



**COOKSON HILLS CHRISTIAN
SCHOOLS, INC.**

Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

COOKSON HILLS CHRISTIAN SCHOOL, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cookson Hills Christian School, Inc.
Kansas, Oklahoma

Opinion

We have audited the accompanying financial statements of Cookson Hills Christian School, Inc., which comprise the statements of financial position as of June 30, 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 financial statements referred to above present fairly, in all material respects, the financial position of Cookson Hills Christian School, Inc. as of June 30, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cookson Hills Christian School, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Board of Directors
Cookson Hills Christian School, Inc.
Kansas, Oklahoma

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

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

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

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

Capin Crouse LLP

Colorado Springs, Colorado
October 25, 2023

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Statements of Financial Position

	June 30,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 593,249	\$ 579,406
Prepaid expenses and other receivables	303,221	405,970
Investments	5,183,743	4,954,067
Cash held for long-term purposes	20,022	706,712
Property and equipment-net	11,026,607	10,578,553
Total Assets	\$ 17,126,842	\$ 17,224,708
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 192,902	\$ 71,833
Accrued expenses and other liabilities	64,603	95,576
Defined benefit pension liability	333,637	333,637
Total liabilities	591,142	501,046
Net assets:		
Without donor restrictions	15,084,541	15,763,475
With donor restrictions	1,451,159	960,187
Total net assets	16,535,700	16,723,662
Total Liabilities and Net Assets	\$ 17,126,842	\$ 17,224,708

See notes to financial statements

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Statements of Activities

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Contributions	\$ 2,578,628	\$ 538,662	\$ 3,117,290	\$ 2,834,523	\$ 739,621	\$ 3,574,144
Investment income (loss)	311,193	-	311,193	(542,987)	-	(542,987)
Program, rent, and other	115,333	-	115,333	273,304	-	273,304
Total Revenue and Support	<u>3,005,154</u>	<u>538,662</u>	<u>3,543,816</u>	<u>2,564,840</u>	<u>739,621</u>	<u>3,304,461</u>
NET ASSETS RELEASED:						
Purpose restrictions	<u>47,690</u>	<u>(47,690)</u>	<u>-</u>	<u>143,214</u>	<u>(143,214)</u>	<u>-</u>
EXPENSES:						
Program services:						
Home	1,748,069	-	1,748,069	1,945,507	-	1,945,507
School	1,026,962	-	1,026,962	1,072,014	-	1,072,014
Therapy	178,527	-	178,527	163,650	-	163,650
General and administrative	443,689	-	443,689	415,274	-	415,274
Fundraising	334,531	-	334,531	288,841	-	288,841
Total Expenses	<u>3,731,778</u>	<u>-</u>	<u>3,731,778</u>	<u>3,885,286</u>	<u>-</u>	<u>3,885,286</u>
Change in Net Assets from Operating Activity	<u>(678,934)</u>	<u>490,972</u>	<u>(187,962)</u>	<u>(1,177,232)</u>	<u>596,407</u>	<u>(580,825)</u>
NON-OPERATING ACTIVITY:						
Change in net assets related to: Defined benefit pension liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,363</u>	<u>-</u>	<u>6,363</u>
Change in Net Assets	<u>(678,934)</u>	<u>490,972</u>	<u>(187,962)</u>	<u>(1,170,869)</u>	<u>596,407</u>	<u>(574,462)</u>
Net Assets, Beginning of Year	<u>15,763,475</u>	<u>960,187</u>	<u>16,723,662</u>	<u>16,934,344</u>	<u>363,780</u>	<u>17,298,124</u>
Net Assets, End of Year	<u>\$ 15,084,541</u>	<u>\$ 1,451,159</u>	<u>\$ 16,535,700</u>	<u>\$ 15,763,475</u>	<u>\$ 960,187</u>	<u>\$ 16,723,662</u>

See notes to financial statements

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Statement of Functional Expenses

