\$ (143)	\$ -	\$ -	\$ 1,426,466
Bank line of credit	-	-	-	-	-	-
Deferred revenue	154,512	650	-	11,367	2,450	616,196
Accrued employee compensation and other liabilities	-	-	-	-	-	-
Accrued employee compensation and benefits	99,615	29,735	58,211	11,788	117,154	1,139,651
Accrued insurance liability	13,536	18,479	12,090	7,479	3,998	199,254
Current maturities of long-term debt	-	-	-	-	-	-
Current portion of lease liabilities - operating	186,415	47,127	19,844	7,873	59,126	1,166,808
Total current liabilities	474,985	95,991	90,002	38,507	182,728	4,548,375
Long-term Debt - Net of current portion	-	-	-	-	-	-
Lease liabilities - operating	42,860	-	6,030	2,018	26,771	1,002,918
Annuities Payable	-	-	-	-	-	-
Total Liabilities	517,845	95,991	96,032	40,525	209,499	5,551,293
Net Assets (Deficit) - Beginning of year	2,857,973	333,164	728,631	904,771	2,523,541	21,667,702
Change in Net Assets	140,851	6,351	177,249	105,526	808,221	3,962,542
Net Assets (Deficit) - End of year	2,998,824	339,515	905,880	1,010,297	3,331,762	25,630,244
Total Liabilities and Net Assets (Deficit)	\$ 3,516,669	\$ 435,506	\$ 1,001,912	\$ 1,050,822	\$ 3,541,261	\$ 31,181,537

Bethany Christian Services

Consolidating Statement of Financial Position (Continued)

Year Ended December 31, 2023

	Minnesota	Missouri	Southern New England	Northern New England	New Jersey	North Carolina
Assets						
Current Assets:						
Cash and cash equivalents	\$ (2,128,077)	\$ 5,040	\$ (815,992)	\$ (631,574)	\$ (982,156)	\$ 4,000
Restricted cash and cash equivalents	-	-	-	-	-	-
Investments	-	331,446	-	-	-	109,108
Receivables - Net of allowances	-	1,111,113	97,230	640,791	85,604	-
Prepaid expenses and other:	-	-	-	-	-	-
Prepaid expenses	-	14,081	5,049	2,573	1,100	34,853
Deposits	-	11,736	6,600	5,000	1,100	33,468
Due from other funds	-	-	-	-	-	-
Total current assets	(2,128,077)	1,473,416	(707,113)	16,790	(894,352)	181,429
Property and equipment						
Land and land improvements	-	-	-	-	-	-
Buildings and improvements	-	172,713	12,500	-	-	-
Furniture and fixtures	-	139,285	8,967	-	-	-
Transportation equipment	-	344,584	-	-	-	-
Construction in progress	-	-	-	-	-	-
Total property and equipment	-	656,582	21,467	-	-	-
Less accumulated depreciation	-	(362,572)	(12,443)	-	-	-
Net property and equipment	-	294,010	9,024	-	-	-
Right-of use operating lease assets	-	371,077	106,961	42,572	2,136	606,815
Investment in unconsolidated affiliate	-	-	-	-	-	-
Total Assets	\$ (2,128,077)	\$ 2,138,503	\$ (591,128)	\$ 59,362	\$ (892,216)	\$ 788,244
Liabilities and Net Assets (Deficit)						
Current Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank line of credit	-	-	-	-	-	-
Deferred revenue	-	400,650	-	-	-	-
Accrued employee compensation and other liabilities	-	-	-	-	-	-
Accrued employee compensation and benefits	546	129,800	20,393	33,226	24,654	56,968
Accrued insurance liability	1,478	6,978	1,478	-	1,831	5,112
Current maturities of long-term debt	-	-	-	-	-	-
Current portion of lease liabilities - operating	-	125,191	52,586	30,323	2,196	249,136
Total current liabilities	2,024	662,619	74,457	63,549	28,681	311,216
Long-term Debt - Net of current portion	-	-	-	-	-	-
Lease liabilities - operating	-	252,576	54,580	13,162	-	377,567
Annuities Payable	-	-	-	-	-	-
Total Liabilities	2,024	915,195	129,037	76,711	28,681	688,783
Net Assets (Deficit) - Beginning of year	(2,050,989)	916,559	(651,898)	(6,438)	(830,225)	72,949
Change in Net Assets	(79,112)	306,749	(68,267)	(10,911)	(90,672)	26,512
Net Assets (Deficit) - End of year	(2,130,101)	1,223,308	(720,165)	(17,349)	(920,897)	99,461
Total Liabilities and Net Assets (Deficit)	\$ (2,128,077)	\$ 2,138,503	\$ (591,128)	\$ 59,362	\$ (892,216)	\$ 788,244

Bethany Christian Services

Consolidating Statement of Financial Position (Continued)

Year Ended December 31, 2023

	Central Pennsylvania	Greater Delaware Valley	Western Pennsylvania	South Carolina	Eastern South Dakota	Western South Dakota
Assets						
Current Assets:						
Cash and cash equivalents	\$ (2,490,230)	\$ (1,317,771)	\$ (1,363,846)	\$ 2,000	\$ (180,789)	\$ -
Restricted cash and cash equivalents	-	-	-	-	-	-
Investments	-	-	-	202,310	-	586,357
Receivables - Net of allowances	2,512,871	3,025,323	1,147,746	278,874	-	34,130
Prepaid expenses and other:	-	-	-	-	-	-
Prepaid expenses	25,471	26,851	22,385	2,645	239	3,305
Deposits	19,420	24,230	1,000	2,500	-	-
Due from other funds	-	-	-	-	-	-
Total current assets	67,532	1,758,633	(192,715)	488,329	(180,550)	623,792
Property and equipment						
Land and land improvements	-	-	-	-	-	-
Buildings and improvements	419,865	487,880	20,039	-	-	-
Furniture and fixtures	32,075	41,735	69,628	-	-	-
Transportation equipment	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Total property and equipment	451,940	529,615	89,667	-	-	-
Less accumulated depreciation	(118,064)	(314,422)	(42,669)	-	-	-
Net property and equipment	333,876	215,193	46,998	-	-	-
Right-of use operating lease assets	352,359	1,167,378	197,124	43,743	-	-
Investment in unconsolidated affiliate	-	-	-	-	-	-
Total Assets	\$ 753,767	\$ 3,141,204	\$ 51,407	\$ 532,072	\$ (180,550)	\$ 623,792
Liabilities and Net Assets (Deficit)						
Current Liabilities						
Accounts payable	\$ 6,119	\$ 21,336	\$ -	\$ -	\$ -	\$ -
Bank line of credit	-	-	-	-	-	-
Deferred revenue	89,567	107,875	53,117	-	-	-
Accrued employee compensation and other liabilities	-	-	-	-	-	-
Accrued employee compensation and benefits	100,067	135,098	46,876	11,140	5,292	5,225
Accrued insurance liability	6,368	24,657	4,069	8,421	739	-
Current maturities of long-term debt	-	-	-	-	-	-
Current portion of lease liabilities - operating	186,219	297,286	146,492	31,309	-	-
Total current liabilities	388,340	586,252	250,554	50,870	6,031	5,225
Long-term Debt - Net of current portion	-	-	-	-	-	-
Lease liabilities - operating	187,190	915,867	64,380	13,634	-	-
Annuities Payable	-	-	-	-	-	-
Total Liabilities	575,530	1,502,119	314,934	64,504	6,031	5,225
Net Assets (Deficit) - Beginning of year	583,963	1,699,020	(207,206)	601,483	(192,337)	266,964
Change in Net Assets	(405,726)	(59,935)	(56,321)	(133,915)	5,756	351,603
Net Assets (Deficit) - End of year	178,237	1,639,085	(263,527)	467,568	(186,581)	618,567
Total Liabilities and Net Assets (Deficit)	\$ 753,767	\$ 3,141,204	\$ 51,407	\$ 532,072	\$ (180,550)	\$ 623,792

