

ALLISON PARK CHURCH OF THE ASSEMBLIES OF GOD

**FINANCIAL STATEMENTS FOR
THE TWELVE MONTHS ENDING SEPTEMBER 30, 2022**



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board Members of the
Allison Park Church of the Assemblies of God
Allison Park, PA

We have reviewed the accompanying financial statements of Allison Park Church of the Assemblies of God (a Nonprofit Corporation), which comprise the statement of financial position as of September 30, 2022, and the related statements of activity and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Church's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Stroub Thompson Noble".

Stroub Thompson Noble, CPA's
Roseville, CA

January 27, 2023

Allison Park Church
Statement of Financial Position
September 30, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,067,059
Certificates of deposit	359,785
Investments	149,692
Prepaid expenses and deposits	<u>22,418</u>

Total current assets 1,598,953

Building, property and equipment, net of accumulated depreciation 7,515,693

Total Assets \$ 9,114,646

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ (0)
Accrued expenses and other payables	47,278
Current Portion of Line of Credit	157,237
Deferred Revenue	4,760
Current portion of mortgage payable	<u>133,387</u>

Total current liabilities 342,662

Long-term liabilities:

Mortgage payable - net of current portion 265,404

Total long-term liabilities 265,404

Total liabilities 608,065

Net assets:

Unrestricted	7,921,185
Temporarily restricted	<u>585,396</u>

Total net assets 8,506,581

Total liabilities and net assets \$ 9,114,646

Allison Park Church
Statement of Activities
For the Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains			
Contributions (tithes & offerings)	\$ 3,735,426	\$ -	\$ 3,735,426
Missions offerings		122,828	122,828
Ministry offerings		235,480	235,480
Kingdom builders		1,338,192	1,338,192
Interest/dividends	8,261	0	8,261
Other income	633,001	0	633,001
Paycheck Protection Program Loan Forgivene		0	0
Net assets released from restrictions	1,504,584	(1,504,584)	0
	<u>5,881,273</u>	<u>191,916</u>	<u>6,073,188</u>
Total revenue, support and gains			
Expenses:			
Program services:			
Ministry	2,848,835		2,848,835
Missions	601,623		601,623
Kingdom builders	723,883		723,883
Total program services	4,174,341	0	4,174,341
Support services:			
Management and general	1,536,484		1,536,484
Total expenses	<u>5,710,825</u>	<u>0</u>	<u>5,710,825</u>
Change in net assets	170,448	191,916	362,364
Net assets, beginning of year	<u>7,750,737</u>	<u>393,480</u>	<u>8,144,217</u>
Net assets, end of year	<u><u>7,921,185</u></u>	<u><u>585,396</u></u>	<u><u>8,506,581</u></u>

**Allison Park Church
Functional Expenses
For the Year Ended September 30, 2022**

	Church Ministry Program	Mission Program	Kingdom Builders	Total Program Services	Management and General	Total Expenses
Payroll and benefits	\$ 1,869,511	\$ 141,945	\$ 55,851	\$ 2,067,308	\$ 143,713	\$ 2,211,021
Facilities	9,480	279	3,958	13,717	273,209	286,926
Operations				0	1,119,562	1,119,562
General ministries	694,275	0	0	694,275	0	694,275
Adult ministries	69,740	0	0	69,740	0	69,740
Youth and children ministries	205,829	0	0	205,829	0	205,829
Mission tithe		291,181	0	291,181	0	291,181
Designated missions		168,217	0	168,217	0	168,217
Kingdom builders		0	664,074	664,074	0	664,074
Total functional expenses	<u>\$ 2,848,835</u>	<u>\$ 601,623</u>	<u>\$ 723,883</u>	<u>\$ 4,174,341</u>	<u>\$ 1,536,484</u>	<u>\$ 5,710,825</u>

Allison Park Church
Statement of Cash Flows
For the Year Ended September 30, 2022

Cash flows from operating activities:

Change in net assets	\$ 362,364
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	300,272
Interest Income	(8,779)
Unrealized/realized gain on investments, net	(419)
Changes in operating assets and liabilities	
Accounts receivable	
Prepaid expenses and deposits	(1,414)
Accounts payable	(40,287)
Accrued expenses and other payables	(93,192)
Deferred revenue	23,554
Net cash provided by operating activities	<u>542,098</u>

Cash flows from investing activities:

Purchase of property and equipment	(19,316)
Purchase of investments	<u>(115,695)</u>
Net cash used in investing activities	<u>(135,011)</u>

Cash flows from financing activities:

Payments of long-term debt	(284,186)
Proceeds from sale of donated securities restricted for long-term purposes	<u>(35,910)</u>
Net cash provided by financing activities	<u>(320,096)</u>

Net increase in cash and cash equivalents	86,991
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Cash and cash equivalents, beginning of year	980,068
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Cash and cash equivalents, end of year	<u>\$ 1,067,059</u>
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Supplemental disclosure of cash flow information:

Interest paid	21,587
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ALLISON PARK CHURCH OF THE ASSEMBLIES OF GOD
Notes to the Financial Statements
September 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Allison Park Church of the Assemblies of God (the "Church") was incorporated on February 20, 1968. The Church is a nonprofit organization and is dedicated to spreading the word of Jesus Christ through establishing, developing, and promoting all aspects of Christian ministries. The Church is supported primarily through contributions from the congregation.

