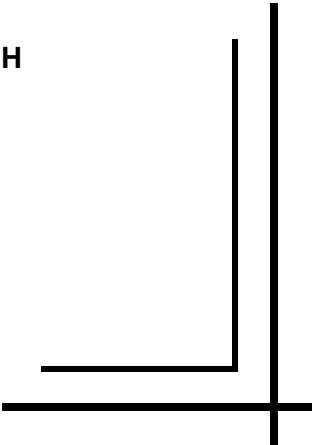




**PENNINGTON PARK CHURCH**

**FINANCIAL REPORT  
(Reviewed)**

**March 31, 2022**



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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Pennington Park Church, Inc.  
Fishers, Indiana

We have reviewed the accompanying financial statements of Pennington Park Church, Inc. (the "Church"), which comprise the statements of financial position as of March 31, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years 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 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 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 these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any 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.

We are required to be independent of the Church and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

### Accountant's Conclusion

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



Indianapolis, Indiana  
June 1, 2022

**PENNINGTON PARK CHURCH**

**STATEMENTS OF FINANCIAL POSITION**

March 31, 2022 and 2021

See Independent Accountant's Review Report

	<b><u>2022</u></b>	<b><u>2021</u></b>
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash	\$ 381,250	\$ 484,224
Cash - restricted	822	2,108
<b>TOTAL CURRENT ASSETS</b>	<b>382,072</b>	<b>486,332</b>
<b><u>PROPERTY AND EQUIPMENT</u></b> , net	<b>9,371,514</b>	<b>9,527,530</b>
<b>TOTAL ASSETS</b>	<b>\$ 9,753,586</b>	<b>\$ 10,013,862</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Current maturities of long-term debt	\$ 137,737	\$ 111,782
Accounts payable and accrued expenses	21,350	36,846
<b>TOTAL CURRENT LIABILITIES</b>	<b>159,087</b>	<b>148,628</b>
<b><u>LONG-TERM DEBT</u></b> , less current maturities	<b>4,317,640</b>	<b>4,891,459</b>
<b><u>NET ASSETS</u></b>		
Without donor restrictions:		
General fund	215,264	303,993
Building fund	4,916,960	4,526,397
Board designated funds	143,813	141,277
Total net assets without donor restrictions	<b>5,276,037</b>	<b>4,971,667</b>
With donor restrictions:		
Building fund	822	2,108
Total net assets with donor restrictions	<b>822</b>	<b>2,108</b>
<b>TOTAL NET ASSETS</b>	<b>5,276,859</b>	<b>4,973,775</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,753,586</b>	<b>\$ 10,013,862</b>

See Notes to Financial Statements

# PENNINGTON PARK CHURCH

## STATEMENTS OF ACTIVITIES

Year ended March 31, 2022

See Independent Accountant's Review Report

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>REVENUE AND SUPPORT</u></b>			
Contributions - direct	\$ 1,890,416	\$ 109,239	\$ 1,999,655
Contributions - other	169,968	-	169,968
Government grants - PPP funding	-	-	-
Other income	-	-	-
Net assets released from restrictions	110,525	(110,525)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>2,170,909</u>	<u>(1,286)</u>	<u>2,169,623</u>
<b><u>EXPENSES</u></b>			
Program expenses:			
Church ministries	805,017	-	805,017
Local outreach	15,902	-	15,902
Global outreach	296,045	-	296,045
Total program expenses	<u>1,116,964</u>	<u>-</u>	<u>1,116,964</u>
Supporting expenses:			
Management and general	740,483	-	740,483
Fundraising	9,092	-	9,092
Total supporting expenses	<u>749,575</u>	<u>-</u>	<u>749,575</u>
<b>TOTAL EXPENSES</b>	<u>1,866,539</u>	<u>-</u>	<u>1,866,539</u>
 <b>CHANGE IN NET ASSETS</b>	 304,370	 (1,286)	 303,084
<b><u>NET ASSETS</u></b>			
Beginning of year	<u>4,971,667</u>	<u>2,108</u>	<u>4,973,775</u>
End of year	<u>\$ 5,276,037</u>	<u>\$ 822</u>	<u>\$ 5,276,859</u>

