

Vineyard Community Church and Affiliates

**Consolidated Financial Statements with
Accompanying Information
August 31, 2021 and 2020 and
Independent Auditors' Report**

VINEYARD COMMUNITY CHURCH AND AFFILIATES
August 31, 2021 and 2020

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Independent Auditors' Report

To the Board of Elders
Vineyard Community Church and Affiliates
Cincinnati, Ohio

We have audited the accompanying financial statements of Vineyard Community Church and Affiliates (Vineyard) (a nonprofit organization) which comprise the consolidated statements of financial position as of August 31, 2021 and 2020, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vineyard as of August 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Independent Auditor's Report
(Continued)**

Accompanying Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities on pages 17 - 18 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Barnes, Dennig & Co., Ltd.

December 14, 2021
Cincinnati, Ohio

VINEYARD COMMUNITY CHURCH AND AFFILIATES

**Consolidated Statements of Financial Position
August 31, 2021 and 2020**

	2021	2020
Assets		
Cash	\$ 4,245,916	\$ 3,449,690
Grants and contributions receivable, net	136,071	154,563
Investments	2,504,790	1,558,369
Inventory	111,941	206,419
Prepaid expenses	73,245	130,793
Cash surrender value of life insurance	-	77,852
Property and equipment, net	16,680,713	17,715,350
Total assets	\$ 23,752,676	\$ 23,293,036
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 246,931	\$ 233,994
Accrued expenses	236,739	326,610
Paycheck Protection Program (PPP) loan	-	898,062
Notes payable, net	7,781,964	8,103,983
Total liabilities	8,265,634	9,562,649
Net Assets		
Without donor restrictions		
Undesignated	5,599,981	3,039,439
Invested in property and equipment, net of related debt	8,898,749	9,611,367
Board designated	613,108	643,108
Total without donor restrictions	15,111,838	13,293,914
With donor restrictions	375,204	436,473
Total net assets	15,487,042	13,730,387
Total liabilities and net assets	\$ 23,752,676	\$ 23,293,036

See accompanying notes to consolidated financial statements

VINEYARD COMMUNITY CHURCH AND AFFILIATES

**Consolidated Statement of Activities
Year Ended August 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains and other support			
Contributions	\$ 8,572,874	\$ 113,983	\$ 8,686,857
Noncash contributions	1,557,234	-	1,557,234
Seminars, retreats, fees and other	120,942	-	120,942
The Café	400	-	400
Investment return	28,703	-	28,703
Forgiveness of PPP loan	898,062	-	898,062
Net assets released from restrictions	175,252	(175,252)	-
	<u>11,353,467</u>	<u>(61,269)</u>	<u>11,292,198</u>
Expenses			
Programs	8,255,039	-	8,255,039
Administrative	1,178,884	-	1,178,884
Fundraising	116,792	-	116,792
	<u>9,550,715</u>	<u>-</u>	<u>9,550,715</u>
Change in net assets, before non-operating activities	<u>1,802,752</u>	<u>(61,269)</u>	<u>1,741,483</u>
Non-operating activities			
Change in cash surrender value of life insurance	15,172	-	15,172
Change in net assets	1,817,924	(61,269)	1,756,655
Net assets, beginning of year	<u>13,293,914</u>	<u>436,473</u>	<u>13,730,387</u>
Net assets, end of year	<u>\$ 15,111,838</u>	<u>\$ 375,204</u>	<u>\$ 15,487,042</u>

