



PENNINGTON PARK CHURCH

**FINANCIAL REPORT
(Reviewed)**

March 31, 2023



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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, 2023 and 2022, 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, 2023

PENNINGTON PARK CHURCH

STATEMENTS OF FINANCIAL POSITION

March 31, 2023 and 2022

See Independent Accountant's Review Report

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 765,851	\$ 381,250
Cash - restricted	477,904	822
TOTAL CURRENT ASSETS	1,243,755	382,072
<u>PROPERTY AND EQUIPMENT</u>, net	9,437,564	9,371,514
<u>OTHER ASSETS</u>		
Right of use asset - operating lease, net	4,896	-
TOTAL ASSETS	\$ 10,686,215	\$ 9,753,586
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current maturities of long-term debt	\$ 156,434	\$ 137,737
Operating lease liabilities - current	2,417	-
Accounts payable and accrued expenses	70,212	21,350
TOTAL CURRENT LIABILITIES	229,063	159,087
<u>LONG-TERM LIABILITIES</u>		
Long-term debt, less current maturities	4,108,536	4,317,640
Operating lease liabilities - noncurrent	2,479	-
	4,111,015	4,317,640
<u>NET ASSETS</u>		
Without donor restrictions:		
General fund	546,814	216,086
Building fund	5,172,595	4,916,138
Board designated funds	148,824	143,813
Total net assets without donor restrictions	5,868,233	5,276,037
With donor restrictions:		
Building fund	477,904	822
Total net assets with donor restrictions	477,904	822
TOTAL NET ASSETS	6,346,137	5,276,859
TOTAL LIABILITIES AND NET ASSETS	\$ 10,686,215	\$ 9,753,586

See Notes to Financial Statements

PENNINGTON PARK CHURCH

STATEMENTS OF ACTIVITIES

Year ended March 31, 2023

See Independent Accountant's Review Report

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUE AND SUPPORT</u>			
Contributions - direct	\$ 2,258,361	\$ 651,436	\$ 2,909,797
Contributions - other	221,892	-	221,892
Interest income	5,476	-	5,476
Net assets released from restrictions	174,354	(174,354)	-
TOTAL REVENUE AND SUPPORT	2,660,083	477,082	3,137,165
<u>EXPENSES</u>			
Program expenses:			
Church ministries	912,708	-	912,708
Local outreach	242,272	-	242,272
Global outreach	153,538	-	153,538
Total program expenses	1,308,518	-	1,308,518
Supporting expenses:			
Management and general	742,638	-	742,638
Fundraising	16,731	-	16,731
Total supporting expenses	759,369	-	759,369
TOTAL EXPENSES	2,067,887	-	2,067,887
CHANGE IN NET ASSETS	592,196	477,082	1,069,278
<u>NET ASSETS</u>			
Beginning of year	5,276,037	822	5,276,859
End of year	\$ 5,868,233	\$ 477,904	\$ 6,346,137

See Notes to Financial Statements

PENNINGTON PARK CHURCH

STATEMENTS OF ACTIVITIES - continued

Year ended March 31, 2022

See Independent Accountant's Review Report

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUE AND SUPPORT</u>			
Contributions - direct	\$ 1,890,416	\$ 109,239	\$ 1,999,655
Contributions - other	169,968	-	169,968
Other income	-	-	-
Net assets released from restrictions	110,525	(110,525)	-
TOTAL REVENUE AND SUPPORT	<u>2,170,909</u>	<u>(1,286)</u>	<u>2,169,623</u>
<u>EXPENSES</u>			
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>
TOTAL EXPENSES	<u>1,866,539</u>	<u>-</u>	<u>1,866,539</u>
 CHANGE IN NET ASSETS	 304,370	 (1,286)	 303,084
<u>NET ASSETS</u>			
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 FUNCTIONAL EXPENSES

Year ended March 31, 2023

	Program Services				Supporting Activities			
	<u>Church Ministries</u>	<u>Local Outreach</u>	<u>Global Outreach</u>	<u>Total Program</u>	<u>Mgmt. and General</u>	<u>Fund- Raising</u>	<u>Total Supporting</u>	<u>Total</u>
Assimilation	\$ 10,872	\$ -	\$ -	\$ 10,872	\$ -	\$ -	\$ -	\$ 10,872
Depreciation	-	-	-	-	233,856	-	233,856	233,856
Facilities and maintenance	2,480	-	-	2,480	110,604	-	110,604	113,084
Fundraising	-	-	-	-	-	3,415	3,415	3,415
Information technology	-	-	-	-	47,571	-	47,571	47,571
Interest	-	-	-	-	200,992	-	200,992	200,992
Office supplies	-	-	-	-	4,013	-	4,013	4,013
Online giving fees	-	-	-	-	-	13,316	13,316	13,316
Outreach	7,425	242,272	153,538	403,235	-	-	-	403,235
Printing and publications	12,678	-	-	12,678	-	-	-	12,678
Professional services	-	-	-	-	71,461	-	71,461	71,461
Safety and security	-	-	-	-	20,670	-	20,670	20,670
Salaries and benefits	802,581	-	-	802,581	-	-	-	802,581
Utilities	-	-	-	-	53,471	-	53,471	53,471
Worship	<u>76,672</u>	<u>-</u>	<u>-</u>	<u>76,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,672</u>
	<u>\$ 912,708</u>	<u>\$ 242,272</u>	<u>\$ 153,538</u>	<u>\$ 1,308,518</u>	<u>\$ 742,638</u>	<u>\$ 16,731</u>	<u>\$ 759,369</u>	<u>\$ 2,067,887</u>

See Notes to Financial Statements.

