



CHRISTIAN ALLIANCE FOR ORPHANS

Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

CHRISTIAN ALLIANCE FOR ORPHANS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Christian Alliance for Orphans
McLean, Virginia

Opinion

We have audited the accompanying financial statements of Christian Alliance for Orphans, which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Alliance for Orphans as of December 31, 2021 and 2020, 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 Christian Alliance for Orphans 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 Christian Alliance for Orphans' 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
Christian Alliance for Orphans
McLean, Virginia

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

Prior Period Adjustment

As described in Note 6 to the financial statements, Christian Alliance for Orphans identified an adjustment pertaining to accounts receivable, revenue, and change in net assets for the year ended December 31, 2020. Accordingly, these amounts for year ended December 31, 2020 have been restated to reflect this change. Our opinion has not modified with respect to this matter.

Capin Crouse LLP

Woodland Hills, California
August 4, 2022

CHRISTIAN ALLIANCE FOR ORPHANS

Statements of Financial Position

	December 31,	
	2021	2020 (restated)
ASSETS:		
Cash and cash equivalents	\$ 3,852,508	\$ 2,213,267
Pledges and grants receivable	150,000	245,000
Employee Retention Credit receivable	210,418	210,418
Prepaid expenses and other	991	1,869
Website and equipment-net	15,420	15,038
Total Assets	\$ 4,229,337	\$ 2,685,592
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 53,214	\$ 30,906
Deferred revenue	133,848	240,919
Paycheck Protection Program loan	-	198,900
Total liabilities	187,062	470,725
Net assets:		
Without donor restrictions	3,235,375	1,172,383
With donor restrictions	806,900	1,042,484
Total net assets	4,042,275	2,214,867
Total Liabilities and Net Assets	\$ 4,229,337	\$ 2,685,592

See notes to financial statements

CHRISTIAN ALLIANCE FOR ORPHANS

Statements of Activities

	Year Ended December 31,					
	2021			2020 (restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 1,754,412	\$ 762,655	\$ 2,517,067	\$ 578,750	\$ 568,518	\$ 1,147,268
Grant income	126,300	469,865	596,165	75,268	776,496	851,764
Membership dues	236,002	-	236,002	206,762	-	206,762
Sponsorship revenue	290,629	-	290,629	103,850	-	103,850
Registration revenue	249,186	-	249,186	73,463	-	73,463
Gain on extinguishment of debt	397,800	-	397,800	-	-	-
Employee Retention Credit income	-	-	-	210,418	-	210,418
Other income	71,994	-	71,994	65,770	-	65,770
Net assets released from:						
Purpose restrictions	1,241,604	(1,241,604)	-	887,837	(887,837)	-
Time restrictions	226,500	(226,500)	-	232,216	(232,216)	-
Total Support and Revenue	<u>4,594,427</u>	<u>(235,584)</u>	<u>4,358,843</u>	<u>2,434,334</u>	<u>224,961</u>	<u>2,659,295</u>
EXPENSES:						
Salaries and benefits	1,894,576	-	1,894,576	1,558,342	-	1,558,342
Venue and production	211,124	-	211,124	45,635	-	45,635
Office and professional services	191,436	-	191,436	151,371	-	151,371
Scholarships and other	149,096	-	149,096	208,392	-	208,392
Travel and entertainment	48,516	-	48,516	16,377	-	16,377
Media and advertisement	36,687	-	36,687	39,118	-	39,118
Total Expenses	<u>2,531,435</u>	<u>-</u>	<u>2,531,435</u>	<u>2,019,235</u>	<u>-</u>	<u>2,019,235</u>
Change in Net Assets	2,062,992	(235,584)	1,827,408	415,099	224,961	640,060
Net Assets, Beginning of Year	<u>1,172,383</u>	<u>1,042,484</u>	<u>2,214,867</u>	<u>757,284</u>	<u>817,523</u>	<u>1,574,807</u>
Net Assets, End of Year	<u>\$ 3,235,375</u>	<u>\$ 806,900</u>	<u>\$ 4,042,275</u>	<u>\$ 1,172,383</u>	<u>\$ 1,042,484</u>	<u>\$ 2,214,867</u>