Bethany Christian Services

Consolidating Statement of Financial Position (Continued)

Year Ended December 31, 2023

	Tennessee	Texas	Virginia	Wisconsin
Assets				
Current Assets:				
Cash and cash equivalents	\$ (1,915,954)	\$ -	\$ (543,457)	\$ (1,444,930)
Restricted cash and cash equivalents	-	-	-	-
Investments	-	8,264	-	-
Receivables - Net of allowances	152,945	-	10,180	285,029
Prepaid expenses and other:	-	-	-	-
Prepaid expenses	25,162	6,067	2,680	20,406
Deposits	22,463	2,195	2,270	14,403
Due from other funds	-	-	-	-
Total current assets	(1,715,384)	16,526	(528,327)	(1,125,092)
Property and equipment				
Land and land improvements	-	-	-	-
Buildings and improvements	-	-	-	38,050
Furniture and fixtures	22,096	-	-	31,937
Transportation equipment	-	-	-	-
Construction in progress	-	-	-	-
Total property and equipment	22,096	-	-	69,987
Less accumulated depreciation	(22,096)	-	-	(40,647)
Net property and equipment	-	-	-	29,340
Right-of use operating lease assets	233,748	74,826	54,135	568,507
Investment in unconsolidated affiliate	-	-	-	-
Total Assets	\$ (1,481,636)	\$ 91,352	\$ (474,192)	\$ (527,245)
Liabilities and Net Assets (Deficit)				
Current Liabilities				
Accounts payable	\$ (538)	\$ -	\$ 2,752	\$ -
Bank line of credit	-	-	-	-
Deferred revenue	41,804	-	16,500	-
Accrued employee compensation and other liabilities	-	-	-	-
Accrued employee compensation and benefits	81,874	15,665	27,671	36,147
Accrued insurance liability	12,816	-	8,814	6,563
Current maturities of long-term debt	-	-	-	-
Current portion of lease liabilities - operating	157,224	24,771	14,328	193,618
Total current liabilities	293,180	40,436	70,065	236,328
Long-term Debt - Net of current portion	-	-	-	-
Lease liabilities - operating	77,032	50,189	40,252	379,180
Annuities Payable	-	-	-	-
Total Liabilities	370,212	90,625	110,317	615,508
Net Assets (Deficit) - Beginning of year	(1,833,566)	(844)	(585,826)	(850,558)
Change in Net Assets	(18,282)	1,571	1,317	(292,195)
Net Assets (Deficit) - End of year	(1,851,848)	727	(584,509)	(1,142,753)
Total Liabilities and Net Assets (Deficit)	\$ (1,481,636)	\$ 91,352	\$ (474,192)	\$ (527,245)

Bethany Christian Services

Consolidating Statement of Financial Position (Continued)

Year Ended December 31, 2023

	Bethany Christian Services Global LLC	Corporate	Bethany Christian Foundation LLC
Assets			
Current Assets:			
Cash and cash equivalents	\$ (179,211)	\$ 21,352,169	\$ 129,813
Restricted cash and cash equivalents	-	-	-
Investments	-	(11,978,227)	18,443,641
Receivables - Net of allowances	50,965	5,229,249	-
Prepaid expenses and other:	-	-	-
Prepaid expenses	94,535	2,280,017	-
Deposits	-	-	-
Due from other funds	(2,415,823)	4,312,653	(2,131,830)
Total current assets	(2,449,534)	21,195,861	16,441,624
Property and equipment			
Land and land improvements	-	2,770,188	-
Buildings and improvements	-	24,506,843	-
Furniture and fixtures	162,469	5,154,355	-
Transportation equipment	-	-	-
Construction in progress	-	-	-
Total property and equipment	162,469	32,431,386	-
Less accumulated depreciation	(162,469)	(14,411,887)	-
Net property and equipment	-	18,019,499	-
Right-of use operating lease assets	-	586,740	-
Investment in unconsolidated affiliate	-	-	-
Total Assets	\$ (2,449,534)	\$ 39,802,100	\$ 16,441,624
Liabilities and Net Assets (Deficit)			
Current Liabilities			
Accounts payable	\$ (18,503)	\$ 3,054,490	\$ -
Bank line of credit	-	500,000	-
Deferred revenue	29,705	84,861	-
Accrued employee compensation and other liabilities	-	-	-
Accrued employee compensation and benefits	5,498	910,802	-
Accrued insurance liability	17,286	7,760,293	-
Current maturities of long-term debt	-	1,842,285	-
Current portion of lease liabilities - operating	-	309,370	-
Total current liabilities	33,986	14,462,101	-
Long-term Debt - Net of current portion	-	9,302,251	-
Lease liabilities - operating	-	266,715	-
Annuities Payable	-	158,781	-
Total Liabilities	33,986	24,189,848	-
Net Assets (Deficit) - Beginning of year	(1,711,143)	14,933,335	14,506,076
Change in Net Assets	(772,377)	678,917	1,935,548
Net Assets (Deficit) - End of year	(2,483,520)	15,612,252	16,441,624
Total Liabilities and Net Assets (Deficit)	\$ (2,449,534)	\$ 39,802,100	\$ 16,441,624