PENNINGTON PARK CHURCH

STATEMENTS OF FUNCTIONAL EXPENSES - continued

Year ended March 31, 2022

	Program Services				Supporting Activities			
	<u>Church Ministries</u>	<u>Local Outreach</u>	<u>Global Outreach</u>	<u>Total Program</u>	<u>Mgmt. and General</u>	<u>Fund- Raising</u>	<u>Total Supporting</u>	<u>Total</u>
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
Fundraising	-	-	-	-	-	-	-	-
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	<u>63,473</u>	<u>-</u>	<u>-</u>	<u>63,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,473</u>
	<u>\$ 805,017</u>	<u>\$ 15,902</u>	<u>\$ 296,045</u>	<u>\$ 1,116,964</u>	<u>\$ 740,483</u>	<u>\$ 9,092</u>	<u>\$ 749,575</u>	<u>\$ 1,866,539</u>

See Notes to Financial Statements.

PENNINGTON PARK CHURCH

STATEMENTS OF CASH FLOWS

Years ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from grants and contributions	\$ 3,137,165	\$ 2,169,623
Cash disbursed for programs and general and administrative purposes	<u>(2,262,251)</u>	<u>(1,660,775)</u>
Net cash provided by operating activities	<u>874,914</u>	<u>508,848</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	<u>(258,777)</u>	<u>(63,958)</u>
Net cash (used in) investing activities	<u>(258,777)</u>	<u>(63,958)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments on long-term debt	<u>(231,536)</u>	<u>(547,864)</u>
Net cash provided by (used in) investing activities	<u>(231,536)</u>	<u>(547,864)</u>
Increase (decrease) in cash	384,601	(102,974)
<u>CASH</u>		
Beginning of year	<u>381,250</u>	<u>484,224</u>
End of year	<u>\$ 765,851</u>	<u>\$ 381,250</u>
<u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,069,278	\$ 303,084
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	233,856	219,974
Changes in assets and liabilities:		
(Increase) decrease in:		
Net cash held for restricted purposes	(477,082)	1,286
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>48,862</u>	<u>(15,496)</u>
Net cash provided by operating activities	<u>\$ 874,914</u>	<u>\$ 508,848</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash payments for interest	<u>\$ 200,992</u>	<u>\$ 221,237</u>

See Notes to Financial Statements.

PENNINGTON PARK CHURCH

STATEMENTS OF CASH FLOWS - continued

Years ended March 31, 2023 and 2022

2023

2022

SUPPLEMENTAL SCHEDULES OF NON-CASH

OPERATING, INVESTING AND FINANCING ACTIVITIES

Right-of-use assets obtained in exchange for new lease obligations:

Operating leases

\$ 7,251

\$ -

Portion of equipment purchase financed through long-term debt

\$ 41,129

\$ -

See Notes to Financial Statements.

PENNINGTON PARK CHURCH

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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 reputable commercial banks. The demand deposit accounts are insured by the Federal Deposit Insurance Corporation up to the maximum amount prescribed by law per institution. The balances, at times, may 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, 2023

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, 2023 and 2022, 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 Church.

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, 2023

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. Leases

Effective April 1, 2022, the Church adopted the provisions of Accounting Standards Codification ("ASC") Topic 842, Leases. The standard requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the standard retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Church adopted Topic 842, Leases, on April 1, 2022, using the optional transition method as provided by Accounting Standards Update ("ASU") No. 2018-11, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Church has applied Topic 842 to reporting periods beginning on April 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Church's historical accounting treatment under ASC Topic 840, Leases.

The Church elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Church does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Church has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on April 1, 2022.

The Church determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Church obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Church also considers whether its service arrangements include the right to control the use of an asset.

PENNINGTON PARK CHURCH

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

H. Leases - continued

The Church made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease, or April 1, 2022, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. Absent an implicit rate to determine the present value of lease payments, the Church made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date, or remaining term for leases existing upon the adoption of Topic 842, or uses an incremental borrowing rate.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Church has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Church, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Church's operating leases of approximately \$7,251 and \$(7,251) respectively, at April 1, 2022. The adoption of the new lease standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

I. 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.

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.

PENNINGTON PARK CHURCH

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

J. Reclassifications

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

K. Evaluation of Subsequent Events

The Church's management has evaluated subsequent events through June 01, 2023, which is the date the financial statements were available to be issued.