See notes to financial statements

CHRISTIAN ALLIANCE FOR ORPHANS

Statements of Functional Expenses

Year Ended December 31, 2021

	Program Services:				Supporting Activities:				Total Expenses
	Advocacy & Education	Global Movements	Summit	Total	Admini- stration	Fund- Raising	Member Development	Total	
Salaries and benefits	\$ 1,439,268	\$ 177,938	\$ 113,105	\$ 1,730,311	\$ 93,003	\$ 28,498	\$ 42,764	\$ 164,265	\$ 1,894,576
Venue and production	56,602	4,720	141,408	202,730	5,535	1,451	1,408	8,394	211,124
Office and professional services	39,079	3,219	2,280	44,578	137,127	9,382	349	146,858	191,436
Scholarships and other	76,661	53,579	3,363	133,603	14,435	1,058	-	15,493	149,096
Travel and entertainment	20,899	776	16,830	38,505	9,045	966	-	10,011	48,516
Media and advertisement	26,533	4,494	1,273	32,300	781	2,484	1,122	4,387	36,687
Total 2021 Expenses	<u>\$ 1,659,042</u>	<u>\$ 244,726</u>	<u>\$ 278,259</u>	<u>\$ 2,182,027</u>	<u>\$ 259,926</u>	<u>\$ 43,839</u>	<u>\$ 45,643</u>	<u>\$ 349,408</u>	<u>\$ 2,531,435</u>

Year Ended December 31, 2020 (restated)

	Program Services:				Supporting Activities:				Total Expenses
	Advocacy & Education	Global Movements	Summit	Total	Admini- stration	Fund- Raising	Member Development	Total	
Salaries and benefits	\$ 1,158,293	\$ 141,170	\$ 122,521	\$ 1,421,984	\$ 66,172	\$ 28,594	\$ 41,592	\$ 136,358	\$ 1,558,342
Venue and production	11,965	2,347	27,701	42,013	3,622	-	-	3,622	45,635
Office and professional services	52,712	5,594	5,946	64,252	73,061	13,899	159	87,119	151,371
Scholarships and other	181,038	20,347	1,422	202,807	5,585	-	-	5,585	208,392
Travel and entertainment	9,808	2,025	1,084	12,917	2,758	468	234	3,460	16,377
Media and advertisement	32,045	1,974	319	34,338	4,687	64	29	4,780	39,118
Total 2020 Expenses	<u>\$ 1,445,861</u>	<u>\$ 173,457</u>	<u>\$ 158,993</u>	<u>\$ 1,778,311</u>	<u>\$ 155,885</u>	<u>\$ 43,025</u>	<u>\$ 42,014</u>	<u>\$ 240,924</u>	<u>\$ 2,019,235</u>

See notes to financial statements

CHRISTIAN ALLIANCE FOR ORPHANS

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,827,408	\$ 640,060
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	7,718	2,787
Recognition of pledges and grants receivable	(150,000)	(245,000)
Proceeds from pledges and grants receivable	245,000	125,000
Gain on extinguishment of debt	(397,800)	-
Changes in operating assets and liabilities:		
Prepaid expenses and other	878	(1,604)
Employee Retention Credit receivable	-	(210,418)
Accounts payable and accrued expenses	22,308	(2,053)
Deferred revenue	(107,071)	121,201
Net Cash Provided by Operating Activities	<u>1,448,441</u>	<u>429,973</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of website and equipment	<u>(8,100)</u>	<u>(15,010)</u>
Net Cash Used by Investing Activities	<u>(8,100)</u>	<u>(15,010)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	<u>198,900</u>	<u>198,900</u>
Net Cash Provided by Financing Activities	<u>198,900</u>	<u>198,900</u>
Net Change in Cash and Cash Equivalents	1,639,241	613,863
Cash and Cash Equivalents, Beginning of Year	<u>2,213,267</u>	<u>1,599,404</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,852,508</u>	<u>\$ 2,213,267</u>
NON-CASH DISCLOSURE		
Reduction of Paycheck Protection Program loan liability resulting from the gain on extinguishment of debt	<u>\$ 397,800</u>	<u>\$ -</u>

See notes to financial statements

CHRISTIAN ALLIANCE FOR ORPHANS

Notes to Financial Statements

December 31, 2021 and 2020 (restated)

1. NATURE OF ORGANIZATION:

Christian Alliance for Orphans (CAFO) inspires and equips Christians for effective adoption, foster care, and global orphan care ministry. We work to see the local church in every nation known as the primary answer for the orphan in distress, with the vision that every orphan will experience God's unfailing love through His people.