Bethany Christian Services

Consolidating Statement of Activities

Year Ended December 31, 2023

	Total	Arkansas	Northern California	Southern California	Colorado	Florida
Operating Revenues and Other Support						
Contributions	\$ 8,163,682	\$ 32,617	\$ 521,607	\$ 132,806	\$ 107,063	\$ 184,721
In-kind donations	679,149	-	1,799	-	-	28,112
Child Support	172,003,091	231,352	4,026,569	1,906,950	2,192,020	2,903,472
Service Fees	7,917,527	-	18,876	937	9,650	(71,875)
Investment income (loss)	3,520,315	3	-	-	-	-
Other income	208,803	-	-	16,000	-	2,044
Total operating revenue and other support	192,492,567	263,972	4,568,851	2,056,693	2,308,733	3,046,474
Operating Expenses						
Salaries	89,123,422	143,774	2,031,158	786,307	594,330	1,766,636
Fringes	14,982,392	15,236	295,076	125,426	107,594	197,087
Taxes	6,537,411	10,566	150,605	58,048	43,511	131,179
Professional Fees	14,916,569	11,168	194,957	64,254	53,580	178,008
Supplies	889,913	814	15,215	1,348	1,820	9,542
Telephone	1,400,156	5,389	37,610	17,065	10,537	17,812
Postage	294,683	1,014	6,380	1,722	397	4,117
Leases	4,908,708	13,076	80,640	139,317	44,389	37,197
Occupancy	3,094,223	126	91,300	1,537	2,340	9,478
Printing	488,508	-	2,735	132	245	2,627
Information Technology	2,924,074	5,789	66,109	22,265	25,864	45,245
Equipment & Furnishings	739,488	2,046	20,579	6,527	4,252	16,623
Travel	4,714,998	9,371	79,433	66,916	21,188	168,501
Conferences & Meetings	959,658	355	3,623	1,075	7,394	10,294
Advertising	1,429,135	-	15,690	19,600	48,645	3,317
Special Assistance	30,940,001	144	666,954	540,119	858,596	256,447
Global Operations Support	2,678,245	-	-	-	-	-
Payment Processing Fees	80,593	388	2,690	655	839	1,987
Educational & Promotional Materials	121,072	-	117	-	52	-
Miscellaneous Fund Raising	207,390	2	2,418	39	113	10,950
Bad Debt	83,464	-	(1,900)	856	-	-
Interest Expense	409,511	-	-	-	-	-
Miscellaneous	856,187	814	22,425	7,312	5,178	31,664
Depreciation and Amortization	2,253,892	3,091	5,707	-	6,387	-
Donated Goods & Services	529,277	-	1,799	-	-	29,027
Support Services	-	26,086	400,528	205,125	174,592	389,803
Total Operating Expenses	185,562,970	249,249	4,191,848	2,065,645	2,011,843	3,317,541
Increase (decrease) in Net Assets	\$ 6,929,597	\$ 14,723	\$ 377,003	\$ (8,952)	\$ 296,890	\$ (271,067)

Bethany Christian Services

Consolidating Statement of Activities (Continued)

Year Ended December 31, 2023

	Georgia	Illinois	Central Indiana	Iowa	Maryland	Michigan
Operating Revenues and Other Support						
Contributions	\$ 207,004	\$ 127,628	\$ 126,571	\$ 151,111	\$ 82,763	\$ 2,578,922
In-kind donations	6,618	-	13,980	-	-	369,999
Child Support	11,755,452	2,206,097	4,127,188	235,462	5,173,574	78,761,295
Service Fees	381,462	(40,400)	18,700	246,994	54,667	2,592,417
Investment income (loss)	58,048	-	-	-	-	8,170
Other income	16,360	-	2,000	79	-	226,888
Total operating revenue and other support	12,424,944	2,293,325	4,288,439	633,646	5,311,004	84,537,691
Operating Expenses						
Salaries	4,744,548	1,238,742	1,705,839	215,963	2,094,799	32,502,883
Fringes	863,617	164,472	346,143	48,608	289,862	6,074,010
Taxes	345,915	90,892	124,491	15,693	154,339	2,390,344
Professional Fees	618,510	110,086	204,707	44,357	259,145	4,318,886
Supplies	34,499	9,486	10,045	1,707	22,086	441,678
Telephone	103,464	21,209	26,113	11,129	46,700	552,298
Postage	15,256	2,976	2,641	500	3,072	48,460
Leases	418,889	48,000	197,772	16,443	260,142	2,198,242
Occupancy	147,893	6,837	23,501	1,897	66,471	2,031,108
Printing	17,621	1,669	1,370	2,159	1,763	33,193
Information Technology	153,941	29,179	55,626	9,587	94,760	1,214,411
Equipment & Furnishings	27,911	7,158	7,880	2,433	26,691	282,765
Travel	255,354	147,098	109,343	11,349	85,982	1,589,008
Conferences & Meetings	58,868	5,106	6,617	4,573	11,459	322,160
Advertising	69,502	8,983	65,015	14,610	46,687	299,567
Special Assistance	2,899,626	58,317	800,077	33,480	392,548	14,780,540
Global Operations Support	-	-	-	-	-	-
Payment Processing Fees	4,455	1,347	1,049	3,955	4,065	26,520
Educational & Promotional Materials	4,326	35	-	-	146	11,482
Miscellaneous Fund Raising	1	837	682	57	2,685	54,175
Bad Debt	9,800	71	(3)	875	-	(13,379)
Interest Expense	-	-	-	-	-	521
Miscellaneous	31,816	19,467	12,762	8,381	14,165	220,143
Depreciation and Amortization	30,882	13,114	-	5,309	4,511	901,901
Donated Goods & Services	6,618	-	13,980	-	-	285,579
Support Services	1,420,781	301,893	395,540	75,055	620,705	10,008,654
Total Operating Expenses	12,284,093	2,286,974	4,111,190	528,120	4,502,783	80,575,149
Increase (decrease) in Net Assets	\$ 140,851	\$ 6,351	\$ 177,249	\$ 105,526	\$ 808,221	\$ 3,962,542

Bethany Christian Services

Consolidating Statement of Activities (Continued)

Year Ended December 31, 2023

	Minnesota	Missouri	Southern New England	Northern New England	New Jersey	North Carolina
Operating Revenues and Other Support						
Contributions	\$ 30,439	\$ 208,193	\$ 112,084	\$ 50,358	\$ 81,582	\$ 30,533
In-kind donations	-	17,722	-	-	1,418	-
Child Support	14,369	5,104,150	1,650,089	2,090,772	1,514,006	4,357,449
Service Fees	481	7,066	2,269	8,327	(35,488)	(1,028)
Investment income (loss)	-	-	-	-	2	-
Other income	(10,428)	11,095	-	-	3,000	6,207
Total operating revenue and other support	34,861	5,348,226	1,764,442	2,149,457	1,564,520	4,393,161
Operating Expenses						
Salaries	9,152	2,534,252	1,066,576	1,178,233	999,365	2,055,741
Fringes	2,547	460,240	141,658	176,930	115,203	288,522
Taxes	644	184,486	78,444	86,923	74,370	149,402
Professional Fees	11,586	225,095	151,402	277,317	94,166	217,929
Supplies	1,388	22,168	1,485	6,708	2,396	28,984
Telephone	1,803	41,509	14,650	15,217	15,461	35,333
Postage	1,499	3,859	472	1,896	1,846	4,004
Leases	54,246	154,364	51,728	32,560	17,153	408,834
Occupancy	1,711	40,509	7,373	1,471	13,660	49,670
Printing	1,124	5,517	603	1,678	1,151	8,631
Information Technology	2,858	72,897	23,601	22,405	31,382	116,340
Equipment & Furnishings	1,942	17,996	3,684	3,147	4,351	52,034
Travel	1,577	263,938	39,443	67,097	44,698	79,754
Conferences & Meetings	78	19,970	55	1,661	1,467	13,506
Advertising	-	23,995	3,703	47,664	1,742	51,652
Special Assistance	-	79,920	15,542	8,767	5,729	380,864
Global Operations Support	-	-	-	-	-	-
Payment Processing Fees	134	1,771	390	587	1,107	355
Educational & Promotional Materials	-	134	113	2,174	-	1,184
Miscellaneous Fund Raising	29	123	10	164	2,345	89
Bad Debt	(1,008)	4	-	-	(603)	1,105
Interest Expense	-	-	-	-	-	-
Miscellaneous	565	25,130	5,530	1,892	3,008	18,974
Depreciation and Amortization	3,434	104,669	5,063	-	-	-
Donated Goods & Services	-	-	-	-	-	-
Support Services	18,664	758,931	221,184	225,877	225,195	403,742
Total Operating Expenses	113,973	5,041,477	1,832,709	2,160,368	1,655,192	4,366,649
Increase (decrease) in Net Assets	\$ (79,112)	\$ 306,749	\$ (68,267)	\$ (10,911)	\$ (90,672)	\$ 26,512

