

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

December 31, 2023 and 2022

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Christian Solidarity International, Inc.
Westlake Village, California

Opinion

We have audited the accompanying financial statements of Christian Solidarity International, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying 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 and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ronald Blue & Co. CPAs

Santa Ana, California
April 15, 2024

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 303,177	\$ 431,993
Cash and cash equivalents - restricted	<u>162,666</u>	<u>223,198</u>
Total cash and cash equivalents	<u>465,843</u>	<u>655,191</u>
Total current assets	<u>465,843</u>	<u>655,191</u>
Total assets	<u>\$ 465,843</u>	<u>\$ 655,191</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 49,023	\$ 9,731
Accrued expenses	<u>11,809</u>	<u>11,809</u>
Total current liabilities	<u>60,832</u>	<u>21,540</u>
Total liabilities	<u>60,832</u>	<u>21,540</u>
Net assets:		
Without donor restrictions	242,345	410,453
With donor restrictions	<u>162,666</u>	<u>223,198</u>
Total net assets, as restated	<u>405,011</u>	<u>633,651</u>
Total liabilities and net assets	<u>\$ 465,843</u>	<u>\$ 655,191</u>

See accompanying notes and independent auditors' report

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and revenues:						
Contributions	\$ 1,019,000	\$ 811,876	\$ 1,830,876	\$ 815,436	\$ 864,807	\$ 1,680,243
Net assets released from restrictions	<u>872,408</u>	<u>(872,408)</u>	<u>-</u>	<u>1,160,214</u>	<u>(1,160,214)</u>	<u>-</u>
Total support and revenues	<u>1,891,408</u>	<u>(60,532)</u>	<u>1,830,876</u>	<u>1,975,650</u>	<u>(295,407)</u>	<u>1,680,243</u>
Expenses:						
Program activities:						
Slave Liberation	682,811	-	682,811	612,880	-	612,880
Field Projects	<u>961,283</u>	<u>-</u>	<u>961,283</u>	<u>741,399</u>	<u>-</u>	<u>741,399</u>
Total program activities	<u>1,644,094</u>	<u>-</u>	<u>1,644,094</u>	<u>1,354,279</u>	<u>-</u>	<u>1,354,279</u>
Supporting activities:						
Management and general	335,303	-	335,303	230,924	-	230,924
Fundraising	<u>80,119</u>	<u>-</u>	<u>80,119</u>	<u>95,551</u>	<u>-</u>	<u>95,551</u>
Total supporting activities	<u>415,422</u>	<u>-</u>	<u>415,422</u>	<u>326,475</u>	<u>-</u>	<u>326,475</u>
Total expenses	<u>2,059,516</u>	<u>-</u>	<u>2,059,516</u>	<u>1,680,754</u>	<u>-</u>	<u>1,680,754</u>
Change in net assets	(168,108)	(60,532)	(228,640)	294,896	(295,407)	(511)
Net assets, beginning of year, as restated	<u>410,453</u>	<u>223,198</u>	<u>633,651</u>	<u>115,557</u>	<u>518,605</u>	<u>634,162</u>
Net assets, end of year, as restated	<u>\$ 242,345</u>	<u>\$ 162,666</u>	<u>\$ 405,011</u>	<u>\$ 410,453</u>	<u>\$ 223,198</u>	<u>\$ 633,651</u>

See accompanying notes and independent auditors' report

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

	Program activities		Supporting activities		Total
	Slave Liberation	Field Projects	Management and general	Fundraising	
Expenses:					
Salaries and wages	\$ 174,324	\$ 77,040	\$ 22,621	\$ 9,540	\$ 283,525
Payroll processing	-	-	2,393	-	2,393
Payroll taxes	<u>13,336</u>	<u>5,893</u>	<u>2,677</u>	<u>730</u>	<u>22,636</u>
Total personnel costs	187,660	82,933	27,691	10,270	308,554
Advertising and promotion	-	16,000	156	-	16,156
Bank and merchant fees	-	-	-	28,815	28,815
Broadcasting and newsletters	-	304,871	60,082	34,022	398,975
Conferences	-	795	833	399	2,027
Insurance	-	3,149	-	-	3,149
Licenses and permits	-	2,291	4,566	-	6,857
Miscellaneous	-	-	663	299	962
Printing and postage	-	1,039	3,046	1,039	5,124
Professional fees	-	32,809	225,474	-	258,283
Rent	-	5,129	5,128	5,128	15,385
Repairs and maintenance	-	-	686	-	686
Slave liberation programs	495,151	512,120	-	-	1,007,271
Supplies	-	-	2,582	-	2,582
Telephone and IT	-	-	4,249	-	4,249
Utilities	<u>-</u>	<u>147</u>	<u>147</u>	<u>147</u>	<u>441</u>
Total expenses	<u>\$ 682,811</u>	<u>\$ 961,283</u>	<u>\$ 335,303</u>	<u>\$ 80,119</u>	<u>\$ 2,059,516</u>