See Notes to Financial Statements

# PENNINGTON PARK CHURCH

## **STATEMENTS OF ACTIVITIES** - continued

Year ended March 31, 2021

See Independent Accountant's Review Report

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b><u>REVENUE AND SUPPORT</u></b>			
Contributions - direct	\$ 1,398,723	\$ 395,097	\$ 1,793,820
Contributions - other	100,348	-	100,348
Government grants - PPP funding	102,500	-	102,500
Other income	18,712	-	18,712
Net assets released from restrictions	394,652	(394,652)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>2,014,935</b>	<b>445</b>	<b>2,015,380</b>
<b><u>EXPENSES</u></b>			
Program expenses:			
Church ministries	775,210	-	775,210
Local outreach	10,345	-	10,345
Global outreach	238,124	-	238,124
Total program expenses	1,023,679	-	1,023,679
Supporting expenses:			
Management and general	597,211	-	597,211
Fundraising	7,520	-	7,520
Total supporting expenses	604,731	-	604,731
<b>TOTAL EXPENSES</b>	<b>1,628,410</b>	<b>-</b>	<b>1,628,410</b>
<b>CHANGE IN NET ASSETS</b>	<b>386,525</b>	<b>445</b>	<b>386,970</b>
<b><u>NET ASSETS</u></b>			
Beginning of year	4,585,142	1,663	4,586,805
End of year	<u>\$ 4,971,667</u>	<u>\$ 2,108</u>	<u>\$ 4,973,775</u>

See Notes to Financial Statements

**PENNINGTON PARK CHURCH**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Year ended March 31, 2022

	<b><u>Program Services</u></b>				<b><u>Supporting Activities</u></b>			
	<b><u>Church Ministries</u></b>	<b><u>Local Outreach</u></b>	<b><u>Global Outreach</u></b>	<b><u>Total Program</u></b>	<b><u>Mgmt. and General</u></b>	<b><u>Fund- Raising</u></b>	<b><u>Total Supporting</u></b>	<b><u>Total</u></b>
Assimilation	\$ 9,877	\$ -	\$ -	\$ 9,877	\$ -	\$ -	\$ -	\$ 9,877
Depreciation	-	-	-	-	219,974	-	219,974	219,974
Facilities and maintenance	2,949	-	-	2,949	142,116	-	142,116	145,065
Information technology	-	-	-	-	30,544	-	30,544	30,544
Interest	-	-	-	-	221,237	-	221,237	221,237
Office supplies	-	-	-	-	6,097	-	6,097	6,097
Online giving fees	-	-	-	-	-	9,092	9,092	9,092
Outreach	7,361	15,902	296,045	319,308	-	-	-	319,308
Printing and publications	2,870	-	-	2,870	-	-	-	2,870
Professional services	-	-	-	-	66,209	-	66,209	66,209
Safety and security	-	-	-	-	13,432	-	13,432	13,432
Salaries and benefits	718,487	-	-	718,487	-	-	-	718,487
Utilities	-	-	-	-	40,874	-	40,874	40,874
Worship	63,473	-	-	63,473	-	-	-	63,473
	<b><u>\$ 805,017</u></b>	<b><u>\$ 15,902</u></b>	<b><u>\$ 296,045</u></b>	<b><u>\$ 1,116,964</u></b>	<b><u>\$ 740,483</u></b>	<b><u>\$ 9,092</u></b>	<b><u>\$ 749,575</u></b>	<b><u>\$ 1,866,539</u></b>

See Notes to Financial Statements.