Bethany Christian Services

Consolidating Statement of Activities (Continued)

Year Ended December 31, 2023

	Central Pennsylvania	Greater Delaware Valley	Western Pennsylvania	South Carolina	Eastern South Dakota	Western South Dakota
Operating Revenues and Other Support						
Contributions	\$ 425,671	\$ 335,510	\$ 295,278	\$ 94,774	\$ 24,060	\$ 371,564
In-kind donations	2,422	49,776	129,848	1,422	-	-
Child Support	8,442,005	14,864,047	4,093,825	671,822	212,445	173,530
Service Fees	1,160,372	521,298	1,016,307	-	-	-
Investment income (loss)	-	34	-	1	-	-
Other income	14,169	8,233	1,800	3,000	-	5
Total operating revenue and other support	10,044,639	15,778,898	5,537,058	771,019	236,505	545,099
Operating Expenses						
Salaries	4,306,410	5,524,846	2,017,122	522,744	118,650	111,138
Fringes	690,977	757,008	219,971	46,485	39,169	14,886
Taxes	317,284	409,680	151,298	38,785	8,159	8,261
Professional Fees	539,102	1,651,437	360,824	90,430	10,064	10,442
Supplies	42,039	50,086	18,285	2,165	246	374
Telephone	81,760	105,826	57,918	6,815	1,685	2,883
Postage	6,214	12,566	5,088	1,064	23	196
Leases	308,140	280,699	261,023	31,740	2,781	4,997
Occupancy	32,603	95,034	40,585	7,440	(46)	(594)
Printing	9,148	3,032	5,655	399	188	713
Information Technology	168,663	165,334	91,817	10,480	2,892	3,455
Equipment & Furnishings	38,023	44,149	21,829	2,389	1,750	1,907
Travel	191,082	293,438	202,368	29,213	7,223	1,344
Conferences & Meetings	28,820	25,426	40,559	7,134	218	88
Advertising	66,221	68,481	27,070	6,000	102	37
Special Assistance	2,263,178	4,715,394	1,261,902	207	1,802	3,287
Global Operations Support	-	-	-	-	-	-
Payment Processing Fees	4,057	3,990	792	419	9	61
Educational & Promotional Materials	3,784	8,947	6,091	-	-	16
Miscellaneous Fund Raising	7,315	68,832	33,927	2	-	-
Bad Debt	4,960	2,329	(100)	-	-	-
Interest Expense	-	-	-	-	-	-
Miscellaneous	44,062	33,932	21,505	2,607	400	603
Depreciation and Amortization	41,829	51,627	14,860	-	-	-
Donated Goods & Services	2,422	45,556	106,842	1,422	-	-
Support Services	1,252,272	1,421,184	626,148	96,994	35,434	29,402
Total Operating Expenses	10,450,365	15,838,833	5,593,379	904,934	230,749	193,496
Increase (decrease) in Net Assets	\$ (405,726)	\$ (59,935)	\$ (56,321)	\$ (133,915)	\$ 5,756	\$ 351,603

Bethany Christian Services

Consolidating Statement of Activities (Continued)

	Tennessee	Texas	Virginia	Wisconsin	Bethany Christian Services Global LLC	Corporate	Bethany Christian Foundation LLC
Operating Revenues and Other Support							
Contributions	\$ 489,025	\$ -	\$ 78,695	\$ 202,077	\$ 1,752,972	\$ (722,618)	\$ 50,672
In-kind donations	32,053	-	-	2,762	-	21,218	-
Child Support	4,583,593	1,208,269	801,984	1,557,819	-	7,143,486	-
Service Fees	24,244	-	130,855	1,399,918	471,478	-	-
Investment income (loss)	-	-	-	-	-	1,127,994	2,326,063
Other income	-	-	-	19,500	16,000	278,296	(405,445)
Total operating revenue and other support	5,128,915	1,208,269	1,011,534	3,182,076	2,240,450	7,848,376	1,971,290
Operating Expenses							
Salaries	2,247,758	653,447	606,161	1,623,393	239,868	15,483,587	-
Fringes	371,268	104,258	63,677	273,060	51,174	2,638,228	-
Taxes	165,435	47,636	44,838	118,565	17,570	1,120,048	-
Professional Fees	326,116	60,206	50,297	176,107	20,683	4,549,966	35,742
Supplies	38,209	6,229	2,631	80,986	979	36,315	-
Telephone	47,550	14,751	9,587	6,830	334	90,918	-
Postage	6,516	1,843	2,535	380	4,694	153,453	-
Leases	298,735	75,890	41,052	249,226	6,002	(824,569)	-
Occupancy	70,939	1,202	1,147	106,388	6,901	235,742	-
Printing	6,096	729	999	1,506	2,972	374,853	-
Information Technology	107,313	20,028	17,161	46,421	78,509	219,742	-
Equipment & Furnishings	58,674	10,455	4,051	23,733	4,693	39,816	-
Travel	126,355	81,546	27,772	55,726	52,373	606,508	-
Conferences & Meetings	20,831	1,466	1,189	10,647	2,023	352,996	-
Advertising	32,369	554	3,371	10,684	15,972	477,902	-
Special Assistance	649,680	1,765	9,315	84,899	149,700	21,202	-
Global Operations Support	-	-	-	-	2,199,108	479,137	-
Payment Processing Fees	3,230	-	3,743	3,277	3,976	4,745	-
Educational & Promotional Materials	117	-	102	9,910	150	72,192	-
Miscellaneous Fund Raising	1,103	-	40	95	389	20,968	-
Bad Debt	2,336	-	-	28,123	-	49,998	-
Interest Expense	-	-	-	-	-	408,990	-
Miscellaneous	32,550	2,505	2,705	12,097	17,118	256,877	-
Depreciation and Amortization	-	-	-	10,235	34,737	1,016,536	-
Donated Goods & Services	32,053	-	-	2,762	-	1,217	-
Support Services	501,964	122,188	117,844	539,221	102,902	(20,717,908)	-
Total Operating Expenses	5,147,197	1,206,698	1,010,217	3,474,271	3,012,827	7,169,459	35,742
Increase (decrease) in Net Assets	\$ (18,282)	\$ 1,571	\$ 1,317	\$ (292,195)	\$ (772,377)	\$ 678,917	\$ 1,935,548