Financial Statement Presentation

The Church presents its financial statements on the accrual basis of accounting. The Church reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor-imposed restrictions.

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues, and expenses. Significant estimates include the valuation of and the remaining useful lives of property and equipment and the functional allocation of expenses. Actual results could differ from those estimates and the estimates may change during the near term.

Income Taxes

The Church is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and related Pennsylvania statutes. The Church has also been classified as an entity that is not a private foundation within the meaning of Section 509(a)(2) and qualifies for deductible contributions as provided in Section 170 (b)(1)(a). Due to its exempt status, the Church does not have any significant tax uncertainties that would require recognition or disclosure. Income from activities not directly related to the Church's tax-exempt purpose may be subject to taxation as unrelated business income. The Church has not been required to file any income tax returns in the past five years.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program services or management and general of the Church. Expenses charged to program services and management and general, if not directly identifiable, are allocated to the services benefited based on estimates by management. Management and general typically include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Church. The primary expenses that are allocated include payroll and benefits, operations, facilities, ministries, and transportation, which are allocated on the basis of estimates of time and effort.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, interest bearing, highly liquid investments with original maturities of three months or less. At times throughout the year, the balance of cash may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). Management believes the Church is not exposed to any significant credit risk related to cash and cash equivalents.

ALLISON PARK CHURCH OF THE ASSEMBLIES OF GOD
Notes to the Financial Statements
September 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at fair value in the statement of financial position.

Investment income including realized, unrealized gains and losses are recognized in the statement of activities as increases or decreases in unrestricted net assets unless the gain or loss is with restriction as stipulated by the donor or by law. The cost of investments received as gifts is fair value as determined upon receipt.

Fair Value Measurements

The Church's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis adheres to the Financial Accounting Standards Board (FASB) fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Church at the measurement date.
- Level 2 Inputs: Other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying values of cash and cash equivalents, accounts payable, accrued expenses and other payables, and other financial working capital items approximate fair value at September 30, 2021, due to the short-term maturity nature of these items.

Property and Equipment

Property and equipment are stated at cost if purchased and at fair value at the date of donation for contributed assets. Depreciation is provided over estimated useful lives by use of the straight-line method. The Church capitalizes all expenditures of property and equipment and expenditures for repairs and maintenance that materially prolong the useful lives of assets. All other maintenance and repairs are expensed as incurred. The estimated useful lives are a significant estimate which may change in the near term.

Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Church first compares the undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including, but not limited to, discounted cash flow models, quoted market values and third-party independent appraisals. There were no such impairment losses recognized during the year ended September 30, 2022.

ALLISON PARK CHURCH OF THE ASSEMBLIES OF GOD
Notes to the Financial Statements
September 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Church reports gifts of cash and other assets as restricted support ("with donor restriction") if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Church derives its revenues primarily from tithe and offering contributions. Tithe and offering contributions are recognized upon receipt, at which time control is transferred, and allocated based on program designation.

Contributions of property, facilities, fixtures, materials, and services, which meet certain recognition requirements, are recorded at their estimated fair value when received. The Church reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donor restricted contributions relate primarily to the following programs:

Kingdom Builders - Contributions for the Kingdom Builders program are restricted for a variety of uses, including at times, the Church's building and other property and equipment expenditures as well as special funding projects for other non-profit organizations. The recipients of Kingdom Builders funds change from year to year.

Other - Other contributions are primarily related to donor-restricted Church mission trips, outreach to other organizations, scholarships, and school funds.

The Church receives a substantial amount of services donated by its members in carrying out the Church's ministry. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires organizations to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for annual periods beginning after December 15, 2021. It is to be adopted using a modified retrospective approach. The Church is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-For-Profit Entities (Topic 958) Presentation and Disclosure by Not-For-Profit Entities for Nonfinancial Assets*. The new guidance does not change the current recognition and measurement requirements; however, the new guidance requires non-profit organizations to report contributed non-financial assets (gifts-in-kind) as a separate line item in the statement of activities. The accounting guidance also includes certain disclosures for gifts-in-kind. The ASU is effective for annual periods beginning after June 15, 2021, with early adoption permitted. The ASU is to be adopted using the retrospective approach. The Church is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

Subsequent Events

The Church has evaluated subsequent events through January 27, 2023, the date at which the financial statements were available to be issued.