See accompanying notes to consolidated financial statements

VINEYARD COMMUNITY CHURCH AND AFFILIATES

**Consolidated Statement of Activities
Year Ended August 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support			
Contributions	\$ 9,364,986	\$ 266,732	\$ 9,631,718
Noncash contributions	1,636,440	-	1,636,440
Seminars, retreats, fees and other	41,054	-	41,054
The Café	12,443	-	12,443
Investment return	32,488	-	32,488
Net assets released from restrictions	313,844	(313,844)	-
Total revenue, gains and other support	11,401,255	(47,112)	11,354,143
Expenses			
Programs	8,834,300	-	8,834,300
Administrative	1,298,716	-	1,298,716
Fundraising	179,064	-	179,064
Total expenses	10,312,080	-	10,312,080
Change in net assets, before non-operating activities	1,089,175	(47,112)	1,042,063
Non-operating activities			
Change in cash surrender value of life insurance	10,835	-	10,835
Change in net assets	1,100,010	(47,112)	1,052,898
Net assets, beginning of year	12,193,904	483,585	12,677,489
Net assets, end of year	\$ 13,293,914	\$ 436,473	\$ 13,730,387

See accompanying notes to consolidated financial statements

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Consolidated Statements of Functional Expenses Years Ended August 31, 2021 and 2020

	2021			2020				
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Salaries and related	\$ 3,533,111	\$ 715,345	\$ 64,277	\$ 4,312,733	\$ 4,129,781	\$ 812,712	\$ 120,121	\$ 5,062,614
Noncash donations	1,620,857	-	-	1,620,857	1,503,586	-	-	1,503,586
Depreciation and amortization	1,242,007	43,653	-	1,285,660	1,264,921	39,764	-	1,304,685
Events	196,029	14	-	196,043	265,491	-	239	265,730
Rent and utilities	249,184	11,192	-	260,376	265,889	11,540	-	277,429
Interest	319,438	9,880	-	329,318	323,955	10,019	-	333,974
Facilities maintenance	233,114	(11,413)	-	221,701	260,664	7,533	-	268,197
Production	187,166	-	-	187,166	160,523	-	-	160,523
Missions and outreach	137,831	-	-	137,831	125,229	-	-	125,229
Staff development	21,688	18,303	-	39,991	11,624	22,215	-	33,839
First impressions	17,495	1	-	17,496	41,333	-	-	41,333
Professional fees	41,652	300,898	-	342,550	87,421	259,722	5,525	352,668
Regional support	156,850	-	-	156,850	60,000	-	-	60,000
Equipment	43,465	38,167	-	81,632	12,045	27,233	-	39,278
Teaching resources	20,130	-	-	20,130	38,112	-	-	38,112
Volunteer related	42,768	135	-	42,903	71,636	-	-	71,636
Printing	29,774	17,963	3,609	51,346	65,499	11,039	6,768	83,306
Insurance	59,958	16,133	-	76,091	56,209	16,508	-	72,717
Licensing and subscriptions	510	-	-	510	6,486	61,573	-	68,059
Advertising	37,089	3,315	438	40,842	17,820	3,376	6,519	27,715
Fundraising	675	-	46,588	47,263	-	-	38,400	38,400
Office supplies	26,597	8,501	1,776	36,874	34,620	7,752	1,492	43,864
Relationship development	29,266	43	104	29,413	23,412	471	-	23,883
Ministry supplies	8,385	-	-	8,385	8,044	-	-	8,044
Property taxes	-	6,754	-	6,754	-	7,259	-	7,259
	<u>\$ 8,255,039</u>	<u>\$ 1,178,884</u>	<u>\$ 116,792</u>	<u>\$ 9,550,715</u>	<u>\$ 8,834,300</u>	<u>\$ 1,298,716</u>	<u>\$ 179,064</u>	<u>\$ 10,312,080</u>