	Year Ended June 30, 2023					
	Home	School	Therapy	General and Administrative	Fundraising	Total
Operating Expenses:						
Salaries and benefits	\$ 844,057	\$ 461,877	\$ 142,162	\$ 158,108	\$ 154,699	\$ 1,760,903
Depreciation	414,953	150,892	-	188,615	-	754,460
Occupancy	219,604	112,154	13,859	16,672	8,333	370,622
Advertising and other fees	64,344	28,905	5,806	23,530	142,022	264,607
Office expense and education materials	41,113	170,091	1,197	23,421	16,917	252,739
Food and other campus supplies	85,094	20,233	11,112	7,901	-	124,340
Vehicles and equipment	48,718	10,700	2,938	18,546	269	81,171
Information technology	10,020	53,064	286	1,236	332	64,938
Staff development	20,166	19,046	1,167	5,660	11,959	57,998
Total Operating Expenses	\$ 1,748,069	\$ 1,026,962	\$ 178,527	\$ 443,689	\$ 334,531	\$ 3,731,778
Percentage of Total Expenses	46%	28%	5%	12%	9%	100%

See notes to financial statements

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Statement of Functional Expenses

	Year Ended June 30, 2022					
	Home	School	Therapy	General and Administrative	Fundraising	Total
Operating Expenses:						
Salaries and benefits	\$ 1,003,511	\$ 586,480	\$ 127,917	\$ 149,871	\$ 133,598	\$ 2,001,377
Depreciation	419,541	152,560	-	190,701	-	762,802
Occupancy	238,405	132,690	5,523	13,341	8,202	398,161
Advertising and other fees	45,673	18,569	5,088	14,610	112,559	196,499
Office expense and education materials	32,076	80,745	325	17,969	22,835	153,950
Food and other campus supplies	115,667	11,818	14,650	4,263	-	146,398
Vehicles and equipment	58,171	8,428	7,527	15,845	1,333	91,304
Information technology	11,624	68,212	170	1,724	2,530	84,260
Staff development	20,839	12,512	2,450	6,950	7,784	50,535
Total Operating Expenses	\$ 1,945,507	\$ 1,072,014	\$ 163,650	\$ 415,274	\$ 288,841	\$ 3,885,286
Percentage of Total Expenses	50%	28%	4%	11%	7%	100%

See notes to financial statements

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (187,962)	\$ (574,462)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	754,460	762,802
Loss on disposal of property and equipment	-	74,957
Net unrealized and realized loss (gain) on investments	(313,671)	548,400
Reinvested dividends and interest	(87,252)	(85,539)
Contributions restricted for long-term purposes	(440,278)	(716,653)
Changes in:		
Prepaid expenses and other receivables	102,749	(276,685)
Accounts payable	121,069	(5,823)
Accrued expenses and other liabilities	(30,973)	(14,868)
Defined benefit pension liability	-	(6,363)
Net Cash Used by Operating Activities	(81,858)	(294,234)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,202,514)	(602,739)
Purchase of investments	(2,100,964)	(95,153)
Proceeds from sales of investments	2,272,211	217,761
Net Cash Used by Investing Activities	(1,031,267)	(480,131)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term purposes	440,278	716,653
Net Cash Provided by Financing Activities	440,278	716,653
Change in Cash and Cash Equivalents and Cash Held for Long-Term Purposes	(672,847)	(57,712)
Cash and Cash Equivalents and Cash Held for Long-Term Purposes Beginning of Year	1,286,118	1,343,830
Cash and Cash Equivalents and Cash Held for Long-Term Purposes End of Year	\$ 613,271	\$ 1,286,118
Cash and Cash Equivalents	\$ 593,249	\$ 579,406
Cash Held for Long-Term Purposes	20,022	706,712
Cash and Cash Equivalents and Cash Held for Long-Term Purposes	\$ 613,271	\$ 1,286,118

See notes to financial statements

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

1. NATURE OF ORGANIZATION:

Cookson Hills Christian School, Inc. (the School) is a not-for-profit corporation established under the laws of the State of Oklahoma, and operates as a religious organization. The School has been providing home, school, and therapy for kids who are at risk, since 1957.

We believe that every child needs a home that provides love, structure, and spiritual guidance. At Cookson Hills, kids move into a home with married houseparents (trained in trauma-informed care) along with house brothers and sisters. A healthy family where each child is a valued member is the best place to learn how to cooperate, love, and respect others.

We believe that every child needs a quality education that can prepare them for success and a hopeful future. Our K-12th grade (ACSI accredited) Christian school, dedicated teachers, caring staff, one-on-one coaching, small class sizes, and trauma-informed care environment gives kids the opportunity to be understood and get back on track academically.