ALLISON PARK CHURCH OF THE ASSEMBLIES OF GOD

Notes to the Financial Statements

September 30, 2022

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at September 30:

	<u>2022</u>
Financial assets:	
Cash and cash equivalents	\$ 1,067,059
Certificates of deposits	359,785
Investments	<u>149,692</u>
Total financial assets	<u>1,576,536</u>

Less amounts unavailable for general expenditure within one year due to restrictions:

Net assets with donor restrictions	<u>585,396</u>
Financial assets available for general expenditures within one year	<u>\$ 991,140</u>

Net assets with donor restrictions are restricted by donors for use towards certain of the Church's program services and are not available for unrestricted general expenditures. Although such funds may ultimately be used within one year, their use is restricted by the donors, and therefore, the funds are not considered available for the general use of the Church. As part of liquidity management, the Church structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Church has a nine-year revolving line of credit with a maximum amount of \$500,000 (Note 5). The Church has drawn down \$157,237 on the line of credit for the year ended September 30, 2022. The remaining funds of approximately \$342,763 can be drawn upon in the event of an unanticipated liquidity need.

3. FAIR VALUE MEASUREMENTS

The following table provides information on those assets that are measured at fair value on a recurring basis.

	September 30, 2022			
		Fair Value Measurement Using		
	Fair Value & Carrying Amount	Level 1	Level 2	Level 3
Assets:				
Certificates of deposit	\$ 359,785		\$ 359,785	
Investments - mutual funds	149,692	149,692		
	\$ 509,477	\$ 149,692	\$ 359,785	

ALLISON PARK CHURCH OF THE ASSEMBLIES OF GOD
Notes to the Financial Statements
September 30, 2022

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	Estimated Life in Years	2022
Land		\$ 3,026,167
Buildings	40	7,943,106
Equipment	15	1,416,017
Furniture	7	50,124
Vehicles	5	16,542
Total property and equipment		12,451,956
Less: accumulated depreciation		(4,936,263)
Net property and equipment		<u>\$ 7,515,693</u>

Depreciation expense totaled approximately \$300,272 for the year ended September 30, 2022.

Article VII of the Church's by-laws state that in the event the Church ceases to function as a church body, the property shall revert to the Pennsylvania- Delaware District Council of the Assemblies of God (the "Council"). The said Council would then have authority to use or dispose of the property at their discretion.

5. LINE OF CREDIT

The Church has an agreement with a lender for a nine-year revolving line of credit with a maximum amount of \$500,000 through March 2028. The line of credit is secured by mortgage property, all furniture, fixtures, and other assets of the Church's property. The line of credit carries an initial interest rate of 5.25% and is subject to an adjustment of up to 0.70% at the end of each successive three-year period thereafter. The interest rate totaled 5.25% as of September 30, 2022. There is no penalty for prepayment of the loan in full or in part at any time. On September 30, 2022, the Church had outstanding borrowings totaling approximately \$157,237 on the line of credit.

6. DEBT

The Church's debt consists of the following at September 30:

	2022
Mortgage payable due in monthly installments of approximately \$12,400 through March 2026, including interest at 4.55%. The mortgage payable is secured by all land and buildings and is subject to certain financial and nonfinancial covenants.	<u>\$ 398,791</u>
Total long-term debt	398,791
Less: current portion	<u>(133,387)</u>
Net long-term debt	<u>\$ 265,404</u>

ALLISON PARK CHURCH OF THE ASSEMBLIES OF GOD

Notes to the Financial Statements

September 30, 2022

7. LEASE COMMITMENTS

The Church leases various buildings for certain campus locations. These leases require monthly payments ranging from approximately \$3,000 to \$7,000 with expiration dates at various dates through November 2025.

Future minimum lease commitments, by fiscal year, under leases with original terms in excess of one year, are as follows at September 30, 2022:

	2022
2023	\$ 145,481
2024	82,265
2025	79,404
2026	13,234
Total Lease commitments	<u>\$ 320,384</u>

Total lease expense, including executory costs, was approximately \$114,456 at September 30, 2022.

8. NET ASSETS

Net assets with donor restrictions are limited by donor restrictions as to either time restrictions or purpose restrictions to support certain program activities or acquire property and equipment. Net assets without donor restrictions have no donor-imposed restrictions. Proper accounting presentation requires that donor-restricted funds for the acquisition of long-lived assets not be shown as released from donor restriction until the asset is placed in service.

	2022
Acts 20:24	\$ 1,150
Kingdom Builders	516,255
Missions	15,962
School Fund	492
School Mission Trip Fund	4,280
School Scholarship Fund	26,529
Trip Fund	20,727
Net assets with donor restrictions	<u>\$ 585,396</u>

9. BENEFIT PLAN

The Church participates in a 403(b) defined contribution plan applicable to all eligible employees. Total contributions were approximately \$38,572 as of September 30, 2022.