See accompanying notes to consolidated financial statements

VINEYARD COMMUNITY CHURCH AND AFFILIATES

**Consolidated Statements of Cash Flows
Years Ended August 31, 2021 and 2020**

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 1,756,655	\$ 1,052,898
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	1,285,660	1,304,685
Net realized and unrealized gains on investments	(25,259)	(23,359)
Forgiveness of PPP loan	(898,062)	-
Change in cash surrender value of life insurance	77,852	(10,835)
Changes in:		
Grants and contributions receivable, net	18,492	(12,123)
Inventory	94,478	(104,234)
Prepaid expenses	57,548	(37,068)
Accounts payable	12,937	84,651
Accrued expenses	(89,871)	107,768
	<u>2,290,430</u>	<u>2,362,383</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(243,888)	(556,673)
Purchase of investments	(921,162)	(832,799)
	<u>(1,165,050)</u>	<u>(1,389,472)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issuance of PPP loan	-	898,062
Payment of debt issuance costs	(32,310)	-
Principal payments on notes payable	(296,844)	(267,825)
	<u>(329,154)</u>	<u>630,237</u>
Net cash provided by (used in) financing activities		
Net change in cash	796,226	1,603,148
Cash, beginning of year	<u>3,449,690</u>	<u>1,846,542</u>
Cash, end of year	<u>\$ 4,245,916</u>	<u>\$ 3,449,690</u>
Supplemental cash flows information		
Cash paid for interest	<u>\$ 329,318</u>	<u>\$ 333,974</u>

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation

The consolidated financial statements include the accounts of Vineyard Community Church and Affiliates. There are four entities collectively referred to in this report as “Vineyard” consisting of: Vineyard Community Church, The Healing Center, Vineyard Ministries, LLC, and the Outward Focused Foundation. All material inter-organizational transactions have been eliminated.

Vineyard Community Church was incorporated as a not-for-profit organization under the laws of the State of Ohio and commenced operations in July 1986. Vineyard operates as a church in the Greater Cincinnati area.

Programs of Vineyard Community Church include weekly worship services, education programs and other Christian ministries. These ministries include Outreach which promotes evangelism and community development and Life Reset which provides support groups and training in areas such as conflict resolution for people in need.

The Healing Center, Inc. was incorporated as a not-for-profit organization under the laws of the State of Ohio and commenced operations in April 1999. The Healing Center provides resources, information, training, assessments and referrals for people in need.

Vineyard Ministries, LLC, a limited liability company whose sole member is Vineyard Community Church, was established under the laws of the State of Ohio in 2007 in order to obtain the land and building associated with the Student Union and Healing Center facilities. There was no activity during 2021 and 2020.

Outward Focused Foundation was incorporated as a not-for-profit organization under the laws of the State of Ohio in July 2010 in order to raise and expend funds in support of the charitable missions of Vineyard Community Church and The Healing Center. There was no activity during 2021 and 2020.

Financial Statement Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Vineyard is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fair Value Measurements

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management’s best estimate of what market participants would use as fair value.

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

Vineyard maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. Vineyard has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value are carried and all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Inventory

Inventory consists of donated food, clothing, household goods and furniture. Inventory is stated at the lower of cost or market determined by the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. The cost of maintenance and repairs is expensed as incurred, while significant improvements are capitalized.

Under applicable GAAP for property and equipment, Vineyard assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, Vineyard believes no impairments existed at August 31, 2021 and 2020.

Contributions

Vineyard records gifts of cash and other assets at their fair value as of the date of contribution. Such donations are recorded as without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor 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. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue without donor restrictions.

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

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-lived assets must be maintained, Vineyard reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for contributed services. Vineyard pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Vineyard.

Noncash Donations

Vineyard receives certain donated food, clothing and household items which are recorded at fair market value as contribution revenue in the year received and as an expense in the financial statements in the year given away.

Income Taxes

Vineyard, The Healing Center and Outward Focused Foundation are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio state law. However, these organizations are subject to federal income tax on any unrelated business taxable income.

As a religious organization, Vineyard is not required to file annual federal or state information returns. Vineyard believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

The Healing Center's and Outward Focused Foundation's IRS Form 990 is subject to review and examination by Federal and state authorities. These organizations believe they have appropriate support for any tax positions taken, and therefore, do not have any uncertain income tax positions that are material to the financial statements.

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated among the program, administrative and fundraising categories based on the specific identification and other methods. The most significant allocations are salaries and related expenses, which were allocated based upon time spent by Vineyard personnel, and occupancy and depreciation, which were allocated based on utilization.