See accompanying notes and independent auditors' report

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

For the Year Ended December 31, 2022

	Program activities		Supporting activities		
	Slave Liberation	Field Projects	Management and general	Fundraising	Total
Expenses:					
Salaries and wages	\$ 173,298	\$ 77,040	\$ 22,500	\$ 9,540	\$ 282,378
Payroll processing	-	-	2,124	-	2,124
Payroll taxes	<u>13,336</u>	<u>5,893</u>	<u>1,721</u>	<u>730</u>	<u>21,680</u>
Total personnel costs	186,634	82,933	26,345	10,270	306,182
Advertising and promotion	-	16,431	143	-	16,574
Bank and merchant fees	-	-	28,841	-	28,841
Broadcasting and newsletters	-	306,202	30,045	78,894	415,141
Insurance	-	-	3,177	-	3,177
Licenses and permits	-	1,919	2,206	141	4,266
Miscellaneous	-	-	530	231	761
Printing and postage	-	913	2,143	913	3,969
Professional fees	-	30,530	126,497	-	157,027
Rent	-	4,997	4,998	4,997	14,992
Repairs and maintenance	-	-	757	-	757
Slave liberation programs	426,246	297,369	-	-	723,615
Supplies	-	-	1,303	-	1,303
Telephone and IT	-	-	3,834	-	3,834
Utilities	<u>-</u>	<u>105</u>	<u>105</u>	<u>105</u>	<u>315</u>
Total expenses	<u>\$ 612,880</u>	<u>\$ 741,399</u>	<u>\$ 230,924</u>	<u>\$ 95,551</u>	<u>\$ 1,680,754</u>

See accompanying notes and independent auditors' report

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (228,640)	\$ (511)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in:		
Accounts payable	39,292	(14,837)
Accrued expenses	<u>-</u>	<u>(1,026)</u>
Net cash flows from operating activities	<u>(189,348)</u>	<u>(16,374)</u>
Net change in cash and cash equivalents	(189,348)	(16,374)
Total cash and cash equivalents, beginning of year	<u>655,191</u>	<u>671,565</u>
Total cash and cash equivalents, end of year	<u><u>\$ 465,843</u></u>	<u><u>\$ 655,191</u></u>

Supplemental disclosures of cash flow activity:

There was no cash paid for interest or income taxes for the years ended December 31, 2023 and 2022.

There were no investing or financing activities for the years ended December 31, 2023 and 2022.

See accompanying notes and independent auditors' report

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 1 – Summary of significant accounting policies

The following significant accounting policies are presented to assist the reader in understanding the financial statements of Christian Solidarity International, Inc. (the Organization). The financial statements and notes are representations of management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (US GAAP) and have been consistently applied in the preparation of the financial statements.

Nature of operations

The Organization is a human rights organization that was founded on 1977 and was incorporated in the state of California. The Organization's mission-programs work to promote religious liberty and human dignity by assisting victimized children, victims of religious persecution, and victims of catastrophic events.

The Organization is an affiliate of Christian Solidarity International, an association registered in Zurich, Switzerland (CSI-Switzerland). The Organization pays the expenses related to the programs below to CSI-Switzerland, which then expends the funds to fulfill the program's mission.

Slave Liberation: The Organization has been working on the ground in Sudan since 1995 to liberate Christians and other non-Muslims forced into slavery by Islamist militiamen armed and directed by the Khartoum regime. Working through a local underground network, the Organization has rescued more than 100,000 people from slavery.

Field Projects: The Organization is committed to providing tangible, immediate aid to Christians and others suffering violence, displacement and enslavement for their faith. The Organization's teams regularly travel to the front lines of persecution to meet with threatened Christians and religious minorities, assess their needs, and provide aid. In addition, the Organization partners with local Organization workers and civil society organizations to provide continual support for religious communities struggling for survival.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with US GAAP. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Financial statement estimates and assumptions

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 1 – Summary of significant accounting policies (continued)

Cash and cash equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Cash and cash equivalents – restricted

The Organization routinely receives contributions that are subject to donor-imposed restrictions. Restricted cash consists of those amounts set aside to comply with such restrictions.

Concentration of credit risk

The Organization maintains cash balances primarily in two financial institutions, the balance of which may, at times, be in excess of Federal Deposit Insurance Corporation (FDIC) limits. Approximately \$55,790 and \$174,533 was on deposit at financial institutions in excess of FDIC limits at December 31, 2023 and 2022, respectively. The Organization has not experienced any losses in such accounts. Management does not believe that the Organization is exposed to any significant credit risk in connection with cash and cash equivalents.