Bethany Christian Services**St. Louis and St. Charles Schedule of Project Unit Cost****Year Ended December 31, 2023****Schedule of Project Unit Cost**

	<u>Total Expenses</u>	<u>St. Charles County Expenses</u>	<u>St. Louis County Expenses</u>
Project Expenses			
Salaries	\$ 71,211	\$ 12,679	\$ 58,532
Fringes	27,241	4,850	22,391
Outside Services, Contracted	149	27	122
Professional Liability Insurance	8,045	1,432	6,613
Supplies	545	97	448
Telephone	608	108	500
Telephone, Internet Access	310	55	255
Printing	1,083	193	890
Postage	98	17	81
Rent	9,975	1,776	8,199
Utilities	-	-	-
Advertising	7,814	1,391	6,423
Computers, Hardware	334	59	275
Computers, Software	2,515	448	2,067
Travel	6,758	1,203	5,555
Client Assistance	2,099	374	1,725
Conferences	437	78	359
Staff, Board, and Group Meetings	-	-	-
Memberships & Dues	4,415	786	3,629
Equipment & Furnishings	1,567	279	1,288
Branch Fundraising	13	2	11
Support Services-Nonbillable	10,122	1,802	8,320
Miscellaneous	<u>206</u>	<u>37</u>	<u>169</u>
 Total Program Services	 155,545	 27,693	 127,852
 <i>Less: Not applicable to County: Support Services-Nonbillable</i>	 10,122	 1,802	 8,320
<i>Less: Not applicable to County: Branch Fundraising</i>	<u>13</u>	<u>2</u>	<u>11</u>
 Total Direct Project Expenses	 145,410	 25,889	 119,522
 <i>Add: Indirect (Administrative) Expenses: Support Services - Billable</i>	 <u>16,025</u>	 <u>2,853</u>	 <u>13,172</u>
 Total Project Expenses	 <u>\$ 161,435</u>	 <u>\$ 28,742</u>	 <u>\$ 132,694</u>
 Total Units Served	 <u>1,157</u>	 <u>206</u>	 <u>951</u>
 Cost Per Unit	 <u>\$ 139.53</u>	 <u>\$ 139.52</u>	 <u>\$ 139.53</u>

Boone Schedule of Project Unit Cost

Year Ended December 31, 2023

Schedule of Project Unit Cost

	Total Expenses	Boone County Expenses
Project Expenses		
Salaries	\$ 51,395	\$ 51,395
Fringes	7,478	7,478
Outside Services, Contracted	201	201
Professional Liability Insurance	3,959	3,959
Supplies	229	229
Telephone	1,087	1,087
Telephone, Internet Access	-	-
Printing	490	490
Postage	26	26
Rent	2,538	2,538
Utilities	-	-
Advertising	1,000	1,000
Computers, Hardware	-	-
Computers, Software	2,006	2,006
Travel	1,745	1,745
Client Assistance	20	20
Conferences	52	52
Staff, Board, and Group Meetings	27	27
Memberships & Dues	2,781	2,781
Equipment & Furnishings	-	-
Branch Fundraising	96	96
Support Services-Nonbillable	5,376	5,376
Miscellaneous	<u>822</u>	<u>822</u>
Total Program Services	81,328	81,328
<i>Less: Not applicable to County: Support Services-Nonbillable</i>	5,376	5,376
<i>Less: Not applicable to County: Branch Fundraising</i>	<u>96</u>	<u>96</u>
Total Direct Project Expenses	75,856	75,856
<i>Add: Indirect (Administrative) Expenses: Support Services - Billable</i>	<u>8,512</u>	<u>8,512</u>
Total Project Expenses	<u>\$ 84,368</u>	<u>\$ 84,368</u>
Total Units Served	<u><u>1,169</u></u>	<u><u>1,169</u></u>
Cost Per Unit	<u>\$ 72.17</u>	<u>\$ 72.17</u>

Bethany Christian Services

**Federal and State Awards Supplemental Information
December 31, 2023**

Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance;
Schedule of Expenditures of Department Agreements Required by the Maine Uniform
Accounting and Auditing Practices for Community Agencies; and Schedule of Expenditures
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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; Schedule of Expenditures of Department Agreements Required by the Maine Uniform Accounting and Auditing Practices for Community Agencies; and Schedule of Expenditures of Federal, State, and Local Awards for the City of Philadelphia Required by the City of Philadelphia Subrecipient Audit Guide

Independent Auditor's Report

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, 2023 and have issued our report thereon dated March 19, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. We have not performed any procedures with respect to the audited consolidated financial statements subsequent to March 19, 2024.

The accompanying schedule of expenditures of federal awards; schedule of expenditures of department agreements; and schedule of expenditures of federal, state, and local awards for the City of Philadelphia are presented for the purpose of additional analysis, as required by the Uniform Guidance; Maine Uniform Accounting and Auditing Practices for Community Agencies; and the City of Philadelphia Subrecipient Audit Guide, respectively, 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 schedule of expenditures of federal awards; schedule of expenditures of department agreements; and schedule of expenditures of federal, state, and local awards for the City of Philadelphia are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

September 25, 2024

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
Bethany Christian Services

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2023 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated March 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Directors
Bethany Christian Services

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moreau, PLLC

March 19, 2024

Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance and the Maine Uniform Accounting and Auditing Practices for
Community Agencies

Independent Auditor's Report

To the Board of Directors
Bethany Christian Services

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Bethany Christian Services and its subsidiaries' (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and in Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP) that could have a direct and material effect on each of the Organization's major federal and state programs for the year ended December 31, 2023. The Organization's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the major federal and state programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"); and the audit requirements of Chapter 148 C: Maine Uniform Accounting and Auditing Practices Act for Community Agencies. Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal and state of Maine programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 148 C: Maine Uniform Accounting and Auditing Practices Act for Community Agencies will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 148 C: Maine Uniform Accounting and Auditing Practices Act for Community Agencies, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 148 C: Maine Uniform Accounting and Auditing Practices Act for Community Agencies, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with Chapter 148 C: Maine Uniform Accounting and Auditing Practices Act for Community Agencies, which is described in the accompanying schedule of findings and questioned costs - state department agreements as Finding 2023-001. Our opinion on the Organization's major state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs - state department agreements. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

To the Board of Directors
Bethany Christian Services

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs - state department agreements as Finding 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs - state department agreements. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 148 C: Maine Uniform Accounting and Auditing Practices Act for Community Agencies. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