**PENNINGTON PARK CHURCH**

**STATEMENTS OF FUNCTIONAL EXPENSES** - continued

Year ended March 31, 2021

	<b>Program Services</b>				<b>Supporting Activities</b>			
	<b><u>Church Ministries</u></b>	<b><u>Local Outreach</u></b>	<b><u>Global Outreach</u></b>	<b><u>Total Program</u></b>	<b><u>Mgmt. and General</u></b>	<b><u>Fund- Raising</u></b>	<b><u>Total Supporting</u></b>	<b><u>Total</u></b>
Assimilation	\$ 2,773	\$ -	\$ -	\$ 2,773	\$ -	\$ -	\$ -	\$ 2,773
Depreciation	-	-	-	-	182,485	-	182,485	182,485
Facilities and maintenance	12,422	-	-	12,422	106,895	-	106,895	119,317
Information technology	-	-	-	-	39,414	-	39,414	39,414
Interest	-	-	-	-	173,686	-	173,686	173,686
Office supplies	-	-	-	-	5,838	-	5,838	5,838
Online giving fees	-	-	-	-	-	7,520	7,520	7,520
Outreach	14,683	10,345	238,124	263,152	-	-	-	263,152
Printing and publications	9,527	-	-	9,527	-	-	-	9,527
Professional services	-	-	-	-	32,993	-	32,993	32,993
Safety and security	-	-	-	-	17,671	-	17,671	17,671
Salaries and benefits	663,863	-	-	663,863	-	-	-	663,863
Utilities	-	-	-	-	38,229	-	38,229	38,229
Worship	71,942	-	-	71,942	-	-	-	71,942
	<u>\$ 775,210</u>	<u>\$ 10,345</u>	<u>\$ 238,124</u>	<u>\$ 1,023,679</u>	<u>\$ 597,211</u>	<u>\$ 7,520</u>	<u>\$ 604,731</u>	<u>\$ 1,628,410</u>

See Notes to Financial Statements.



# PENNINGTON PARK CHURCH

## STATEMENTS OF CASH FLOWS

Years ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Cash received from grants and contributions	\$ 2,169,623	\$ 2,015,380
Cash disbursed for programs and general and administrative purposes	<u>(1,660,775)</u>	<u>(1,457,387)</u>
Net cash provided by operating activities	<u>508,848</u>	<u>557,993</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of property and equipment	<u>(63,958)</u>	<u>(566,775)</u>
Net cash (used in) investing activities	<u>(63,958)</u>	<u>(566,775)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from long-term debt	-	258,810
Principal payments on long-term debt	<u>(547,864)</u>	<u>-</u>
Net cash provided by investing activities	<u>(547,864)</u>	<u>258,810</u>
 Increase (decrease) in cash	 (102,974)	 250,028
<b><u>CASH</u></b>		
Beginning of year	<u>484,224</u>	<u>234,196</u>
End of year	<u>\$ 381,250</u>	<u>\$ 484,224</u>
<b><u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 303,084	\$ 386,970
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	219,974	182,485
Changes in assets and liabilities:		
(Increase) decrease in:		
Net cash held for restricted purposes	1,286	(445)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>(15,496)</u>	<u>(11,017)</u>
Net cash provided by operating activities	<u>\$ 508,848</u>	<u>\$ 557,993</u>
<b><u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u></b>		
Cash payments for interest	<u>\$ 221,237</u>	<u>\$ 173,686</u>
 Purchase of property and equipment financed through long-term debt transactions	 <u>\$ -</u>	 <u>\$ 258,810</u>

See Notes to Financial Statements.

## PENNINGTON PARK CHURCH

### NOTES TO FINANCIAL STATEMENTS

March 31, 2022

#### **NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

##### Nature of Organization

Pennington Park Church (the "Church") was incorporated August 29, 2018 in the state of Indiana as a not-for-profit entity, and is located in Fishers, Indiana. The Church is a nondenominational, Christian fellowship that exists to A. Exalt the Lord Jesus Christ as the Son of God, the Savior of the world, and the Head of His Church; B. Establish a local congregation of believers patterned after the New Testament church and obedient to the teaching of the Scriptures; and C. Build and advance the universal Church of which Christ is the Head. The Church is supported exclusively through donor contributions.