NOTE 2 RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, Topic 842, 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 balance sheet at the date of the lease commencement. Leases are classified as either finance or operating, and this distinction is relevant for the pattern of expense recognition in the statement of income. This standard was adopted for the Church for the year ending March 31, 2023.

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from the contributions of cash and other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on April 1, 2022 using the prospective method of application. The adoption of ASU 2020-07 resulted in no material changes to the recognition of collections.

PENNINGTON PARK CHURCH

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

NOTE 3 LIQUIDITY AND AVAILABILITY

The following reflects the Church's financial assets as of March 31, 2023 and 2022, 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 1,243,755	\$ 382,072
Total financial assets	<u>1,243,755</u>	<u>382,072</u>
Less amounts not available to be used within one year		
Donor-imposed restrictions	(477,904)	(822)
Board-designated restrictions	<u>(148,824)</u>	<u>(143,813)</u>
Financial assets not available to be used within one year	<u>(626,728)</u>	<u>(144,635)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 617,027</u>	<u>\$ 237,437</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, 2023

NOTE 4 PROPERTY AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Land	\$ 2,113,048	\$ 2,113,048
Buildings	7,640,926	7,467,931
Equipment	702,766	619,082
Construction in progress	43,227	-
	<u>10,499,967</u>	<u>10,200,061</u>
Less accumulated depreciation	<u>1,062,403</u>	<u>828,547</u>
	<u>\$ 9,437,564</u>	<u>\$ 9,371,514</u>

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. The Church contributions were \$35,180 and \$30,587 for the years ended March 31, 2023 and 2022, 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. The Church expenses for these other benefits were \$111,723 and \$106,295 for the years ended March 31, 2023 and 2022, respectively.

NOTE 6 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, 2023, there was no outstanding balance on the letter.

PENNINGTON PARK CHURCH

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

NOTE 7 LONG-TERM DEBT

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

	<u>2023</u>	<u>2022</u>
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.	\$ 860,813	\$ 977,552
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.	3,366,455	3,477,825
John Deere Financial, term secured note with monthly payments of \$685 and an interest rate of 0% through October 2027. The note is secured by the tractor.	<u>37,702</u>	<u>-</u>
	4,264,970	4,455,377
Less current maturities	<u>156,434</u>	<u>137,737</u>
	<u>\$ 4,108,536</u>	<u>\$ 4,317,640</u>

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

<u>Year</u>	<u>Amount</u>
2024	\$ 156,434
2025	163,383
2026	170,658
2027	178,275
2028	182,822
Thereafter	<u>3,413,398</u>
	<u>\$ 4,264,970</u>

PENNINGTON PARK CHURCH

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

NOTE 8 LEASES

The Church leases office equipment under an operating lease agreement that has initial terms of 5 years. Some leases include one or more options to purchase the equipment at fair market value, generally at the Church's sole discretion. In addition, certain leases contain termination options, where the rights to terminate are held by either the Church, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Church will exercise that option. The Church's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

The Church does not have any finance lease agreements as of March 31, 2023.

Operating lease cost and sub-lease income is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the year ended March 31, 2023:

Operating lease cost	\$	2,508
Short-term and variable lease cost		1,986
Total lease cost	\$	<u>4,494</u>

Other lease information:

Weighted-average remaining lease term - operating leases	2.00
Weighted-average discount rate - operating leases	2.55%

Maturities of lease liabilities as of March 31, 2023 are as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>
Years ending:		
2024	\$ 2,508	\$ -
2025	2,508	-
2026 and Thereafter	-	-
Total lease payments	<u>5,016</u>	<u>-</u>
Less imputed interest	(120)	-
Total present value of lease liabilities	<u>\$ 4,896</u>	<u>\$ -</u>

PENNINGTON PARK CHURCH

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

NOTE 8 LEASES - continued

Maturities of lease liabilities, as determined under Topic 840, for all non-cancellable leases as of March 31, 2022 are as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>
Years ending:		
2023	\$ 2,508	\$ -
2024	2,508	-
2025	2,508	-
2026 and Thereafter	-	-
Total lease payments	<u>\$ 7,524</u>	<u>\$ -</u>

Total rent expense under all operating leases amounted to \$5,723 in 2022.

NOTE 9 NET ASSETS

Net assets consist of the following:

	<u>2023</u>	<u>2022</u>
Without donor restrictions:		
Undesignated	\$ 546,814	\$ 216,086
Building fund	5,172,595	4,916,138
Board designated:		
Local outreach expenditures	41,752	43,053
Global outreach expenditures	90,116	80,871
Benevolent expenditures	<u>16,956</u>	<u>19,889</u>
	<u>148,824</u>	<u>143,813</u>
	<u>\$ 5,868,233</u>	<u>\$ 5,276,037</u>
With donor restrictions:		
Purpose restrictions:		
Construction of Church building and land	<u>\$ 477,904</u>	<u>\$ 822</u>