Use of Estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating, which will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for Vineyard's fiscal year ending August 31, 2023.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy and qualitative information about monetization and utilization, description of valuation techniques and inputs used to arrive at a fair value measure, and donor-imposed restrictions associated with the contributed nonfinancial assets. This standard will be effective for Vineyard's fiscal year ended August 31, 2022.

Vineyard is currently in the process of evaluating the impact of adoption of these ASUs on the financial statements.

Subsequent Event Evaluation

In preparing its financial statements, Vineyard has evaluated events subsequent to the statement of financial position date through December 14, 2021, which is the date the financial statements were available to be issued.

Reclassifications

Certain 2020 figures have been reclassified to conform to the 2021 presentation.

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of August 31 comprise the following:

	2021	2020
Financial assets:		
Cash	\$ 4,245,916	\$ 3,449,690
Grants and contributions receivable	136,071	154,563
Investments	2,504,790	1,558,369
Total financial assets	6,886,777	5,162,622
Less those unavailable for general expenditures:		
Board designated net assets	(613,108)	(643,108)
Donor-restricted net assets	(375,204)	(436,473)
	\$ 5,898,465	\$ 4,083,041

As part of its liquidity management plan, Vineyard maintains operating cash in business checking accounts, and invests excess cash primarily in fixed income mutual funds and money market funds. Vineyard acts conservatively with respect to cash reserves and attempts to maintain between 60 and 90 days of operating expenses in its cash reserves at all times. Vineyard plans and budgets to operate with positive cash flow in most years, but occasionally may plan to operate with a negative cash flow if cash reserves are exceeding the determined targets. Additionally, the Board of Elders designates a portion of its resources without donor restrictions for use on activities the Board agrees are strategic to the ministry of Vineyard and for outreach activities to foster a better connection with the larger church community in the Cincinnati area. Therefore, these are reduced from the financial assets available for general expenditures.

NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE

Vineyard receives various grants and other support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of Vineyard are prepared on an accrual basis, all earned portions of the grants not yet received as of August 31, 2021 and 2020, have been recorded as receivables. All receivables are expected to be received within one year of the financial statement date. No reserve for uncollectable amounts has been recorded as of August 31, 2021 and 2020.

NOTE 4 INVESTMENTS AT FAIR VALUE

Investments at fair value as of August 31 consisted of the following:

	2021	2020
Level 1		
Fixed income mutual funds	\$ 1,601,343	\$ -
Level 2		
Money market funds	903,447	1,558,369
	\$ 2,504,790	\$ 1,558,369

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 4 INVESTMENTS AT FAIR VALUE (CONTINUED)

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include fixed income mutual funds. If quoted market prices are not available, then fair values are estimated using pricing models or quoted prices of securities with similar characteristics. Level 2 securities include money market funds.

NOTE 5 CASH SURRENDER VALUE OF LIFE INSURANCE

Vineyard was the owner and beneficiary of a life insurance policy covering the life of the former senior pastor, with a face value of \$2,000,000. During April 2021, the policy was cancelled and the cash surrender value was returned to Vineyard. Cash surrender values applicable to this policy was \$-0- and \$77,852 for the years ended August 31, 2021 and 2020, respectively.

NOTE 6 PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 27,392,092	\$ 27,295,992
Equipment	4,258,169	4,170,872
Furniture and fixtures	1,611,273	1,611,273
Land improvements	1,607,935	1,607,935
Land	1,441,350	1,441,350
Vehicles	139,509	146,942
Construction in progress	46,123	-
Less accumulated depreciation	<u>(19,815,738)</u>	<u>(18,559,014)</u>
	<u>\$ 16,680,713</u>	<u>\$ 17,715,350</u>

VINEYARD COMMUNITY CHURCH AND AFFILIATES

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 7 NOTES PAYABLE

Notes payable as of August 31 consisted of the following:

	2021	2020
Note payable (2019 loan), interest accrues at a rate of 3.93%, payable in monthly installments of \$37,734, through February 28, 2024, with the remaining principle balance due on March 1, 2024. The note is collateralized by the buildings and personal property.	\$ 5,736,590	\$ 5,956,062
Note payable (2019 project loan), interest accrues at a rate of 3.93%, payable in monthly installments of \$13,650, through February 28, 2024, with the remaining principle balance due on March 1, 2024. The note is collateralized by the buildings and personal property.	2,126,980	2,204,352
	7,863,570	8,160,414
Less debt issuance cost, net of amortization	(81,606)	(56,431)
	\$ 7,781,964	\$ 8,103,983

Debt issuance costs of \$93,648 and \$61,338 was recognized for the year ended August 31, 2021 and 2020, respectively, as a reduction to the face amount of the notes payable. Amortization of debt issuance costs of \$12,042 and \$4,907 was reported as interest expense during 2021 and 2020, respectively.

Aggregate annual maturities of notes payable at August 31, 2021 are:

2022	616,608
2023	616,608
2024	6,630,354
	\$ 7,863,570

NOTE 8 PAYCHECK PROTECTION PROGRAM LOAN

On May 1, 2020, Vineyard qualified for and received a loan pursuant to the Paycheck Protection Program (the "Program"), a program implemented by the U.S. Small Business Administration (the "SBA") under the Coronavirus Aid, Relief, and Economic Security's Act, from a qualified lender, for an aggregate principal amount of \$898,062 (the "PPP Loan"). The PPP Loan bore interest at a fixed rate of 1.00% per annum, with the first six months of interest deferred, had a term of two years, and was unsecured and guaranteed by the SBA. The principal amount of the PPP Loan was subject to forgiveness under the Program upon Vineyard's request to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by Vineyard.

VINEYARD COMMUNITY CHURCH AND AFFILIATES

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 8 PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

On May 19, 2021, Vineyard received notification from the SBA that the loan was forgiven, and the SBA remitted payment to the lender for the full outstanding principal and accrued interest amount. Accordingly, on the statement of activities for 2021, Vineyard recognized debt forgiveness of \$898,062 on the principal portion of the loan as well as \$9,554 in accrued and unpaid interest expense.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of August 31 are available for the following purposes or periods:

	2021	2020
World missions	\$ 229,164	\$ 276,702
The Healing Center	95,011	122,796
Scholarships and other	27,226	6,177
Campus update	23,298	-
Short term missions	505	-
Auditorium sound upgrade	-	30,798
	\$ 375,204	\$ 436,473

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors for the years ended August 31 are as follows:

	2021	2020
The Healing Center	\$ 66,647	\$ 31,982
World missions	47,568	63,195
Auditorium sound upgrade	30,798	169,745
Short term missions	29,789	12,761
Scholarships and other	450	-
The Healing Center store remodel	-	36,161
	\$ 175,252	\$ 313,844

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 12 RETIREMENT PLAN

Vineyard has a 403(b) Church Retirement Plan available to all regular full-time and part-time employees. Voluntary contributions up to the IRS annual limit can be made to the Plan by the employee through a salary deferral arrangement. For full-time employees participating in the plan in 2021, Vineyard will match 100% on up to 4% of the employee's annual salary, and 50% on amounts exceeding 4% up to 6%, and in 2020, Vineyard matched 100% on up to 3% of the employee's annual salary, and 50% on amounts exceeding 3% up to 5% of the employees' annual salary. Vineyard made \$144,231 and \$80,104 in contributions to the plan for the years ended August 31, 2021 and 2020, respectively.