September 25, 2024

Bethany Christian Services

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity or Direct Award Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Michigan Department of Education:				
School Breakfast Program	10.553	410008012	\$ -	\$ 29,124
National School Lunch Program	10.555	410008012	-	77,673
National School Lunch Program - Noncash assistance - Commodities	10.555	410008012	-	6,465
Total Child Nutrition Cluster			-	113,262
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through West Michigan Partnership for Children - Medical Assistance Program	93.778	N/A	-	49,648
Total Medicaid Cluster			-	49,648
Total clusters			-	162,910
Other federal awards:				
U.S. Department of Labor - Direct:				
YouthBuild	17.274	YB-34296-19-60-A-26	-	51,446
YouthBuild	17.274	YB-38173-22-60-A-26	-	591,945
Total U.S. Department of Labor - Direct			-	643,391
U.S. Department of State Office:				
U.S. Refugee Admissions Program	19.510	N/A	-	2,270,610
Passed through Lutheran Immigration and Refugee Services:				
U.S. Refugee Admissions Program	19.510	N/A	-	2,075,973
Passed through World Relief:				
U.S. Refugee Admissions Program	19.510	WRRP22004	-	373,490
Passed through Church World Service - U.S. Refugee Admissions Program	19.510	N/A	-	1,877,795
Total U.S. Department of State Office			-	6,597,868
U.S. Department of Health and Human Services:				
Sexual Risk Avoidance Education	93.060	90SR0173-01	-	43,486
Sexual Risk Avoidance Education	93.060	50706A009	-	284,521
Total Sexual Risk Avoidance Education			-	328,007
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90ZD0005	-	877,598
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90ZD0019	-	937,959
Total Healthy Marriage Promotion and Responsible Fatherhood			-	1,815,557
Passed through Family Health Council of Central Pennsylvania:				
Family Planning Services	93.217	FPHPA006431-01-00	-	5,000
Family Planning Services	93.217	FPHPA006529-02-00	-	15,000
Family Planning Services	93.217	FPHPA006588-01-00	-	6,474
Total Family Planning Services				26,474
Teen Pregnancy Prevention Program	93.297	TP1AH000227	-	505,844
Teen Pregnancy Prevention Program	93.297	TP1AH000295	-	479,554
Total Teen Pregnancy Prevention			-	985,398
Passed through Maine Department of Health and Human Services -				
Title IV-E Prevention Program - Homebuilders	93.472	CFS-22-8760	-	709,685
Title IV-E Prevention Program - Homebuilders	93.472	CFS-24-8760	-	312,847
Total Title IV-E Prevention Program			-	1,022,532
U.S. Department of Health and Human Services- Direct:				
Promoting Safe and Stable Families	93.556	90CW1147	-	538,941
Passed through Bulter County:				
Promoting Safe and Stable Families	93.556	N/A	-	30,000
Passed through Children's Network of Hillsborough:				
Promoting Safe and Stable Families	93.556	N/A	-	8,333
Passed through South Carolina Department of Social Services:				
Promoting Safe and Stable Families	93.556	N/A	-	352,951
Total Promoting Safe and Stable Families			-	930,225

See notes to schedule of expenditures of federal awards and schedule of expenditures of department agreements.

Bethany Christian Services

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity or Direct Award Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Other federal awards (continued):				
U.S. Department of Health and Human Services - (Continued):				
Passed through West Michigan Partnership for Children - Temporary Assistance for Needy Families	93.558	10400401-22	-	286,951
Passed through LSF Health Systems - Temporary Assistance for Needy Families	93.558	N/A	-	88,882
Passed through Butler County, Pennsylvania - Temporary Assistance for Needy Families	93.558	N/A	-	10,823
Passed through State of Missouri - Temporary Assistance for Needy Families	93.558	CS221991002	-	56,373
Passed through Alliance for Life - Temporary Assistance for Needy Families	93.558	N/A	-	53,001
Total Temporary Assistance for Needy Families			-	496,030
Passed through Nebraska Department of Health and Human Services:				
Refugee and Entrant Assistance - State Administered Programs	93.566	65966	-	164,598
Refugee and Entrant Assistance - State Administered Programs	93.566	67106	-	18,662
Passed through Michigan Department of Labor and Economic Opportunity (LEO):				
Refugee and Entrant Assistance - State Administered Programs	93.566	RES23-3902	\$ -	\$ 72,896
Refugee and Entrant Assistance - State Administered Programs	93.566	RES23-4103	-	543,447
Refugee and Entrant Assistance - State Administered Programs	93.566	RHP22-4101	48,632	191,089
Refugee and Entrant Assistance - State Administered Programs	93.566	RYM23-4101 ASA	-	134,515
Refugee and Entrant Assistance - State Administered Programs	93.566	RMH 23-0003	21,940	23,957
Refugee and Entrant Assistance - State Administered Programs	93.566	RMH 23-0004	-	53,066
Refugee and Entrant Assistance - State Administered Programs	93.566	RPRS23-4103	-	464,368
Refugee and Entrant Assistance - State Administered Programs	93.566	RSS20-3902	47,750	239,319
Refugee and Entrant Assistance - State Administered Programs	93.566	RSS20-4103	-	318,742
Refugee and Entrant Assistance - State Administered Programs	93.566	RSS23-2808	-	154,070
Refugee and Entrant Assistance - State Administered Programs	93.566	RTS24-0002	-	33,086
Refugee and Entrant Assistance - State Administered Programs	93.566	MS 23-2809	-	21,453
Refugee and Entrant Assistance - State Administered Programs	93.566	UHPAS23-2803	-	39,084
Refugee and Entrant Assistance - State Administered Programs	93.566	URM23-9901	-	4,850,271
Refugee and Entrant Assistance - State Administered Programs	93.566	URM23-9903	-	1,953,568
Refugee and Entrant Assistance - State Administered Programs	93.566	URM23-9904	-	46,938
Refugee and Entrant Assistance - State Administered Programs	93.566	URM23-9905	-	479,123
Refugee and Entrant Assistance - State Administered Programs	93.566	URM23-9909	-	3,317,346
Refugee and Entrant Assistance - State Administered Programs	93.566	URM23-9911	-	594,617
Refugee and Entrant Assistance - State Administered Programs	93.566	URM23-9913	-	244,980
Passed through Samaritas:				
Refugee and Entrant Assistance - State Administered Programs	93.566	RPRS23-3902	-	17,708
Passed through Jewish Family and Child Services:				
Refugee and Entrant Assistance - State Administered Programs	93.566	N/A	-	6,305
Passed through Commonwealth of Pennsylvania DHS:				
Refugee and Entrant Assistance - State Administered Programs	93.566	4100084127	908,140	3,957,270
Refugee and Entrant Assistance - State Administered Programs	93.566	4100084101	-	268,026
Refugee and Entrant Assistance - State Administered Programs	93.566	4100089580	147,962	531,759
Total Refugee and Entrant Assistance - State Administered Programs			1,174,424	18,740,263
U.S. Department of Health and Human Services- Direct:				
Refugee and Entrant Assistance - Voluntary Agency Programs	93.567	2401MIRVMG-00	-	7,808
Passed through Church World Service -				
Refugee and Entrant Assistance - Voluntary Agency Programs	93.567	N/A	-	1,363,050
Passed through World Relief -				
Refugee and Entrant Assistance - Voluntary Agency Programs	93.567	N/A	-	244,371
Passed through Lutheran Immigration and Refugee Services:				
Refugee and Entrant Assistance - Voluntary Agency Programs	93.567	2302MDRVMG	-	2,180,326
Total Refugee and Entrant Assistance - Voluntary Agency Programs			-	3,795,555
U.S. Department of Health and Human Services- Direct:				
Refugee and Entrant Assistance - Discretionary Grants	93.576	90ZN0025-01	\$ -	1,428
Refugee and Entrant Assistance - Discretionary Grants	93.576	90ZZ0020-01	106,047	306,835
Passed through Church World Service -				
Refugee and Entrant Assistance - Discretionary Grants	93.576	N/A	-	904,582
Passed through Lutheran Immigration and Refugee Service -				
Refugee and Entrant Assistance - Discretionary Grants	93.576	90RP0124	-	1,629,697
Passed through World Relief -				
Refugee and Entrant Assistance - Discretionary Grants	93.576	N/A	-	127,588
Total Refugee and Entrant Assistance - Discretionary Grants			106,047	2,970,130