We believe that every child needs the opportunity to heal from life's hurts. Our creative, faith-based, therapeutic services utilize professionals, as well as equine experiences, to get to the source of the hurt and find healing. For families seeking reunification, we offer family therapy and parent education courses.

The School is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the School is subject to federal income tax on any unrelated business taxable income. In addition, the School is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

2. SIGNIFICANT ACCOUNTING POLICIES:

The School uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and savings accounts. As of June 30, 2023 and 2022, the School had cash and cash equivalents on deposit with financial institutions that exceeded federally insured balances by approximately \$128,000 and \$619,000, respectively. Cash held for long-term purposes is to be used for building projects.

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS AND INVESTMENT INCOME

All investments with readily determinable fair values are recorded at fair market value. Unrealized gains or losses in fair value are recognized in the year in which they occur and reflected on the statements of activities. 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 statement of financial position. Interests in privately held equities are held at cost and evaluated for impairment if any triggering event occurs. Interests in privately held equities that are not held at cost are recorded using the equity method of accounting.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, or if donated, at fair value as of the date of the gift. Property donated with restrictions regarding its use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from net assets with donor restrictions to net assets without donor restrictions at that time. Purchases in excess of \$3,000 are capitalized with lesser amounts expensed in the year of purchase. All capital assets other than land are depreciated using the straight-line method of depreciation over these asset lives:

Vehicles	5 years
Equipment	5-10 years
Improvements	5-15 years
Buildings	10-39 years

NET ASSETS

The following classes of net assets are maintained:

Net assets without donor restrictions represent those net assets whose use is not restricted by the donors; however, their use may be limited by board designation. Included in net assets without donor restrictions are resources that are used to support current operations, including property and equipment. Board designated amounts are not available to management for operations.

Net assets with donor restrictions include assets of the School related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose or to later periods of time or after specified dates. Net assets with donor restrictions also include assets restricted in perpetuity, which are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and only the income be utilized. Contributions receivable that are due in future periods and are not restricted in perpetuity are classified as restricted by time.

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS, continued

Management of the School has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the School classifies as net assets restricted in perpetuity (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. This will then cause the net assets restricted in perpetuity to reflect the historical cost value of the endowment. All gains will be added to the net assets with donor restrictions until which time a determination is made as to its disposition. If there are capital losses, those losses will go against the endowment funds with donor restrictions.

SPENDING POLICIES AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The School has a policy of reinvesting the quasi-endowment's earnings. The primary investment objective of quasi-endowment funds is to follow those policies that will preserve the principal value and provide predictable stable income stream to further the endowments original intentions.

REVENUE AND SUPPORT

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. The School reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. All contributions are considered available for use without restrictions unless specifically restricted by the donor.

Investment income is recognized when earned. Unrealized gains/losses are recorded to reflect the investments at their fair market value.

Program, rent, and other revenue is recognized when earned. There are no advance receipts of payments and all payments are collected when the item is sold, creating no accounts receivable.

FUNCTIONAL EXPENSES

The statements of functional expenses report certain categories of expenses that are attributable to program or support activities of the School. Accordingly, certain costs relating to more than one function, such as salaries and benefits, depreciation, and occupancy have been allocated among the program services and supporting activities. Depreciation is allocated based on square footage. All other expenses, such as salaries and benefits, are allocated based on estimates of time and effort.

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

OPERATING AND NON-OPERATING ACTIVITIES

The activity of the School has been reported in the statements of activities in the following two categories: operating and non-operating. Operating includes the core ministry and education activities of the School. Non-operating includes all other activity that is not considered to be "core ministry and education", such as actuarial gains and losses for the defined pension benefit liability.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the School's financial assets reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, designated by the board of directors for specific purposes not expected to be met with one year, or long-term receivables and not available for general expenditure.

	June 30,	
	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents and cash held for long-term purposes	\$ 613,271	\$ 1,286,118
Investments	5,183,743	4,954,067
Financial assets, at year-end	<u>5,797,014</u>	<u>6,240,185</u>
Less those unavailable for general expenditures within one year, due to:		
Board designated funds not expected to be used within one year	(4,385,708)	(4,550,530)
Used for long-term purposes	(1,146,989)	(706,712)
Funds not expected to be used within one year	(254,317)	(236,275)
Endowment funds restricted in perpetuity	<u>(10,000)</u>	<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ -</u>	<u>\$ 736,668</u>

The School has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows through board meetings and detailed financial analysis.