NOTE 13 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on Vineyard's operating and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which Vineyard operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

ACCOMPANYING INFORMATION

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Consolidating Statement of Financial Position August 31, 2021

	Vineyard Community Church	Healing Center	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 4,006,520	\$ 239,396	\$ -	\$ 4,245,916
Grants and contributions receivable, net	81,492	89,071	(34,492)	136,071
Investments	2,504,790	-	-	2,504,790
Inventory	-	111,941	-	111,941
Prepaid expenses	73,245	-	-	73,245
Property and equipment, net	16,569,519	111,194	-	16,680,713
Total assets	<u>\$ 23,235,566</u>	<u>\$ 551,602</u>	<u>\$ (34,492)</u>	<u>\$ 23,752,676</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 211,032	\$ 70,391	\$ (34,492)	\$ 246,931
Accrued expenses	197,924	38,815	-	236,739
Notes payable, net	7,781,964	-	-	7,781,964
Total liabilities	8,190,920	109,206	(34,492)	8,265,634
Net Assets				
Without donor restrictions				
Undesignated	5,252,596	347,385	-	5,599,981
Invested in property and equipment, net of related debt	8,898,749	-	-	8,898,749
Board designated	613,108	-	-	613,108
Total without donor restrictions	14,764,453	347,385	-	15,111,838
With donor restrictions				
	280,193	95,011	-	375,204
Total net assets	<u>15,044,646</u>	<u>442,396</u>	<u>-</u>	<u>15,487,042</u>
Total liabilities and net assets	<u>\$ 23,235,566</u>	<u>\$ 551,602</u>	<u>\$ (34,492)</u>	<u>\$ 23,752,676</u>

See independent auditors' report

VINEYARD COMMUNITY CHURCH AND AFFILIATES

Consolidating Statement of Activities Year Ended August 31, 2021

	Vineyard Community Church			Healing Center			Eliminations	Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support										
Contributions	\$ 8,385,434	\$ 75,121	\$ 8,460,555	732,040	\$ 38,862	\$ 770,902	\$ (544,600)	\$ 8,572,874	\$ 113,983	\$ 8,686,857
In-kind contributions - related party	-	-	-	439,504	-	439,504	(439,504)	-	-	-
Noncash contributions	-	-	-	1,557,234	-	1,557,234	-	1,557,234	-	1,557,234
Seminars, retreats, fees and other	542,604	-	542,604	17,842	-	17,842	(439,504)	120,942	-	120,942
The Café	400	-	400	-	-	-	-	400	-	400
Investment return	28,703	-	28,703	-	-	-	-	28,703	-	28,703
Forgiveness of PPP loan	898,062	-	898,062	-	-	-	-	898,062	-	898,062
Net assets released from restrictions	108,605	(108,605)	-	66,647	(66,647)	-	-	175,252	(175,252)	-
Total revenue, gains and other support	9,963,808	(33,484)	9,930,324	2,813,267	(27,785)	2,785,482	(1,423,608)	11,353,467	(61,269)	11,292,198
Expenses										
Program	6,924,172	-	6,924,172	2,534,238	-	2,534,238	(1,203,371)	8,255,039	-	8,255,039
Administrative	1,177,219	-	1,177,219	221,902	-	221,902	(220,237)	1,178,884	-	1,178,884
Fundraising	102,159	-	102,159	14,633	-	14,633	-	116,792	-	116,792
Total expenses	8,203,550	-	8,203,550	2,770,773	-	2,770,773	(1,423,608)	9,550,715	-	9,550,715
Change in net assets, before non-operating activities	1,760,258	(33,484)	1,726,774	42,494	(27,785)	14,709	-	1,802,752	(61,269)	1,741,483
Non-operating activities										
Change in cash surrender value of life insurance	15,172	-	15,172	-	-	-	-	15,172	-	15,172
Change in net assets	1,775,430	(33,484)	1,741,946	42,494	(27,785)	14,709	-	1,817,924	(61,269)	1,756,655
Net assets, beginning of year	12,989,023	313,677	13,302,700	304,891	122,796	427,687	-	13,293,914	436,473	13,730,387
Net assets, end of year	\$ 14,764,453	\$ 280,193	\$ 15,044,646	\$ 347,385	\$ 95,011	\$ 442,396	\$ -	\$ 15,111,838	\$ 375,204	\$ 15,487,042

See independent auditors' report