See notes to schedule of expenditures of federal awards and schedule of expenditures of department agreements.

Bethany Christian Services

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance	Pass-through Entity or Direct Award Identifying Number	Total Amount Provided to	
	Listing Number		Subrecipients	Federal Expenditures
Other federal awards (continued):				
U.S. Department of Health and Human Services (Continued):				
Passed through Commonwealth of Pennsylvania DHS - Refugee and Entrant Assistance Wilson-Fish Program	93.583	4100089580	-	28,516
Passed through Michigan Department of Human Services - Community-Based Child Abuse Prevention Grants	93.590	E20230686	-	4,167
Passed through Tennessee Department of Children's Services - Community-Based Child Abuse Prevention Grants	93.590	N/A	-	116,666
Total Community-Based Child Abuse Prevention Grants			-	120,833
U.S. Department of Health and Human Services - Welfare Reform Research, Evaluations and National Studies	93.595	90PE0052-02	-	142,303
Passed through U.S. Committee for Refugees and Immigrants (USCRI) - Services to Victims of Severe Form of Trafficking	93.598	90ZV0145	-	23,370
Assistance for Torture Victims				
Foster Care Title IV-E:				
Passed through State of California:				
Los Angeles County	93.658	N/A	-	11,801
Riverside County	93.658	N/A	-	173,158
San Bernardino County	93.658	N/A	-	147,221
Santa Barbara County	93.658	N/A	-	10,747
Sonoma County	93.658	N/A	-	10,467
Ventura County	93.658	VCHSA 2023	-	8,431
Passed through Commonwealth of Pennsylvania:				
Allegheny County	93.658	N/A	-	2,068
Beaver County	93.658	N/A	\$ -	\$ 4,427
Berks County	93.658	N/A	-	124,591
Bucks County	93.658	N/A	-	14,943
Butler County	93.658	N/A	-	119,449
Cambria County	93.658	N/A	-	13,052
City of Philadelphia Dept. of Health and Human Services	93.658	2020071	-	365,268
City of Philadelphia Dept. of Health and Human Services	93.658	2020384	-	38,610
Cumberland County	93.658	N/A	-	29,320
Dauphin County	93.658	N/A	-	76,349
Delaware County	93.658	N/A	-	163,815
Erie County	93.658	N/A	-	11,120
Lancaster County	93.658	N/A	-	24,645
Lawrence County	93.658	N/A	-	32,862
Lebanon County	93.658	N/A	-	157,797
Lehigh County	93.658	N/A	-	12,218
Luzerne County	93.658	N/A	-	17,419
Mercer County	93.658	N/A	-	630
Mifflin County	93.658	N/A	-	17,678
Schuylkill County	93.658	N/A	-	17,907
York county	93.658	N/A	-	155,709
Passed through Georgia Department of Human Services -				
Foster Care Title IV-E	93.658	42700-040C-RBWO23-01184	-	1,895,582
Foster Care Title IV-E	93.658	42700-040C-RBWO24-01420	-	1,915,118
Passed through West Michigan Partnership for Children -				
Foster Care Title IV-E	93.658	N/A	-	804,811
Total Foster Care Title IV-E			-	6,377,213.00
Passed through West Michigan Partnership for Children - Adoption Assistance	93.659	N/A	-	377,522
Passed through Georgia Department of Human Services:				
Adoption Assistance	93.659	42700-040-0000107308	-	141,400
Adoption Assistance	93.659	42700-040-0000111667	-	139,350
Adoption Assistance	93.659	42700-040-0000107307	-	42,009
Adoption Assistance	93.659	42700-040-0000111659	-	37,020
Adoption Assistance	93.659	42700-040-0000107306	-	134,180
Adoption Assistance	93.659	42700-040-0000111669	-	90,144
Total Adoption Assistance			-	961,625

See notes to schedule of expenditures of federal awards and schedule of expenditures of department agreements.

Bethany Christian Services

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity or Direct Award Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Other federal awards (continued):				
U.S. Department of Health and Human Services (Continued):				
Passed through West Michigan Partnership for Children - Title XX - Social Services Block Grant	93.667	N/A	-	662,789
Passed through Family Health Council of Central Pennsylvania: Title XX - Social Services Block Grant	93.667	93.667	-	45,000
Passed through Michigan Department of Labor and Economic Opportunity - John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	N/A	-	2,010
U.S. Department of Health and Human Services - Direct:				
Unaccompanied Alien Children Program	93.676	90ZU0436	-	5,879,853
Unaccompanied Alien Children Program	93.676	90ZU0356	-	12,008,929
Unaccompanied Alien Children Program	93.676	90ZU0387	-	785,939
Unaccompanied Alien Children Program	93.676	90ZU0490	715,189	869,365
Unaccompanied Alien Children Program	93.676	90ZU0471	-	2,125,077
Unaccompanied Alien Children Program	93.676	90ZU0519	-	1,440,065
Unaccompanied Alien Children Program	93.676	90ZU0557	1,724,918	2,172,692
Passed through U.S. Conference of Catholic Bishops:				
Unaccompanied Alien Children Program	93.676	90ZU0325	-	408,539
Unaccompanied Alien Children Program	93.676	90ZU0386	-	1,934,651
Unaccompanied Alien Children Program	93.676	90ZU0355	-	907,860
Passed through Lutheran Immigration and Refugee Services:				
Unaccompanied Alien Children Program	93.676	90ZU0361-03	-	1,303,342
Unaccompanied Alien Children Program	93.676	90ZU0381-03	-	5,341,163
Unaccompanied Alien Children Program	93.676	90ZU0439-01	-	6,026,975
Unaccompanied Alien Children Program	93.676	90ZU0439-02	-	5,407,266
Unaccompanied Alien Children Program	93.676	90ZU0521-01	-	20,958,441
Unaccompanied Alien Children Program	93.676	90ZU0318-03	-	4,809,158
Total Unaccompanied Alien Children Program			2,440,107	72,379,315
Passed through South Dakota Department of Social Services - Opioid STR	93.788	23-085E-634	-	162,092
Passed through South Dakota Department of Social Services - Opioid STR	93.788	24-085E-634	-	223,883
Total Opioid STR			-	385,975
U.S. Department of Health and Human Services - Direct:				
Rural Health Care Services Outreach	93.912	23G26RH49887	-	45,229
Passed through Community Mental Health of Ottawa County -				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	-	112,612
Passed through Pennsylvania Department of Drug and Alcohol Programs -				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4100090511	-	212,847
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4100093418	-	156,042
Passed through Wisconsin Department of Health Services -				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	435200-G23-140712-390	-	365,004
Block Grants for Prevention and Treatment of Substance Abuse	93.959	435200-G24-140712-490	-	83,334
Total Block Grants for Prevention and Treatment of Substance Abuse			\$ -	\$ 929,839
Total U.S. Department of Health and Human Services			3,720,578	113,214,188
U.S. Corporation for National and Community Service:				
Volunteers in Service to America	94.013	22VS244586	-	32,233
Volunteers in Service to America	94.013	23VS256147	-	30,805
Total Volunteers in Service to America Program			-	63,038
U.S. Department of Homeland Security - Passed through United Way of				
West Michigan -				
West Michigan - Emergency Food and Shelter National Board Program	97.024	ARPAR-4724-00-035	-	20,000
Total U.S. Department of Homeland Security			-	20,000
U.S. Agency for International Development (USAID) -				
Passed through JSI Research & Training Institute, Inc. (JSI) -				
USAID Foreign Assistance for Programs Overseas	98.001	PP-GM-002	-	429,869
Total U.S. Agency for International Development			-	429,869
Total other federal awards			3,720,578	120,968,354
Total federal awards			\$ 3,720,578	\$ 121,131,264