CAFO represents a unity of many of the nation's most respected Christian organizations and churches, laboring together in coordinated initiatives that draw upon the strengths of each. These include the following:

The CAFO Summit

The CAFO Summit (Summit) is an unforgettable gathering of leaders passionate for adoption, foster care and effective service to the vulnerable worldwide. It serves to both grow and to guide a true movement of Christians who are leading the church to be God's answer for children who lack family.

More Than Enough

More Than Enough is a community united by our faith and committed to helping churches care for children and families in foster care. Facilitated by CAFO, the Community has a shared strategy to provide more than enough well-supported homes for every child in foster care—including foster, adoptive, and supported biological families.

Orphan + Stand Sunday

Orphan Sunday began in a small church in Zambia as a day to celebrate God's special love for vulnerable children and how ordinary Christians can make a difference. Today, this simple vision has is a powerful catalyst for awareness and action across the U.S. and around the globe. The reach and impact of Orphan Sunday continues to expand year by year. Since its humble beginnings in 2002, the annual observance of Orphan Sunday evolved into many diverse expressions globally. We will continue to expand the reach of Orphan Sunday and Stand Sunday, both in the U.S. and globally—growing a culture of foster care, orphan care, and adoption.

National Church Ministry Initiative

The National Church Ministry Initiative (NCMI) helps local churches start and grow effective and sustainable foster care, adoption and orphan care ministries.

The CAFO Student Initiative

The CAFO Student Initiative inspires and prepares students for a lifetime of effective service to children in the name of Jesus.

CHRISTIAN ALLIANCE FOR ORPHANS

Notes to Financial Statements

December 31, 2021 and 2020 (restated)

1. NATURE OF ORGANIZATION, continued:

African American Leadership Council

The African American Leadership Council works to inspire and equip African American churches to care for vulnerable children in response to God’s command to “do justice” and care for orphans.

Global Network

The CAFO Global Network harnesses the strengths of CAFO members and expertise across the field to invest in emerging leaders and networks worldwide. The Global Network serves as a hub for curated knowledge, facilitated community and interconnection among national movements.

The Center on Applied Research for Vulnerable Children and Families

The Center on Applied Research for Vulnerable Children and Families improves the quality of care for orphans around the globe. The Center’s programs help child-serving organizations to integrate best practice models and current research into their programs aiding children and families in more than 100 countries.

Development and Discipleship Initiative

The Development and Discipleship Initiative expands Christian adoption, foster and orphan care worldwide by helping child-serving ministries build more effective fundraising programs. In partnership with Mission Increase, this high-leverage investment provides world-class development training and resources to CAFO’s 200+ member organizations. Participating ministries learn to shift from “transactional” fundraising to an approach that truly cares for and nurtures Christian givers as disciples of Jesus.

Effectiveness and Accountability

CAFO helps elevate the quality of care of its members, promotes current research and best practice, and facilitates new partnerships among members. Churches and individuals can partner with CAFO member organizations with confidence, knowing they are committed to fiscal integrity, good governance, effective practice, and collaborative work.

CHRISTIAN ALLIANCE FOR ORPHANS

Notes to Financial Statements

December 31, 2021 and 2020 (restated)

1. NATURE OF ORGANIZATION, continued:

Advocacy and Education

CAFO unites its members in a powerful combined voice. From social media to radio to print, CAFO champions children the world often forgets. These diverse efforts include regular interviews with both Christian and mainstream media; articles and opinion editorials on orphan issues; speaking and teaching at conferences and other events nationwide; the CAFO blog; CAFO monthly newsletter and other communications; strategic use of Facebook, Twitter and other social media; videos and other visual media products; phone and in-person meetings with thought leaders, pastors, grassroots advocates and other influencers; email and phone response to a wide range of inquiries regarding orphan-related issues; three websites (CAFO's main site, Summit, and Orphan Sunday); interaction with Federal, state, local and international officials, lawmakers, and other policy leaders; monthly training webinars for church ministries; and much more. The CAFO Summit, Orphan Sunday, Global Networks, and More Than Enough each also have Advocacy and Education components, as do other efforts.

CAFO focuses primarily on the responsibility of the Church, not government, in meeting the needs of orphans. However, CAFO recognizes that government plays a vital complementary role, and so works to keep the Christian community well-informed and engaged regarding key public policy issues. CAFO does not engage in traditional lobbying, but is called upon regularly by government institutions and leaders to provide insight and guidance on policy matters.