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

4. DISCLOSURES OF FAIR VALUE AND FAIR VALUE MEASUREMENT:

The School follows the provisions of the *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This hierarchy consists of three levels of inputs that may be used to measure fair value:

Level 1

Quoted prices in active markets for identical assets or liabilities.

Level 2

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The School uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the School measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs were not available.

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

4. DISCLOSURES OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued:

Fair values of assets measured on a recurring basis are as follows:

	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Mutual funds	\$ 2,347,415	\$ 2,347,415	\$ -	\$ -
Fixed income & bond funds	1,828,055	1,828,055	-	-
Equity securities	223,141	223,141	-	-
Miscellaneous investments	18,036	18,036	-	-
	\$ 4,416,647	\$ 4,416,647	\$ -	\$ -
Reconciling items:				
Cash and money market:	267,096			
Interest in privately held entities	500,000			
Total investments on the statement of financial position	\$ 5,183,743			

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

4. DISCLOSURES OF FAIR VALUE AND FAIR VALUE MEASUREMENT, continued:

Fair values of assets measured on a recurring basis are as follows, continued:

	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Mutual Funds	\$ 3,962,653	\$ 3,962,653	\$ -	\$ -
Fixed income & bond funds	74,404	74,404	-	-
Equity securities	231,801	231,801	-	-
Miscellaneous investments	17,245	17,245	-	-
	\$ 4,286,103	\$ 4,286,103	\$ -	\$ -
Reconciling items:				
Cash and money market:	17,964			
Interest in privately held entities	650,000			
Total investments on the statement of financial position	\$ 4,954,067			

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

5. INVESTMENTS AND INVESTMENT INCOME:

The following is a summary of investments:

	June 30,	
	2023	2022
Cash and money markets	\$ 267,096	\$ 17,964
Mutual funds	2,347,415	3,962,653
Equity securities	223,141	231,801
Fixed income and bond funds	1,828,055	74,404
Miscellaneous investments	18,036	17,245
Interest in privately held entities	500,000	650,000
 Total investments	 \$ 5,183,743	 \$ 4,954,067

Investment income (loss) is comprised of the following for the years ended:

	June 30,	
	2023	2022
Revenues and support:		
Interest and dividends	\$ 93,920	\$ 90,952
Net realized and unrealized gains (losses)	217,273	(633,939)
 Total investment income (loss)	 \$ 311,193	 \$ (542,987)

During the year ended June 30, 2017, the School invested \$550,000 in private equities of two entities. The School accounts for these investments under the cost method. These investments were transferred as part of a venture agreement into one entity during the year ended June 30, 2021. The fair value of the investments is not able to be estimated. As of June 30, 2023, there was a significant adverse effect on the cost basis of the investment, which was impaired to \$400,000.

During the year ended June 30, 2018, the School invested \$500,000 in a third privately held entity. The School accounts for this investment under the cost method. The fair value of the investments is not able to be estimated. During the year ended June 30, 2021, there was a significant adverse effect on the cost basis of the investment which was impaired to \$100,000.

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

6. PROPERTY AND EQUIPMENT:

Property and equipment—net, consist of:

	June 30,	
	2023	2022
Land	\$ 21,355	\$ 21,355
Vehicles	478,075	473,075
Equipment	1,246,709	1,240,180
Improvements	3,821,090	3,670,615
Buildings	12,313,781	12,279,147
Construction-in-progress	1,397,504	396,221
	<u>19,278,514</u>	<u>18,080,593</u>
Less accumulated depreciation	<u>(8,251,907)</u>	<u>(7,502,040)</u>
Total property and equipment—net	<u>\$ 11,026,607</u>	<u>\$ 10,578,553</u>