See notes to schedule of expenditures of federal awards and schedule of expenditures of department agreements.

Bethany Christian Services

Schedule of Expenditures of Department Agreements

Year Ended December 31, 2023

Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenses	State Expenses	Total Department Expenses
DHHS:								
OCFS	CFS-22-8760	\$ 4,928,300	3/1/22 - 9/30/23	HOMEBUILDERS® - Reunification	Final	\$ 30,327	\$ 98,813	\$ 129,140
OCFS	CFS-22-8760	4,928,300	3/1/22 - 9/30/23	HOMEBUILDERS® - Non-Reunification	Final	679,358	566,753	1,246,111
OCFS	CFS-24-8760	14,180,000	10/1/23 - 9/30/25	HOMEBUILDERS® - Reunification	Interim	28,137	65,810	93,947
OCFS	CFS-24-8760	14,180,000	10/1/23 - 9/30/25	HOMEBUILDERS® - Non-Reunification	Interim	<u>284,710</u>	<u>261,863</u>	<u>546,573</u>
Total						<u>\$ 1,022,532</u>	<u>\$ 993,239</u>	<u>\$ 2,015,771</u>

Bethany Christian Services

Schedule of Expenditures of Federal, State, and Local Awards for the City of Philadelphia

Year Ended December 31, 2023

Pass-through Grantor/Program Title	Expenditures
U.S. Department of Health and Human Services - Foster Care Title IV-E - Passed through the City of Philadelphia Department of Health and Human Services:	
Federal Title IV-E #93.658	\$ 403,878
Commonwealth of Pennsylvania Act 148 Funds	489,011
City of Philadelphia Funding	<u>438,631</u>
Total	<u>\$ 1,331,520</u>

Notes to Schedule of Expenditures of Federal Awards and Schedule of Expenditures of Department Agreements

Year Ended December 31, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Bethany Christian Services and its subsidiaries (the "Organization") under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance").

The accompanying schedule of expenditures of department agreements (the "SEDA") includes the State of Maine department agreement activity of Bethany Christian Services and its subsidiaries under programs of the State of Maine. The information in the SEDA is presented in accordance with the Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP) for the year ended December 31, 2023.

Because the Schedule and the SEDA present only a selected portion of the operations of the Organization, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

The Organization has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance. The Organization uses a negotiated rate through the U.S. Department of Health and Human Services.

Note 3 - Commingled Assistance

Expenditures reported in the Schedule within Foster Care Title IV-E passed through various counties in Pennsylvania include federal and nonfederal expenditures. An allocation was not provided by the granting agencies for the year ended December 31, 2023.

Delaware County	\$	163,815
Mercer County		630
Mifflin County		17,678
Schuylkill County		17,907
York County		155,709
Total commingled assistance	\$	<u>355,739</u>

Schedule of Findings and Questioned Costs

Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
93.567	Refugee and Entrant Assistance Voluntary Agency Program	Unmodified
93.676	Unaccompanied Alien Children Program	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2023

Section I - Summary of Auditor's Results – State Department Agreements

Department Agreements

Internal control over compliance for major department agreements:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ Yes ☐ None reported

Any audit findings disclosed that are required to be reported in accordance with Chapter 148-C: Maine Uniform Accounting and Auditing Practices Act for Community Agencies

☒ Yes ☐ No

Identification of major department agreements tested and type of auditor's report:

Agreement Number	Agreement Service	Opinion
CFS-22-8760	Statewide Intensive Family Preservation and Reunification Support (Homebuilders)	Unmodified
CFS-24-8760	Statewide Intensive Family Preservation and Reunification Support (Homebuilders)	Unmodified

Percentage of department agreements tested: 100%

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2023**Section II - State Department Agreements Findings**

Reference Number	Finding	Questioned Costs
2023-001	<p>Name: CFS-22-8760, CFS-24-8760 – Maine Department of Health and Human Services – Statewide Intensive Family Preservation and Reunification Support (Homebuilders)</p> <p>Finding Type: Significant deficiency and material noncompliance with grant agreement</p> <p>Criteria: The Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP) requires performance reporting.</p> <p>Condition: The Organization did not complete all performance reporting required.</p> <p>Known Questioned Costs: None</p> <p>Likely Questioned Costs: None</p> <p>Context: The program requires three types of performance reporting, two of the requirements were waived by the State, however, one performance reporting requirement for quarterly reporting was not completed during 2023.</p> <p>Cause: The Organization was not aware of the performance reporting requirements.</p> <p>Effect: The Organization did not complete certain performance reporting requirements.</p> <p>Recommendation: We recommend the Organization review agreements with new state funding sources for compliance requirements, including performance reporting requirements.</p> <p>Management response/corrective action: We agree with the recommendation and have implemented a process to ensure performance reporting is completed timely when required.</p>	None



Bethany Christian Services

December 31, 2023

Corrective Action Plan – Department Agreements

Finding Number: 2023-001

Condition: The Organization did not complete all performance reporting required for the CFS-22-8760, CFS-24-8760 – Maine Department of Health and Human Services – Statewide Intensive Family Preservation and Reunification Support (Homebuilders).

Planned Corrective Action: The performance reports that were not submitted during 2023 have been submitted beginning in 2024. Therefore, further corrective action is not deemed necessary.

Contact person responsible for corrective action: N/A

Anticipated Completion Date: N/A