CAFO 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, CAFO is subject to federal income tax on any unrelated business taxable income. In addition, CAFO is not classified as a private foundation within the meaning of Section 509(a) of the IRC. The primary sources of support and revenue include contributions and grant income.

2. SUMMARY OF ACCOUNTING POLICIES:

CAFO maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CHRISTIAN ALLIANCE FOR ORPHANS

Notes to Financial Statements

December 31, 2021 and 2020 (restated)

2. SUMMARY OF ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash held in checking, savings, and money market accounts. As of December 31, 2021 and 2020, CAFO's cash balances exceeded federally insured limits by approximately \$3,415,000 and \$1,621,000, respectively. CAFO has not experienced any losses on such accounts.

PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are recognized as assets and contributions at the time the pledge or grant is unconditionally promised or is no longer considered conditional. Pledges and grants receivable are all expected to be collected within one year of the statements of financial position date. Management has determined that no allowance for doubtful accounts is considered necessary.

EMPLOYEE RETENTION CREDIT RECEIVABLE

As a response to the coronavirus pandemic, during the year ended December 31, 2021, CAFO applied for the Employee Retention Credit (ERC). This credit was related to the year ended December 31, 2020. See Note 6 for a description of the prior period adjustment related to the ERC. As of December 31, 2021 and 2020, CAFO has recorded a receivable of \$210,418. Subsequent to the year ended December 31, 2021, the receivable was collected in full.

WEBSITE AND EQUIPMENT

Website and equipment consists of a website and computers with a total cost of \$55,582 and \$57,366 and accumulated depreciation and amortization of \$40,162 and \$42,328, as of December 31, 2021 and 2020, respectively. CAFO capitalizes website and equipment purchases exceeding \$1,000 and purchases are recorded at cost. Donated items are recorded at their fair value on the date of the gift. Depreciation and amortization are computed on a straight-line method over the estimated useful lives of the assets of three years.

DEFERRED REVENUE

Deferred revenue is for memberships, registrations, and sponsorships that have been received during the year and are recognized throughout the year and after the Summit event as earned. Once earned they will be recorded as revenue on the statements of activities.

NET ASSETS

Net assets without donor restrictions are those resources currently available to support operations.

Net assets with donor restrictions are those resources that are donor-restricted for the support of specific projects and ministries.

CHRISTIAN ALLIANCE FOR ORPHANS

Notes to Financial Statements

December 31, 2021 and 2020 (restated)

2. SUMMARY OF ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions and grant income are recorded when made, which may be when cash or other assets are received or unconditionally promised. Contributions restricted by the donor for a specific purpose or time period are recorded as net assets with donor restrictions until funds have been expended by CAFO for the purposes specified or until the specified time expires. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from purpose or time restrictions. Donated goods are recorded at fair value at the date of gift.

Sponsorship revenue is for vendor exhibits and sponsorships at the Summit event, which is recorded when the event takes place. Membership dues are provided from various churches, not-for-profits, and businesses and is recognized as the benefit obligations are satisfied. The benefit obligations for memberships are generally satisfied over time during an annual term from purchase date of each membership. Registration revenue is primarily for the Summit event and is recorded as income when the event takes place. Other income is also recorded when earned.

Expenses are recognized when incurred in accordance with the accrual method of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, costs, such as salaries and benefits, have been allocated among the program services and supporting activities based on estimates of time and effort. Other expenses have been allocated based on direct expense ratios.

CHRISTIAN ALLIANCE FOR ORPHANS

Notes to Financial Statements

December 31, 2021 and 2020 (restated)

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects CAFO's financial assets, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or are contributions received with donor specified restrictions not expected to be used within the upcoming fiscal year.

	December 31,	
	2021	2020 (restated)
Financial assets:		
Cash and cash equivalents	\$ 3,852,508	\$ 2,213,267
Pledges and grants receivable	150,000	245,000
Employee Retention Credit receivable	210,418	210,418
Financial assets, at year end	<u>4,212,926</u>	<u>2,668,685</u>
Less those unavailable for general expenditure within one year, due to:		
Employee Retention Credit receivable not expected to be received within one year	<u>-</u>	<u>(210,418)</u>
	<u>\$ 4,212,926</u>	<u>\$ 2,458,267</u>

CAFO structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CAFO's goal is to maintain cash reserves of at least \$500,000 which it exceeded as of December 31, 2021 and 2020. Management monitors cash flows closely through monthly detailed financial analysis provided by their outsourced accountant to management and treasurer of the board (chair of the finance committee).