Property and equipment

Capital expenditures over \$1,000 for property and equipment are capitalized, and presented at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to thirty-nine years. Donated assets are capitalized at their approximate fair value at the date of the gift. Depreciation expense for the years ended December 31, 2023 and 2022, was \$0 and \$0.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During 2023 and 2022, there were no events or changes in circumstances indicating that the carrying amount of long-lived assets may not be recoverable.

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 1 – Summary of significant accounting policies (continued)

Net assets

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as net assets with donor restrictions, depending on the nature of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. At December 31, 2023 and 2022, net assets with donor restrictions consisted of \$162,666 and \$223,198, respectively.

Revenue recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a benefit interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue is recognized when earned.

Revenue from contracts is recognized when the Organization satisfies a performance obligation by transferring a promised good or service to a customer. The Organization considers the terms of the contract and all relevant facts and circumstances when applying the revenue recognition standard. The Organization also applies the revenue recognition standard consistently to contracts with similar characteristics and in similar circumstances.

Gift-in-kind

Volunteers contribute amounts of time to the program, administration, and fundraising and development activities carried out by the Organization. However, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by US GAAP. Gifts-in-kind are recorded at fair value on the date of the donation. No significant gifts-in-kind were received during the years ended December 31, 2023 and 2022.

Functional allocation of expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain significant expenses are allocated on a basis of square footage, such as rent and depreciation; while others are allocated on a basis of time and effort estimates, such as personnel expenses.

Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 1 – Summary of significant accounting policies (continued)

Income taxes

The Organization is a not-for-profit California corporation exempt from income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701d and is classified as other than a private foundation. During the years ended December 31, 2023 and 2022, the Organization received rental income which was not subject to unrelated business taxable income, and therefore incurred no tax liability due to unrelated business income. The Organization does not believe its financial statements include (or reflect) any uncertain tax positions.

Advertising costs

Advertising costs are expensed as incurred. For the years ended December 31, 2023 and 2022, advertising expense totaled \$16,156 and \$16,574, respectively.

Leases

The Organization leases office space on a month-to-month contract. Related rent expense was \$15,385 and \$14,992 for the years ended December 31, 2023 and 2022, respectively.

Note 2 – Liquidity and availability

As part of liquidity management, the Organization has adopted a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure within one year consisted of the following at December 31, 2023:

Total cash and cash equivalents	<u>\$ 465,843</u>
Total financial assets	<u>465,843</u>
Contractual or donor-imposed restrictions:	
Donor contributions with specific purpose or time restrictions	<u>162,666</u>
Total contractual or donor-imposed restrictions	<u>162,666</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 303,177</u></u>

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 3 – Net assets with donor restrictions

Net assets with donor restrictions consisted of the following at December 31:

	2023	2022
Armenia	\$ 6,494	\$ 13,430
Catastrophe relief	4,312	-
Food seeds	24,039	-
Medical	8	-
Nigeria	-	2,669
Slave Liberation	120,691	124,840
Ukraine	4,562	63,849
Water well drilling	-	15,850
Welding project	<u>2,560</u>	<u>2,560</u>
Total net assets with donor restrictions	<u>\$ 162,666</u>	<u>\$ 223,198</u>

Note 4 – Risks and uncertainties

Legal matters

In May 2021, a former employee filed a wrongful termination lawsuit against the Organization. The Organization has retained legal counsel and is rigorously defending against this claim. As of the date of management's evaluation (see Note 7), it is not possible to determine if there is a loss potential or to estimate the potential amount. Therefore, no accrual or further disclosures are included in these financial statements. Related legal expenses are included in professional fees on the statements of functional expenses .

The Organization does not have employer's practices liability insurance, and is not aware of any insurance policy providing coverage for the claim.

CHRISTIAN SOLIDARITY INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 5 – Related party transactions

The function of the Organization is to support the international action plan of Christian Solidarity International (CSI). The Organization raises funds in the United States of America and pays either through CSI or directly to the project partners for slave liberation and field project expenses.

The Organization's acting Chief Financial Officer is also the Chief Financial Officer of CSI. The Organization's President of the Board of Directors is the President of CSI.

Note 6 – Prior period adjustment

During the year ended December 31, 2023, management became aware of amounts historically reported as investments, comprised of gold coins, that were no longer in the Organization's possession. Therefore, a prior period adjustment has been *recorded* to eliminate the asset from the books. The impact was a decrease of investment assets in the amount of \$19,570 and a decrease of the related 2022 unrealized gain on investments amounting to \$1,795. The net impact of \$17,775 is reflected as a reduction of net assets without donor restrictions.

Note 7 – Subsequent events

Management's evaluation

Management has evaluated subsequent events through April 15, 2024, the date on which the financial statements were available to be issued.