The Church is a multi-ministry outreach with ministry emphasis in the areas of outreach and missions; worship and arts; children and youth programs and activities; small group programs, special events, and other activities; and other pastoral services.

A summary of the Church's significant accounting policies are as follows:

##### A. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

##### B. Basis of Presentation

These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America. This has been done by classification of fund transactions and balances into two categories of net assets:

*Net Assets without Donor Restrictions*: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

*Net Assets with Donor Restrictions*: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

##### C. Concentration of Credit Risk

The Church maintains its cash balances with The Farmer's Bank. The demand deposit accounts with The Farmer's Bank are insured by the Federal Deposit Insurance Corporation up to the maximum amount prescribed by law per institution. The balance may at times exceed the insured limits. To date, there have been no losses on such accounts.

##### D. Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair market value at the date of contribution. The Church's capitalization policy is \$5,000 for assets purchased with an estimated useful life of three years or more.

## PENNINGTON PARK CHURCH

### NOTES TO FINANCIAL STATEMENTS

March 31, 2022

#### **NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES** - continued

##### **D. Property and Equipment** - continued

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Estimated useful lives for furniture and equipment range from 3 to 7 years and buildings and improvements range from 15 to 40 years.

Expenditures for property and equipment and for renewals or betterments which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of revenues, expenses, and changes in net assets.

The Church reviews long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. During the years ended March 31, 2022 and 2021, there was no impairment loss recognized on long-lived assets.

##### **E. Support, Revenue, Reclassifications, and Expenses**

Contributions are reported when made, which is generally when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Church. Bequests are reported as support at the time the Church has established a right to the bequest and the proceeds are measurable. The Church's ministry could not be fully achieved without the dedicated efforts of many volunteers. These contributed services are not reported as they do not meet the "specialized skills" requirement under current accounting standards. Revenues are reported as income when earned and expenses are reported when incurred.

The Church reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, 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 restrictions. Restricted contributions received for which the restrictions are met in the same year are reported as net assets without donor restriction support by the Organization.

The value of donated stock is recorded at fair value at the date of the gift.

##### **F. Tax Status**

The Church is exempt from federal and state income taxes on its related activities under Internal Revenue Service Code Section 501(c)(3). Accordingly, no provision for federal and state income taxes has been made.

Under the provisions of Section 501(c)(3) churches are not required to file a federal income tax return (Form 990) so long as the church retains its tax-exempt status and does not conduct any unrelated activities. The Church believes its tax-exempt status is in good standing and has not participated in any unrelated activities.

## PENNINGTON PARK CHURCH

### NOTES TO FINANCIAL STATEMENTS

March 31, 2022

#### **NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES** - continued

##### G. Functional Expenses

Expenses are reported when incurred. In the statements of functional expenses, costs not specifically related to program services are allocated in accordance with management's estimates of program support requirements. Salaries and related expenses are charged to program services based upon estimated time spent by personnel on the related programs. Direct expenses are charged to the various programs. Occupancy expenses are allocated based upon actual utilization of space. The remaining indirect costs are allocated using both statistical and non-statistical methodologies.

##### H. Use of Estimates

The preparation of the Church's financial statements in accordance with accounting principles generally accepted in the United States of America requires the Church to make estimates and assumptions that affect certain reported amounts and disclosures, primarily related to the estimated useful lives of the Church's facilities. Accordingly, actual results could differ from those estimates.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Church operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Church. The Church's concentrations due to grantors or contributors; concentrated revenue from particular programs, services or fund-raising events; and the market or geographic area in which the Church conducts operations make it reasonably possible that the Church is vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

##### I. Reclassifications

Certain prior year balances have been reclassified to conform with current year classifications and presentations.