7. DEFINED BENEFIT PENSION LIABILITY:

The School established a defined benefit pension plan (the Plan) covering eligible employees who have completed at least five years of continuous service and remain on the School campus after retirement. Retirees who have completed 17 years of continuous service receive the maximum benefits, consisting of housing, utilities, transportation, and medical care, and employees with fewer years of service receive reduced benefits. The unfunded Plan has been phased out and replaced with a cash payout plan. The expected cost of the cash payout plan has been included in the calculations on the following page and is considered part of the Plan. Any participant retiring under the Plan may continue to receive benefits as long as they remain on the School campus. The funding policy is to review the Plan's status annually and make contributions in accordance with the Plan's objectives. The following table sets forth the School pension plan's funded status and amounts recognized in the School's statements of financial position in accordance with the ASC topic for Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans:

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

7. DEFINED BENEFIT PENSION LIABILITY, continued:

	June 30,	
	2023	2022
Change in benefit obligation:		
Benefit Obligation at Beginning of Year	\$ 333,637	\$ 340,000
Service cost	33,679	43,505
Interest cost	-	-
Actuarial gain	-	(6,363)
Benefits paid	(33,679)	(43,505)
	<u>\$ 333,637</u>	<u>\$ 333,637</u>
Benefit Obligation at End of Year	<u>\$ 333,637</u>	<u>\$ 333,637</u>
Change in Plan Assets:		
Fair Value of Plan Assets at Beginning of Year	\$ -	\$ -
Employer contributions	33,679	43,505
Benefits paid	(33,679)	(43,505)
	<u>\$ -</u>	<u>\$ -</u>
Fair Value of Plan Assets at End of Year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Funded Status:		
Funded Status (Underfunded)	\$ 333,637	\$ 333,637
	<u>\$ 333,637</u>	<u>\$ 333,637</u>
Defined Benefit Pension Liability	<u>\$ 333,637</u>	<u>\$ 333,637</u>
Net Periodic Benefit Cost:		
Service cost	\$ 33,679	\$ 43,505
Interest cost	-	-
Expected return on plan assets	-	-
Net Gain Amortization	-	-
	<u>\$ 33,679</u>	<u>\$ 43,505</u>
Net Periodic Benefit Cost	<u>\$ 33,679</u>	<u>\$ 43,505</u>
Weighted-average assumptions and method disclosures include:		
Discount rate	3%	3%
Expected return on plan assets	N/A	N/A
Rate of compensation increase	N/A	N/A
General inflation	N/A	N/A

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

8. NET ASSETS:

	June 30,	
	2023	2022
Net assets without donor restrictions consist of:		
Undesignated	\$ 10,698,833	\$ 11,212,945
Board-designated endowment - Hallum Strategic Action Fund*	4,385,708	4,550,530
	\$ 15,084,541	\$ 15,763,475
Net assets with donor restrictions consist of:		
Buildings	\$ 1,146,989	\$ 706,712
Scholarships	260,517	243,475
Other projects	33,653	-
Restricted in perpetuity-Mefford charitable endowment	10,000	10,000
	\$ 1,451,159	\$ 960,187

* Available for operations as needed at the discretion and approval from the board of directors

9. ENDOWMENT FUNDS:

Changes in Endowment Net Assets for the year ended June 30, 2023, are as follows:

	Without Donor Restrictions (Quasi)	With Donor Restrictions	Restricted in Perpetuity	Total
Endowment net assets, beginning of year	\$ 4,550,530	\$ -	\$ 10,000	\$ 4,560,530
Investment income	361,676	-	-	361,676
Endowment net assets, end of year	\$ 4,912,206	\$ -	\$ 10,000	\$ 4,922,206

COOKSON HILLS CHRISTIAN SCHOOL, INC.

Notes to Financial Statements

June 30, 2023 and 2022

9. ENDOWMENT FUNDS, continued:

Changes in Endowment Net Assets for the year ended June 30, 2022, are as follows:

	Without Donor Restrictions (Quasi)	With Donor Restrictions	Restricted in Perpetuity	Total
Endowment net assets, beginning of year	\$ 5,401,423	\$ -	\$ 10,000	\$ 5,411,423
Investment loss	(850,893)	-	-	(850,893)
Endowment net assets, end of year	<u>\$ 4,550,530</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 4,560,530</u>

10. COMMITMENTS:

The School signed a contract with a construction contractor during the year ended June 30, 2022 in order to build space to be used for a daycare and counseling center. During the year ended June 30, 2023, the School and the contractor agreed upon an estimate of approximately \$1,300,000.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through October 25, 2023, which is the date the financial statements were available to be issued.