4. PAYROLL PROTECTION PROGRAM LOAN:

During the year ended December 31, 2020, CAFO received a \$198,900 loan as part of the Paycheck Protection Program (PPP) from the US Small Business Administration (SBA) due to the COVID-19 pandemic. The loan was fully forgiven as CAFO met certain spending and employment thresholds. During the year ended December 31, 2021, CAFO received a second PPP loan in the amount of \$198,900. Similar to the first PPP loan, the funds were eligible to be forgiven by the Small Business Association if CAFO met qualifying conditions present in the loan agreement. During the year ended December 31, 2021, CAFO received notification of the full forgiveness for both PPP loans and as a result a gain on extinguishment of debt was recorded on the statements of activities in the amount of \$397,800.

CHRISTIAN ALLIANCE FOR ORPHANS

Notes to Financial Statements

December 31, 2021 and 2020 (restated)

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2021	2020
Purpose restricted:		
Student Initiative and Applied Research and Best Practice Initiative	\$ 333,132	\$ 492,749
National Foster Care Initiative	207,811	115,831
Staff support	58,033	85,966
Global Movements Initiative	56,824	106,130
Other	1,100	500
Discipleship and development	-	14,808
Time restricted	150,000	226,500
	<u>\$ 806,900</u>	<u>\$ 1,042,484</u>

CHRISTIAN ALLIANCE FOR ORPHANS

Notes to Financial Statements

December 31, 2021 and 2020 (restated)

6. PRIOR PERIOD ADJUSTMENT:

During the year ended December 31, 2021, management applied for the ERC due to government shut downs in 2020 related to the COVID-19 pandemic. Because the ERC related to expenses incurred during the year ended December 31, 2020, it has been recorded in that year, resulting in a Prior Period Adjustment. The impact of this restatement on the financial statements is as follows:

	As Previously Stated	Prior Period Adjustment	As Restated
Statement of financial position as of December 31, 2020:			
Employee Retention Credit receivable	\$ -	\$ 210,418	\$ 210,418
Total assets	\$ 2,475,174	\$ 210,418	\$ 2,685,592
Net assets without donor restrictions	\$ 961,965	\$ 210,418	\$ 1,172,383
Total net assets	\$ 2,004,449	\$ 210,418	\$ 2,214,867
Statement of activities for the year ended December 31, 2020:			
Employee Retention Credit income	\$ -	\$ 210,418	\$ 210,418
Total support and revenue	\$ 2,448,877	\$ 210,418	\$ 2,659,295
Change in net assets without donor restrictions	\$ 204,681	\$ 210,418	\$ 415,099
Change in net assets	\$ 429,642	\$ 210,418	\$ 640,060
Net assets, end of year	\$ 2,004,449	\$ 210,418	\$ 2,214,867
Statement of cash flows for the year ended December 31, 2020:			
Change in net assets	\$ 429,642	\$ 210,418	\$ 640,060
Change in Employee Retention Credit receivable	\$ -	\$ (210,418)	\$ (210,418)

7. DEFINED CONTRIBUTION PLAN:

CAFO has in place a defined contribution plan under section 403(b) of the Internal Revenue Code for its employees. CAFO will match 100% of an employee's contribution up to 3% of their eligible compensation. During the years ended December 31, 2021 and 2020, CAFO's contributions to the plan were \$40,590 and \$23,415, respectively.

CHRISTIAN ALLIANCE FOR ORPHANS

Notes to Financial Statements

December 31, 2021 and 2020 (restated)

8. CONCENTRATIONS:

During the years ended December 31, 2021 and 2020, four and five donors gave approximately 34% and 41% of CAFO's total support and revenue, respectively, with the largest donor's gift providing 15% and 21% of total support and revenue during the years ended December 31, 2021 and 2020, respectively.

9. RELATED PARTY TRANSACTIONS:

During the years ended December 31, 2021 and 2020, CAFO received a significant amount of donations and sponsorships from its board of directors and from family members of management and the board of directors. Total related party donations and sponsorships for the years ended December 31, 2021 and 2020, were approximately \$250,000 and \$229,000, respectively.

10. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which continues to spread throughout the world. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of CAFO for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through August 4, 2022, which is the date the financial statements were available to be issued.