##### J. Evaluation of Subsequent Events

The Church's management has evaluated subsequent events through June 01, 2022, which is the date the financial statements were available to be issued.

## PENNINGTON PARK CHURCH

### NOTES TO FINANCIAL STATEMENTS

March 31, 2022

#### **NOTE 2 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and corresponding lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either finance or operating, and this distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the entity for the year ending March 31, 2023. The Church is currently in the process of evaluating the effect of adoption of this ASU on its financial statements.

#### **NOTE 3 LIQUIDITY AND AVAILABILITY**

The following reflects the Church's financial assets as of March 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Church considers general expenditures related to its ongoing ministry and outreach activities during the normal course of the year as well as the conduct of services undertaken to support those activities.

The table below represents financial assets available for general expenditures within one year at March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash	\$ 382,072	\$ 486,332
Total financial assets	<u>382,072</u>	<u>486,332</u>
Less amounts not available to be used within one year		
Donor-imposed restrictions	(822)	(2,108)
Board-designated restrictions	<u>(143,813)</u>	<u>(141,277)</u>
Financial assets not available to be used within one year	<u>(144,635)</u>	<u>(143,385)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 237,437</u>	<u>\$ 342,947</u>

The Church is substantially supported by contributions, which at times are received with restrictions. Those contributions with donor restrictions require resources to be used in a particular manner or in a future period. The Church must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

The Church manages its liquidity and reserves following three guiding principles: 1.) operating within a prudent range of financial soundness and stability, 2.) maintaining adequate liquid assets to fund near-term operating needs, and 3.) maintaining sufficient reserves to provide reasonable assurance that long-term commitments and obligations will continue to be met.

**PENNINGTON PARK CHURCH**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2022

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of March 31:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Land	\$ 2,113,048	\$ 2,113,048
Buildings	7,467,931	7,414,181
Equipment	<u>619,082</u>	<u>608,874</u>
	10,200,061	10,136,103
Less accumulated depreciation	<u>828,547</u>	<u>608,573</u>
	<b><u>\$ 9,371,514</u></b>	<b><u>\$ 9,527,530</u></b>

**NOTE 5 EMPLOYEE BENEFIT PLANS**

The Church has established a 403(b) plan for all regular full-time employees and part-time employees who regularly work at least twenty hours per week. The Church matches all employee contributions up to 7 percent of an employee's gross salary. Church contributions were \$30,587 and \$28,857 for the years ended March 31, 2022 and 2021, respectively.

The Church also provides its full-time employees with the following benefits: group life insurance, group accidental and medical insurance, group long-term care, and employer paid medical insurance premiums. Church expenses for these other benefits were \$106,295 and \$102,119 for the years ended March 31, 2022 and 2021, respectively.

**NOTE 6 LETTERS OF CREDIT**

The Church had two Letters of Credit with The Farmers Bank with a maximum debt facility of \$237,861 available through February 6, 2021 for bonding related to the construction of the Church. Both Letters of Credit matured on February 6, 2021 with no amounts outstanding on the letters of credit.

On May 1, 2020, the Church applied for and was approved for a \$58,570 letter of credit from The Farmers Bank for bonding required by the City of Fishers for erosion and sediment control, and right-of-way improvement. The letter of credit bears interest at 2.75%, plus one-month LIBOR, and matures on May 1, 2023. The letter is secured by the Church building. At March 31, 2022, there was no outstanding balance on the letter.

**PENNINGTON PARK CHURCH**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2022

**NOTE 7 LONG-TERM DEBT**

The following is a summary of long-term debt as of March 31:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Crossbridge Solutions, secured note (Tranche A) with monthly installments of \$5,509 and an interest rate of 4.35% until November 30, 2024 at which time it adjusts to the 5 year US Treasury Constant Maturities Index as published in the Federal Reserve Statistical Release Bulletin H plus 2.75%. The final payment ("balloon") of all unpaid principal and interest is due December 1, 2029. The note is secured by the Church building.	\$ 977,552	\$ 1,000,000
Crossbridge Solutions, secured note (Tranche B) with monthly installments of \$22,749 and an interest rate of 4.65% with a final payment ("balloon") of all unpaid principal and interest due December 1, 2029. The note is secured by the Church building.	<u>3,477,825</u>	<u>4,003,241</u>
	4,455,377	5,003,241
Less current maturities	<u>137,737</u>	<u>111,782</u>
	<u>\$ 4,317,640</u>	<u>\$ 4,891,459</u>

Long-term debt maturities over the next five years and beyond are as follows:

<b><u>Year</u></b>	<b><u>Amount</u></b>
2023	\$ 137,737
2024	144,205
2025	150,977
2026	158,067
2027	165,490
Thereafter	<u>3,698,901</u>
	<u>\$ 4,455,377</u>

**NOTE 8 OPERATING LEASES**

The Church is obligated under operating leases for storage space and office equipment with monthly payments that range from \$88 to \$209 through March 2025.

Lease expense under all agreements was \$5,723 and \$8,354 for the years ended March 31, 2022 and 2021, respectively.

**PENNINGTON PARK CHURCH**

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2022

**NOTE 8 OPERATING LEASES** - continued

Future minimum lease obligations under the agreements are as follows:

<b><u>Year</u></b>	<b><u>Amount</u></b>
2023	\$ 2,508
2024	2,508
2025	2,508
	<u>\$ 7,524</u>

**NOTE 9 NET ASSETS**

Net assets consist of the following:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Without donor restrictions:		
Undesignated	\$ 215,264	\$ 303,993
Board designated:		
Local outreach expenditures	43,053	24,630
Global outreach expenditures	80,871	110,565
Benevolent expenditures	<u>19,889</u>	<u>6,082</u>
	<u>143,813</u>	<u>141,277</u>
	<u>\$ 359,077</u>	<u>\$ 445,270</u>
With donor restrictions:		
Purpose restrictions:		
Construction of Church building and land	<u>\$ 822</u>	<u>\$ 2,108</u>



## **PENNINGTON PARK CHURCH**

### **NOTES TO FINANCIAL STATEMENTS**

March 31, 2022

#### **NOTE 10 PAYCHECK PROTECTION PROGRAM**

In March 2020, Congress established the Paycheck Protection Program ("PPP") to provide relief to small businesses during the coronavirus pandemic ("COVID-19") as part of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The legislation authorized the Treasury to use the Small Business Association's ("SBA's") 7(a) small business lending program to fund forgivable loans that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities during the "Covered Period" defined as the 8-week period starting on the date the PPP loan proceeds are received. Upon meeting certain criteria as specified in the PPP program, the loans are eligible for partial or total forgiveness.

On June 5, 2020, the PPP Flexibility Act of 2020 (the "Act") was signed into law, giving borrowers flexibility with certain criteria under the PPP program including extension of the Covered Period to 24 weeks from 8 weeks, reduction to 60% of the payroll costs requirements (previously 75%), extension of the payment deferral period, extension of the full-time equivalent ("FTE") restoration deadline to December 31, 2020, and safe harbor provisions to remove the FTE reduction in forgiveness under limited circumstances.

In June 2020, the AICPA issued Technical Question and Answer ("TQA") 3200.18, Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program. The TQA addresses accounting for nongovernmental entities that are not Not-For-Profits, i.e. business entities, that believe the PPP loan represents, in substance, a grant that is expected to be forgiven, it may account for the loan as a deferred income liability.

The TQA further states that if such an entity expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents in substance, a grant that is expected to be forgiven, it may account for such PPP loans in accordance with FASB ASC 958-605 as a conditional contribution.

The Church applied for and received proceeds of \$102,500 through the PPP program on April 10, 2020, prior to the enactment of the Act. The loan was fully forgiven on February 7, 2021 and the proceeds were recorded as grant revenue as of March 31, 2021.